

CASE STUDIES IN

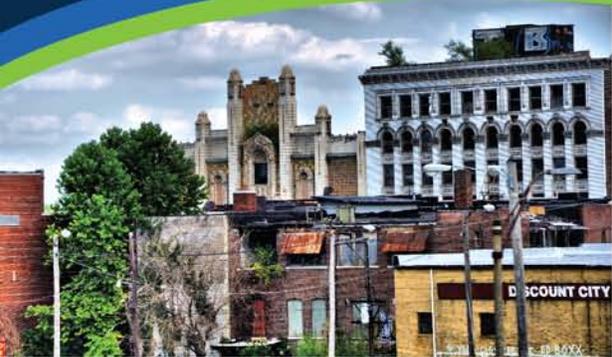
Addressing Neighborhood Vacancy and Blight



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

The Power of Knowledge and Leadership

JULY 2014



INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL (IEDC)

IEDC is a non-profit membership organization serving economic developers. With nearly 4,400 members, IEDC is the largest organization of its kind. Economic developers promote economic well-being and quality of life for their communities, by creating, retaining and expanding jobs that facilitate growth, enhance wealth and provide a stable tax base. From public to private, rural to urban, and local to international, IEDC's members are engaged in the full range of economic development experience. Given the breadth of economic development work, our members are employed in a wide variety of settings including local, state, provincial and federal governments, public-private partnerships, chambers of commerce, universities and a variety of other institutions. When we succeed, our members create high-quality jobs, develop vibrant communities, and improve the quality of life in their regions.

www.iedconline.org

PRIMARY AUTHOR

Scott Annis
Economic Development Associate

CONTRIBUTING AUTHORS

Lynn Knight, VP of Knowledge Management and Development

Tatiana Puscasu, Economic Development Associate

GRAPHIC SUPPORT

Mishka Parkins, Economic Development Associate

ACKNOWLEDGEMENTS

This research project was accomplished through the U.S. Economic Development Administration (EDA)'s Economic Adjustment Assistance Project No. 01-79-14223. The statements, findings, conclusions, recommendations, and other data in this report are solely those of IEDC and do not necessarily reflect the views of the U.S. Economic Development Administration.

This report is part of a larger compendium of research and technical assistance produced by IEDC and funded by the aforementioned U.S. Economic Development Administration (EDA) grant, which focuses on long-term economic recovery of disaster-impacted communities in Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, U.S. Virgin Islands, Virginia, and Washington, DC that received a federal disaster declaration during FY2011. IEDC greatly appreciates input and assistance received from its members and stakeholders who participated in research and interviews for this report, and would like to acknowledge those who contributed.

Introduction

Vacancy and blight are not new concepts when discussing the lifecycle of a neighborhood. From 2000 to 2010, the total number of vacant housing units in the United States grew by over 4.5 million, an increase of 44 percent. Empty houses—along with abandoned industrial and commercial properties—are disproportionately concentrated in many older, industrial cities. Cities affected particularly include those that have lost much of their population and labor base over the past several decades.¹

When considering vacancy and blight, communities face a variety of circumstances that contribute to their downturns. These circumstances can include: loss of a cornerstone industry, loss of major employers, natural or manmade disasters, careless absentee property owners, and shrinking populations. Although there are many definitions and various degrees of vacancy and blight, certain circumstances can prove contagious, spreading from property to property, and neighborhood to neighborhood, if left unaddressed.²

Vacancy and blight has negative effects on surrounding properties,³ residents' quality of life, local economies, localities' tax base, public safety,⁴ and community growth and investment.⁵ Dilapidated buildings and eyesores can deter residential and commercial buyers, investors, tourists, and residents. To address neighborhood vacancy and blight successfully, stakeholders must undertake a holistic approach to curtail symptoms listed above. Economic developers must work cooperatively with a variety of partners, including the public.

This brief highlights six different cases that have demonstrated success to counter vacancy and blight under a variety of circumstances. Key tools include:

Data - Data sets are powerful tools when properly collected, analyzed, distributed, and maintained. Data and technology help identify properties, track progress, and streamline the vacancy-to-sale or demolition process.

Altering Local & State Policy - In some cases, local and state policies can inhibit progress toward addressing vacancy and blight. Altering policies help to streamline the demolition or sale of properties. Furthermore, policy development allows municipalities to hold property owners liable for ordinance violations, thus potentially curbing blight.

Reverting to Green: Green Spaces and Urban Agriculture - Vacant land that may be considered unproductive can be converted strategically to green space. Such spaces include parks, water management areas, environment restorations, and urban agriculture.

Land Banks - Land banks are powerful forces that work with the public sector to stabilize property values by removing excess properties from the market. Land banks assist partners to aggregate land where it can have the greatest impact on neighborhood stabilization.

Neighborhood Commerce - Establishing commercial uses for vacant property helps to reclaim such locales and plant seeds for future, local economic growth. Among disinvested neighborhoods, development of commercial opportunities can be a saving grace. Simply filling a handful of empty storefronts encourages additional investment in surrounding businesses and has the potential to shift the trajectory of a neighborhood in a positive direction.

Such storefronts quickly can become hubs of local culture through the inclusion of artists' workspaces, event spaces, small-business incubators, and other creative ventures.

Enforcing Zoning - Among the majority of local governments, vacant properties violate a number of municipal and county ordinances. However, attempts to enforce zoning can prove futile when liaising with absentee landlords or otherwise careless owners. Proper and consistent enforcement of zoning regulations is required. Localities can streamline this process—from ticketing for zoning infractions to transitions to new ownership—without public backlash by engaging stakeholders throughout the duration of the transitional period.

DATA

// DATA-DRIVEN STRATEGIES // NEW ORLEANS, LA

- Contributed to the reduction of blighted properties (in total, 13,000) over a four-year period.

- From initial inspection to public hearing, average wait time was halved.⁶

Blight was a challenge for New Orleans even before Hurricane Katrina flooded nearly 80 percent of the city's housing stock in 2005. By 2010, New Orleans had one of the country's worst blight problems, affecting an estimated 43,755 properties—nearly one-quarter of the city's residential addresses.⁷

In 2010, Mayor Mitch Landrieu tackled the issue with the assistance of a task force. His team developed a blight reduction strategy with five pillars, including: 1) data-driven decision making, 2) blight tool alignment and improvement, 3) organizational architecture and processes, 4) strategic deployment of resources, and 5) place-based revitalization.

According to the 2013 Annual Blight Reduction Strategy Report from the City of New Orleans, data-driven decision-making is a priority in order to ensure more effective, efficient services and to promote accountability and transparency. The City launched the following initiatives to improve the availability, quality, and utility of data:

BlightSTAT: Launched in November 2010, BlightSTAT is a management program that allows New Orleans' city leaders to review performance results related to the blight reduction strategy. Managers use data from BlightSTAT to identify solutions, make adjustments, and improve overall performance in the blight-reduction process. Citizens are invited to monthly public meetings to ask questions and to provide input on how the City's blight reduction programs can be improved. The analyses for BlightSTAT meetings are prepared by the Office of Performance and Accountability.⁸

The BlightSTAT process helps to prioritize properties whose remediation have significant potential to stabilize a neighborhood. This is also facilitated from public stakeholders and local police precincts feedback during the monthly meetings.

Data and analyses are reported in the meetings by a variety of municipal entities, including the Department of Code Enforcement, Office of Community Development, Office of Information Technology and Innovation, Law Enforcement Department, and the New Orleans Redevelopment Authority.

New Land and Asset Management (LAMA) Information Technology System: In 2010, the City's information technology systems were in disarray. Data on blighted properties were stored as paper records across multiple agencies. This lack of

centralized data hindered the City from expediently alerting owners as to quality and zoning issues with their properties -- or from requesting owners to simply demolish them.

In order to improve efficiency, the City implemented a new information technology system called LAMA that allowed officials across all city departments to track, view, and update the steps taken on properties. In addition, the system allowed official to track all code enforcement and permit-issuance activities. Since the software's implementation, blight reduction activities have proceeded with heightened efficiency.⁹

BlightStatus: In 2012, New Orleans partnered with Code for America to create a website entitled “BlightStatus”. Here, residents and officials have access to information about the City’s actions regarding blighted properties sorted by neighborhood. The site is maintained and updated consistently with data from the newly implemented

LAMA system. BlightStatus displays information on land and property ownership, inspection, and permit history. Users can subscribe to receive real-time notifications about its progress.¹⁰

Additional Resources

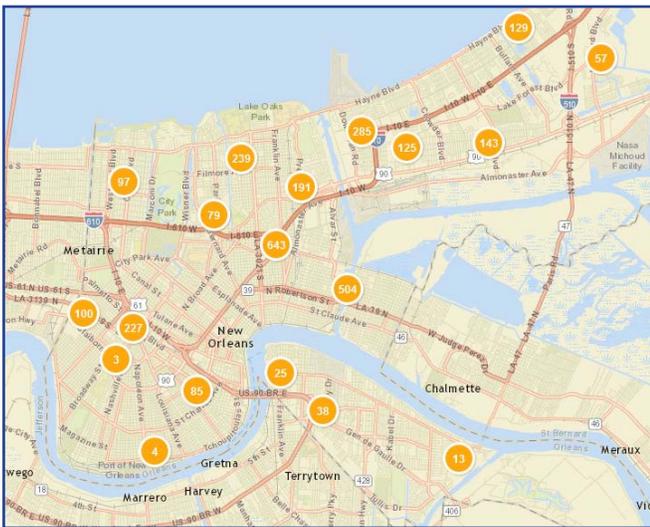
- Detailed [BlightSTAT Methodology](#)
- Step-by-Step Detailed Code [Enforcement Blight Process](#)

ALTERING LOCAL & STATE POLICY

// “DOORS AND WINDOWS” ORDINANCE
// PHILADELPHIA, PA

After spending millions of dollars per year to demolish vacant properties, the City of Philadelphia adopted a new approach to incentivize owners’ property upkeep. To address the nearly 25,000 vacant properties within the municipal boundaries, the City Council passed the “Doors and Windows” ordinance in 2011. This ordinance requires all properties to have functioning windows and doors at all times. Subsequent to the passing of the ordinance, the Philadelphia Department of Licenses & Inspections (L&I) has imposed citations with hefty fines for violators. The Department can take owners to “blight court” to resolve violations or impose a penalty of \$300 for each day that the owner takes no action.¹¹ The ordinance also allows community groups to assume control of dilapidated properties and repair them.

The City of Philadelphia—along with all other municipalities in Pennsylvania—was empowered to target blight with the passage of the Neighborhood Blight Reclamation & Revitalization Act (Act 90). This commonwealth-wide law allows municipalities to take action against building owners: municipal



Demolitions Oct. 2010-July 2014.
Source: BlightStatus

authorities not only are permitted to place a lien on property assets but also are permitted to place a lien on personal assets. The law further allows for the summons of out-of-state owners in cases where property is not up-to-code. The law also helped Philadelphia specifically in that it gave them the ability to deny new property permits to owners of blighted property.

Since the passage of “Doors and Windows” and Act 90, Philadelphia neighborhoods benefiting from new strategies to curb blight have witnessed a 31 percent rise in home prices over four years, compared with a one-percent rise in comparable areas. According to a study by Ira Goldstein of the Reinvestment Fund, the initiatives increased home values by \$74 million throughout Philadelphia, and brought in \$2.2 million more in transfer tax receipts. City inspectors have investigated 13,000 vacant properties, and cited 9,000 of them for violations.¹²

Additional Examples

Abandoned Revitalization Act – South Carolina

The Act offers an income tax credit of up to 25 percent of the expenses incurred when rehabilitating any income-producing building that has been two-thirds vacant for five years or more.



Revised Blight Ordinances – New Orleans, LA

Together with the City Council, New Orleans Mayor Mitch Landrieu reformed the city’s codes (Chapters 6 and 26) in order to strengthen the City’s power to enforce regulations combating residential and commercial blight. This revision of ordinances applied to occupied properties as well, further enabling a series of streamlined procedures to remediate property.¹³

REVERTING TO GREEN

// RECLAIM PITTSBURGH – MAKING VACANT SPACES GREEN // PITTSBURGH, PENNSYLVANIA

- Since 2007, ReClaim Pittsburgh has worked with 55 community partners, collaborated with 33 communities, cleaned up 56 acres of vacant land, and installed 23 permanent projects on vacant land.

ReClaim Pittsburgh is a program that trains community members to complete green projects on vacant lots in their neighborhoods. The program is led by the non-profit organization Growth Through Energy and Community Health (GTECH). ReClaim aims to reuse abandoned community properties and reintroduce them to their respective communities as green spaces.

The ReClaim team is comprised of a local team of industrial designers, policy specialists, architects, and community groups.

ReClaim Pittsburgh is guided by a twofold approach featuring an individual empowerment component along with place-based impact on vacant land.

The team starts with a major recruitment effort as a result of which a cohort of local ambassadors commit to a year of service to their community.

The empowerment aspect of the project entails these individuals undergoing an intense monthly training program on issues such as legal access to vacant properties, gathering the right materials to fix them up, how to seek funding, how to organize volunteer help and acquire other necessary skills.¹⁴ To ensure project sustainability, ambassadors on the team are associated with an anchor institution such as a community organization, church, or school. During their time in service, ambassadors



Concept for garden space.
Source: www.gtechstrategies.org

propose community improvement projects that are subsequently implemented.

GTECH has been able to succeed with their programs due to effective [partnerships](#) with individuals, local community-based organization, community and economic development organization, and public and private entities.

Additional Example

Youngstown, Ohio – Urban Ag – [A Neighborhood Revitalization Strategy](#) – Various organizations in Youngstown have turned 44 acres of land into urban agriculture. The Neighborhood Revitalization Strategy discusses how a small amount of land for urban agriculture can be profitable and create jobs.

LAND BANKS

// CUYAHOGA LAND BANK // CLEVELAND, OHIO

- **Non-profit agency demolished 2,401 blighted properties and facilitated the rehabilitation of 796 during a five-year period.**
- **Agency transferred over 200 successfully renovated properties to CDCs.**

The non-profit agency Cuyahoga Land Bank is one of the largest and most effective land banks in the country. The agency stakes its claim based on the volume of acquisitions, demolitions, and redevelopment opportunities that it has undertaken.¹⁵

Amidst the housing crisis brewing in 2006, Cuyahoga County officials convened local non-profit organizations, scholars, and a variety of local and state officials. Thanks to these stakeholders, the Cuyahoga Land Bank was born as an independent non-profit, government-purposed entity three years later. Its non-profit status allows the Bank to garner donations from various sources and to purchase HUD foreclosures at a discounted price. Properties can then be rehabilitated for later sale. The formation of the bank was also made possible by a 2008 state law that allowed county land banks to form and for funding to come from penalties on delinquent property taxes. The Cuyahoga Land Bank may:

- Purchase, receive, transfer, hold, manage, dispose of and lease real property;
- Acquire or manage unimproved (vacant), underutilized property and tax-forfeited lands;
- Contract with governments and other entities (e.g., private property owners) for land improvements;

- Issue bonds, apply for grants, make loans, and borrow money.¹⁶

The Bank receives properties primarily from HUD, Fannie Mae, tax foreclosures, and financial institutions. In the case of the latter, financial institutions pay the cost of demolition. Fannie Mae traditionally has contributed \$3,500 per demolition when donating properties.¹⁷

As of December 2013, the Bank received an average of 80-100 properties per month, in turn demolishing 50-80 properties per month. Once demolished, lots are leveled, seeded, and then repurposed for the use of neighbors, businesses, or transferred to municipal land banks. The Bank has transferred over 1,350 vacant lots to the City of Cleveland’s land bank. In turn, that land bank has transferred many of these vacant lots to adjacent property owners under a Side Lot program.¹⁸

Although a majority of the distressed homes acquired by the Cuyahoga Land Bank require demolition, the Bank also facilitates many home renovations. The Bank’s popular “Deed-in-Escrow” Program allows qualified buyers—many of whom are owner-

occupants—to purchase Bank properties, but only under staff guidance that assures completion of renovation. During 2013, the Land Bank revenue from sales to owners reached nearly \$2.7 million.¹⁹

The Bank’s activities are funded in part by penalties and interest assessed on delinquent local real estate taxes. Additional funding sources include a variety of grants, sales of acquired properties to qualified rehabbers and housing developers, private donations, and recoupment of funds from various financial institutions.

Success

A 2012 study by the Federal Reserve Bank found that homes sold within 500 feet of a Cuyahoga Land Bank-owned property sold at prices approximately five percent higher than similar homes in the general vicinity. The study asserted that a Bank demolition appeared to provide a positive externality, adding nine percent to the value of a nearby home sale.²⁰

Additional information on innovative housing programs and collaborations can be found on page 16 of the Bank’s [2013 annual report](#).



Demolitions.

Source: www.cuyahogalandbank.org

NEIGHBORHOOD COMMERCE

// REVOLVE DETROIT // DETROIT, MICHIGAN

REVOLVE is a collaborative program of the Detroit Economic Growth Corporation (DEGC) that partners with local leaders, building owners, entrepreneurs, and artists to activate vacant storefronts with transformational businesses and art installations. The goal of the program is to foster the evolution and vibrancy of Detroit’s neighborhood business districts.²¹

At its core, REVOLVE uses “pop-ups” as a catalyst to accomplish three main objectives: 1) recruit and grow full-time tenants, 2) spark public and private investment, and 3) change the image and experience of neighborhood business districts. REVOLVE combines pop-up with other tools, such as incentives to support building restoration and technical assistance for entrepreneurs.²²

According to REVOLVE pop-ups are the temporary use of an under-utilized space. Pop-ups allow an entrepreneur to test their business in a location for a month instead of a year (or more) that is usually required by a lease. It also creates the opportunity to make money, make adjustments, and prove to financiers and landlords that a business can succeed. Building owners benefit from getting a prospective long-term tenant and unprecedented marketing.²³

The organization works with building owners, entrepreneurs, and artists by connecting the two parties to transform a vacant space. When a property owner is identified or approaches REVOLVE they work to market the space and can place a call for pop-ups to fill the space. After recruiting applications they review the applications and work with the property owner to pick a good fit.²⁴

Another resource REVOLVE offers to simplify the process is the [REVOLVE Guidebook](#). The guidebook is designed for various stakeholders and is a one-stop shop for practical how-to information on working to revitalize Detroit neighborhoods. Information covers permits, sample agreements, checklists, financial resources, and much more.

To learn more about the REVOLVE model visit the [Overview Chapter](#) of their Guidebook.

Additional Example

The New Orleans Redevelopment Authority invested

more than \$8.6 million dollars and leveraged \$74.6 million dollars in the revitalization of about 300,000 square feet of commercial real estate on Oretha Castle Haley, Broad Street and Gentilly Woods.²⁵



Source: Revolvedetroit.com

ENFORCING ZONING

// NEIGHBORHOOD CLEAN SWEEP PROGRAM
// WARREN, MICHIGAN

- Over 30,000 ordinance violation warning tickets since 2008 issued. 600 dilapidated homes demolished.

Warren, Michigan’s Neighborhood Clean Sweep Program, founded by then-mayor James R. Fouts, was founded in 2008. Aiming to develop a community-wide effort to halt blight, the City Administration announced the program’s seventh round this year.

The program sends inspectors on “sweeps”—that is, groups of officials systematically seeking code violations in designated one-square-mile areas of the city. Properties out of code garner a five-day notice to correct the violation in order to avoid a \$1,000 fine.

In order to cultivate the Clean Sweep, Mayor Fouts convened a task force comprised of members from several city divisions including public works, public safety, sanitation, public planning, and inspections-related officials. Partners held critical roles in the process: one team identified target neighborhoods,

another team gathered addresses and key property details, and a third team developed informational materials for public distribution. The city's building department identified precise zoning blight violations, and local police lead street sweeps themselves, issuing all warnings and tickets.²⁶

Since 2008 over 30,000 notices have been administered, but only 800 fines have been issued; most property owners correct violations during the allotted five-day grace period. Now during its seventh program year, the city reports 125,000 residential and commercial properties have been inspected.²⁷

Summary

In the six case studies highlighted here, common themes include establishment of public-private partnerships, strategic development, and harnessing a holistic approach to problem-solving. Implementing only one of these themes when attempting to resolve blight and vacancy matters cannot single-handedly set a neighborhood's redevelopment down a sustainable path. Instead, one must consider a variety of approaches to solving such issues and tailor a custom plan relevant to the residents, businesses, and external circumstances affecting a community. Although some of the strategies outlined in this briefing may not be within an organization's grasp, the concepts offered here have demonstrated success in a variety of localities and can be customized to fit the distinct needs of your community.

NOTES

¹ Mallach, Allan. Laying the Groundwork for Change: Demolition, Urban Strategy, and Policy Reform. Publication. Brookings Metropolitan Policy Program, Sept. 2012. Web.

² John P. Harding, Eric Rosenblatt, and Vincent W. Yao. 2009. "The Contagion Effect of Foreclosed Properties," *Journal of Urban Economics* 66, 164–78.

³ Brian A. Mikelbank. 2008. "Spatial Analysis of the Impact of Vacant, Abandoned and Foreclosed Properties," Federal Reserve Bank of Cleveland.

⁴ Lin Cui. 2010. "[Foreclosure, Vacancy and Crime](#)," Department of Economics, University of Pittsburgh, 23.

⁵ John Accordino and Gary T. Johnson. 2000. "[Addressing the Vacant and Abandoned Property Problem](#)," *Journal of Urban Affairs* 22:3, 302–3.

⁶ [Blight Reduction Report](#)." City of New Orleans, 01 Jan. 2014. Web.

⁷ *Ibid.*, 4.

⁸ *Ibid.*, 13.

⁹ *Ibid.*

¹⁰ *Ibid.*

¹¹ Holwick, Timothy. "Council Nearing Final Action on Demolition Regulations" [Region's Business](#). 21 Nov. 2013. Web.

¹² Semuels, Alana. "City of Brotherly Love Finally Tackles Neighborhood Blight." *The LA Times*. 3 May 2014. Web.

¹³ "[Blight Reduction Report](#)." City of New Orleans, 01 Jan. 2014. Web.

¹⁴ Levine, Marty. "[ReClaim Northside: A Pittsburgh Lesson in Vacant Lot Renewal](#)." *Keystone Edge*, 25 Apr. 2013. Web.

¹⁵ "Redefining Rustbelt: Mitigating Blight and Managing Vacancies in Detroit, Baltimore, Cleveland, and Philadelphia." *Chicagofedblogs.org*. 13 Mar. 2014. <http://cdps.chicagofedblogs.org/?p=1369>

¹⁶ [2013 Annual Report](#). Rep. Cuyahoga County Land Reutilization Corporation, Jan. 2014. 7.Web.

¹⁷ *Ibid.*, 10.

¹⁸ *Ibid.*, 12.

¹⁹ *Ibid.*, 17.

²⁰ *Ibid.*, 12.

²¹ REVOLVE Detroit." Detroit Economic Growth Corporation.

2008-2014. Web. <<http://www.degc.org/businesses/revolve-detroit-1>>.

²² “OVERVIEW + POP-UP.” REVOLVE Detroit Guidebook. 6. Web. <<http://revolvedetroit.com/sites/default/files/documents/resources/chapters/chapter-1-revolve-detroit.pdf>>.

²³ Ibid.

²⁴ “What We Do.” Revolve Detroit. REVOLVE Detroit., 2014. Web. <<http://revolvedetroit.com/what-we-do>>.

²⁵ “[Blight Reduction Report](#).” City of New Orleans, 01 Jan. 2014. Web

²⁶ City of Warren. Warren Neighborhoods Clean Sweep Program Begins Its 7th Year. 23 Apr. 2014. Web.

²⁷ Fouts, James. “[Operation Clean Sweep](#).” Michigan Municipal League. N.p., Jan.-Feb. 2013. Web.

ADDITIONAL ONLINE RESOURCES

HUD - Evidence Matters: Winter 2014 Issue

- [Vacant and Abandoned Properties: Turning Liabilities Into Assets.](#)

- [Targeting Strategies for Neighborhood Development.](#)

Greater Ohio - [Best Practices for Community Revitalization and Stabilization](#)

OTHER NOTABLE STRATEGIES:

Baltimore, MD: [Vacant To Value](#)

DID YOU ENJOY THIS BRIEFING? DO YOU HAVE QUESTIONS OR COMMENTS? [CLICK HERE TO LET US KNOW!](#)



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

The Power of Knowledge and Leadership

