



# CENTER ON URBAN & METROPOLITAN POLICY THE BROOKINGS INSTITUTION AND CEOs FOR CITIES

## Seizing City Assets: Ten Steps to Urban Land Reform

Paul C. Brophy and Jennifer S. Vey<sup>1</sup>  
October, 2002

*One of a city's greatest assets is its available land for development. Unfortunately, many cities have land and properties that are vacant, abandoned, or under-used, with few policies and regulations in place to convert them into revenue-generating, valuable sites. This brief outlines the ten recommended action steps that state and local governments might follow to facilitate the development of urban land and buildings. Compiling an inventory of vacant parcels, planning for the assembly and reuse of land, and working to eliminate the many legal and administrative barriers to acquisition and development are just some of the actions the authors contend should be undertaken in order to create a more transparent, efficient, and effective system for private market land development. The brief will discuss these and other proposed steps, and will highlight examples of successful practices implemented in states and localities throughout the U.S.*

### Introduction

Over the past few years, the policy discussion on urban development has shifted as conditions in cities have improved. The conversation about cities, which once focused on their problems and failures, is today centered on new markets, community capitalism, and the creation of healthy downtowns and neighborhoods. For the first time in several decades, urban leaders have an opportunity to build from strengths that in many cities had been largely overshadowed by fiscal crises and devastating social problems.

The dominant reality of most metropolitan areas, however, continues to be the decentralization of population and employment. Many central cities and older suburbs are still struggling to compete with newer, outlying communities for jobs and residents. In fact, across the largest 100 U.S. metropolitan areas, only 22 percent of people, on average, work within three miles of the central city, while a third work ten or more miles away.<sup>2</sup> This is not surprising, given that, in the aggregate, suburban population growth continued to outpace that of cities during the 1990s.<sup>3</sup>

Perhaps as a backlash to suburbanization, there appears to be a renewed interest in cities as a place to live and work. A 2001 study of 24 U.S. cities revealed that 18 saw a rise in their downtown population during the 1990s<sup>4</sup>, and center cities throughout the country are experiencing a

*"This paper...  
provides an  
action agenda for  
urban leaders  
that can improve  
their capacity  
to market land,  
encourage devel-  
opment, and  
make the city a  
choice location  
for residents and  
businesses."*



resurgence of development for commercial, entertainment and residential uses. To capture and build upon this momentum, however, cities and older suburbs need to overcome a number of competitive disadvantages—poorly performing schools, aging infrastructure—while capitalizing upon their unique assets. This paper focuses on one of those assets—vacant and underutilized land and buildings—and provides an action agenda for urban leaders that can improve their capacity to market land, encourage development, and make the city a choice location for residents and businesses.

## Opportunities and Challenges

Vacant and abandoned urban properties are often viewed only as liabilities, and have seldom been counted among a city's assets. In fact, even efforts to quantify the extent of vacant land in cities have been few and far between.<sup>5</sup> The most recent, comprehensive attempt to understand how cities inventory and track these sites was a 1999 survey completed by Michael Pagano and Ann O'M. Bowman. Eighty-three cities with populations over 100,000 provided estimates of the number of abandoned structures and/or acres of "usable vacant land" within their boundaries. Survey results revealed that several cities, particularly Baltimore and Philadelphia, have large numbers of abandoned structures. In addition, the survey indicated that the average city possesses over 12,000 acres (or 15 percent of its area) of usable vacant land.<sup>6</sup> To put this amount of land in perspective, this average of 15 percent means that the 100 largest cities in the nation have the equivalent of the total combined land area of New York City, Los Angeles, Chicago, Houston, Philadelphia, and San Diego sitting idle. Not only do these vacant properties provide an opportunity for urban revitalization, but they offer an alternative source of developable land to green space at the edges of our metropolitan areas.

The amount of usable vacant land varies widely among cities depending upon the nature and intensity of market forces working at many levels – from the conditions in the region, down to individual city blocks. San Francisco and Seattle, for example, are 'hot-market' cities located in very strong-market regions. They have far fewer vacant and abandoned properties than a city like Buffalo, located in an area of New York State that is suffering from a long-term economic readjustment and a loss of business and population. In virtually all cities, market conditions can vary substantially across neighborhoods. Historic circumstances, housing values, racial patterns, school quality, crime rates, and other variables account for these differences.

Absent a robust real estate market, redeveloping vacant properties becomes a significant challenge for urban governments. Moreover, the overall neighborhood conditions resulting from decline—high crime, poor schools, lack of amenities—can cause further abandonment. In many cities and older suburbs, the scattered nature of land availability, the cost of assembly, and the public actions sometimes needed to assemble parcels make it virtually impossible for the private real estate sector to carry out larger-scale development. These impediments frequently frustrate market forces and divert development to where it is easier—on vacant undeveloped land, often located at the suburban fringe.

The ability of cities to effectively carry out this often complex municipal function—vacant land redevelopment—varies widely from city to city, and can change within a city based on the internal capabilities of the local government. Part of the challenge for local governments is to overcome the many legal and administrative barriers to the reuse of urban land. Often, tracts of land in cities are not readily available—they are owned by numerous parties, entangled in cumbersome property tax foreclosure laws, improperly zoned for reuse, require infrastructure to be removed or modernized, or require environmental remediation. Real estate developers often complain of a lack of planning and coordination between government departments and developers, inconsistent and slow permitting and inspection processes, and delays by local governments on subsidy commitments—all factors that discourage private development. In order for local leaders to respond to market demands, and catalyze neighborhood revitalization, they must implement an effective process for reclaiming urban properties.

## Ten Steps to Urban Land Reform

This paper identifies the ten key action steps that state and local governments<sup>7</sup> can take to promote faster and better redevelopment of vacant and abandoned properties, and ultimately improve the quality of urban neighborhoods. The paper does not aim to suggest what the specific policies and practices should be in each city, but instead sets a basic framework for addressing this complex issue. To be effective, the reuse strategies must be tailored to each locality and to the individual markets within them. The ten steps are the following:

1. Know Your Territory
2. Develop a Citywide Approach to Redevelopment
3. Implement Neighborhood Plans in Partnership with Community Stakeholders
4. Make Government Effective
5. Create a Legal Framework for Sound Redevelopment
6. Create Marketable Opportunities
7. Finance Redevelopment
8. Build on Natural and Historic Assets
9. Be Sensitive to Gentrification and Relocation Issues
10. Organize for Success

### Step 1: Know Your Territory

Any local government seeking to reuse its vacant and underutilized property must first know its property inventory,<sup>8</sup> and should have the answers to fundamental questions at its disposal:

- Where are the vacant land and buildings?
- What is the condition of the supply?
- How are the parcels zoned?
- Are they in strong or weak market areas?
- Who owns the parcels?
- What are their current market values?
- What properties might be in danger of becoming abandoned?

The methods used to collect information on vacant land and buildings in many cities appear to be rudimentary. Of the 99 cities that responded to Pagano and Bowman’s survey, 44 reported that they could not rely on geographic reporting systems to track vacant land. Many cities are still learning about vacant and abandoned land from “calls from neighbors” and “informal feedback.” Tax delinquency information, a strong indicator of abandonment, was used by only 24 percent of the respondents in identifying these properties.<sup>9</sup>

To be able to readily access data on the number of vacant properties, as well as their attributes, cities must have effective tracking and inventory systems in place. While the sophistication of these systems varies significantly, cities are increasingly relying on computerized databases that house information on assessed values, tax status, code violations, occupancy, and/or other features of properties located in the city. City agencies, community groups, and others can use these systems to help predict which properties might be at risk of abandonment, and where intervention efforts should be targeted. Greater numbers of cities are also building their capacity in the use of Geographic Information Systems (GIS). Mapping property using GIS is a technique that can give policy makers up-to-date information on land use, zoning, environmental conditions, and other variables, both in the aggregate, and for specific sites. Increasingly, GIS reports also include the location of vacant property.

#### STEP 1 Know Your Territory

---

STEP 2  
Develop a Citywide Approach to Redevelopment

---

STEP 3  
Implement Neighborhood Plans in Partnership with Community Stakeholders

---

STEP 4  
Make Government Effective

---

STEP 5  
Create a Legal Framework for Sound Redevelopment

---

STEP 6  
Create Marketable Opportunities

---

STEP 7  
Finance Redevelopment

---

STEP 8  
Build on Natural and Historic Assets

---

STEP 9  
Be Sensitive to Gentrification and Relocation Issues

---

STEP 10  
Organize for Success

---



*“Easy access to all the information on a city’s land supply is critical for public officials charged with making planning and development decisions.”*

Once a city develops a system for collecting updated information on vacant and abandoned properties, it needs to be made publicly available. Easy access to all the information on a city’s land supply is critical for public officials charged with making planning and development decisions. It also provides developers, real estate brokers, non-profits, and community groups with an efficient method by which to gather accurate property-level data. Without such a reliable database, a systematic response to making land and underutilized buildings available to the private market will be difficult to operationalize. Cities should invest the relatively small amount of funds needed to make their GIS-coded property available on the Internet for general use by interested parties. It is not necessary for the city itself to manage the data. Often a local university or non-profit may be better equipped to develop and manage the system. Commercial geocoding services are also an option.

### **Map Milwaukee**

Milwaukee has installed a state-of-the-art website that has the entire city mapped using GIS. Users can locate any parcel, identify its use, its tax status, whether or not it is owner occupied, and other attributes relevant to its current and future use. Users can also create maps showing the location of public facilities, tax delinquent properties, zoning, development zones, voting districts, and other ‘layers’ of information. Maps can show the entire city, or can ‘zoom in’ on particular areas. The city also maintains a Master Property Record (MPROP), a computerized inventory of all properties in the city containing more than 90 elements of data describing each of the approximately 160,000 properties in the city. From the Map Milwaukee site, users can link directly to other city websites, which allows for access to additional property-related data and helps to reduce redundancy and duplication of efforts.

See the City of Milwaukee’s GIS website at: <http://www.gis.ci.mil.wi.us>

### **Neighborhood Knowledge Los Angeles (NKLA)**

Launched and maintained by the University of California at Los Angeles Advanced Policy Institute, The Neighborhood Knowledge Los Angeles project provides free public access to web-based data on properties and neighborhoods in the city and parts of the county. Residents, activists, and government agencies can access data on code violations, tax liens, and building permits by individual property, information that can provide an early warning of decline and abandonment. Users can also map data on tax delinquencies, code complaints, and nuisance properties in order to locate where problems are concentrated. Census data, including information on ethnicity, income, and educational attainment, is also available. Currently, NKLA functions primarily as a housing information system for the City of Los Angeles. In the next few years, however, managers of the system hope to provide maps and data for the entire county and its 88 cities. They also plan to expand the range of data sets available to include other indicators of neighborhood health.

See the Neighborhood Knowledge Los Angeles website at: <http://nkla.sppsr.ucla.edu/>

## Step 2: Develop a Citywide Approach to Redevelopment

The ability of a local government to know where development opportunities lie and to share that information readily with prospective users is only one small first step. Cities should base their strategies for reusing vacant and underutilized properties on a solid, long-term, centrally developed plan for the city. What does the city need to do to become healthier? Add people? Add jobs? Add open space? Create more affordable housing? Where should limited resources be targeted? The property reclamation strategy should support the larger plan for growth and development, whatever it is.

Many cities fail to view vacant property redevelopment as a fundamental tool in their comprehensive planning efforts, and have not designed policies to encourage the use or reuse of city-owned land and abandoned structures. Often local governments have merely adopted a series of policies and programs aimed at managing vacant land and abandoned structures. These may include procedures for razing abandoned structures in violation of city codes; policies for eliminating safety and health hazards in unoccupied residential structures; or special programs to monitor illegal dumping on vacant lots. In these localities, vacant and underutilized property is viewed as a problem rather than as a potential asset.

A strategic plan for the reuse of vacant and underutilized property serves two purposes. First, it creates a framework for defining the barriers to land development, setting recovery goals, and identifying specific solutions. Second, a comprehensive re-use plan can help local governments build credibility with the business community and constituents. Such a plan should be based on a local government's long-term vision for its future, with the ability to act quickly to execute parts of that vision when market conditions are ripe. Local governments need to be able to seize the opportunity to reuse vacant and underutilized property for commercial and residential development in areas where markets have strengthened and land is in demand. They must also recognize where markets are weaker, and develop appropriate short-, medium-, and long-term strategies for properties in those areas. For city-owned properties that are not readily marketable, this may involve securing buildings that pose safety hazards, maintaining boarded-up structures and vacant lots, and planning for the future use of certain sites for long-term open space, or for a use not connected to market forces (e.g. public transit sites or municipal buildings).

Although broad participation in any planning process is important, city governments must hold themselves responsible for an overall plan for their city—one that is based on a thorough understanding of the conditions and market realities of the city as a whole and the communities within it. A plan with a citywide goals and objectives is needed as a framework before specific neighborhood analysis and planning can be successful.

Some cities have developed a classification system for every city neighborhood based on their market conditions. These 'typologies' place neighborhoods with similar characteristics into categories—usually ranging from robust and healthy to abandoned and declining, with 'stable' and 'transitioning' neighborhoods in between. Such typologies can guide governmental decision-making, so resources and strategies can be targeted appropriately. This may require that parochial interests be disregarded in favor of actions that most benefit the city at-large.

In planning for property reuse, local governments should:

- **Build from assets.** Each city and older suburb needs to inventory and map its key assets, including business concentrations, key non-profit institutions such as universities and medical centers, strong residential neighborhoods, parks and other amenities. The property reuse strategy should focus on how to take advantage of these assets to attract residents and businesses to the neighborhood, and in turn create a greater demand for underutilized sites.
- **Take a real estate market-oriented approach to land-use planning.** Decisions on how and where to target public resources for acquisition and/or redevelopment must be based, in part, on sound economic analysis. Local governments need to cultivate a good working

STEP 1  
Know Your Territory

**STEP 2**  
**Develop a Citywide Approach to Redevelopment**

STEP 3  
Implement Neighborhood Plans in Partnership with Community Stakeholders

STEP 4  
Make Government Effective

STEP 5  
Create a Legal Framework for Sound Redevelopment

STEP 6  
Create Marketable Opportunities

STEP 7  
Finance Redevelopment

STEP 8  
Build on Natural and Historic Assets

STEP 9  
Be Sensitive to Gentrification and Relocation Issues

STEP 10  
Organize for Success



STEP 1  
Know Your Territory

**STEP 2**  
**Develop a Citywide Approach  
to Redevelopment**

STEP 3  
Implement Neighborhood Plans in Partnership with Community Stakeholders

STEP 4  
Make Government Effective

STEP 5  
Create a Legal Framework for Sound Redevelopment

STEP 6  
Create Marketable Opportunities

STEP 7  
Finance Redevelopment

STEP 8  
Build on Natural and Historic Assets

STEP 9  
Be Sensitive to Gentrification and Relocation Issues

STEP 10  
Organize for Success

relationship with the private real estate development industry to understand where local government must intervene to create development opportunities, and where market forces can succeed on their own.

- **Be aggressive about acquiring land for future use.** A specific description of where the local government should acquire property should be included in the plan. The plan should reckon with current and future transportation and land use patterns, and should be shaped with an appropriate level of citizen participation.
- **Work to develop political consensus around plans for land acquisition and redevelopment.** A plan means little without executive leadership to press for the desired outcomes. Local officials must be willing to spend the political capital and managerial energy necessary to push their initiatives.

The planning process, of course, needs to be ongoing, with local strategies modified over time as market conditions change. Cities should fully integrate vacant land information and approaches into their comprehensive city planning efforts, and should factor in the effects of land-use and zoning regulations into the plans.

### Philadelphia's Neighborhood Transformation Initiative

In 2001, the City of Philadelphia launched an innovative citywide planning approach called the Neighborhood Transformation Initiative (NTI). One of Mayor John Street's signature programs, the NTI is a five-year strategy to make the city more competitive with its suburbs by reclaiming vacant structures and land. Specific goals include:

- 16,000 new housing units comprised of market rate development, vacant house rehabilitation, elderly and special needs housing, and critical-scale new construction.
- 14,000 demolitions, a number that includes, but is not limited to, all buildings that represent a hazard to the public's health.
- 31,000 vacant lots cleaned and maintained going forward.
- 65% decline in the overall level of vacancy across the City.

To accomplish these goals, the City recognized the need to fully understand the market conditions in the city's neighborhoods. The City commissioned The Reinvestment Fund (TRF), a development finance corporation that conducts policy research on related issues, to conduct an extensive census tract level analysis of housing and economic data. Based on this data, TRF identified six real estate market clusters, or 'typologies': Regional Choice, which have the highest average housing values; High Value/Appreciating, which have high housing values and population stability but less commercial activity; Steady, which have higher-than-average housing values but limited appreciation; Transitional, which have steady values, but a higher incidence of vacant housing and lots; Distressed, which have lower than median values and older, more deteriorated housing; and Reclamation, which have the lowest housing values and greatest amount of vacancy and decline.

The Mayor's initiative proposes an appropriate set of resources to each and every one of these market types. These targeted strategies aim to meet the immediate and long-term needs of the individual neighborhoods, while prioritizing actions that will stimulate investment and ultimately benefit the city at large. This goal is articulated as one of the key principals of NTI: "A long-term citywide vision must prevail and will require resources to be allocated in a manner that facilitates the market development it hopes to produce."<sup>10</sup>

See the City of Philadelphia's Neighborhood Transformation Initiative website at: <http://www.phila.gov/mayor/jfs/mayorsnti/index.html>

## Step 3: Implement Neighborhood Plans in Partnership with Neighborhood Stakeholders

**M**uch of the motivation behind the efforts of cities to bring vacant land into appropriate reuse is to revitalize neighborhood economies and improve the quality of life of city residents. A successful approach to recovering vacant and underutilized buildings for productive use requires that local governments work in partnership with citizens, community development organizations, business owners, and other stakeholders. These groups, along with real estate agents, lenders, and appraisers, bring an understanding of the market forces at work at the smallest level, and often have a more intimate knowledge of neighborhood conditions than planners working with city government. They should be viewed as allies in the redevelopment process, and their involvement in developing the city's plan and facilitating its implementation is critical.

City officials must cultivate and maintain a strong relationship with neighborhood leaders and community stakeholders over time. These individuals and groups have a vested interest in the neighborhood, and the investment of their energy and resources into the community has a powerful impact on its overall health. Vacant land and buildings can have a destabilizing effect

STEP 1	Know Your Territory
STEP 2	Develop a Citywide Approach to Redevelopment
<b>STEP 3</b>	<b>Implement Neighborhood Plans in Partnership with Community Stakeholders</b>
STEP 4	Make Government Effective
STEP 5	Create a Legal Framework for Sound Redevelopment
STEP 6	Create Marketable Opportunities
STEP 7	Finance Redevelopment
STEP 8	Build on Natural and Historic Assets
STEP 9	Be Sensitive to Gentrification and Relocation Issues
STEP 10	Organize for Success

### Richmond's Neighborhoods in Bloom Program

Richmond's Neighborhoods in Bloom (NIB) program is a good example of a city-adopted strategy that allows citizens to play an active role in deciding how and where community development dollars are targeted. At the direction of the City Council, the city manager's office and other city staff developed the NIB program in 1999 out of growing community concerns about high crime and vacant and blighted housing. The broad goals of the program are to 1) restore physical livability, and 2) improve neighborhood stability, both of which will ultimately improve the environment for private investment.

To reach these goals, the City decided that targeting limited resources to select areas, rather than dispersing them, would have the greatest impact. To determine the target communities, the City examined data on Richmond's 49 neighborhoods, classifying them into four broad categories based upon their concentration of abandoned buildings, crime and poverty rates, and other factors. City staff conducted numerous community meetings to solicit the input of citizens, community development corporations, neighborhood associations and other stakeholders, and ultimately the city council approved the selection of the six neighborhoods most in need. Within each target neighborhood, the City, with the assistance of neighborhood groups, identified impact areas, i.e. areas that contained groups of properties where improvements would have the greatest effect.

Richmond is using a range of local and federal tools to promote redevelopment of vacant and abandoned properties in these neighborhoods. CDBG and HOME dollars, as well as local capital improvement dollars, are being invested in NIB impact areas. At the same time, the city's code enforcement and police powers are being used to improve housing and eliminated blight. CDCs and other neighborhood groups have been integral players in the process, offering services such as down payment assistance and home repair grants and loans to residents, and rehabilitating vacant properties.

The NIB program is beginning to yield positive results. As of June 20, 2001, 810 code violations were resolved, 130 home repair loans were made, and 118 properties were rehabilitated or repaired (plus 228 in progress). In addition, property values in the six targeted areas are up and crime has dropped. Given these preliminary results, in 2001 the city council reaffirmed the NIB program for two more years and slightly expanded the scope beyond the boundaries of the original neighborhoods.

See the City of Richmond's Neighborhoods in Bloom website at: [http://www.ci.richmond.va.us/citizen/neighborhoods/cmxxs\\_neindex.asp](http://www.ci.richmond.va.us/citizen/neighborhoods/cmxxs_neindex.asp)



STEP 1  
Know Your Territory

STEP 2  
Develop a Citywide Approach  
to Redevelopment

**STEP 3**  
**Implement Neighborhood Plans  
in Partnership with Community  
Stakeholders**

**STEP 4**  
**Make Government Effective**

STEP 5  
Create a Legal Framework for Sound  
Redevelopment

STEP 6  
Create Marketable Opportunities

STEP 7  
Finance Redevelopment

STEP 8  
Build on Natural and Historic Assets

STEP 9  
Be Sensitive to Gentrification and  
Relocation Issues

STEP 10  
Organize for Success

on neighborhoods, creating blight, lowering property values, and precipitating further disinvestment by property owners who fear that improvements to their home or business may not pay off if the neighborhood continues to decline. In addition, in the worst cases, vacant structures can harbor illegal uses—such as crack houses—that can undermine neighborhood livability. Regular communication with community groups about neighborhood conditions can help city agencies understand when and how to intervene.

The actions of local government alone cannot always stem the tide of physical deterioration and the community decline that can result. Successful implementation of a citywide redevelopment plan depends on the involvement of the community. Neighborhood organizations often develop their own plans for dealing with blighted lots and abandoned buildings, and may be actively involved in constructing housing, parks, and other amenities. These efforts should harmonize with the overarching goals of the city’s approach. There will be differences of opinion between the partners, of course. This is to be expected. Ongoing collaboration is thus essential so that all parties are working from a shared agenda.

### Step 4: Make Government Effective

**E**ven the best redevelopment plans have little chance of successful implementation if local governments lack the capacity to effectively administer basic policies and procedures. For private sector developers, the redevelopment of vacant and underutilized urban land is often viewed as more difficult, time consuming, and expensive than development on greenfield sites in the suburbs. Developers often lack confidence that they can complete projects in a timely manner, as local administrative processes can be unpredictable and inefficient. Poor administration of zoning ordinances, building codes, the permitting process, design requirements and other local regulations can be a significant deterrent to the redevelopment of vacant land and buildings.

A city’s active involvement in the property acquisition, assembly, and disposition process further complicates the development of vacant and abandoned parcels. Fragmentation of existing government and public-sector land redevelopment programs can prove to be a major stumbling block. Quite often, the administrative machinery established to acquire and dispose of property is diffuse and duplicative: one agency is charged with acquiring and disposing of tax delinquent

### Baltimore CitiStat

Based on the ComStat program pioneered by New York City Police Department, Baltimore City has developed CitiStat, an extensive computerized system that is used by the Mayor and his administration to monitor week-to-week progress of city services and personnel issues. Agency and bureau heads meet with the mayor and his staff twice a month. Prior to each meeting, the agencies must submit up-to-date data—on staff overtime hours, for example, or resident complaints—to the CitiStat staff who compare it to the previous report. This helps identify progress toward goals the City has established for services ranging from public safety to sanitation.

Geographic information is also plotted and displayed on detailed computer maps to further assist policy makers and managers in tracking data and formulating strategies to address problems. The city’s Department of Housing and Community Development, for example, uses GIS mapping to identify housing that needs to be boarded or demolished, concentrations of blighted properties, and possibilities for redevelopment. Mayor O’Malley has committed to acquiring and dealing with 5,000 vacant lots and structures over the next two years, and CitiStat will be used as the vehicle for monitoring the Department’s progress toward attaining the goal.

See the City of Baltimore’s CitiStat website at:  
<http://www.ci.baltimore.md.us/news/citistat/>



parcels; another is responsible for those properties to be acquired by eminent domain; yet another manages properties donated to local government. Furthermore, decisions on what properties the city should acquire might involve the approvals of numerous boards or commissions, making it almost impossible to execute an orchestrated plan of action.

Cities must create an effective and efficient process for land development. This begins with well-functioning city departments or authorities that are professional, employ well-trained staff, have clear powers and budgets, and use effective procedures for the acquisition, disposition, management, and redevelopment of land and buildings. Often, however, this is not the case. Local bureaucracies neglect these functions and invest little time in staff development. A national effort to provide training and organizational support for people working in this field would help local land development efforts; in the meantime, agency heads must be clear about the skills needed for these positions, and recruit professionals to get the job done.

Quality staff need to operate within a system that works, however. To ensure that land can be acquired in an expeditious fashion, procedures must be up-to-date, and combine ‘quick takes’ of tax delinquent properties, use of eminent domain, and direct purchase. The disposition of vacant land must also be quick and user-friendly. Some of the most advanced agencies, for example, have begun to use websites to sell properties. In the period that vacant land is under

*“Cities must  
create an  
effective and  
efficient process  
for land  
development.”*

### San Diego’s Vacant Properties Program

The City of San Diego’s Vacant Properties Program illustrates how an effective administrative strategy can work to return vacant and boarded up properties to productive use. In 1993 the City established a task force to address the growing problem of abandoned and deteriorated housing units. The task force spent a year examining the city’s existing code enforcement processes, as well as those of other jurisdictions. It then held several community meetings before presenting to the City Council a set of recommendations that included both penalties and incentives to encourage private owners to rehabilitate their properties. The Council endorsed the strategy, and by 1996 passed amendments to its property abatement ordinance. The amendments created a formal procedure for notifying negligent owners that they are required to clean and secure their vacant buildings; if a property owner fails to comply, the City can board the property and charge the owner for the expense. In addition, owners of nuisance structures are now required to file a statement of intent, laying out a plan and timetable for rehabilitation. Fines can be levied on the owner if he or she either doesn’t file the statement, or doesn’t make progress on the work set forth in their submitted plan.

The City also hired its first vacant properties coordinator to take charge of program and administer the abatement ordinance. Working closely with the police department, the attorney’s office, building inspectors, and others, the coordinator is required to: (1) maintain an inventory of all vacant properties; (2) ascertain property owners’ ability and willingness to voluntarily abate public nuisances and rehabilitate their structures; and (3) if possible, work with owners to determine the most appropriate course of action. This includes helping them tap into the various resources (including both funding and technical assistance) that may be available to assist them. These resources, which come from a range of public, private, and non-profit sources, are an important component of the program, and can help mitigate the financial hardship that some owners may face.

Overall, the success of the program relies on its institutionalization within the local government structure; the designation of a skilled and dedicated coordinator; the availability of sufficient staff and resources; a close working relationship with the City Attorney’s Code Enforcement Unit; the formation of key partnerships among other city agencies; and the establishment of solid relationships with citizens and other community stakeholders.

See the City of San Diego’s Vacant Property Rehabilitation Program website at:  
<http://www.sannet.gov/nccd/housing/vacant.shtml>



STEP 1  
Know Your Territory

---

STEP 2  
Develop a Citywide Approach  
to Redevelopment

---

STEP 3  
Implement Neighborhood Plans in Partner-  
ship with Community Stakeholders

---

**STEP 4**  
**Make Government Effective**

---

**STEP 5**  
**Create a Legal Framework for Sound  
Redevelopment**

---

STEP 6  
Create Marketable Opportunities

---

STEP 7  
Finance Redevelopment

---

STEP 8  
Build on Natural and Historic Assets

---

STEP 9  
Be Sensitive to Gentrification and  
Relocation Issues

---

STEP 10  
Organize for Success

---

the city’s control, an aggressive and competent approach to asset management also needs to be in place.

The redevelopment process might be complex enough that those seeking to streamline it are often confounded in their efforts by long-standing practices that are understood to be legally-required, but in fact are elective steps that have simply never been questioned. This illustrates the need for cities to “think outside of the box,” and constantly look for new and innovative ways to improve their effectiveness. Strategies should be reviewed and updated, organizational systems modified, information systems improved, and personnel adequately trained. All of these activities are needed if cities are to be successful in aggressively redeveloping vacant land and buildings.

### One-Stop Permitting in the Silicon Valley

Joint Venture: Silicon Valley Network is a non-profit model for regional rejuvenation. Its vision is to build a sustainable community, collaborating to compete globally. Joint Venture brings people together from business, government, education, and the community to identify and act on regional issues affecting economic vitality and quality of life.

The Smart Permit™ project started in 1994 as one of the first initiatives tackled by Joint Venture: Silicon Valley Network, working in conjunction with cities and high-tech firms in the Silicon Valley. The goal has been to use the technology of Silicon Valley to help cities and counties in the region to improve and streamline their building permit and development review processes for property owners and businesses. The eight pilot cities participating in the program—Fremont, Milpitas, Mountain View, Palo Alto, San Carlos, San Jose, Santa Clara, and Sunnyvale—are following a step-by-step course of action in order to make the shift from manual permit systems to a fully integrated Internet-based process. Each of the pilot cities has taken a somewhat different approach. The City of Milpitas, for example, is in the process of implementing a new “smart” permit system in conjunction with a Geographic Information System (GIS) that will eventually serve as the foundation for the delivery of city services. The City of Mountain View has teamed with its adjoining City of Sunnyvale on several Smart Permit efforts, including the installation of the Sunnyvale Permit System (SPS), which will Internet-enable the entire permit process. The other cities are also making progress in developing systems that meet their own priorities and objectives.

See the Joint Venture: Silicon Valley Network website at:  
<http://www.jointventure.org/initiatives/smartpermit/index.html>

### Step 5: Create a Legal Framework for Sound Redevelopment

**K**nowledge of local conditions, a good strategic plan, and an effective local government must be accompanied by a legal framework that allows for the efficient acquisition and disposition of vacant and abandoned land. The capacity of local government to acquire and dispose of property varies widely, in part due to state laws and regulations that dictate the boundaries of local authority and control. Improving the state and local policies that currently inhibit a city’s ability to promptly put underutilized property back into the market is a challenging but important step in the redevelopment process.<sup>11</sup>

Several reforms may be necessary to facilitate the redevelopment process:

- **Reform state and local property-tax foreclosure laws.**

The correlation between abandoned properties and those that are chronically tax delinquent is high. But acquiring these properties and getting them into the hands of private developers or

non-profits that will put them into productive use is a long, difficult, and often daunting process in many localities. As stated by Frank Alexander, of the Emory University Law School, “[t]he tax lien foreclosure process is often so lengthy, cumbersome, and filled with doubts and objections that local governments have largely ignored growing tax delinquencies, particularly in low income neighborhoods.”<sup>12</sup>

Rules limiting the ability of local governments to foreclose on tax delinquent properties were set up to protect property owners from a public taking due to temporary financial hardship. However, such rules can be unnecessary and inappropriate in cases where properties have effectively been abandoned. In some cases, for example, back taxes and associated fines may become higher than the actual value of the property, removing any incentive for paying the bill. In other instances, an owner may have died and left the property to an absent heir, making the notification process extremely difficult. While every jurisdiction grants some period of time for taxes, penalties, and interest to be paid prior to foreclosure, or even after a foreclosure sale, the process can drag on for years while properties continue to deteriorate.

Local governments need to amend the legal and administrative policies that are under their control. They also need to advocate for the reform of the state laws that govern localities’ ability to foreclose on properties, gain marketable title, and put them back on the tax rolls.

- **Reform laws allowing local governments to use eminent domain.**

Eminent domain, often called condemnation, is the legal process by which a public body is given the legal power to acquire private property for a public use, pursuant to state or local law. It can be a very effective tool for acquiring vacant and abandoned property. However, the process a local government must go through to exercise eminent domain to acquire a property, even when vacant, can be onerous. In some cities, restrictions on the use of eminent domain can require the participation of several different agencies and the completion of dozens of steps.

A locality’s ability to utilize the powers of eminent domain more effectively for acquisition of vacant property may require legislative reforms at the state level. Such reforms may give local governments ‘quick take’ powers for vacant, heavily tax-liened property, or enable them to condemn properties that are occupied by unauthorized persons. Maryland, Michigan, and other states have such quick take laws.

## Michigan’s Tax Reversion Law

Michigan recently overhauled the state’s property tax foreclosure process. In 1999, county treasurers and other municipal leaders teamed up with the governor’s office to rewrite the State’s tax reversion laws. The new law—P.A. 123—streamlines the former system of property acquisition through tax foreclosure, a process which previously could take as long as seven years. Under the new laws, the time needed to foreclose on a delinquent property has been reduced to two years, and as little as one year for abandoned property. When the law was passed, a county could opt to: (1) transfer property titles directly to their treasurer, or (2) pass the responsibility to the State of Michigan.

The Genesee County Treasurer and the City of Flint are taking an aggressive approach to fully utilize the tools the new tax law provides. They are currently working to develop a new governmental system for administering the law, and are designing a strategic plan for acquiring and disposing of tax delinquent properties. The plan will focus on foreclosure prevention, land assembly and delivery, development of GIS capacity, and the demolition of abandoned and blighted structures.

See Genesee County’s website at: <http://www.co.genesee.mi.us/treasurer/>

- STEP 1  
Know Your Territory

---

- STEP 2  
Develop a Citywide Approach to Redevelopment

---

- STEP 3  
Implement Neighborhood Plans in Partnership with Community Stakeholders

---

- STEP 4  
Make Government Effective

---

- STEP 5  
Create a Legal Framework for Sound Redevelopment**

---

- STEP 6  
Create Marketable Opportunities

---

- STEP 7  
Finance Redevelopment

---

- STEP 8  
Build on Natural and Historic Assets

---

- STEP 9  
Be Sensitive to Gentrification and Relocation Issues

---

- STEP 10  
Organize for Success

---

*“Improving laws  
and legally  
mandated  
processes is a  
matter on which  
both cities and  
states need  
to act.”*

- ***Establish state laws permitting the creation of land bank authorities.***

A local land bank authority can help facilitate the acquisition, assembly, and disposition of properties. Their powers can vary depending on the needs of the community. Some land banks may possess the power of eminent domain to acquire tax delinquent properties, while others may use a direct purchase approach. Some land banks have the ability to extinguish back taxes to encourage the reuse of properties for purposes that benefit the community. Others may require the ability to assemble and manage land for future uses outlined in the city’s strategic plan. State laws permitting local governments to use land banking as an approach to property assembly provide them with a valuable tool to facilitate the creation of marketable sites.

Improving laws and legally mandated processes is a matter on which both cities and states need to act. There is some natural affinity here with the advocates of smart growth, who are likely to be supportive of laws making it easier for cities to redevelop land. Cities should work to establish these coalitions to help them advocate for needed reforms.

### **Missouri’s Authorization of Eminent Domain**

Missouri has been aggressive in the use of eminent domain and the redevelopment of land acquired pursuant to a locally approved redevelopment plan. Local governments are permitted by state law to delegate the responsibility and authority to condemn property and redevelop land to private companies. This approach has been used frequently in situations where eminent domain is needed as a tool for redevelopment. Under this model, the public sector approves the plan through a public process, but a private company—non-profit or for-profit—carries out the project.

## **Step 6: Create Marketable Opportunities**

**R**edeveloping vacant land and buildings requires conditions the private sector deems favorable. This makes it necessary to make the development process straightforward and predictable. It also requires providing viable sites that meet the needs of the businesses and industries seeking to locate there. Depending on market conditions, the local government may need to intervene to make a location marketable and to ultimately bring it back into productive use. A close working relationship with the real estate development industry is a must.

Creating marketable opportunities has a number of dimensions. First, it requires frequent communication and outreach to real estate developers, non-profit groups, businesses and potential residents. Real estate developers and neighborhood-based non-profit groups have a first-hand understanding of market dynamics and can be helpful to local governments in deciding what to do with vacant land. They can also help local government understand what it will take to make particular sites attractive enough for development.

Second, the development process itself must be transparent. Requests for proposals for land sales and redevelopment should be unambiguous and business-like, and decisions made on the basis of who is likely to create the best outcomes. This means that those involved in the selection process need to be sophisticated in their understanding of how to judge whether a developer has the capacity to implement the proposal, and whether the proposal meets selection criteria. These judgements are not always easy, since the redevelopment of property—even that viewed as marginal—can be extremely contentious. Within this context, good local governments do not view the real estate development industry as an enemy, but as an ally in reaching common goals.

Third, creating opportunities for development means seeing to it that the vacant land itself is marketable. There are several ways to do that:

- **Parcels often need to be clustered into sites large enough to create a market for economic development or residential uses.** Vacant land may be scattered on many nearly contiguous sites that are likely to be owned by multiple parties. To make it marketable, it may need to be assembled into a new site, one that has clear title, is properly zoned, and is ready for sale. Occasionally, some of the properties that need to be assembled may be occupied, requiring the relocation of homeowners, renters, or businesses. As politically challenging as this can be, acquisition of occupied properties in these situations may be crucial to assembling a marketable site.
- **Old structures may need to be demolished and the site cleared and improved.** Buildings that are left over from a prior use may be hazardous or too badly deteriorated to be rehabilitated, and may have a blighting influence on the surrounding area.
- **Street patterns may have to be modified and new infrastructure developed.** The adaptation of older uses to new may mean that as part of the reparcelization, streets and infrastructure need to be modified to suit a different use. The more this preparatory work can be done prior to sale, the more marketable the site will be.
- **Sites may need environmental remediation.** The costs and time involved in cleaning up brownfield sites may make them noncompetitive with those on the urban fringe. Local governments may need undertake the cleanup process up-front, or in close cooperation with the developer, in order to make the location marketable.

All of this takes planning, expertise, and working capital on the part of local governments, and may require the establishment of a local authority with the express power to manage these functions. A land bank authority is one example of a vehicle through which local governments can acquire, manage, and dispose of vacant and abandoned land to stimulate investment.

Fourth, zoning requirements and building codes must be up-to-date and user friendly and permitting fees reasonable compared with other jurisdictions. Many cities, for example, are still utilizing zoning ordinances designed decades ago, and are limited in their ability to regulate physical design in a manner that is appropriate for today's needs. Modern projects often require variances and special exceptions, which complicate the development process while diluting the

### New Jersey's 'Smart' Building Codes

New Jersey's revision of its building codes in 1998 has captured several awards and has become the model other states and jurisdictions have looked toward when revamping their own systems. The State's old codes were written to guide new construction, and were thus difficult to apply to existing buildings in a rational, cost-effective manner. Major improvement projects were encumbered by unpredictability over code requirements and project costs, and were causing developers to shy away from rehabilitation work on the state's large stock of old buildings. The Rehabilitation Code sets more flexible standards based on the nature of the work being performed, allowing developers to meet safety thresholds without forcing compliance with often-arbitrary modern requirements. The new codes have yielded significant results—from 1997 to 1999, the amount of money spent on rehab work in New Jersey's five largest cities jumped 90% and older neighborhoods are now being viewed as viable investment opportunities.<sup>13</sup>

See The New Jersey Department of Community Affairs website at:  
<http://www.state.nj.us/dca/codes/rehab/rehab.htm>

STEP 1	Know Your Territory
STEP 2	Develop a Citywide Approach to Redevelopment
STEP 3	Implement Neighborhood Plans in Partnership with Community Stakeholders
STEP 4	Make Government Effective
STEP 5	Create a Legal Framework for Sound Redevelopment
<b>STEP 6</b>	<b>Create Marketable Opportunities</b>
STEP 7	Finance Redevelopment
STEP 8	Build on Natural and Historic Assets
STEP 9	Be Sensitive to Gentrification and Relocation Issues
STEP 10	Organize for Success



STEP 1  
Know Your Territory

---

STEP 2  
Develop a Citywide Approach to Redevelopment

---

STEP 3  
Implement Neighborhood Plans in Partnership with Community Stakeholders

---

STEP 4  
Make Government Effective

---

STEP 5  
Create a Legal Framework for Sound Redevelopment

---

**STEP 6**  
**Create Marketable Opportunities**

---

**STEP 7**  
**Finance Redevelopment**

---

STEP 8  
Build on Natural and Historic Assets

---

STEP 9  
Be Sensitive to Gentrification and Relocation Issues

---

STEP 10  
Organize for Success

---

uniform application of the zoning ordinance. Similarly, building codes are often designed for new construction, and are inappropriate for the rehabilitation of older buildings. Creating a marketable environment for development may require states and localities to examine and reform outmoded regulations that make doing businesses in the city complicated and cumbersome.

Finally, creating marketable opportunities also means marketing. The time is ripe for many cities to shed the image problems that have plagued them for decades, and aggressively tout their unique assets. The market in cities does exist, and it is incumbent upon local leaders to understand where it is located and how to expose it.

### Fulton County/City of Atlanta Land Bank Authority

The Fulton County/City of Atlanta Land Bank Authority, Inc. (LBA) is a non-profit corporation charged with putting the region's abandoned and deteriorated property back into productive use. The LBA was created in 1991 by an interlocal cooperation agreement between the County and the City and was given the power to forgive delinquent City and County property taxes. Prior to the LBA's creation, developers were reluctant to acquire tax delinquent properties, and the back taxes that came with them. These properties inevitably sank into further decline until the local government could foreclose.

With the establishment of the LBA, these sites are now much more marketable. Both non-profit and private for-profit development entities are now interested in these sites, and typically acquire property directly from the owner before working with the LBA to get the unpaid taxes extinguished. Alternatively, the LBA can acquire clear title to a property on behalf of a developer through the judicial foreclosure process. In either case, the developer must submit an application to the LBA. The board of directors then decides if the project meets certain criteria before waiving the delinquent taxes. Projects supported by the LBA include affordable single and multifamily housing units, commercial projects, and parks, gardens, and recreation centers that help revitalize neighborhoods. To date, over 900 housing units have been built on land secured with the help of the LBA, and nearly 240 more are under construction.

For more information, call the Fulton County/City of Atlanta Land Bank Authority at (404) 525-9336.

## Step 7: Finance Redevelopment

The primary goal of a city's redevelopment strategy is to encourage private investment, and return vacant, underutilized, and blighted properties to productive uses. Urban development, however, has inherent costs that exceed those of suburban green field construction. The full costs of redeveloping vacant and abandoned properties in urban areas often cannot be borne by the market and still be competitive.

Development projects in cities and older suburbs may require direct or indirect public subsidies to enhance their viability. These subsidies are typically used to: (1) cover the disparity that often exists between the cost of acquisition and making the site marketable (environmental clean up, reparcelization, etc.), and the sales price of the land; (2) provide short-term gap financing or long-term tax relief to developers in order to make a project more profitable; or (3) subsidize non-profits and community groups for projects that meet community needs, such as affordable housing or public parks.

One of the severe handicaps with which local governments must cope, however, is the lack of special governmental funds from states and the federal government to assist with land acquisition and improvement. The federal government has been out of the direct urban land reclamation business since the end of the urban renewal program, at which time urban renewal funds and other categorical programs were folded into the Community Development Block Grant (CDBG)

program. Geographically targeted federal assistance programs, such as the Empowerment Zone program, can help fund local land redevelopment, but they are not specifically directed toward this goal. In addition, little of the federal funding (such as CDBG and HOME) available for development activities can be used for projects that do not explicitly benefit low- and moderate- income people, or those with affordable housing needs. The bottom line is that cities have many competing priorities for limited funds, and there is never enough to go around.

Similarly, state economic development departments generally want to fund deals that are already brokered and ready to go, as their measure of success is typically measured in jobs retained or created within a short time frame. The amount of state aid available to assist local governments with land acquisition, infrastructure improvements, site preparation and other activities to make sites marketable has been extremely limited.

The result is that local governments have had to improvise to create sources of capital to acquire land and/or to subsidize its development. Some of these financing approaches include:

- **Tax Increment Financing (TIFs).** TIFs allow a portion of new tax revenues that will be generated by a development to be pledged to support borrowing—usually a bond issue. TIFs essentially allow local governments to use future tax receipts to pay for some development costs up-front.
- **Tax incentive programs.** Many states and localities have created various tax incentives to support redevelopment projects in designated areas, making land in these locations more marketable. Other tax credit or abatement programs encourage specific uses, such as historic preservation, or the provision of low-income housing. While these credits are not typically limited to development of vacant land, they can be a useful financing tool to encourage private-sector investment.
- **Bonds.** Some states and localities have created various bonding programs that can be used for redevelopment activities. Philadelphia’s Neighborhood Transformation Initiative, for example, plans to use \$295 million in tax-exempt government purpose bonds, tax-exempt private activity bonds, and taxable bonds to fund the demolition of vacant and surplus buildings, the rehabilitation of housing, land assembly activities, and upgrades to the city’s land management information systems.

### Chicago’s Tax Increment Financing (TIF) Program

Chicago has an aggressive TIF program, based on state legislation enacted in 1977, and expanded in 1985. Illinois now has 400 TIF districts. In Chicago, more than \$2 billion in public-private investments have been made in TIF districts, which have helped to create or retain more than 28,000 permanent jobs. All told, a public investment of \$272 million has generated \$1.7 billion in private investment—or \$6.30 for every City dollar invested. One striking example of the use of TIFs in financing the recovery of vacant land is the Central Station loop, covering a large area of abandoned rail yards just south of the Chicago Loop. The Central Station TIF took vacant, unproductive land and turned it into a thriving neighborhood of condominiums and townhouses, with the TIF funds being used for the streets, sewers, water service and other needed infrastructure.

See the City of Chicago’s TIF website at: <http://www.ci.chi.il.us/PlanAndDevelop/Programs/TaxIncrementFinancing.html>

- STEP 1  
Know Your Territory
- STEP 2  
Develop a Citywide Approach to Redevelopment
- STEP 3  
Implement Neighborhood Plans in Partnership with Community Stakeholders
- STEP 4  
Make Government Effective
- STEP 5  
Create a Legal Framework for Sound Redevelopment
- STEP 6  
Create Marketable Opportunities
- STEP 7  
Finance Redevelopment**
- STEP 8  
Build on Natural and Historic Assets
- STEP 9  
Be Sensitive to Gentrification and Relocation Issues
- STEP 10  
Organize for Success

*“The challenge is to execute a financing approach that will make the project viable, ultimately bringing the vacant parcel or building back on the roles as a tax-generating asset.”*

Developing creative financing approaches to fund particular projects generally requires a team effort. This team may include housing and economic development professionals, the city’s chief financial officer, the city attorney, as well as the developer and other equity investors. The challenge is to execute a financing approach that will make the project viable, ultimately bringing the vacant parcel or building back on the roles as a tax-generating asset.

States and the federal government have an important role to play here as well. State governments should see to it that laws permitting creative financing by local governments exist. State and federal funding—direct appropriations, loan guarantees, or tax credits—are sorely needed to increase the level of resources cities can use for reclaiming vacant land. Progress is being made, however. Over the past few years, several states have implemented programs that provide financing for brownfields redevelopment. Some states have also passed ‘Smart Growth’ regulations that help redirect infrastructure investments away from undeveloped sites on the suburban fringe, and toward redevelopment in urban areas. At the federal level, the New Markets Tax Credit Program holds promise as a mechanism to encourage development in low-income urban areas. Localities can also take advantage of the flexibility of federal transportation laws, which incentivize partnerships with private sector developers to redevelop brownfields sites or pursue transit oriented-development projects.

### **The Clean Ohio Revitalization Fund**

In November 2000, Ohio voters approved a ballot referendum to create a \$400 million bond program to fund the preservation of the state’s farmland and natural areas, as well as to revitalize urban brownfields and convert them to productive use. The Clean Ohio Fund will invest up to \$200 million for activities involving the evaluation, clean up and redevelopment of the state’s many vacant and underutilized sites. Local governments, port authorities, and conservancy districts, as well as non-profit or for-profit groups working in cooperation with a governmental entity, can apply for the funds each year. Applicants must describe the site and proposed project, provide a detailed explanation of its economic and environment potential, and demonstrate the project’s viability. Mixed-use projects receive extra consideration. The Clean Ohio Council, chaired by the director of the Ohio Department of Development, selects the strongest projects. Winning applicants can use grants and low-interest loans awarded from the Fund for environmental clean up, demolition, and upgrading or installing basic infrastructure in preparation for economic development activities.

See the Brownfields/Clean Ohio Fund website at:  
<http://www.odod.state.oh.us/ud/CleanOhioFund.htm>

### **Step 8: Build on Natural and Historic Assets**

**T**he success of a comprehensive land redevelopment strategy hinges on the ability of cities to market themselves as good places to live and do business. In addition to their traditional competitive advantages as economic hubs and cultural centers, urban areas also possess unique natural assets, historic buildings, and traditional neighborhoods that set them apart from newer suburban developments. Cities should be on the alert for opportunities to reclaim and rehabilitate these resources when planning for the reuse of vacant land and underutilized buildings.

Cities recognize the importance of billing themselves as cutting-edge business centers, with sleek, modern office buildings and state-of-the-art infrastructure that is ‘wired’ for the new economy. They also must try to accommodate increasing desires for newer, larger, market-rate housing with modern floor plans and grassy backyards. At the same time, however, it is vital that cities capitalize on the historic architecture and charming streetscapes that distinguish them



from their often homogenous suburbs. While often more expensive in the short-term than demolition, rehabilitation of abandoned or dilapidated properties, particularly in neighborhoods with other marketable assets, should be considered part of a long-term strategy for preserving the special character of the urban environment. Tax benefits and other incentives associated with historic buildings and districts can be of enormous value in stimulating revitalization.

In addition to their historic assets, cities also possess many natural amenities, such as waterfronts and parks, that are essential to making them pleasant and interesting places to live, work, and visit. Many cities are located along a prominent water feature such as a river or bay, as these were once principal routes by which goods were transported. Many of these waterfronts were neglected, cut off, or covered up over time, however, as economies changed and priorities

- STEP 1  
Know Your Territory

---

- STEP 2  
Develop a Citywide Approach to Redevelopment

---

- STEP 3  
Implement Neighborhood Plans in Partnership with Community Stakeholders

---

- STEP 4  
Make Government Effective

---

- STEP 5  
Create a Legal Framework for Sound Redevelopment

---

- STEP 6  
Create Marketable Opportunities

---

- STEP 7  
Finance Redevelopment

---

- STEP 8**  
**Build on Natural and Historic Assets**

---

- STEP 9  
Be Sensitive to Gentrification and Relocation Issues

---

- STEP 10  
Organize for Success

---

### Maryland Historic Tax Credit

The Heritage Preservation Tax Credit Program, administered by the Maryland Historical Trust, provides Maryland income tax credits equal to 25 percent of the qualified capital costs expended in the rehabilitation of a “certified heritage structure.” A certified heritage structure can be one that is listed in the National Register of Historic Places; designated as a historic property under local law; located in a historic district listed in the National Register or in a local historic district and certified as contributing to the district’s significance; or located in a certified heritage area and certified as contributing to the area’s significance.

The credit is available for owner-occupied residential property as well as income producing property. The rehabilitation expenditure in a 24-month period must exceed \$5,000 for owner-occupied residential property, and the greater of the adjusted basis of the structure (generally the purchase price, minus the value of the land, minus any depreciation taken) or \$5,000 for all other property. The program has been very popular with developers of historic structures—many of which were vacant before redevelopment. Approximately \$52 million in credits were awarded in the first 5 years of the program’s operation, with the number of applications increasing annually. The program was recently amended and now limits the tax credit on a particular building to \$3 million.

See the Maryland Historical Trust website at:  
<http://www.marylandhistoricaltrust.net/index.html>

### Providence’s River Relocation Project

Providence’s restoration of its long neglected waterfront exemplifies how a natural asset can catalyze an urban renaissance. Twenty years ago, downtown Providence was plagued by disinvestment and decline. Rail tracks and parking lots divided up the city, the road pattern was congested and dangerous for pedestrians, and the river was largely paved over, resulting in a blighted, uninviting landscape. In the mid-1980s, the city, with high profile leadership from a local architect with a grand vision, embarked on an ambitious urban infrastructure project. Over the course of ten years, the city’s three rivers were reconfigured, creating a landscaped river corridor in the city’s center which connected existing parks, opened the waterway to boat traffic, and created a pathway system for pedestrians and bikes. The city removed railroad tracks, roadways and access ramps that had obscured the river and built a dozen new bridges, improving traffic patterns and pedestrian access. The two new public parks created along the water’s edge contain an amphitheater, fountain, and several small plazas, and have become a favored venue for entertainment and events. Today, the river and its surrounding area is a beautiful amenity that has helped inject new life into the city.



STEP 1  
Know Your Territory

---

STEP 2  
Develop a Citywide Approach to Redevelopment

---

STEP 3  
Implement Neighborhood Plans in Partnership with Community Stakeholders

---

STEP 4  
Make Government Effective

---

STEP 5  
Create a Legal Framework for Sound Redevelopment

---

STEP 6  
Create Marketable Opportunities

---

STEP 7  
Finance Redevelopment

---

**STEP 8**  
**Build on Natural and Historic Assets**

---

**STEP 9**  
**Be Sensitive to Gentrification and Relocation Issues**

---

STEP 10  
Organize for Success

---

shifted. Derelict land and dilapidated warehouses and other structures that are no longer economically viable offer an opportunity for cities to convert their waterfronts into wonderful public amenities. Several cities around the country have undertaken large-scale efforts to reclaim their waterfronts and create entertainment centers, shopping districts, and recreation areas.

It is also important to recognize that neighborhoods throughout the city need adequate green space and parks to make them attractive to the people who live and work there. Even people who favor an urban lifestyle want to have easy access to open space, trees and flowers, and small parks in which their children can play. Vacant and underutilized properties that are converted to public spaces may not produce revenue themselves. They do, however, improve the quality of life for city residents and workers, and ultimately imbue proximate sites in these neighborhoods with an important locational advantage.

## Step 9: Be Sensitive to Gentrification and Relocation Issues

**W**hile property reuse and redevelopment is a vital part of a city’s revitalization efforts, potentially negative side-effects can arise from it. Cities should be sensitive to two broad issues. First, improving neighborhood conditions can have the unintended consequence of fostering a market upturn so strong that the community becomes unaffordable to long-time residents. Second, the redevelopment of underutilized land may mean that an occupied property needs to be acquired during the site-assembly process, requiring the relocation of some residents and businesses.

The first concern—the possible displacement of existing residents or businesses—requires a close look at neighborhood market dynamics. The goal of improving the overall desirability of an area—creating a market where one is weak, or does not exist—is, in fact, a primary goal of reusing vacant land. But while current residents and small business owners welcome the removal of blight and the overall improvement in neighborhood livability, the increased desirability of the area may lead to higher rents and sales prices that some can no longer afford.

City leaders need to work closely with neighborhood and non-profit groups, developers, policy makers, and business owners to facilitate equitable development. This means striving to create and maintain “economically and socially diverse communities that are stable over the long term, through means that generate a minimum of transition costs that fall unfairly on

### Portland’s Affordable Housing Strategy

Portland, Oregon has shifted its neighborhood redevelopment strategy from a focus on revitalization to one that provides help in make housing affordable in its many ‘hot’ market communities. Portland is demonstrating approaches that use public funds and vacant land to counter market trends that are so strong that they risk the displacement of current residents. Launched in 2001, the Pilot Project specifically targets neighborhoods located in a new urban renewal area where a new light-rail line is under construction. The City is providing homebuyer financial assistance both through a community land trust approach, and a second mortgage program, targeting long-term renters.

As part of this project, renter households are offered homebuyer education classes, down payment assistance, and second mortgages to assist in them in moving to homeownership, with the public funds filling the affordable housing gap. This approach is combined with a community land trust in which a homeowner takes title to the house, while a non-profit organization owns the land. A lease agreement between the non-profit and homeowner defines a resale formula that seeks a balance between appreciation for the homeowner and keeping the home affordable for future homebuyers. The City has allocated \$1.5 million to the pilot effort, a combination of CDBG and General Fund appropriations.

See the City of Portland’s Bureau of Housing and Community Development website at: <http://www.ci.portland.or.us/bhcd/what/housing.html>

lower income residents.”<sup>14</sup> In order to meet this goal, revitalization strategies need to include mixed-income housing, land trusts, and other approaches to help maintain affordability in ‘hot’ real estate markets. For example, in some very strong market settings, the reuse of city-controlled vacant land and buildings might specifically be targeted for affordable housing in order to create housing opportunities that would not otherwise be available. Cities can also use their powers of taxation—through the use of homestead exemptions, tax deferral programs, and other tools—to limit the adverse consequences of gentrification. City agencies should partner with neighborhood and non-profit groups which may already be working to provide affordable housing, homeownership counseling, and other forms of assistance in communities affected by gentrification pressures.

The second concern is that some occupied residential buildings and businesses may have to be acquired as part of a site-assembly process that involves other vacant and unused parcels. This public action needs to be taken with great care, expertise, and a sense of deep concern for the occupants of those buildings that may need to be relocated. Approaches that provide adequate compensation to those burdened with the relocation must be crafted and executed well.

The federal Uniform Relocation Act has been in existence since 1970, and sets forth a standard body of regulations for relocation payments and assistance when federal funds are used in a project. Most localities have similar provisions. The ability to manage the relocation process consistently, fairly, and expeditiously varies widely, however. The key elements of a well-run relocation program are well-trained staff, timely data on relocation resources, relocation counseling, and regular reports to public bodies on the status of those that have been relocated to ensure that they have found adequate housing.

## Step 10: Organize for Success

**R**eusing vacant properties effectively is a vast and complex enterprise requiring the integration of many policies and functions. These include, but are not limited to, local administrative organization, land acquisition and disposition, real estate finance, and resident relocation. Pulling all this together requires organizing for success. Success demands a coherent approach that must be effectively carried out at all levels of government, communicated in a clear manner, and embraced by a wide range of stakeholders.

Success also requires committed leadership. Local political leaders—mayors, city managers, city council members—must take seriously the importance of reclaiming vacant land and underutilized buildings as a fundamental approach to making a city more competitive. Too often, the land assembly and redevelopment process in a city is left to business-as-usual—and the importance of reclaiming vacant and underutilized land and buildings is overlooked as a critical tool in strengthening a city’s health. Very simply put, if cities are to succeed at reclaiming vacant land, the chief executives of the cities must make vacant land recovery a priority.

City leaders have important allies in this campaign, both inside and outside of central cities. The in-city allies are the non-profit groups, community leaders, businesses persons, and residents who want to convert blight into opportunity. The allies outside of central cities are those metropolitan, suburban, and state leaders who are concerned with the fiscal, social, and environmental consequences of sprawl and unplanned development. Efforts to promote ‘smart growth’ are not effective when cities and established suburbs fail to capture a share of the region’s new residential and commercial development.

Cities need to be clear about their current capacity to be effective in redeveloping vacant land. This means examining local conditions (plans, organizational structures, talent, etc.) and the legal and regulatory system in which the city is working, particularly that which is established at the state level. Although vacant land redevelopment is essentially a local function, the ability of local governments to carry it out successfully is highly dependent on state laws and regulations, and federal assistance. Local leaders must work to create an effective working partnership with state and federal agencies, and push for reform that will assist them in their revitalization efforts. Cities are key players in the country’s economy, and their health and vitality should be a priority at all levels of government.

- STEP 1  
Know Your Territory

---

- STEP 2  
Develop a Citywide Approach to Redevelopment

---

- STEP 3  
Implement Neighborhood Plans in Partnership with Community Stakeholders

---

- STEP 4  
Make Government Effective

---

- STEP 5  
Create a Legal Framework for Sound Redevelopment

---

- STEP 6  
Create Marketable Opportunities

---

- STEP 7  
Finance Redevelopment

---

- STEP 8  
Build on Natural and Historic Assets

---

- STEP 9**  
**Be Sensitive to Gentrification and Relocation Issues**

---

- STEP 10**  
**Organize for Success**

---

## Conclusion

**T**he 1990s brought some positive changes to urban America. For many cities, a good economy, coupled with high levels of immigration, led to an increase in population and stable fiscal conditions. Real estate markets in most cities improved during the 1990s, and remain strong. And while the suburbs are still the preferred location of residents and businesses, increasing disillusionment with sprawl is fostering greater recognition of the need to encourage development in older, core areas.

Now is the time for cities to seize, and build upon, the opportunities these changes present. This means that they must recognize vacant and abandoned land as an asset, plan for its reuse, overcome legal and administrative barriers to redevelopment, and target resources to maximize benefits. Only by doing so will cities be able to capture and expand the market for development, revitalize neighborhoods, and create attractive, healthy environments in which people and businesses can prosper.

*“Success demands a coherent approach that must be effectively carried out at all levels of government, communicated in a clear manner, and embraced by a wide range of stakeholders.”*

## References

- Alexander, Frank S. 2000. "Renewing Public Assets for Community Development." The Local Initiatives Support Coalition.
- Davenport, Linda. 2001. "Vacant and Abandoned Land: A Literature Review and Suggested Topics for Further Study." Washington, D.C.: Brookings Institution (Draft).
- Frey, William and Alan Berube. 2002. "City Families and Suburban Singles: An Emerging Household Story from Census 2000." Washington, D.C.: Brookings Institution.
- Glaeser, Edward L. and Mathew Kahn and Chenghuan Chu. 2001. "Job Sprawl: Employment Location in U.S. Metropolitan Areas." Washington, D.C.: Brookings Institution.
- Kay, Jane Holtz. "Nurtured by a Canal, A Downtown Desert Blooms." *The New York Times*. July 25, 1999.
- Kennedy, Maureen and Paul Leonard. 2001. "Dealing With Neighborhood Change: A Primer on Gentrification and Policy Choices." Washington, D.C.: Brookings Institution.
- Lang, Rich. "Rejuvenating Waters." *Preservation*. October, 2001.
- Pagano, Michael and Ann O'M. Bowman. 2000. "Vacant Land in Cities: An Urban Resource." Washington, D.C.: Brookings Institution.
- Schilling, Joseph. 2002. "The Revitalization of Vacant Properties: San Diego, California Case Study." Washington, D.C.: International City Management Association.
- Schilling, Joseph and Naomi Friedman. 2002. "The Revitalization of Vacant Properties: Richmond, Virginia Case Study." Washington, D.C.: International City Management Association.
- Sohmer, Rebecca R. and Robert E. Lang. 2001. "Downtown Rebound." Washington, D.C.: Fannie Mae Foundation and Brookings Institution.
- The City of Philadelphia Neighborhood Transformation Initiative. 2001. "A Strategy for Investment and Growth: Executive Summary."
- The New Jersey Department of Community Affairs. 1999. *New Jersey Wins National Award for Rehabilitation Subcode: \$100,000 Prize Recognizes Innovation and Leadership*.



## Endnotes

- 1 Paul Brophy is a principal with Brophy & Reilly, a firm specializing in urban community redevelopment. Mr. Brophy was previously the president of The Enterprise Foundation. From 1977 to 1986, Mr. Brophy held positions in local government Pittsburgh, Pa., which had him engaged extensively in the redevelopment of vacant land and buildings in that city. More recently, he has worked on major reclamation projects in Louisville and Baltimore. Jennifer Vey is a Senior Research Analyst with the Brookings Institution Center on Urban and Metropolitan Policy.
- 2 Edward L. Glaesar, Matthew Kahn and Chenghuan Chu, "Job Sprawl: Employment Location in U.S. Metropolitan Areas." Washington, D.C.: Brookings Institution, 2001.
- 3 William Frey and Alan Berube, "City Families and Suburban Singles: An Emerging Household Story from Census 2000." Washington, D.C.: Brookings Institution, 2002.
- 4 Rebecca R. Sohmer and Robert E. Lang, "Downtown Rebound." Washington, D.C.: Fannie Mae Foundation and Brookings Institution, 2001.
- 5 Linda Davenport, "Vacant and Abandoned Land: A Literature Review and Suggested Topics for Further Study." Washington, D.C.: Brookings Institution (Draft).
- 6 Michael Pagano and Ann O'M. Bowman. "Vacant Land in Cities: An Urban Resource." Washington, D.C.: Brookings Institution Center, 2000.
- 7 These action steps are targeted toward local leaders of both cities and older suburban areas. Many first-ring suburbs face disinvestment and decline similar to that experienced in city neighborhoods. The strategies discussed in this paper may aid those suburbs seeking to redevelop underutilized land and stimulate local investment.
- 8 The terms "vacant land" and "underutilized properties" are used throughout this paper to refer primarily to those opportunities in cities and older suburbs where land and buildings once used for economically viable purposes have become economically unproductive due to neglect or abandonment by a private owner. Underutilized, but not abandoned, properties will face more serious issues regarding eminent domain, costs, and owner objections than abandoned properties. Further, much of what is described here may also be applicable to situations in which localities are trying to encourage the development of land that has never been built upon in order to stimulate economic development or increase livability.
- 9 Pagano and Bowman, 2000.
- 10 The City of Philadelphia Neighborhood Transformation Initiative, "A Strategy for Investment and Growth: Executive Summary." Philadelphia: 2001.
- 11 Whether or not a city has the right under state home rule legislation to acquire vacant land can affect its ability to make sites available quickly for redevelopment.
- 12 Frank S. Alexander, "Renewing Public Assets for Community Development." The Local Initiatives Support Coalition, 2000.
- 13 The New Jersey Department of Community Affairs, "New Jersey Wins National Award for Rehabilitation Subcode: \$100,000 Prize Recognizes Innovation and Leadership." 1999. Text can be found at <http://www.state.nj.us/dca/codes/rehab/pressrel.htm>.
- 14 Maureen Kennedy and Paul Leonard, "Dealing With Neighborhood Change: A Primer on Gentrification and Policy Choices." Washington, D.C.: Brookings Institution, 2001.

## **Acknowledgements**

The Brookings Institution Center on Urban and Metropolitan Policy would like to thank CEOs for Cities and Bank of America for their generous support of this project. The authors would like to extend gratitude to those who participated in the Brookings roundtable on urban land reform, which helped to guide the development of this paper. They also thank the many others that provided direct comments and insights.

## **For More Information:**

Paul C. Brophy  
email: [pbrophy117@aol.com](mailto:pbrophy117@aol.com)

Jennifer S. Vey  
email: [jvey@brookings.edu](mailto:jvey@brookings.edu)

Brookings Institution Center on Urban and Metropolitan Policy  
(202) 797-6139  
[www.brookings.edu/urban](http://www.brookings.edu/urban)

CEOs for Cities  
[www.ceosforcities.org](http://www.ceosforcities.org)



## THE BROOKINGS INSTITUTION

1775 Massachusetts Avenue, NW • Washington D.C. 20036-2188  
Tel: 202-797-6000 • Fax: 202-797-6004  
[www.brookings.edu](http://www.brookings.edu)



CENTER ON URBAN & METROPOLITAN POLICY  
DIRECT: 202-797-6139 • FAX/DIRECT: 202-797-2965



for Cities

727 Atlantic Avenue, Suite 600 • Boston, MA 02111  
Tel: 617-451-5747 • Fax: 617-292-7506  
[www.ceosforcities.org](http://www.ceosforcities.org)