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Reclaiming Vacant Properties to Rebuild Neighborhoods

by Lisa Schames

Editor's Note: Rapid growth at the fringes of our nation's communities has shifted development from city centers and older suburbs to the periphery. The result in many communities has been disinvestment, characterized by vacant and abandoned residential and commercial buildings and lots. These properties are ripe for revitalization, if the right partners and resources can just be put in place. The recent Reclaiming Vacant Properties Conference focused on this very issue. Here we present highlights from the conference, along with a case study of one community's efforts to leverage vacant properties for economic growth.

Dozens of useful strategies were offered and explored at the first annual Reclaiming Vacant Properties Conference in Pittsburgh September 24 and 25, sponsored by the [National Vacant Properties Campaign](#) (NVPC) in collaboration with the Federal Reserve Bank of Cleveland and numerous partners and sponsors. More than 600 participants attended the two-day conference, representing local and state governments, community development corporations, other nonprofits, and lenders. Although most participants had worked on vacant property issues for years, the conference was the first national forum for them to exchange their concerns, experiences, and success stories.

The national conference—and the nascent vacant properties movement—took its inspiration from the first [Brownfields Conference](#) in 1996. Don Chen, executive director of Smart Growth America and a leading voice of NVPC, said, "We recognized there were people working on this assiduously, but no common thread. We discovered this was an orphan issue.... We were inspired by the Brownfields Conference, which was an enormous success; they now get some 5,000 people each year." Chen noted that the first Brownfields Conference, also held in Pittsburgh, attracted about 600 people.



Calling brownfields and vacant properties "the Siamese twins" of redevelopment, Charles Bartsch of ICF International emphasized the need to think creatively about partnerships and financing. "There is no single financial strategy," he said. Similarly, there is no one correct way to partner, only the imperative to do so. Addressing the group of mostly government and nonprofit groups, he said "One of your first steps [on even a modest project] is to figure out who you will partner with." Then the challenge for government agencies is to clarify the steps their private partners must take to secure and redevelop property. One panelist remarked that the most frequent message he heard from developers was "Just tell us the rules and we'll play by them."

Ernie Hogan of the [East Liberty Development Corporation](#) presented the community development corporation (CDC) perspective, giving a glimpse of how complex and mature CDCs have become since their inception in the 1960s. His organization recently leveraged \$39 million for a single project, acting in various capacities as an educator, financier, and consensus-builder. East Liberty helped residents and local businesses craft a central

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vision, and though the final project had some 32 different sources of funds, a portion of that was from the neighborhood itself.

Tax incentives were cited frequently as an important incentive for redevelopment. Rob Spicher of PNC Bank called them "the ticket into the door to make a lot of things happen."

A major focus of the conference was "weak-market" cities—cities in which the surplus of vacant buildings is critical and cannot be addressed through market forces alone. Anika Goss-Foster of the city of Detroit noted, "if you live and work in Detroit, then you know that vacant property and blight are part of your life. I think that in the city of Detroit right now, 22 percent of the city sits vacant or abandoned. This can't be any one person, any one entity that's dealing with vacant and abandoned property at this level. This has to be an effort from the grassroots level, including community development corporations, churches, and nonprofits; private developers, investors, and speculators; and the government, [both] state and the municipal."

Cities like Pittsburgh and Baltimore have gone so far as to assess the social and financial value of their neighborhoods as if they were a business and vacant sites were potential assets for carefully targeted audiences. Working with private and quasi-private organizations such as Pittsburgh's [Cool Space Locator](#) and [The Reinvestment Fund](#) in Philadelphia, these communities have gathered information and developed approaches to promote the most attractive aspects of their neighborhoods—which just might look like "nuisance" abandoned properties, at first glance.

These strategies are not just for cities. A number of inner-ring suburbs have taken a market-creation approach to their vacancy woes. While recognizing that "Marketing is not something typically associated with the public sector," Kamla Lewis of Shaker Heights, Ohio, said, "As the housing director for a small city, it became apparent to me that marketing the city was a big part of the job" [see case study below].



Photo: JM Schilling

In addition to market creation, the conference featured sobering talk about the numerous ways local governments and CDCs can stem the rising tide of vacancies, especially in light of imminent foreclosures. Participants also did not shy away from discussions of mechanisms to curb the destruction wreaked by slumlords and absentee owners: housing receivership and conservatorship (in which ownership is suspended or transferred to a third party capable of caring for a nuisance property), nuisance abatement programs (such as "Clean and Lien" programs that address habitual trash and other nuisances, while charging property owners), and other important enforcement actions, without which no market incentives can succeed. At the closing session of the conference, participants called for a national urban policy that would address vacant properties.

"Vacant and abandoned properties are a subject that nobody back home owns," said Dan Kildee, county treasurer for Genesee County and founder of the Genesee Institute. "You

have to decide to be a leader and call on others to be leaders, to work outside their formal authority, doing things in a different way than ever before."

Shaker Heights, Ohio: Creating a Market for Housing

[Shaker Heights](#) is a small suburb east of Cleveland, developed as a Garden City in the 1920s. With approximately 13,000 housing units, Shaker Heights is a reasonably affluent, ethnically diverse bedroom community to Cleveland, but also a city in its own right, with its own employment base—and increasingly, its own city problems, such as vacant and abandoned property. This older, inner-ring suburb has faced the pressures felt by other suburbs of its type, as foreclosures grow and residents are lured farther out to seek larger properties with lower taxes.

Shaker Heights decided to look at itself as a business would, with its principal product being housing. Beginning in 2000, the city used planning documents as "market research" to determine how the city could become more competitive with surrounding communities. A 2000 [strategic investment plan](#) and a 2001 [housing preservation plan](#) helped identify areas to address and potential niche markets for area housing. A 2006 study of recreational facilities offered another focal point for improving the community assets.

Two new departments were created under the Housing Preservation Plan: the Department of Neighborhood Revitalization and the Department of Communications and Outreach. Formal market studies and focus groups identified several markets for Shaker Heights: the cultural creative market, the relocation market, young families, empty nesters, and seniors.

These consumers wanted some things that Shaker Heights already had, including handsome historic homes, and other things that were harder to deliver, from low property taxes and energy efficient housing to modern housing amenities in well-maintained properties.

In particular, Shaker Heights had to be creative about the desire for lower taxes. The city has the highest property taxes in Ohio (\$3,000 higher than state average). Because lowering taxes is not really an option for Shaker Heights, the city took a different approach, vowing to work to ensure residents felt they got value for their taxes, and to broaden the tax base. The city focused on increasing the commercial and retail sector in the Main Street/downtown area, encouraging infill that includes the development of high-end condos where previously small single-family houses existed, and increasing the value of existing houses.

The city estimates it would increase its tax base by \$17.5 million if a new house were built on each vacant lot in the city (75 privately owned, 12 publicly owned). Since the inception of the infill process, \$7 million has been generated in single-family housing, and low-density housing is being replaced with high-density housing around transportation and commercial nodes.

To directly address foreclosed and vacant properties, the city embarked on an ambitious nuisance abatement program where it does repairs and puts a tax lien on the property for the cost. The city is doing \$20,000 to \$30,000 in repairs, not just minor projects. This helps to make every property in the city look the same; vacant properties don't stick out. The city does not allow board-ups and should a company do so, the city removes the boards and charges (as a lien) for doing so. The city typically spends approximately \$500,000 per year in nuisance abatement but this year they expect to spend \$1,000,000. To prevent a drain on the general fund, a partnership was developed in which the city sells bonds to the county treasurer to fund the program. These costs are recouped when the properties go through sheriff sale. In addition, a 22 percent administrative fee is added on top of the actual costs.

Since 2001, \$65 million in private funds have been reinvested in the housing stock, and the city itself has invested \$4.5 million over eight years in recreation facilities, trails and parks. In addition, every dollar spent on housing maintenance programs leverage \$4-5 in private home improvements.

This article was adapted from session notes by Lisa Schamess, a writer based in Washington, DC, who frequently works with the National Vacant Properties Campaign. Questions about NVPC should be directed by e-mail to ydirector@smartgrowthamerica.org or by phone to 202/207-3355.



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