

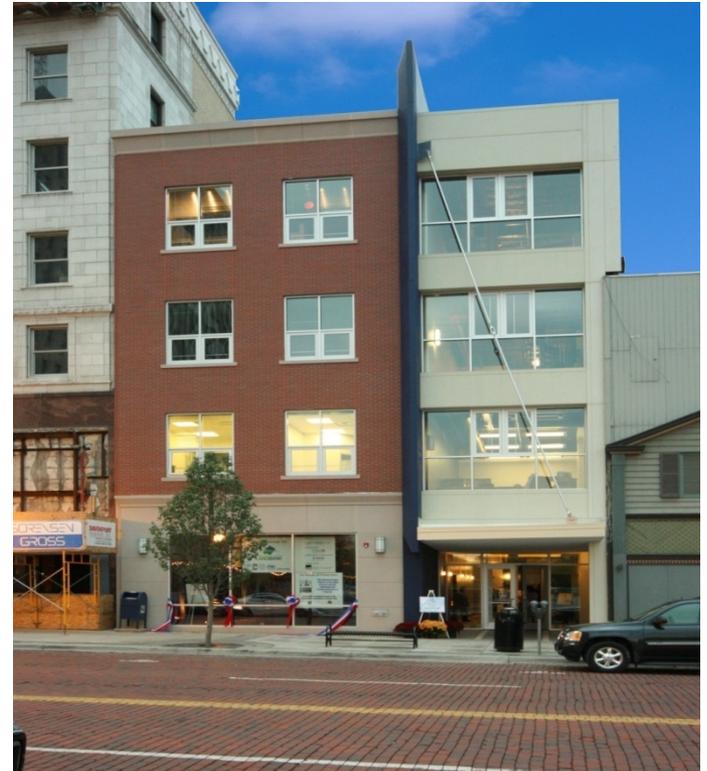
Vacant and Abandoned Properties:

EFFECTIVE PUBLIC POLICY APPROACHES



Center for
COMMUNITY PROGRESS

Turning Vacant Spaces into Vibrant Places



Setting an Agenda for Urban Land Reform

Traditional thinking about vacant land...

- Vacant and abandoned properties are symbols of deterioration and decline.
- Coping with abandonment is a burden on city agencies.
- When it comes to tax delinquent properties, go after the money.



Setting an Agenda for Urban Land Reform

Emerging Thinking About Vacant Land...

- Vacant land is an asset: on average, 15% of a city's area is comprised of 'usable vacant land' that is available for development.
- Use of vacant land can stimulate economic development and neighborhood improvement.
- Vacant land represents an opportunity for infill development, and an alternative to suburban sprawl.



Ten Steps to Urban Land Reform

Cities Need to be Proactive in Creating Ready-to-Go Sites:

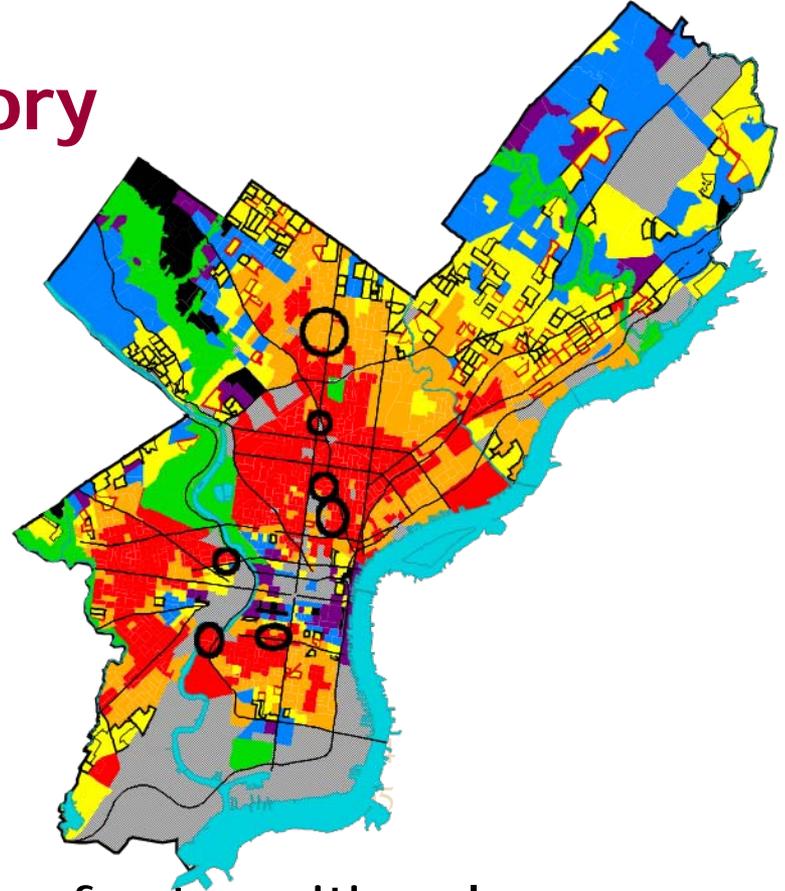
- “The most appealing business climate is useless if a community has no property that is [ready to go]...”
- “Many communities now enjoying business growth are benefiting from actions taken years or decades ago. But they may be hurting their future opportunities by failing to identify land replenishment as a critical element of economic development...”

Site Selection Magazine
May 1999

Ten Steps to Urban Land Reform

Step 1. Know Your Territory

- Inventory vacant land
- Market value/tax status
- Zoning
- Ownership
- Potential
- Data available publicly
- Develop an early warning system for transitional neighborhoods



Ten Steps to Urban Land Reform

Step 2. **Develop a Citywide Approach to Redevelopment**

- Philadelphia, Washington, Baltimore, and other cities have begun to categorize neighborhoods based on sound market analysis, with public strategies tailored to market conditions.

Washington DC

Different Neighborhoods Require Different

Strategies.



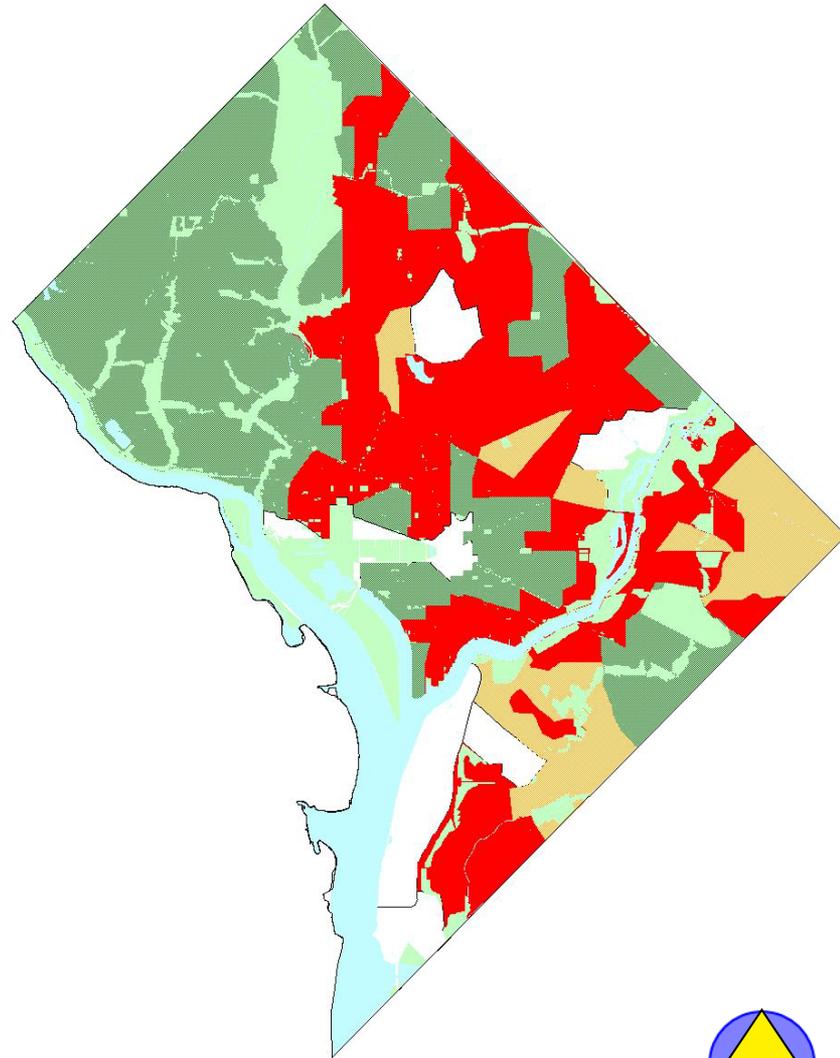
Stable: Neighborhoods with ample market-driven, private investment and social indicators consistent with or higher than the city average.



Emerging/Transitional: Neighborhoods that under-perform based on their market potential usually with moderately positive indicators, or fast-developing neighborhoods subject to rapid home sales, rising property values and displacement pressures.



Distressed: Neighborhoods that face the most extreme challenge of low social indicators and extreme private disinvestments.



***Step 3.* Implement Neighborhood Plans in Partnership with Community Stakeholders**

- Process should be inclusive of all community stakeholders from the beginning
- Plans should include a community vision that is “embraced”
- Implementable and incremental ...allow for small victories that build upon each other
- Plans should be used as a work plan and fluid (don't let it become stale)
- Assign a “keeper” of the plan

Richmond's Neighborhoods in Bloom

"An innovative endeavor committed to bringing back all of Richmond's great neighborhoods."

- Community input was solicited through community forums
- Six neighborhoods of 49 were selected to receive targeted resources
- Funded using CDBG, HOME, and local capital improvement dollars



Ten Steps to Urban Land Reform

Step 4. Make Government Effective

- Well-functioning, professional departments or authorities to acquire, manage, and dispose of vacant properties are a must.
- A mix of techniques should be used--tax foreclosures, condemnation, purchase, donations--to acquire property.
- Drive the system, monitor results, and hold players accountable.

Vacant Property Registration Ordinances

- Definition of Abandonment: 30 to 60 consecutive days
- Residential, Commercial & Industrial Properties
- Graduated Registration Fee
- Maintenance Requirements
- Penalties
- Miscellaneous Provisions
 - Rehabilitation plans
 - Waivers for nonprofits
 - Liability insurance and/or performance bond
- Wilmington, DE
- Milwaukee, WI
- Chicago, Ill
- Minneapolis, MN
- Albany, NY
- Washington, DC
- San Diego, CA
- Cincinnati, OH

What is a Land Bank Authority?

- A Land Bank Authority is a public authority created for the purpose of acquiring, holding, improving, and disposing of foreclosed and other vacant, abandoned, or underutilized property.

Essential elements of an effective Land Bank:

- ① Connected to the tax collection and foreclosure process
- ② Scaled at the metropolitan level, or most diverse real estate market possible
- ③ Policy driven – transparent in policies and transactions
- ④ Emphasis on community engagement and participation

Michigan's Land Bank Law

- Created Michigan Land Bank Fast Track Authority
- Allows counties that foreclose to create land banks through intergovernmental agreement with State Authority
- Allows the City of Detroit to create a land bank
- Defines all land bank properties as “Brownfields”
- Land bank properties are tax-exempt
- Provides 90-day expedited quiet title action
- Can sell at less than fair market value
- Can lease, sell, demolish, maintain, rehab, improve
- 5yr/50% tax capture

The Genesee County Land Bank



- Michigan's first land bank
- Created in 2002, modified in Dec. 2004
- 7 member Board of Directors
- 12 staff, including sales, property management, etc
- Planning and development team
- Funding: tax foreclosure fees: \$9.9 million / 7 years
- Land sales revenue, tax capture (*Brownfield & 5yr/50%*)

Policy driven – transparent in policies and transactions

- **Policy priorities determine use of land**
- **Policy determines priorities as to transferee**
- **Policy determines pricing and terms of transactions (land contracts, development agreements, deed restrictions, etc.**
- **Decisions are predictable and transparent**
- **Governance and operations adhere to highest ethical standards**

A New Pathway for Property

- Foreclosure Prevention
- Side Lot Transfer
- Property Maintenance
- Planning
- Rental Management
- Clean & Green / Urban Gardens
- Demolition
- Development



Ten Steps to Urban Land Reform

Step 5. Create a Sound Legal Framework for Redevelopment

- Reform state and local property tax-foreclosure laws
- Reform laws allowing local governments to use eminent domain

Competing interests: efficient tax collection and effective land re-use

Former Foreclosure Law

- 4-7 year process
- No clear title
- Hundreds of owners
- Low-end speculation
- Indiscriminate foreclosure
 - homeowners at risk
- Contagious blight

PA 123 of 1999

- 1-2 year process
- Clear title judgment
- Property titled to county
- Tax liens eliminated
- Hardship postponements
- Intervention

Liquidation vs. Investment. A lesson for lenders?

Scaled at the metro level, or most diverse real estate market possible

- Create internal subsidy by connecting strong and weak market areas
- Invest regional capacity in communities with weak or compromised capacity (*lack of planning/development staff, borrowing capacity*)
- Create a regional economic model

Genesee County Land Bank Authority

Progress since 2003...

- 9,000 foreclosures (14% of Flint)
- 2,950 foreclosure prevention cases
- Over 1000 demolitions
- 2,300 sites maintained
- Over 900 properties in “Clean and Green” program
- 68 urban gardens
- 318 new units of housing
- 536,000 commercial square feet
- \$56 million of redevelopment (recent/underway)
- Over 3000 tons of debris removed since summer 2004

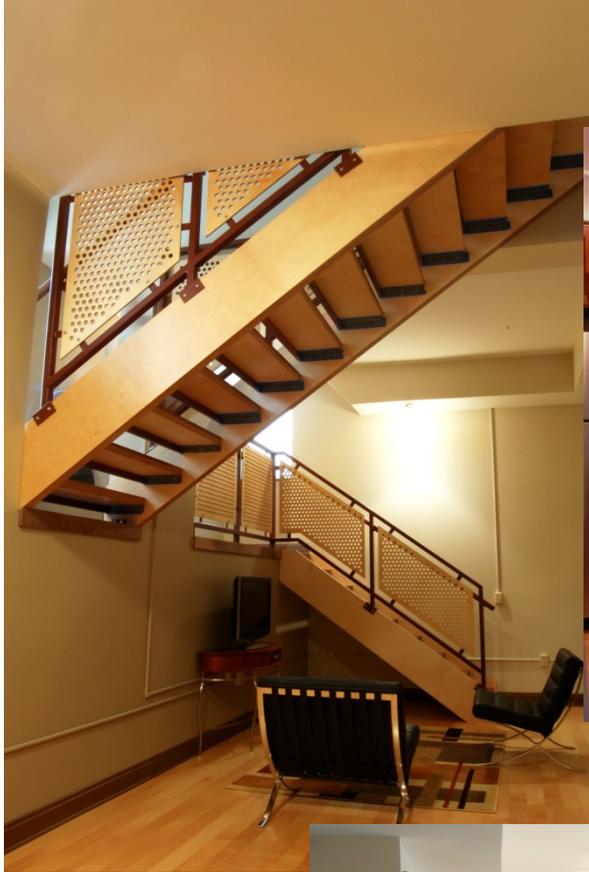
Ten Steps to Urban Land Reform

Step 6. Create Marketable Opportunities

- Frequent communication to partners
- A transparent development process / development ready
- Marketable vacant sites: environmentally clean, of sufficient size to meet the need, ready for sale
- Zoning and building codes up-to-date and user friendly
- Active marketing

Berridge Hotel





Ten Steps to Urban Land Reform

Step 7. Finance Redevelopment

- Brownfield redevelopment tools
- Title clearance
- Land assembly
- Acquisition financing
- Creative partnership

Effective Brownfield Legislation

- Allow all vacant and abandon properties to be Brownfield eligible (including mortgage and tax foreclosed)
- Tax Increment Financing (TIF) for Acquisition (vacant and abandon properties)
- Scattered site TIF plans / Cross-Collateralize
- Create an assignable Brownfield Tax Credit for development

Brownfield - Case Study

Redevelopment of a old State School Campus. Creating a new subdivision

Funds available from Brownfield Tools

	Old Legislation	New Legislation
TIF	\$0	\$5,020,000
BF Tax Credit	\$0	\$483,675
Total	\$0	\$5,503,675

Michigan State University Land Policy Institute

- 400 Genesee County Land Bank properties
- 2-year study of the impact of intervention on surrounding property values
- 26,000 properties affected
- \$3.5 million invested (demolition, cleanup)
- \$112 million in increased private value

<http://www.geneseeinstitute.org/reports/index.html>

Ten Steps to Urban Land Reform

Step 8. Build on Natural and Historic Assets

- Build from natural amenities such as waterfronts & parks



- Historic buildings can be a competitive advantage

Ten Steps to Urban Land Reform



Step 9. Be Sensitive to Gentrification and Relocation Issues

- Know the market dynamics to cope with gentrification pressures should they exist.
- Seek to make relocation a win-win situation when it is needed.

Ten Steps to Urban Land Reform

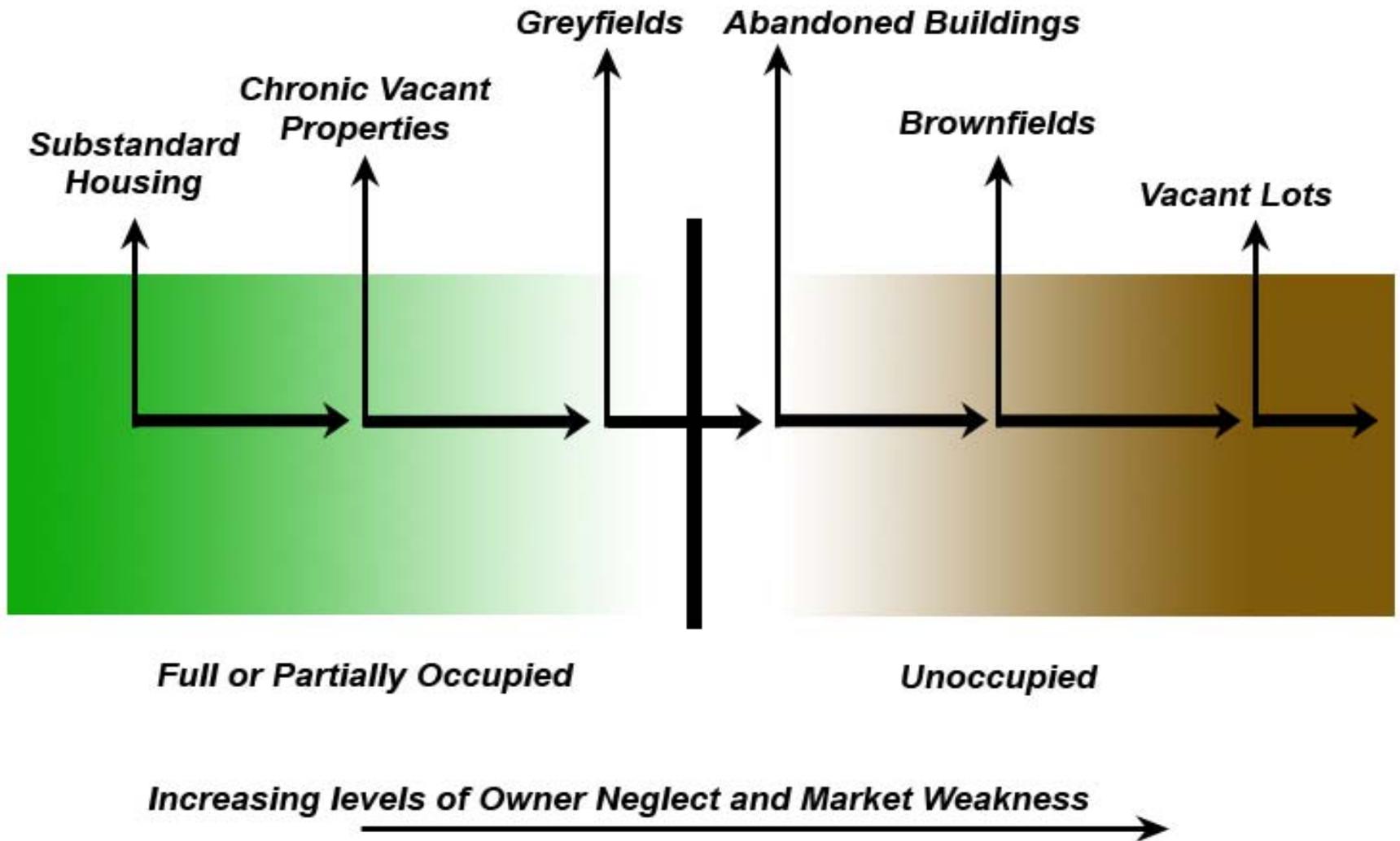
Step 10. Organize for Success

- Committed leadership
- Alliances within cities and in metro areas with smart growth advocates
- Getting the most out of the states
- Re-engaging the federal government

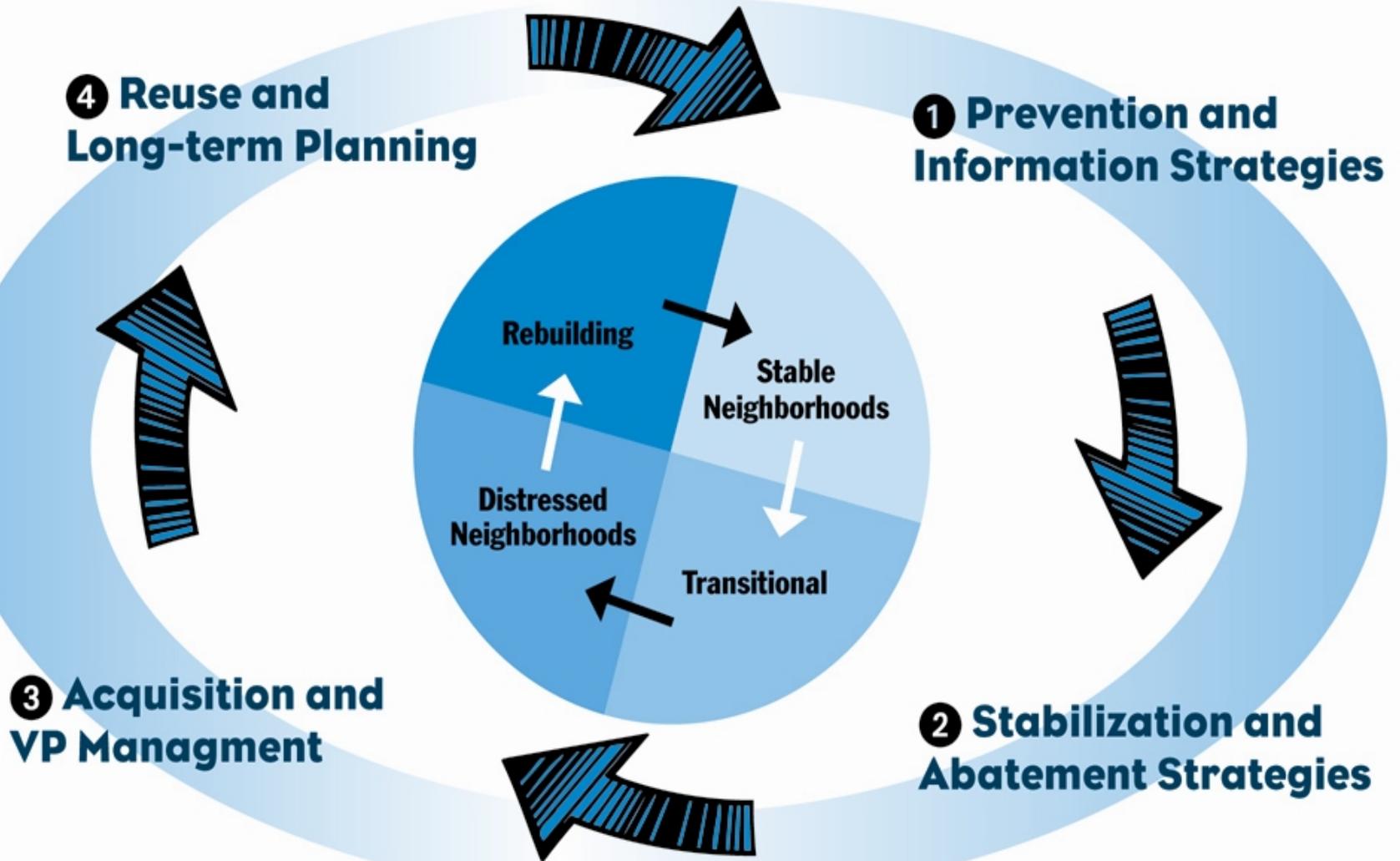
Ten Steps to Urban Land Reform

- Step 1.*** Know Your Territory
- Step 2.*** Develop a City Wide Approach to Redevelopment
- Step 3.*** Implement Neighborhood Plans 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

Continuum of Vacant Properties



Vacant Properties Revitalization Cycle



Emerging Policy Challenges and Opportunities

- Code enforcement
- Vacant property registration
- Information systems/early warning systems
- Receivership
- Tax collection and foreclosure reform
- Land bank legislation or ordinance
- Housing and community development systems
- Planning and design issues



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