The Empty House Next Door

Understanding and Reducing Vacancy and Hypervacancy in the United States

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POLICY FOCUS REPORT LINCOLN INSTITUTE OF LAND POLICY CENTER FOR COMMUNITY PROGRESS

ABOUT THIS REPORT

This report lays the groundwork for exploring the issue of vacancy by defining what is meant by a "vacant" property, what constitutes a "healthy" vacancy rate, how vacant properties are measured, and why properties become vacant and abandoned. It discusses the impact of vacant properties on the communities in which they are situated.

The first part of the report looks at the overall context of vacancy in the United States. The second focuses on hypervacancy: the existence of vacant properties that have become endemic and alter the character of the neighborhood. The next sections describe some of the ways communities across the United States are responding to the problems posed by vacant properties. Finally, the author offers conclusions and recommendations for planners, local governments, city officials, and nonprofits to address these challenges.

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Front Cover:
Two houses sit in juxtaposition in Detroit.
Photo: David Schalliol

Back Cover:
"Greening" vacant properties like this garden in Youngstown, Ohio, has become a significant strategy for reusing land. Photo: Youngstown Neighborhood Development Corporation

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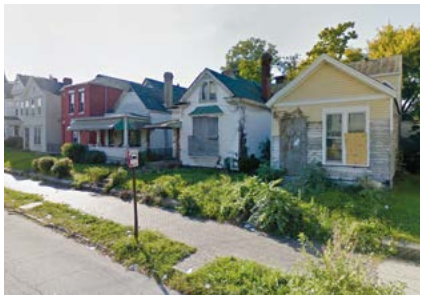

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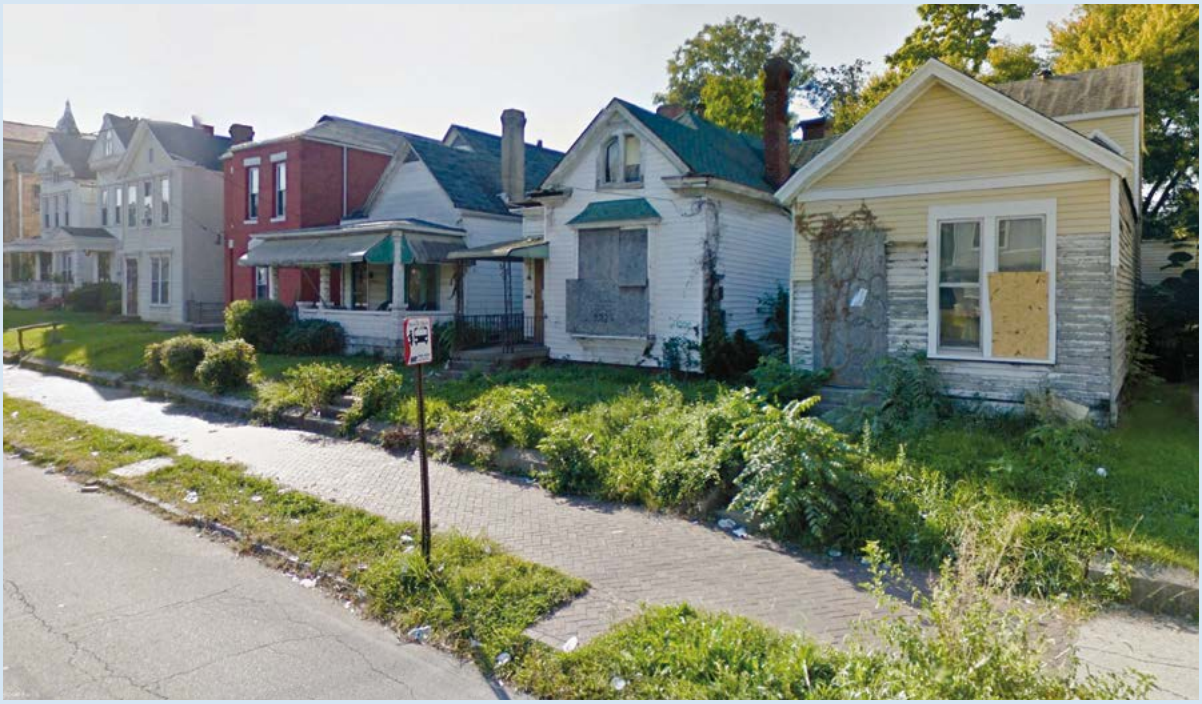


Vacant houses are conspicuous along Chestnut Street in Louisville, Kentucky. Photo: Google Earth 2018

Vacant and abandoned properties are a familiar part of the American landscape, from the boarded row house in North Philadelphia to the empty factory in Detroit to the collapsing farmhouse in rural Kansas. These structures can devastate the neighborhood and block, undermine the neighbors' quality of life, and diminish the value of nearby properties. They also cause severe fiscal damage to local governments, reducing local tax revenues while costing cities millions for policing, cleaning vacant lots, and demolishing derelict buildings.

The Youngstown Neighborhood Development Corporation in Ohio rehabilitates vacant houses for sale to first-time home buyers. Photo: Youngstown Neighborhood Development Corporation

Most vacant houses are well maintained, but many are a problem. Thousands sit empty for years, abandoned by their owners, deteriorating to the point where they cannot be reused without major rehabilitation. Many ultimately are demolished, leaving vacant lots in their place.

These vacant properties can also become community assets. Thousands of vacant commercial and industrial buildings have been restored and turned into apartments, lofts, and condominiums. In Baltimore, neighborhoods have been revived and old houses have been put back to use. In Cleveland, vacant lots have found new life as community gardens, miniparks, and farms.

Vacancies skyrocketed with the Great Recession, as the number of unoccupied dwellings rose from 9.5 to 12 million nationally between 2005 and 2010. The number has declined since then, but it is still far higher than it was prior to 2005. "Other vacant" units—a term used by the census to define units that are neither on the market, held for future occupancy, nor used only seasonally—have risen from 3.7 million in 2005 to 5.8 million in 2016. Although there is no national tally for vacant lots, the 2015 Gary Parcel Survey found 25,000 of them in that city, or more than 40 percent of the city's parcels. According to Detroit Future City, Detroit had more than 120,000 vacant lots in 2017.

Vacancy and abandonment are not only urban problems. Rural areas and small towns have a vacancy rate nearly double that of metropolitan areas; rural vacancy problems are particularly severe in many parts of Appalachia, the rural South, and the Great Plains states.

The scale and trajectory of vacancy vary widely from city to city. Sunbelt cities like Phoenix or Miami saw a surge in vacancies with the foreclosure crisis and the recession, but since the recovery, vacancies have come back down to pre-crisis levels. In cities with robust market demand, such as Seattle and Washington, DC, the long-term vacancy trend is clearly downward.

The picture is very different in the nation's legacy cities, the once-industrial cities of the American heartland that have lost much of their peak population over the past few decades. Concentrated vacancy, what we call *hypervacancy*, is a particular challenge for these cities. Hypervacancy is not merely the existence of large numbers of vacant properties; it is a condition in

which vacant properties—either buildings or vacant lots or both—are so extensive and so concentrated that they define the character of the surrounding area.

Hypervacancy has been rising steadily in legacy cities since the 1990s. Although only one out of sixteen census tracts in Cleveland was hypervacant in 1990, by 2010, one out of two tracts in that city had reached hypervacancy. When vacancies rise above approximately 20 percent of an area's total properties, the number of vacant buildings and lots may continue to grow indefinitely. Although vacancies rarely reach 100 percent—because even the most distressed neighborhood may have a few long-term owners—the market effectively ceases to function. Houses sell, if they sell at all, only to investors at rock bottom prices while the neighborhoods become areas of concentrated poverty, unemployment, and health problems.

In cities with strong real estate markets, even the most difficult vacant properties are eventually acquired and rehabilitated or redeveloped. In legacy cities, however, local officials and community leaders recognize that they must take action to reuse or otherwise manage vacant properties in order to mitigate the harm they cause and create the potential for future revival. In recent years, cities, towns, and nonprofit organizations have shown great creativity in confronting the challenges such properties present.

Local governments and nonprofits have developed creative strategies to jump-start housing markets in struggling neighborhoods. Nonprofits in Cleveland and Youngstown are rehabilitating vacant houses and selling them to first-time home buyers with little or no government subsidy. Using money from the Federal Hardest Hit Fund and elsewhere, Detroit, Cleveland, and other legacy cities are demolishing thousands of vacant, derelict buildings. Creative greening strategies that go beyond community gardens have been adopted in many cities, led by Cleveland and Philadelphia. Cities, nonprofits, and neighborhood organizations have turned vacant land in Cleveland into parks, vineyards, and farms; Philadelphia devised the LandCare model, an inexpensive way to convert vacant lots into attractive community green spots while discouraging dumping.

No single strategy or program can address a city's challenges with vacant and abandoned properties. Instead, cities can build comprehensive strategies by following these recommendations:

- Know the territory. Use available tools to keep track of the number, status, and condition of vacant buildings and vacant lots in the city.
- Remove legal impediments in state law to effective reuse of vacant property.
- Enact and apply strong vacant property tools, such as land banks and receiverships.
- Foster more market-driven vacant property reuse programs:
    - to ensure that developers and contractors have quick access to suitable vacant properties at realistic prices with clear, marketable title;
    - to create a supply of homes in move-in condition for home buyers; and
    - to provide access to mortgages for qualified buyers.
- Make greening a sustainable, long-term strategy for vacant land reuse.
- Make sure that demolition is part of a larger strategy for revival.

Although vacant properties are a problem, they are first and foremost a symptom of other problems—concentrated poverty, economic decline, and market failure. All those involved with America's cities need to continue working to rebuild urban economies and focus their efforts on the other elements that make neighborhoods good places to live—safe streets, good schools, accessible jobs and services—as well as on helping the residents of those neighborhoods improve their lives and safeguard their children's futures.

CHAPTER 1

Introduction

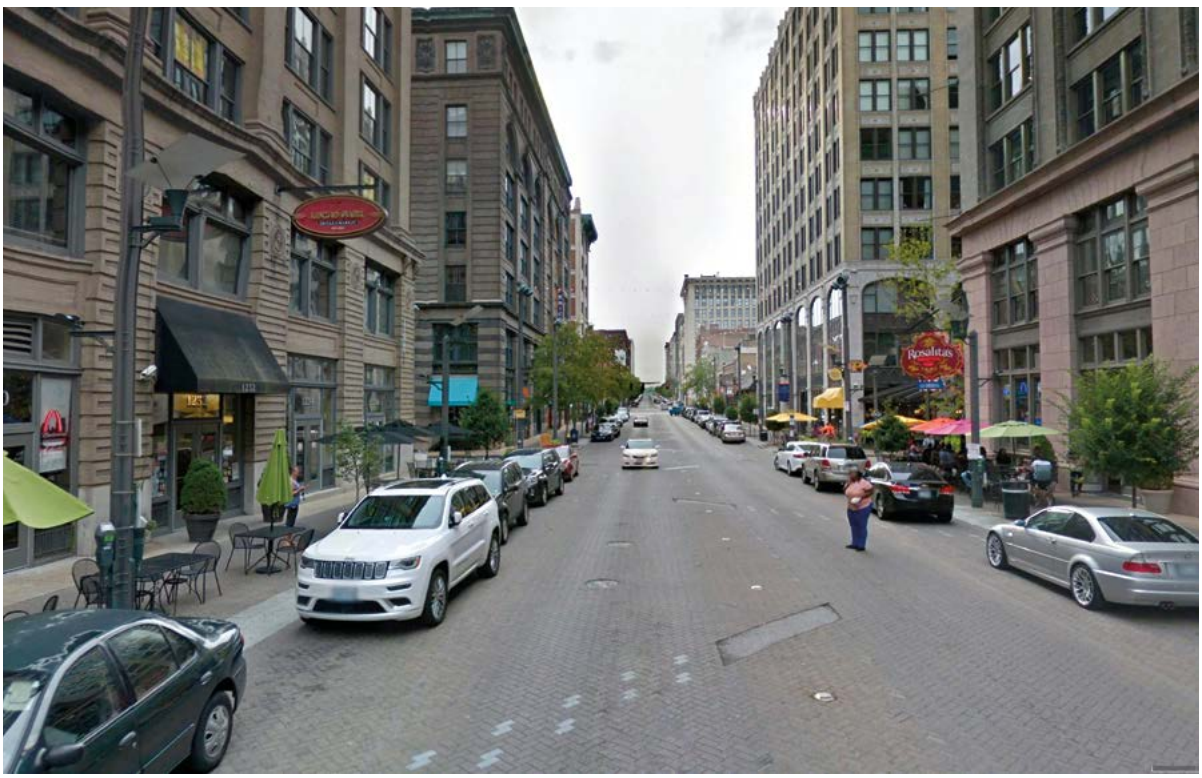
Many blocks in North St. Louis have more vacant than occupied properties. Photo: Google Earth 2018

Properties are vacant for many reasons. People move, and their former dwelling is empty until the new owner or tenant moves in. Homes in such resort areas as Aspen or Cape Cod, or in global cities like New York or San Francisco, may be empty for much of the year when they are used only for vacations or weekends. At the same time, thousands of properties sit vacant for years, abandoned by their owners and allowed to deteriorate to the point where they either cannot be reused without major rehabilitation or must be demolished. When an empty house is demolished, the result is a vacant lot.

Vacant and abandoned properties come in all shapes and sizes in cities, suburbs, and rural areas. Although some of these properties may not be an issue, others create problems that affect the well-being of thousands of neighborhoods and millions of people. Whereas the vacant farmhouse on the prairie may do little harm to its remote neighbors, the same house on a block in Toledo, Ohio, or Charleston, West Virginia, may become a magnet for crime and devalue the properties around it. In addition to the harm that vacant properties cause a neighborhood, they have severe fiscal impacts on local government, reducing local property tax revenues while costing cities millions of dollars for policing, inspecting, cleaning vacant lots, and demolishing derelict buildings.

The number of vacant properties in the United States has been steadily rising for more than a decade. Although vacancies spiked after the foreclosure crisis and the Great Recession and have dropped significantly since then, there are still far more than there were in 2000. More importantly, the number of vacant properties has not diminished everywhere. Although they have dropped back to pre-crisis levels in Sunbelt cities like Phoenix or Las Vegas, vacancies are still at epidemic levels in many older cities, particularly in the nation's legacy cities. In many blocks or neighborhoods of legacy cities such as Detroit and Cleveland, for example, the number of vacant buildings and lots has come to outnumber the occupied ones. Typically, the areas in which these deserted structures are located also have the city's highest concentration of poverty.

Once abandoned, Washington Avenue in St. Louis is today a thriving mixed-use residential, commercial, and entertainment neighborhood. Photo: Google Earth 2018



Vacant properties, however, can also become community assets. Across the United States, thousands of empty commercial and industrial buildings have been restored and turned into apartments, lofts, and condominiums. Washington Avenue in St. Louis, for example, was once the city's bustling garment district. Twenty-five years ago, though, it was almost entirely vacant. Today, its historic factories and warehouses have become St. Louis's most dynamic downtown neighborhood. Old neighborhoods in Baltimore and Philadelphia are also coming back to life as old houses are put back to use.

The market has revived and reused vacant properties in many of these areas—particularly downtown and near major universities and medical centers. But that is not the case in large sections of America's older cities, where the market demand may be too weak, or other factors, often including laws, policies, and practices, may impede the market's ability to work. Some communities have pursued law reform; in others, local governments and nonprofit community development corporations have found creative ways to rebuild demand and reuse vacant houses in areas the market had previously shunned. In even more deeply distressed areas, creative greening strategies have been used to convert vacant lots into gardens, parks, farms, and vineyards.

The Youngstown Neighborhood Development Corporation has helped residents of the Idora neighborhood convert more than one hundred vacant lots into attractive and productive public spaces. Photo: Youngstown Neighborhood Development Corporation

CHAPTER 2

Defining the Vacant Property Universe

Artist Tyree Guyton, founder of the Heidelberg Project, used a vacant house in Detroit to create this installation. Photo: David Yarnall, Wikimedia/CC BY-SA 3.0

There are many types of vacant properties, including homes and apartments, commercial and industrial buildings, and formerly developed but currently vacant land. In most communities, vacant residential properties are the most common and present the biggest problem and greatest opportunity. Residential properties can contain one or more housing units, defined by the U.S. Census Bureau as "a house, an apartment, a group of rooms, or a single room occupied or intended for occupancy as separate living quarters."

The Role of Residential Vacancies in the Housing Market

The U.S. Census Bureau distinguishes between seven different categories of vacant housing units:

- Vacant for rent
- Rented, but not yet occupied
- Vacant for sale
- Sold, but not yet occupied
- Maintained for seasonal, recreational, and occasional use
- Maintained for migrant workers
- Other vacant

"Other vacant" is a catch-all category that includes but is not limited to properties that are neglected and abandoned. This category is a significant indicator of property and overall neighborhood conditions.

With the exception of "other vacant" properties, all of these vacancies serve necessary functions in the housing market. People and families move, voluntarily or involuntarily, on a regular basis. They move when their needs or resources change, when their family status changes, if they find a job in another community, if they are evicted, or for many other reasons. If there are no vacant houses available for rent or sale in the areas where people are looking for housing, they would be unable to find alternative housing. If there

A NOTE ON TERMINOLOGY

Many terms are used to describe the properties that are the subject of this report. In addition to being called "vacant," they may be labelled with such negative terms as "abandoned," "blighted," or "derelict." Strictly speaking, however, a vacant property means any property that is not currently inhabited, for whatever reason. Many vacant properties are harmless and, as we discuss in this section, they are necessary; without some vacant properties, the housing market would grind to a painful halt.

Thus, it is important to distinguish between all vacant properties and those that are a *problem*. Problematic properties are sometimes called "abandoned," implying that the owners have walked away and allowed them to fall into disrepair. This label, too, is often inaccurate. If an owner is not maintaining her property but continues to pay the taxes on it, is it truly abandoned? Some state laws might consider it such, but not all. More precisely, abandonment can take two forms: *literal* abandonment, where the owner has in fact disappeared, and *constructive* abandonment, where the owner may be nominally present but has ceased to maintain the property and has allowed it to deteriorate or become a nuisance.

Some people use the term "blighted" to refer to those properties that are perceived as problematic for their neighbors. That term, too, can be misunderstood. First, many properties that are still occupied are also "blighted" and have serious problems that affect their neighbors. Second, the term "blight," which is often used to describe areas rather than buildings, has strong associations with the old urban renewal program and with the use of eminent domain to take properties.

Since no single term can be applied to all cases, this report uses all of these terms. Readers should be sensitive to these distinctions, however, and look to the context of the term to understand how it is being used.

are no vacant houses in areas where jobs are growing, people seeking those jobs would find it impossible to move there, with devastating consequences for them and the economy. Vacant housing is important for the families and individuals involved and is also a critical element in enabling the national economy to function.

Thus, some number of vacant units for sale and for rent are necessary to meet people's needs and keep the housing market and economy functioning. Finding the right number, however, is difficult.

In principle, the right number of vacant units is the number that allows every home buyer or would-be tenant to find a unit without undue difficulty and every home seller or landlord to fill the unit they own without undue delay. The longer a house or multifamily building sits vacant, the greater the risk that it will deteriorate and potentially be vandalized or stripped. If an area has too few vacant units relative to demand, prices may rise unreasonably because of the shortage of supply; if there are too many, oversupply may push prices and rents down to the point where homeowners find themselves underwater and landlords may not make enough money to cover their costs.

The percentage of unoccupied dwellings at any point in time is known as the "vacancy rate." It is complicated to pin down an appropriate or healthy vacancy rate from the standpoint of the housing market, as it depends on whether properties are for sale or rent. Even though the vacancy rate is a measure at a single point, it reflects homeowners' tendency to stay in the same house or apartment much longer than do renters. Since owner-occupied units turn over much less often than rental units, fewer of them need to be vacant at any one time to meet the need. Table 1 (p. 12) shows how this would work in a well-functioning market, and what hypothetical vacancy rates for sales and for rent might be based on assumptions that closely follow real-life conditions and real estate industry norms.

The numbers shown in table 1 are hypothetical, but they are quite close to the actual sales and rental vacancy rates in places where the housing market is working reasonably well. The quarterly housing surveys that the U.S. Census Bureau has conducted since 1968, the results of which are shown in figure 1 (p. 12), provide a sense of those rates. Omitting the years of the housing bubble from 2000 through the subsequent price collapse and Great Recession, vacancy rates remained extraordinarily stable from the mid-1980s through 2000. As the market stabilized over the last few years, vacancy rates have returned to those levels; rental vacancy rates have generally stayed between 7 and 8 percent; and homeowner vacancy rates, which are much less volatile, remained between 1.3 percent and 2 percent. These are the "Goldilocks" ranges, not too high and not too low. In these ranges, buyers and tenants can find places to live, sellers or landlords can find buyers or tenants, and prices are unlikely to be severely depressed or inflated.

In a community where about half of the properties are owner occupied, half are renter occupied, and the market is working well, overall year-round vacancy rates tend to fall between 4 percent and 6 percent. Rates are likely to be higher in places where the share of rental units is higher, where the market is particularly volatile, or where a lot of new construction—which may absorb more slowly—is taking place. Thus, a local vacancy rate of up to about 8 percent may still be a healthy one, as illustrated in table 2 (p. 12).

When vacancy rates approach 20 percent or more—what we have previously defined as hypervacancy—they indicate that market conditions have deteriorated to the point where properties that have become vacant are as likely or more likely to remain so and ultimately be abandoned rather than reused. The particular challenges of concentrated vacancy are the subject of chapter 5 of this report.

Table 1

Hypothetical Duration of Occupancy and Vacancy for Sales and Rental Properties

	Average Years Occupying Unit	Average Months Occupying Unit (in years x 12)	Duration of Average Vacancy (months)	Vacancy Period as Percentage of Occupancy Period
Owners	12	144	3	2.1%
Renters	2.5	30	2	6.7%

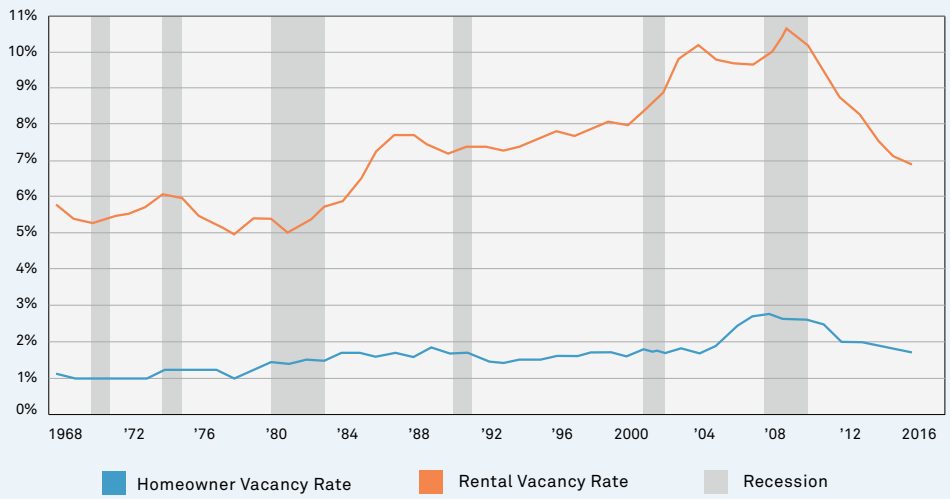
Table 2

Vacancy Typology

Vacancy Rate	Description	
Under 4%	Low vacancy	
4%–7.99%	Reasonable vacancy	
8%–11.99%	Moderately high vacancy	
12%–19.99%	High vacancy	
20%–29.99%	Very high vacancy	} **Hypervacancy**
30% or more	Extremely high vacancy	

Figure 1

Annual Sales and Rental Vacancy Rates, 1968–2016



Sources: U.S. Census Bureau

This vacant shopping center in New Orleans found new life as a Whole Foods Market. Photos: (before) Jeffrey Schwartz, Wikimedia/ CC BY 2.0; (after) Google Earth 2018

Vacancy rates vary widely from city to city and within cities, from census tract to census tract—a geographic unit widely used as a proxy for neighborhood. One can sometimes, although rarely, find high-demand or low-supply census tracts where the vacancy rate is less than 1 percent, and at the other extreme, census tracts where 30 percent or more of the dwelling units are empty and vacant lots are widespread. The latter are most likely to be found in legacy cities. In those cities, as well as elsewhere, there are also many areas where the vacancy rates may not reach hypervacancy, but they are still too high for the housing market to work effectively.

Other Types of Vacancies: Commercial, Industrial, and Lots

When considering vacant properties, people tend to focus most often on vacant houses because there are far more residential properties, occupied or vacant, than any other type of property. There are other types of vacant properties, though, each with its own distinct features and issues.

COMMERCIAL PROPERTIES

Most communities contain many properties for non-residential uses. Besides industrial buildings, which are a special case, commercial buildings typically include retail stores, wholesale stores, and distributorships as well as office space for a variety of uses, some general and some specialized, like medical offices. As with residences, some vacancy in commercial properties is healthy, but long-term problematic commercial vacancies are common. These include large amounts of less-desirable Class B and Class C office spaces in older downtowns; storefronts in older commercial centers or postwar suburban strip centers; empty stores in suburban malls; and, increasingly, entire vacant malls and shopping centers, sometimes called “grayfields.”

Commercial vacancies tend to be much more numerous than residential vacancies, especially in strong markets where residential vacancies are very low. For example, the residential vacancy rate in Seattle is only 3.4 percent, but the commercial vacancy rate is higher than 20 percent. This trend reflects the fact that the commercial market is much more volatile than the residential market. Families need housing regardless of their economic condition, but when a business

Clusters of abandoned, neglected properties like these in East Baltimore can have a devastating effect on their surroundings. Photo: Google Earth 2018

fails, the space usually becomes vacant. Business needs change much more over time than residential needs. While a 100-year-old house may be adequate and often desirable for many families, 100-year-old office space is unusable by many modern firms and new companies that are continually emerging with new space needs.

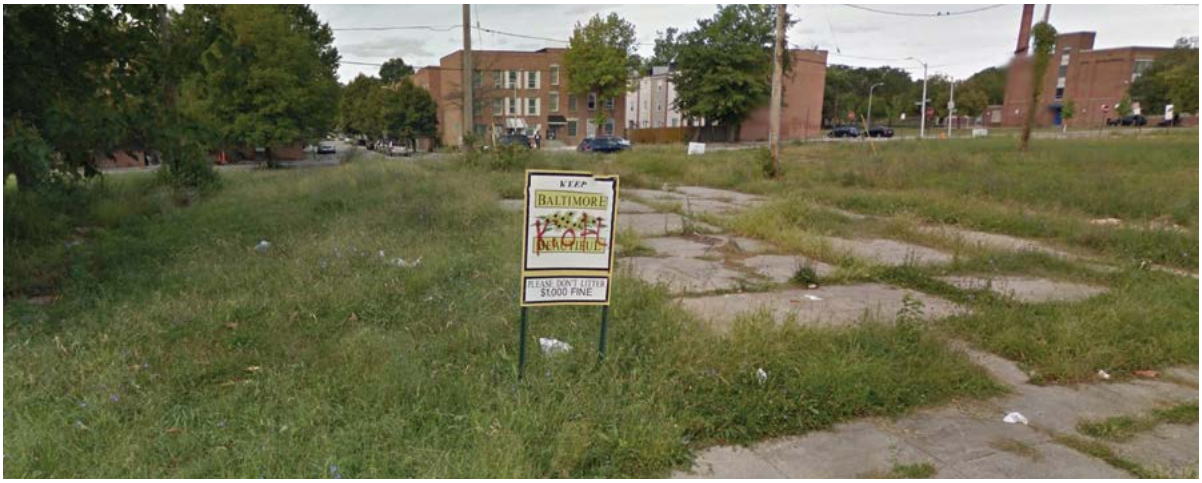
In the past 70 years, changing retail trends led first to the construction of suburban strip shopping centers, then to enclosed malls, then to big box stores, then to so-called lifestyle shopping centers, and so forth, with each change leaving behind empty commercial space. While residential developers hesitate to build in areas with high residential vacancy rates, commercial developers will build despite high commercial vacancy rates because they are building for different markets and not competing directly with the vacant properties.

Some vacant commercial space can be reused for other purposes. Hundreds of pre–World War II downtown office buildings have been converted into apartments and condominiums, while many abandoned or underutilized suburban malls have been either demolished or reconfigured into mixed-use developments. At the same time, commercial—particularly retail—vacancy is a growing problem as online retailers like Amazon draw customers away from brick-and-mortar businesses.

INDUSTRIAL PROPERTIES

Vacant industrial properties are special and often difficult cases. Many factories, particularly those built before World War II, are environmentally contaminated from the materials or manufacturing processes they used. These factories and other contaminated properties, such as gas stations and dry-cleaning establishments, are known as "brownfields." Although some environmental problems are easy to address, in other cases it may take years and millions of dollars before a site can be reused. Many brownfield sites have been reused, but thousands sit empty, particularly in legacy cities, because the cost of remediation is too great, the reuse potential of the property too limited, or other factors make reuse difficult.

Factories built in the 1920s or earlier are often architecturally distinctive, tend to have narrow floor plates, and receive large amounts of natural light. They can often be adapted into homes, schools, or shopping centers if the environmental issues can be solved and the market is strong enough—or if public funds such as the Low-Income Housing Tax Credit are available. While postwar buildings may be less contaminated, they are also far less adaptable because they tend to be big boxes with few windows, large loading bays, and other features that make them difficult to reuse. Once such a factory becomes vacant, it may have to be demolished before the property can be reused.



VACANT LOTS

Over the past decades, millions of older properties have been demolished across the United States, a process that continues unabated. When a property is demolished in a city or suburb with a strong market, the land is almost always used for another building. This is not true where there is little market demand for new buildings. As a result, many older cities contain thousands of vacant lots. For example, Philadelphia has an estimated 40,000 vacant lots with no known use; Detroit Future City, the nonprofit planning and advocacy organization, estimates that there are more than 120,000 vacant lots in Detroit.

Untreated vacant lots often accumulate trash and have a negative impact on the neighborhood. Photo: Google Earth 2018

In recent years, a number of high-vacancy cities have used surveys to count their vacant lots and buildings. In all four cities shown in table 3, vacant lots exceeded vacant buildings by a factor of 2 to 1 or more, reflecting how many buildings these cities have demolished over the years. Using these lots and keeping them from blighting their surroundings is an ongoing challenge in legacy cities.

Table 3

Vacant Lots and Structures in Select Cities

City	Total Parcels	Vacant Lots	% of Parcels	Vacant Buildings	% of Parcels	% of All Parcels Vacant
Youngstown (2010)	62,569	23,831	38%	3,246	5%	43%
Detroit (2013)	375,381	116,378	31%	48,289	13%	44%
Gary (2015)	58,325	25,117	43%	6,794	12%	55%
Cleveland (2015)	158,854	27,774	17%	12,179	8%	26%

Sources: Youngstown: Survey by Mahoning Valley Organizing Committee; Detroit: Motor City Mapping Project; Gary: Parcel Survey; Cleveland: Survey by Thriving Communities Institute

The Difficulty of Measuring Vacant Properties

There are many ways to measure vacant or abandoned properties, and all of them yield somewhat different results. Many types of vacant property are not measured at all except when people walk or drive block by block to count them—as in the Cleveland parcel survey. No national source exists that counts the number of vacant lots in a particular state, city, or town. The same is true for buildings: Although the census counts vacant housing units, units are not the same as buildings or structures. A single apartment building can contain hundreds of separate units.

The text box "Measuring Vacant Properties," describes the different ways in which data on vacant properties is collected. For example, the U.S. Postal Service method is not the same as the U.S. Census Bureau's. Furthermore, although the U.S. Census Bureau attempts to measure vacant properties in its two regular surveys—the annual American Community Survey and the decennial census—the data-gathering methods used in the two surveys are not the same, so the results are very different. For this reason, when we discuss long-term trends in this report, we use data from the decennial census, such as 1990 to 2000 or 2010. When we discuss more recent year-by-year trends, we use data from the ACS or from the Postal Service. We do not compare data from one source to data from the other. These numbers, in turn, are likely to be very different from the numbers that are generated by field surveys of residential parcels.

The USPS numbers are often close to but somewhat lower than the census numbers. The lower numbers occur partly because a small number of units may share a single address but primarily because the USPS counts units only when they have been vacant for more than 90 days. The parcel totals from field surveys are usually much lower than either the address or the unit totals for two reasons. First, it may not be possible to determine from the outside how many units a multifamily building contains. Second, parcel surveys count only those buildings that are entirely vacant; thus, if a 50-unit apartment building has 30 vacant units, the building is still counted as occupied, while the

MEASURING VACANT PROPERTIES

There are three distinct ways that data on vacant properties is collected.

The U.S. Census Bureau, both in the decennial census and the annual American Community Survey (ACS), counts **vacant housing units**. There are, however, significant differences between the ways the decennial census and the ACS count vacancies, leading to large discrepancies between the two data sets (Cresce 2012).

The United States Postal Service (USPS) counts **vacant addresses** in order to track undeliverable mail. Since 2008, this information has been compiled and made available to researchers. In addition to residential addresses, the USPS maintains lists of vacant business addresses but counts only those addresses that have been vacant for 90 days or more.

Many individual communities conduct **vacant parcel** surveys, sending teams of people block by block to identify vacant buildings and vacant lots. This is often the only source of data on vacant lots in many communities.

census would show 30 vacant units. Table 4 compares results from the census, the ACS, and the USPS for a few areas in 2010, and from USPS, ACS, and parcel surveys for some areas that have recently completed parcel surveys.

These measures are used for all vacant properties, whether they are abandoned or not. As mentioned earlier, the census breaks down properties by categories, including one called "other vacant." This category includes not only abandoned properties but also properties that are undergoing renovation or being kept vacant by owners who have no plans to occupy, sell, or rent them. In older cities with weak market conditions, however, the "other vacant" category is a rough surrogate for those vacant properties that have been effectively abandoned by their owners. We will discuss this again later in this report.

Except for the USPS count of vacant business addresses, no overall data on commercial or industrial vacancies exists. Some reports—usually surveys done by real estate brokers or property managers—provide metro area estimates but tend to exclude small, marginal, or long-term vacant properties. Finally, as mentioned earlier, while there is no national source other than individual field surveys for data on vacant lots, in some communities, property tax records will distinguish between vacant land parcels and those parcels being used for parks or parking lots.

Table 4

Comparing Different Methods of Counting Vacant Properties

COMPARING CENSUS, ACS, AND USPS DATA FOR 2010			
	2010 CENSUS (vacant units)	**2010 1 YEAR ACS (vacant units)**	**2010 Q2 USPS (addresses vacant 90 days or more)**
Baltimore, MD	46,782	58,639	22,607
Cuyahoga County, OH	76,709	91,632	52,709
Philadelphia, PA	70,435	94,609	29,056
COMPARING ACS, USPS, AND PARCEL SURVEY DATA FOR 2013–2015			
	PARCEL SURVEY (parcel with vacant structure)	**2014 1 YEAR ACS**	**2015 Q1 USPS**
Cleveland, OH	12,179 (2015)	43,864	50,454
Detroit, MI	48,289 (2013)	114,468	114,018
Gary, IN	6,794 (2015)	13,581	13,615

Sources: U.S. Census Bureau; USPS; Valassis Lists (USPS 2015 Q1); City Parcel Surveys

CHAPTER 3

Why are Vacant and Abandoned Properties a Problem?

Abandoned factory buildings like this one are common in many legacy cities. Photo: James R. Martin/Shutterstock

Not all vacant properties are problem properties. An empty but well-maintained house for sale is unlikely to pose a problem in even the most fastidious neighborhood. Properties that are visibly abandoned and neglected, however, are a very different matter. They can have a devastating effect, undermining their neighbors' quality of life, diminishing the value of nearby properties, and imposing fiscal burdens on the city. This conclusion is supported by a growing body of solid research.

Effects of Abandoned Properties on Communities

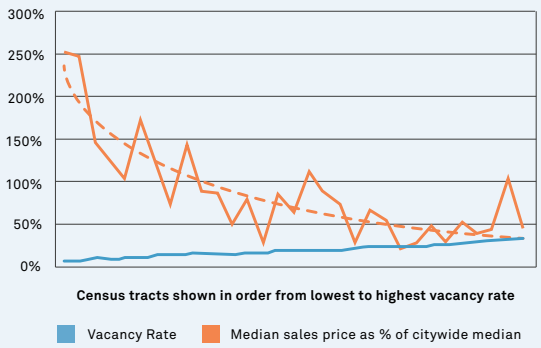
Vacant buildings and lots can significantly reduce the value of the occupied properties close to them. Studies in Philadelphia and Columbus, Ohio, found that a vacant building on a block can reduce the value of nearby properties by 20 percent or more (Shlay and Whitman 2003; Seo and Von Rabenau 2011). Another Philadelphia study estimated that vacant properties result in an aggregate $3.6 billion in reduced household wealth because of the blighting effect they have on nearby properties (Econsult 2010). In a finding with strong policy implications, Shlay and Whitman determined that the effect of one vacant property on the block was almost as great as that of two or more vacant properties, suggesting that removing some but not all the vacant properties from a block is much less likely to have a positive impact on the block than removing all of the vacant properties (2003).

Figure 2 shows the relationship between vacancy rates and house sales prices by census tract in Youngstown, Ohio. Not surprisingly, as vacancies go up, the median sales price goes down. But more importantly, the relationship between sales price and vacancies is not linear, but logarithmic—all it takes is a small increase in vacancies to trigger a much bigger drop in house prices.

Studies in Philadelphia found that the impact of vacant lots was similar to that of vacant buildings. One study found similar impacts on property values (Wachter, Gillen, and Brown 2011), while in another, researchers interviewed residents of a neighborhood, finding that nearby vacant lots negatively affected the quality of life and sense of well-being. One resident commented, "[Vacant lots are] a big downer too, just because of all the trash and rotten smells. It just makes you question where you call home" (Garvin et al. 2013, 419).

Figure 2

Relationship Between 2010 Vacancy Rate and 2014 Median Sales Price in Youngstown, Ohio



Sources: Vacancy rate: U.S. Census Bureau; Sales prices: Boxwood Means, PolicyMap, www.policymap.com

Vacant properties are strongly associated with crime and violence. One study found that crime rates on blocks with abandoned properties were twice as high as on those without any abandoned properties (Spelman 1993). Another found a strong relationship between the presence of vacant properties and the aggravated assaults reported on the same block, and the risk of violence increased as the number of vacant properties went up (Branas, Rubin, and Guo 2012). A recent study of foreclosed properties in Pittsburgh found that foreclosure itself had no effect on crime, but when a foreclosed property became vacant, violent crime in the vicinity went up by 19 percent (Lin and Walsh 2015).

The people who were interviewed in one vacant lot study spoke passionately about the effects: "Participants felt vacant land attracted illegal activity because decaying structures and overgrown lots provided cover for people engaging in illicit behaviors. Participants reported drug dealers using vacant land to conduct sales and addicts using abandoned homes as 'chill spots' or for prostitution and gambling." (Garvin et al. 2013, 418).

The effects of vacant and abandoned properties feed a vicious cycle of neighborhood decline, loss of confidence, and neighborhood disintegration. A 2005 report from the National Vacant Properties Campaign concluded:

> With abandoned buildings comes social fragmentation. Individuals who live in communities with an increasing number of vacant buildings begin to feel isolated, weakening the community as a whole. A large number of vacant buildings in a neighborhood symbolizes that no one cares, increasing the likelihood that property values will continue to decline and that further abandonment will set in. (National Vacant Properties Campaign 2005, 11)

At the same time, communities can use creative strategies to mitigate many of the negative effects of vacant and abandoned properties to bring numerous properties back to productive use. These strategies will be addressed in detail in the final section of this report.

Fiscal Impacts of Abandoned Properties

Over and above their impact on social and economic conditions, vacant, abandoned properties have a devastating effect on the fiscal condition of their cities, towns, and counties. They not only pay little in property taxes and generate little revenue for the city or county when sold at tax sales, but they further reduce property tax collections by millions of dollars by devaluing neighboring properties.

For a city to pay its workers and provide services to its residents, it needs property owners willing to pay their taxes. When they do not pay, the city needs investors willing to step up, buy liens on the properties, and pay the city the taxes it is owed. As we discuss later, there are serious issues associated with lien purchases by investors, but they are a major source of municipal revenues, particularly for many older cities. Vacant properties, when present in large numbers, dramatically reduce a municipality's ability to raise those revenues.

In addition to the loss of revenues, governmental bodies at all levels incur substantial costs to deal with vacant properties. A study of vacant properties in Toledo found that they cost the city $3.8 million per year in direct costs, $2.7 million per year in lost tax revenues from the vacant properties themselves, $98.7 million in lost property values, and $2.68 million in lost tax revenues from adjacent properties whose value was diminished by the presence of vacant properties (Immergluck 2016). As more cities turn to demolition to reduce their surplus of vacant properties, the costs are mounting. Detroit is spending nearly $130 million of federal funds already committed to demolish vacant properties. At the beginning of 2016, the city of Baltimore and the state of Maryland announced Project C.O.R.E., a $94 million program to demolish vacant properties in that city. Vacant properties are a massive drain on public resources, hitting hardest those cities already struggling to meet payrolls and invest in their future.

CHAPTER 4

The National Context

A long-abandoned home in rural Oklahoma stands in sharp contrast to the open plains. Photo: Greg Willis, Wikimedia/CC BY-SA 2.0

At the end of World War II, the national housing scene was a constrained market in which demand exceeded supply. Today, supply usually meets and sometimes exceeds demand. The picture varies widely from one part of the country to another. While the national supply may meet or exceed demand, there are many areas where housing is in short supply and other areas where the excess of supply is so great it creates the risk—or the reality—of market failure.

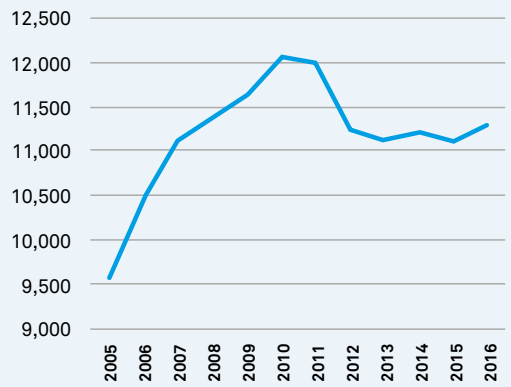
In 1950, housing supply was tight. Little housing had been built during the Depression and World War II, and postwar household formation rates were high. In 1950, the homeowner vacancy rate was 0.9 percent, and the rental vacancy rate was at an all-time low of 2.6 percent. By 1960, however, the rental vacancy rate had risen to 6.7 percent, close to current levels. We do not have a figure for abandoned housing for 1950, but the U.S. Census Bureau counted over 500,000 "dilapidated vacant" units, or slightly over 1 percent of the nation's total housing stock at the time.

As figure 1 showed, vacancy rates gradually inched up from the 1960s onward, rising faster as many markets were overbuilt in the early 2000s and peaking in the years after the housing bubble burst in 2006 and 2007. Figure 3 shows the number of nonseasonal vacant units in the United States by year from 2005 through 2016 from the annual American Community Survey, which has been conducted each year since 2005. While these numbers may be overestimated, they provide a good picture of recent trends. The number of vacant units rose sharply after 2005, going from 9.5 to 12 million between 2005 and 2010, an increase of roughly 2.5 million units. Since then, the number has gradually declined but remains significantly higher, at 11.2 million units, than in 2005.

The increase in the category of "other vacant" units over the past decade is even more pronounced. Those vacant units increased from 3.7 million in 2005 to 5.5 million in 2011, and to 5.8 million in 2016. Thus, even though the total number of vacant units in the United States is 25 percent higher today than in 2005, the number of "other vacant" units is 56 percent higher. Since 2005, the share of the total vacant unit inventory made up of "other vacant" units has steadily risen even as the total vacant inventory has begun to shrink, going from 39 percent of the nonseasonal inventory in 2005 to 49 percent in 2016.

Figure 3

Total Nonseasonal Vacant Units in the United States, 2005–2016 (units in 000)



Source: U.S. Census Bureau

Urban and Rural Vacancy

Vacant and abandoned properties are not just an urban phenomenon. Many rural areas have levels of vacancy comparable to or higher than even the most distressed central cities. According to the Housing Assistance Council (2010), rural and small-town communities as a whole have a vacancy rate of nearly 18 percent, compared to just under 10 percent in metropolitan areas. In some rural areas, the difference may be accounted for by properties held for seasonal and occasional use, but, in other rural areas, "seasonal and occasional use" can be little more than a euphemism for de facto abandonment.

While many rural areas within reach of major cities have become outlying parts of metropolitan areas, such as northwestern New Jersey or parts of western Maryland and eastern West Virginia, more remote rural areas in the United States have widely experienced severe economic dislocation over the past decades, leading to impoverishment, depopulation, or both.

These changes have often led to extremely high levels of vacancy and abandonment. Three parts of the United States can be singled out in particular: Appalachia, particularly much of West Virginia and Eastern Kentucky, but including smaller parts of Ohio, Maryland, and other states; the rural South, including much of Mississippi, Alabama, and Northern Louisiana; and the Great Plains, including large parts of Nebraska and Kansas. The three counties illustrated in table 5 typify conditions often found in each of those regions. "Other vacant" properties—properties sitting unused and not for sale or rent—represent a larger share of the housing stock in these counties than in all but the most distressed urban neighborhoods.

Rural abandonment is often less visible and perhaps less painful—at least to the outside observer—than urban abandonment. Many empty houses do not look abandoned from the road, and many storefronts are kept marginally open by exiguous commercial or civic activities. Vacancy is scattered widely; Blaine County, Nebraska's 70 likely abandoned houses are spread across 711 square miles, an area more than 5 times the size of Detroit. Many abandoned houses are on former farmsteads deep in the countryside or hidden in the many hollows that run through the Appalachian Mountains. All of these factors tend to minimize the visibility of rural abandonment. Although it is always present barely below the surface, it is a different phenomenon from the hypervacancy found in legacy cities, as discussed in the next section.

Variation Between Cities

Even greater variations in vacancy patterns exist among cities than between cities and rural areas. To compare urban vacancy patterns, we looked at 25 different central cities, falling into four clusters (figure 4):

- Ten large legacy cities (>200,000 population), like Baltimore and Cleveland
- Five small legacy cities (<200,000 population), like Flint and Trenton
- Five magnet cities, like Washington, DC, and Seattle
- Five Sunbelt cities, like Miami and Phoenix

We considered how these city clusters fare with respect to total nonseasonal vacancies and "other vacant" units.

Table 5

Vacancies in Selected Rural Counties, 2010

	McDowell County West Virginia	Blaine County Nebraska	Greene County Alabama
Nonseasonal vacant properties	1928	94	605
Nonseasonal vacancy percentage	17.4%	32.4%	13.8%
Other vacant properties	1379	70	429
Other vacant as % of all properties	12.4%	24.1%	9.8%

Source: U.S. Census Bureau

Legacy cities as a group have the highest overall vacancy rates as well as the highest concentrations of "other vacant" units, which make up a larger share of their total vacant inventory than in other cities, as shown in figure 5. This highlights the relationship between abandonment and economic distress, which is explored in chapter 5.

Figure 6 shows that vacancy rates increased most sharply between 1990 and 2010 in legacy cities and actually declined in magnet cities. In view of the close relationship between vacancy, economic distress, and long-term population loss, this is not surprising. In recent decades, a handful of American cities like Seattle and Washington, DC, have been transformed by job growth in education, medical care, and technology, and by the in-migration of well-educated members of the millennial generation. These "magnet cities" are seeing population and economic growth; they show both the lowest vacancy rates as well as the lowest number and share of "other vacant" units. To the extent that long-term vacant properties are found in those cities, their presence is the result of situations specific to individual properties, such as bankruptcies or estate battles, rather than underlying economic conditions.

Legacy cities in the Northeast and Midwest have experienced steady population losses. Despite that thousands of buildings over many years have been demolished, vacancies have continued to grow as demand for housing in these cities has declined even faster than reduction in supply resulting from demolition. Recent data suggests that Cleveland, one of the cities using demolition most aggressively, may be starting to see supply and demand come into better balance. Some of these cities, including Philadelphia, Pittsburgh, St. Louis, and Baltimore, are now showing significant signs of improvement, although it still tends to be limited to selected parts of each city.

Figure 4

Four Types of U.S. Cities Studied

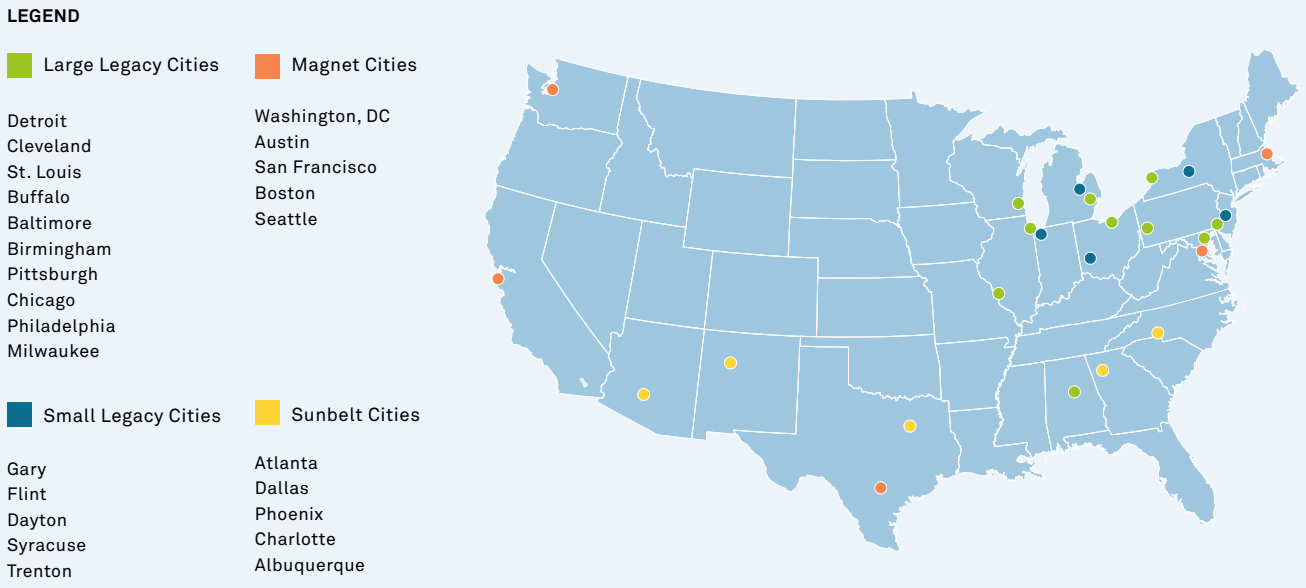
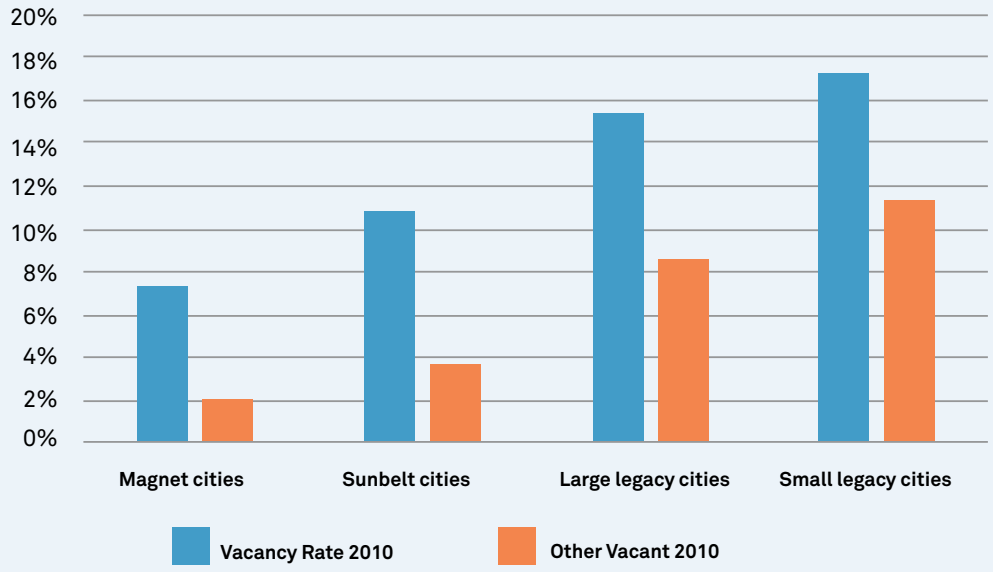


Figure 5

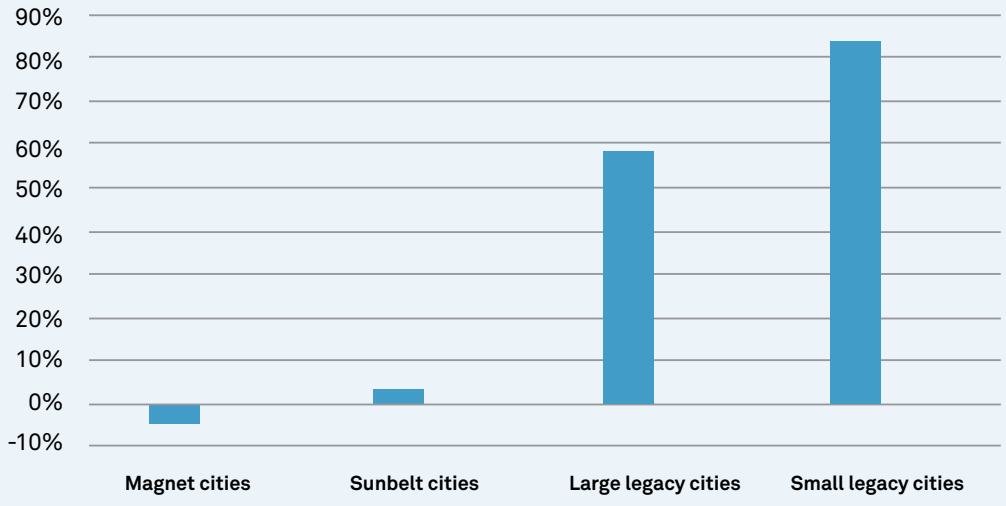
Nonseasonal Vacant and "Other Vacant" Units by City Cluster, 2010



Source: U.S. Census Bureau

Figure 6

Change in Vacancy Rate by City Cluster, 1990–2010



Source: U.S. Census Bureau

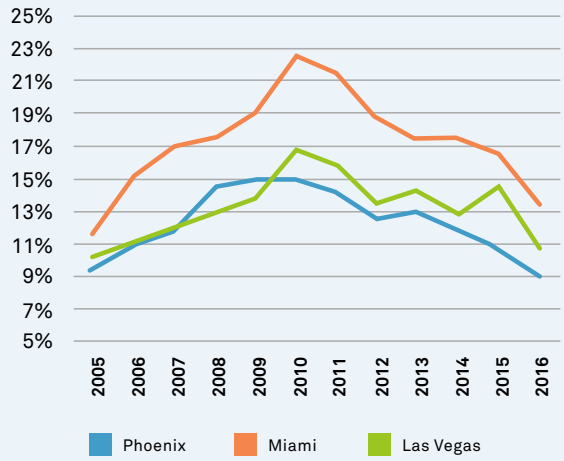
Although growth in some Sunbelt cities was temporarily interrupted by the foreclosure crisis, that downturn was short-term and was not a harbinger of any long-term shift in their strong growth trajectory. Even when the foreclosure crisis was still raging in 2010, these cities had much lower levels of overall nonseasonal vacancy and "other vacant" units than legacy cities. Since peaking in 2010 at the height of the foreclosure crisis, vacancies have steadily dropped in Sunbelt cities back to levels before the bubble, as shown in figure 7.

As illustrated in figure 8, magnet cities were less affected by the boom-bust cycle of recent years and have seen an overall gradual decline in vacancy rates over the past decade, with only a brief spike at the height of the foreclosure crisis.

A house sits vacant in the small city of Clarksburg, West Virginia. Photo: Google Earth 2018

Figure 7

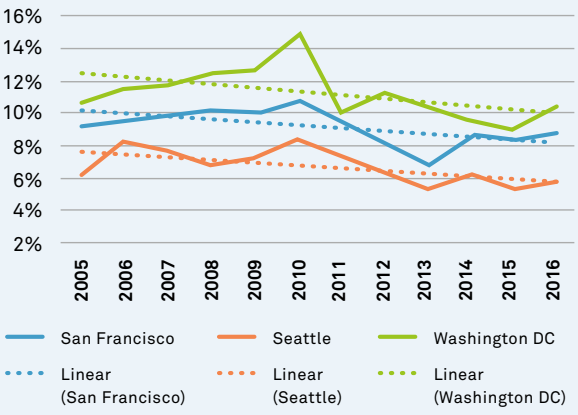
Vacancy Rates for Selected Sunbelt Cities, 2005–2016



Source: U.S. Census Bureau data includes seasonal as well as nonseasonal vacancy

Figure 8

Vacancy Rates for Selected Magnet Cities, 2005–2016



Source: U.S. Census Bureau

CHAPTER 5

The Challenge of Concentrated Vacancy

Few houses remain standing in some parts of Detroit. Photo: Google Earth 2018

While vacant properties are a reality throughout the United States, concentrated vacancy—or hypervacancy—is predominantly a problem of the nation's older urban areas, particularly those that continue to lose population. Hypervacancy is not merely the presence of large numbers of vacant properties; it is a condition in which vacant properties—either buildings, vacant lots, or both—are so extensive and so problematic that they change the character of the immediate area.

Hypervacancy in American Cities

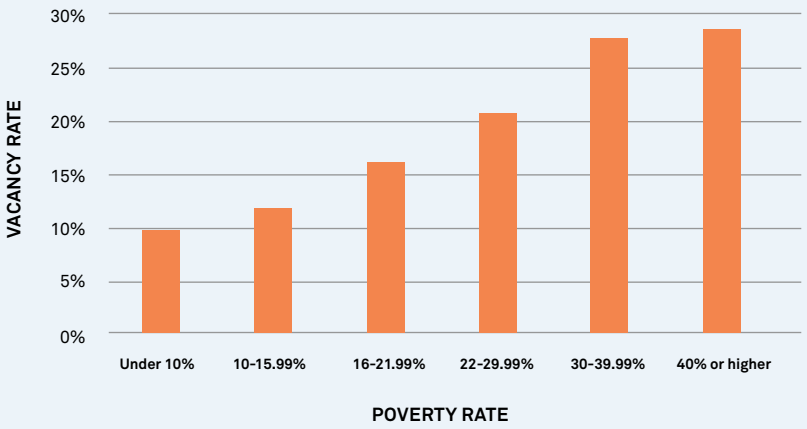
When vacancies reach a certain point, the market no longer functions as a check on the further increase in vacancies and the share of vacant properties in the area's building inventory, including vacant lots where buildings have been demolished, may continue to grow indefinitely. In practice, the number rarely reaches 100 percent because even the most distressed neighborhood contains a few remaining long-term owners. These owners stay for many reasons, including personal and family ties to the area, the painful reality that their house has little or no value, and their lack of money to find an adequate alternative place to live. In some cases, people may enjoy living in "prairies" like the area of Detroit shown in the photo in this chapter opener. Many of these otherwise largely abandoned areas still contain nonmarket uses such as subsidized housing projects or various institutional uses, typically as largely self-contained islands.

Housing markets have largely ceased to work in hypervacant areas. If houses sell at all, sales prices are usually under $30,000, and often under $20,000. The buyer is almost always an investor who may plan to milk the property for a few years and ultimately walk away, rather than a homebuyer seeking a place to live. These areas usually also suffer from severe social and economic problems. The Detroit census tract, where the image at the head of this chapter was taken, has a 52 percent poverty rate and a 21 percent unemployment rate. Only 8 percent of its adults have a B.A. or higher degree, and rates of asthma and hypertension are nearly double the national averages. The relationship between poverty and vacancy is shown vividly in figure 9, comparing the rates of each in Baltimore.

Hypervacancy is most prominently a condition of legacy cities, since it reflects not only poverty but also population loss. Figure 10, which shows the percentage of census tracts in legacy cities in which 10 percent or more of the total housing stock falls into the "other vacant" category, also illustrates the considerable variation among those cities. Given their high levels of sustained population loss and poverty, and the weakness of their market conditions outside small pockets of revival, it is not surprising that over half of the census tracts in Detroit, Cleveland, and Flint show hypervacancy. In Chicago and Philadelphia, both of which have seen significant revival in recent years, hypervacancy is found in much fewer—but still significant—parts of the city.

Figure 9

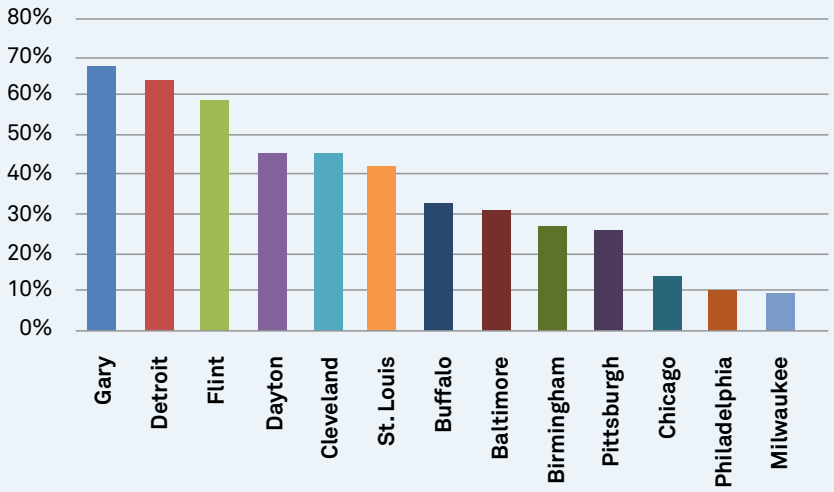
Average Census Tract Vacancy Rate by Poverty Rate in Baltimore, 2015



Source: U.S. Census Bureau

Figure 10

Percentage of Census Tracts in Legacy Cities in Which 10 Percent or More of All Units are "Other Vacant" Units, 2010



Source: U.S. Census Bureau

The vacancy rates in some legacy cities are surprising, however. For example, Baltimore and Pittsburgh have been doing well by many economic measures but have substantially more hypervacancy than does Milwaukee, a city that in most other respects is doing less well than Baltimore. One factor helping Milwaukee may be that, like Philadelphia, the city's population has stabilized since 2000 and perhaps has begun to grow back, largely through immigration.

The high level of hypervacancy in Baltimore and Pittsburgh makes clear the extent to which the revival of these cities, although real, is concentrated in only part of each city, leaving much of the rest largely untouched.

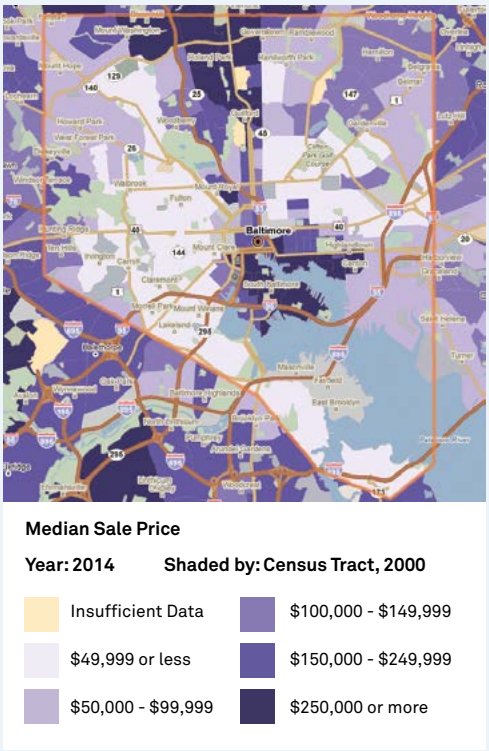
As illustrated in figure 11A (p. 30), although homes in a few parts of Baltimore near the Inner Harbor and downtown are in demand and command sales prices well above $250,000, much of the city remains a weak market area. Figure 11B (p. 30) shows that hypervacancy and low value are highly overlapping categories. The highlighted areas, which show those parts of Baltimore with median sales prices under $50,000 and vacancy rates of 20 percent or higher, are almost a mirror image of the light-colored areas in figure 11A. This makes clear the extent to which hypervacancy is a product, first and foremost, of market failure.

Census tracts with elevated vacancy levels are far rarer in all of the magnet and Sunbelt cities except for Atlanta. Atlanta is an anomaly among major Sunbelt cities in that it lost more than 20 percent of its population between 1970 and 1990. Since 1990, the city has regained more than half of that loss, but its population gains have been spatially uneven. The city still contains many deeply distressed areas with high levels of vacancy, particularly in its southern half.

Official vacancy figures underestimate the extent of hypervacancy because they measure only vacant buildings, not vacant lots. The number of vacant lots created as a result of demolitions, however, in cities like Detroit, Cleveland, or Youngstown, often exceed

Figure 11A

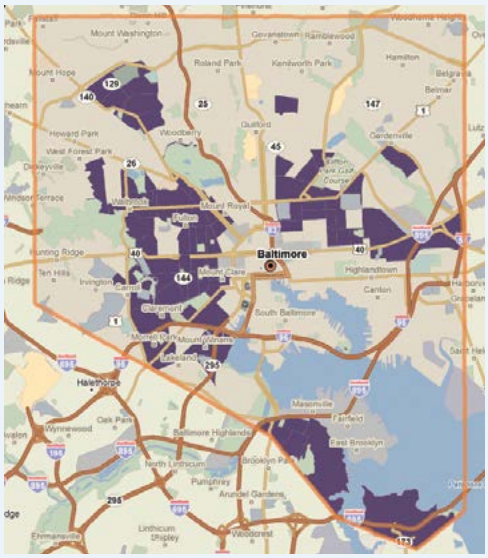
Median Sales Price in Baltimore, 2014



Source: Data: Boxwoods Means, PolicyMap, www.policymap.com

Figure 11B

Areas with Both Low Sales Prices and Hypervacancy in Baltimore, 2014



Source: U.S. Census Bureau; Boxwoods Means, PolicyMap, www.policymap.com

the number of remaining buildings, vacant or occupied. As shown earlier in table 3, the number of vacant lots ranged from nearly one out of every five parcels citywide in Cleveland to more than two in five in Gary, Indiana. The effect of vacant lots on the urban landscape is visible in the aerial image of one part of Gary, Indiana (p. 32).

Hypervacancy Trends and Distribution

Hypervacancy is a serious and growing problem. Since the 1990s, hypervacancy has increased steadily in the nation's legacy cities. In this section, two separate data sources are used to illustrate both the longer-term hypervacancy trend between 1990 and 2010 and the trends of the past few years. The decennial census is used to illustrate the trends for 1990, 2000, and 2010; U.S. Postal Service data is used to look at the trends since 2010.

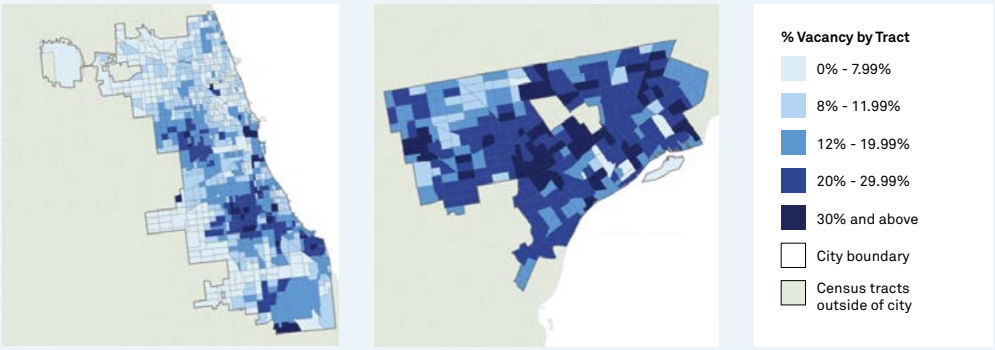
Although hypervacancy is defined as a nonseasonal vacancy rate of 20 percent or more, understanding this term involves considering the overall picture of how vacancy rates are distributed in different cities. The picture varies from city to city. As figure 12 shows, hypervacancy is concentrated in a few large but distinct pockets in Chicago's south and west sides. While hypervacancy is more widely distributed in Detroit, it still shows clear patterns of concentration in parts of the city.

CHANGE FROM 1990 TO 2010

Hypervacancy has been growing steadily in nearly all legacy cities. Table 6A (p. 32) shows the change in the percentage of census tracts with hypervacancy in five large and five smaller legacy cities. Table 6B (p. 32) shows the change in the median vacancy rate for the city's census tracts as a whole: that is, the vacancy rate of the median tract from 1990 to 2000 and from 2000 to 2010.

Figure 12

Nonseasonal Vacancy by Tract in Chicago and Detroit, 2010



Sources: Data: U.S. Census Bureau. Maps by Adrienne McDonnell

There are many reasons why the vacancy rate has not been consistently aligned with the decrease in population. Although vacancy rates were increasing during the 1970s and 1980s, they were rising from a low postwar base and thus, with few exceptions, had not yet widely reached hypervacancy levels. Also, between 1950 and 1990, the average household size in the United States was dropping. With more households relative to population, the same number of houses could remain occupied even though the population was decreasing; as a result, the vacancy rate was not rising in proportion to the decline in population. Between 1970 and 1990, the population of Toledo, Ohio, declined by 51,000 people, for example, while at the same time, the number of separate households and occupied housing units in Toledo grew by 5,500. Since the 1990s, however, the average household size in cities has stayed unchanged, as shown in figure 13 (p. 33). As a result, the effect of population decline on the housing stock has been much greater. That has led to skyrocketing vacancies in legacy cities and has prompted many cities like Cleveland to place renewed emphasis on demolition.

While the *extent* of vacancy has become greater, the geographic *distribution* of vacancy has remained largely the same. Changes in vacancy levels tend to be incremental, rather than sudden or discontinuous. Low vacancy areas tend to remain low vacancy areas; while high vacancy areas tend to become still higher vacancy or hypervacancy areas decade after decade.

Of the 59 census tracts in Baltimore with vacancy rates over 20 percent in 2010, not one had a vacancy rate below 10 percent in 2000, and only one had a vacancy rate below 12 percent. Conversely, of 38 census tracts with vacancy rates below 8 percent in 2010, *only two* had vacancy rates above 10 percent in 2000. Figure 14 (p. 34), which maps vacancy rates in Baltimore for 1990, 2000, and 2010, shows how high vacancy rates have gradually spread outward from the center into both East and West Baltimore during the 1990s and how that pattern grew into hypervacancy during the 2000s.

Many Sunbelt cities show a very different picture. In contrast to cities like Baltimore, where hypervacancy is closely associated with long-standing patterns of poverty and disinvestment, Phoenix's hypervacancy was largely a short-term product of the foreclosure crisis. As the crisis crested in 2009 and 2010, large numbers of vacancies resulted. Of 35 census tracts in Phoenix with vacancy rates over 20 percent in 2010, fully 23, or two-thirds, of these tracts had vacancy rates under 10 percent in 2000. The vacancy picture in Phoenix today is very different from what it was only five years ago.

Buildings once stood on the now-vacant lots in this neighborhood in Gary, Indiana. Photo: Google Earth n.d.

Table 6A

Percentage of Legacy City Census Tracts with Hypervacancy, 1990–2010

City	1990	2000	2010
Baltimore	7.5%	21.5%	29.5%
Buffalo	7.6%	27.8%	27.8%
Cleveland	6.2%	10.2%	50.3%
Pittsburgh	3.6%	13.1%	19.0%
St. Louis	34.0%	36.8%	46.2%
Dayton	10.2%	14.3%	46.9%
Flint	2.5%	17.5%	50.0%
Gary	16.1%	9.7%	51.6%
Syracuse	3.6%	20.0%	14.5%
Trenton	4.2%	12.5%	4.2%

Table 6B

Median Vacancy Rate of Legacy City Census Tracts, 1990–2010

City	1990	2000	2010
Baltimore	7.2%	10.9%	13.2%
Buffalo	8.3%	13.5%	13.6%
Cleveland	10.3%	11.6%	20.2%
Pittsburgh	9.5%	10.0%	11.2%
St. Louis	14.7%	17.1%	18.5%
Dayton	7.5%	11.0%	19.4%
Flint	6.7%	10.8%	20.1%
Gary	12.1%	11.8%	20.1%
Syracuse	7.7%	12.2%	10.5%
Trenton	7.5%	12.5%	13.5%

Source: U.S. Census Bureau

However, not all cities showed dramatic increases in hypervacancy during the 2000s. As tables 6A and 6B indicate, the rate of increase in Pittsburgh was modest, while Syracuse saw a decline not only in the number of hypervacant tracts but also in the overall level of vacancy citywide. Philadelphia (not shown in table) also saw a hypervacancy decline between 2000 and 2010, where the number of tracts with vacancy rates above 20 percent dropped from 47 to 28 (out of 374 tracts). Although vacancy is increasing in parts of Philadelphia, particularly in the north and northeastern neighborhoods, many of the city's other neighborhoods, particularly those close to Center City, are seeing declines in vacancies. By contrast, almost all of Cleveland saw increases in vacancy except for a handful of reviving pockets near downtown and University Circle. Although the phenomenon of hypervacancy cuts across many cities, how it affects each city is a function of that city's particular conditions and trends—the level of revitalization a city may be experiencing and how spatially concentrated or dispersed that revival may be.

CHANGE SINCE 2010

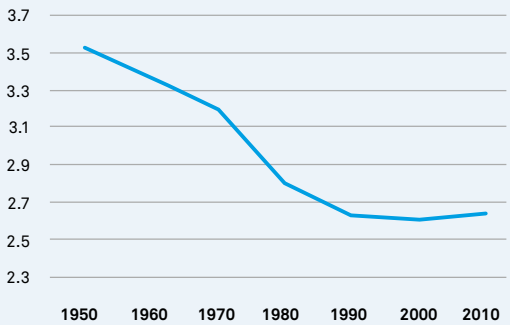
Nationally, vacancies were at their highest point in 2010. Data from the U.S. Postal Service shows that since then the nation has recovered from the recession and foreclosure crisis, and the picture has changed significantly—in most cases, for the better. Although legacy cities have shared to some degree in the recovery, the picture in those cities is far more mixed than elsewhere, where the recovery has been far more dramatic. Table 7 (p. 35) shows the change in the distribution of vacant addresses in legacy cities by census tract between 2010 and 2015. In many cities, the number of low-vacancy, strong-market tracts has increased, but the number of high-vacancy or hypervacant tracts has increased at the same time. In some cases, the increases are modest; in others, they are significant.

In Detroit, for example, the number of tracts in which 25 percent or more of the addresses were vacant grew from 27 percent to 45 percent of all the city's tracts, as areas with 10 to 25 percent vacancies in 2010 spiraled into hypervacancy. Both Cleveland and Baltimore saw increases, although small ones, in the number of both low- and high-vacancy tracts. Other cities, however, including Chicago, Philadelphia, Pittsburgh, and St. Louis, saw increases in low-vacancy tracts *without any increase in high-vacancy areas*. The share of Chicago's census tracts that were low vacancy went from 47 percent in 2010 to 67 percent in 2015. These cities are among the legacy cities showing the strongest recovery in other respects, including house price growth and an influx of well-educated members of the millennial generation.

Although many legacy cities are showing strong signs of revival, this recovery tends to be limited to a few parts of the city—downtowns, areas around major universities and medical centers, a handful of nearby neighborhoods—leaving much of the city unaffected, or even worse. After the grim years of the 2000s, even the modest improvement of recent years should be acknowledged, but this recovery has often had little impact on hypervacancy elsewhere in the city.

Figure 13

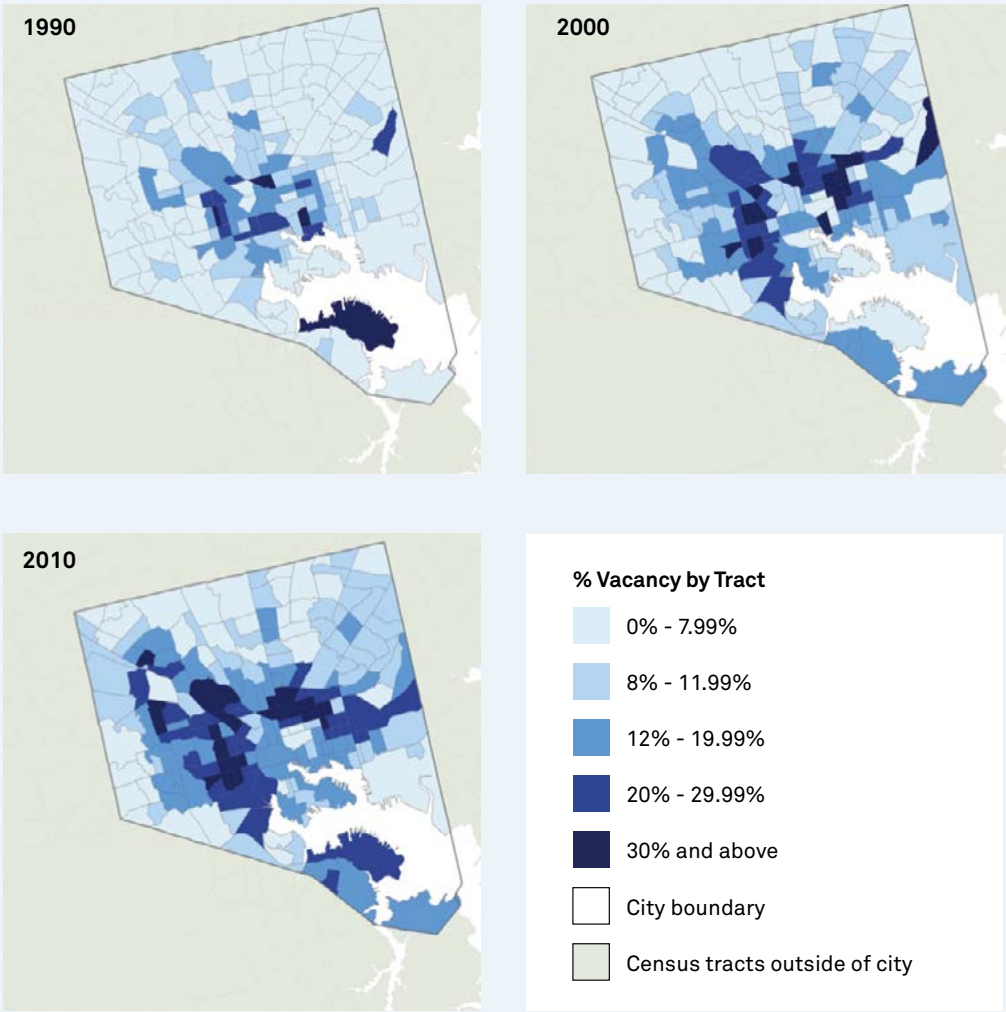
Change in Average Number of Persons per Household in U.S., 1950–2010



Source: U.S. Census Bureau

Figure 14

Vacancy Rates by Tract in Baltimore, 1990, 2000, and 2010



Source: Data: U.S. Census Bureau. Maps by Adrienne McDonnell

In contrast to this uneven and equivocal picture in legacy cities since 2010, the scene in many Sunbelt and magnet cities has been one of dramatic and consistent improvement. Hypervacancy in these cities has all but disappeared, again with the exception of Atlanta. Despite clusters of persistent poverty, cities like Phoenix and Albuquerque have low vacancy today.

These variations reflect a larger national reality. The nation's recovery from the recession and the foreclosure crisis has been uneven. Stronger market areas have recovered more quickly, but the nation's lower income cities and neighborhoods, including but not limited to legacy cities, have lagged behind.

Table 7

Change in Distribution of Tracts by Vacancy in Legacy Cities, 2010–2015

City	Year	0–4.99%	5–9.99%	10–14.99%	15–24.99%	25% +
Baltimore	2010	29.5	40.5	19.0	11.0	0
	2015	36.5	23.5	25.0	14.0	1.0
Birmingham	2010	15.9	19.1	27.0	31.8	6.4
	2015	23.8	15.9	19.1	34.9	6.4
Buffalo	2010	24.1	24.1	25.3	25.3	1.3
	2015	22.8	32.9	21.5	19.0	3.8
Chicago	2010	47.2	30.0	12.7	9.2	0.9
	2015	66.9	20.9	8.2	3.8	0.3
Cleveland	2010	9.0	23.2	22.0	35.0	10.7
	2015	19.8	19.2	18.1	28.8	14.1
Detroit	2010	7.7	12.5	19.5	33.7	26.6
	2015	8.1	10.1	10.1	26.3	45.5
Milwaukee	2010	60.0	21.4	8.1	10.0	0.5
	2015	53.3	26.2	10.5	8.6	1.4
Philadelphia	2010	67.5	18.5	9.4	4.4	0.3
	2015	77.1	15.6	5.2	2.1	0
Pittsburgh	2010	43.8	31.4	14.6	8.8	1.5
	2015	54.7	26.3	10.2	8.0	0.7
St. Louis	2010	17.9	25.5	30.2	22.6	3.8
	2015	28.3	31.1	16.0	22.6	1.9
Dayton	2010	4.1	22.5	26.5	28.6	18.4
	2015	12.2	26.5	22.5	30.6	8.2
Flint	2010	4.9	7.3	24.4	41.5	22.0
	2015	2.4	12.2	9.8	26.8	48.8
Gary	2010	0	3.2	19.4	35.5	41.9
	2015	0	3.2	16.1	38.7	41.9
Syracuse	2010	47.3	29.1	10.9	10.9	1.8
	2015	52.7	29.1	9.1	9.1	0
Trenton	2010	20.0	32.0	16.0	32.0	0
	2015	24.0	12.0	36.0	20.0	8.0

Highlighted cells show that the number of tracts in that vacancy category increased from 2010 to 2015.

Source: Data: U.S. Postal Service (second quarter of each year shown)

CHAPTER 6

Responding to the Challenge of Concentrated Vacancy

Youngstown Neighborhood Development Corporation has rehabilitated over sixty vacant houses for sale to home buyers. Photo: Youngstown Neighborhood Development Corporation

When a building is abandoned in a city with a strong real estate market, it rarely stays that way for long. Generally, it is acquired by someone who reuses it, either by rehabilitating it or by demolishing it, and builds a new structure on the site. Even where the property requires major work or is encumbered by liens, judgements, and unclear title, the value that buyers can realize by doing the work or clearing the title is usually worth their time and money. As a result, as the market has improved in recent decades, cities like Boston and Washington, DC, which had serious problems with abandoned properties in the past, have seen the number of vacant, abandoned properties drop dramatically.

The same market mechanisms work poorly or not at all where markets are weaker, such as in legacy cities. In many of these cities' neighborhoods, public action is needed either to create the conditions that will enable the market to reuse these properties or, where that may not be feasible, to find alternative ways of dealing with vacant properties that will mitigate the harm they do and create the potential for future revival. Over the past decade, cities have shown great creativity in achieving both goals.

Public and Nonprofit Action to Revive the Market

Fundamentally, economics drives the redevelopment or reuse of vacant properties, but public laws, policies, and actions significantly affect whether and how the market responds to redevelopment opportunities. Public policies and actions can hinder the market or, alternatively, help overcome economic obstacles and jump-start markets. This section discusses the different ways that public action can either impede or further the reuse of vacant property, followed by a closer look at two areas that have become particularly important in legacy cities with large numbers of vacancies: demolition and vacant lot greening.

REMOVING OBSTACLES TO REUSE

Although every city wants to see vacant properties productively reused and blight removed, many state and local laws and practices get in the way of that outcome. Most significant, perhaps, is how many jurisdictions in the United States handle local property tax collection. While not all vacant properties are also tax delinquent, a disproportionate share are. As a result, the ways that local governments handle vacant tax-delinquent properties become a critical element in whether they are likely to be reused productively.

Tax foreclosure laws work slowly. That pace may benefit some struggling homeowners, but it allows vacant properties to further deteriorate and blight their surroundings and often fails to provide a new owner with clear title following foreclosure. Under many systems, the municipality or county sells tax liens to private investors. Although this means that the taxes get paid, by farming out delinquent tax collection to private entities, local government loses its ability to control the future of those properties. The system is designed to maximize the collection of tax revenues in the short term but can cause long-term damage to the city's prospects (Alexander 2010). In the words of legal scholar and Center for Community Progress Senior Advisor Frank Alexander, tax foreclosure laws "fail to provide either an efficient or effective enforcement mechanism" (Alexander 2011, 35).

State laws governing mortgage foreclosure often have equally perverse effects. In states with cumbersome judicial foreclosure systems, a property may remain in limbo for two or three years, from the point where the lender initiates the foreclosure to the point where it takes title at a foreclosure or sheriff's sale. Under such systems, properties may be and often are vacated by their owners at any point after the initial foreclosure filing. With a handful of exceptions, however, the lender has no responsibility to maintain the property until it takes title, which may be years down the road. In some cases, lenders neglect the property even after taking title. Only New York and New Jersey state laws clearly require lenders to maintain vacant properties during the foreclosure process, although individual cities in other states sometimes impose similar obligations.

More perniciously, some lenders initiate foreclosures on properties in low-value areas and then choose not to pursue the foreclosure to completion, creating what are known as "zombie" properties. The owner may

Signs like this appeared on millions of houses across the United States during the foreclosure crisis. Photo: Ragma Images/ Shutterstock

believe that she has lost her property to foreclosure and abandoned it. If the lender, however, takes no steps to take title, the property remains in legal limbo until or unless it goes through tax foreclosure, which may not happen for years.

The absence of useful legal tools may also hinder local governments or other parties, such as community development corporations (CDCs), from addressing these properties. Brief examples of these tools are provided here.

- **"Spot blight eminent domain"** is the power of a municipality to use eminent domain to take individual abandoned properties and resell them to parties who can restore them to productive use without going through the cumbersome redevelopment process. This legal tool is permitted by state law in only about one quarter of the states.

Even though eminent domain often can be controversial, it is more widely accepted when it is used to address abandoned properties that are blighting their neighborhoods, as local governments in New Jersey, Maryland, and elsewhere have found.

- **Vacant property receivership** is a legal tool used by courts to designate a local government or qualified nongovernmental entity as the receiver of a vacant property that the owner has failed to maintain in order to rehabilitate it and return it to productive use. This tool exists in many jurisdictions, but provisions of different state enabling laws vary widely, making it more useful in some states than in others.

Baltimore has a particularly effective receivership law: If an owner fails after repeated notice to restore the property to use, the court divests the owner of title to the property and turns it over to the receiver, who then sells it at auction to a qualified entity to rehabilitate it and put it back to use. Through this process, Baltimore has moved thousands of vacant properties back into productive use, while motivating many owners to restore their properties themselves rather than risk losing them. In many other states, however, the laws sit on the books but are rarely used.

- **Land banking** is the intentional holding, maintaining, and conveying of vacant properties by counties or municipalities. Creating dedicated land bank entities has become another powerful tool to address vacant properties. While most states allow local governments to take title to and subsequently resell vacant properties, those powers are often hedged with restrictions that make the process at best cumbersome and at worst totally ineffective. A number of states, including Michigan, Ohio, and New York have passed laws allowing municipalities or counties to create agencies—generally public authorities or quasi-public corporations—with the specific mission of efficiently carrying out land-banking functions in the public interest. More than 150 land bank entities are in place around the country, most notably in Michigan and Ohio. Many land banks have been able to eliminate the numerous legal and procedural obstacles to moving properties back to productive use,

including the ability to provide clear, marketable title to the properties that they sell (Heins and Abdelazim 2014).

No legal tool changes the underlying economic conditions of a city or a neighborhood. When there is *some* demand for properties, however, even when it is modest and not well recognized by private developers or real estate brokers, affirmative tools such as land banks or receiverships can help unlock that demand by eliminating impediments that stand between potential users and properties.

Communities should also look at tools to reduce the flow of properties into vacancy and abandonment. Effective foreclosure prevention programs, such as Pennsylvania's Homeowners Emergency Mortgage Assistance Program (HEMAP), which since 1983 has helped 46,000 Pennsylvania homeowners keep their homes, can reduce the risk of abandonment by helping homeowners avoid foreclosure. Property tax "circuit-breakers," which cap property taxes for low-income homeowners, as well as home repair programs such as Philadelphia's Basic Systems Repair Program, which provides funds to repair electrical, plumbing, and heating systems in the homes of lower-income Philadelphians, may also be effective strategies to reduce future abandonment.

BUILDING MARKETS

Removing impediments to vacant property reuse is a critical first step. Some local governments and nonprofit organizations, however, have gone beyond removing impediments and pursued more active reuse strategies to rebuild market strength in areas suffering from widespread vacancy and abandonment.

One example is in the Slavic Village neighborhood of Cleveland. There, a collaborative effort of for-profit and nonprofit organizations, with strong support from city government, created Slavic Village Recovery, Inc. (SVR). The organization mounted a program to combine strategic demolition with rehabilitation of vacant properties for resale to qualified home buyers at affordable prices. Using a cost-effective rehabilitation model, SVR sells single-family homes to buyers for $50,000 to $69,000 without using public subsidies. The Youngstown Neighborhood Development Corporation (YNDC) is carrying out a similar initiative in selected neighborhoods in that city and has since rehabilitated and sold some 60 houses.

Both programs show that market-building opportunities exist in areas experiencing high vacancies and low sales prices. The Slavic Village area, which suffered extensively from mortgage foreclosures during the Great Recession, had a vacancy rate close to 30 percent in 2010, while the 2010 vacancy rate in the Idora neighborhood of Youngstown, where YNDC has been most active, was 19 percent. Both neighborhoods, though, had significant assets, including outstanding public open space, and in the case of Slavic Village, a strong commercial spine. Both projects showed that fully rehabilitated houses at reasonable prices found eager buyers.

Access to mortgage financing has been a significant problem for these projects. Both have had to help home buyers get mortgage financing, reflecting the difficulty moderate-income and first-time home buyers have had obtaining mortgages since the end of the housing bubble and the Great Recession, which is a significant barrier to market recovery in many neighborhoods. YNDC created its own mortgage program to fill the mortgage access gap for its home buyers. A 2016 study by the Urban Institute Housing Finance Policy Center concluded that "tight credit standards prevented 5.2 million mortgages between 2009 and 2014" (Bai, Goodman, and Zhu 2016).

Banks are not only reluctant to lend to borrowers with less than strong credit scores, they are equally reluctant to make mortgages for amounts under $50,000, which, as noted earlier, is well above the market price in many deeply distressed neighborhoods.

Baltimore's Vacants to Value program has rehabilitated more than 1,300 vacant houses like these in distressed areas close to parts of the city with vital, strong markets. Photos: Baltimore City Department of Housing & Community Development

This mortgage deficit accounts for a large part of the national decline in home ownership and disproportionately affects markets in lower-priced areas with lower-income and first-time home buyers.

While the Youngstown and Cleveland projects have been led by private and nonprofit entities with the support of local officials, Baltimore city government has mounted an ambitious effort called Vacants to Value (V2V) to address the city's vacant property inventory. Under this program, the city identifies what it calls Community Development Clusters (clusters)—high-vacancy areas located close to strong areas or other assets with market potential. In these areas, the city partners with developers—both for-profit and nonprofit entities—to rehabilitate vacant houses and create a critical mass of rehabilitated properties to reduce the number of vacancies and move the market upward. The city uses its receivership program to move properties into developers' hands, ensuring that productive developers have ongoing access to a pipeline of "ready to rehab" properties. From 2011 to 2015, the city filed 200 to 400 receivership actions in clusters each year, conveying over 1,500 properties to developers for rehabilitation.

This program appears to be having a significant impact in many clusters. Since 2010, the city has issued more than 1,300 use and occupancy permits in clusters, mostly for rehabilitated houses, but also for a small number of new houses constructed on infill lots. A 2017 study found that in the 15 largest clusters, the number of distressed vacant properties dropped by 761, or 37 percent, from 2010 to 2016. By the end of 2016, permits had been pulled for 600 of the remaining roughly 1,300 vacant properties (Mallach 2017).

The significance of these efforts, in contrast to most traditional public sector or nonprofit strategies to reuse vacant properties in economically distressed areas, is that they are driven by the market, not subsidies. While public subsidy programs such as the Home Investments Partnership Program (HOME), the Community Development Block Grant (CDBG), or the Low-Income Housing Tax Credit (LIHTC) create much-needed affordable hous-

ing and are sometimes used to rehabilitate vacant properties, they are limited by shrinking appropriations and statutory caps. Moreover, even when those programs reuse vacant properties, they may not lead to any improvement in the area's market conditions and, if they end up increasing the concentration of poverty in the area, may even work against that goal.

The strategies described here build demand by opening new opportunities to buy or rent in the market rather than shifting existing demand from the private rental market into the subsidized rental sector. While some strategies use small amounts of public resources, they are not dependent on public funds; the cost to buy or rent rehabilitated houses is always designed to cover the developer's cost. This is particularly true in Baltimore, where overall market demand is stronger than in either Cleveland or Youngstown and where the V2V program has helped build demand in some high-vacancy areas. Unfortunately, the Baltimore program does not include a strategy for increasing home buyer access to mortgages, so that the majority of the units being created are occupied by renters rather than owners. A greater increase in home ownership might further enhance the revival of the clusters, while the lower cost of home ownership compared to renting in legacy cities would broaden the number of affordable options available to lower-income households, if only they could obtain mortgages.

Some clear lessons emerge from these experiences. Although market potential is limited and not every neighborhood can be revived, many can be revived, and the impediments to doing so may be solvable. In this context, revival is very different from what some people may think of as gentrification; it is, rather, the reversal of what is currently a downward trajectory of abandonment, diminished quality of life, and decreased property value to ensure that neighborhoods remain healthy places for families at all income levels.

Demolition as a Strategy

American cities have long practiced demolition. Although determining exact numbers is difficult, an estimated 383,000 to 425,000 buildings were demolished under the federal urban renewal program between 1949 and 1967. After that program ended, older cities continued to remove large portions of their building inventory through demolition. Between 1968 and 1970, Chicago demolished more than 5,000 units per year, and Detroit and Philadelphia more than 3,000 each. In one sense, then, demolition today is nothing new. In other ways, however, it is very different.

BRINGING DEMOLITION TO SCALE

Except for the occasional emergency removal of an unsafe building, demolition in the past was predicated on the idea that it would lead to more aesthetic or economically desirable uses of the property. Many urban renewal sites remained vacant for decades after being cleared, but the intention was always to further redevelopment. However, the "new wave" of demolition in legacy cities is driven by a different goal. There is almost always the hope of redevelopment, but the driving force of demolition in cities like Detroit or Buffalo today is to reduce surplus inventory and remove blight, usually without explicit plans for reuse of the vacant land. Thus, legacy cities are viewing demolition as a potential solution for hypervacancy, particularly in light of the increased number of vacant and abandoned properties following the Great Recession.

Demolition is expensive. Demolishing a house in Ohio cities typically costs between $7,000 and $10,000; demolishing an average structure in Detroit can cost $10,000 to $15,000; and in Buffalo, demolition can easily exceed $20,000. Many cities have used CDBG funds for demolition. A number, including Baltimore and Syracuse, have appropriated money from their general fund for that purpose. However, these resources are severely limited. CDBG funds have been cut back in

Limited funding is available to demolish vacant houses like this one in Youngstown, Ohio. Photo: Youngstown Neighborhood Development Corporation

recent years, and local funding is constrained by the cities' continuing fiscal difficulties. Similarly, while some Neighborhood Stabilization Program funds first available in 2008 were used for demolition, that money was largely used up by 2012.

In 2011, Jim Rokakis, former treasurer of Cuyahoga County, Ohio, led a concerted campaign to secure additional funds to demolish blighted properties. A number of state attorney generals who received discretionary funds under the 2012 national mortgage foreclosure settlement allocated part of these funds to demolition. This was most notable in Ohio, where Attorney General DeWine set aside $75 million for demolition out of the $93 million his office received under the settlement. By 2014, that money had leveraged the demolition of 14,608 vacant properties or units (the reports do not make clear which).

The campaign then focused on the federal Hardest Hit Fund (HHF), a U.S. Treasury program established to further foreclosure prevention using funds repaid under the Troubled Asset Relief Program (TARP). Beginning in 2010, the Treasury allocated $7.6 billion in HHF funding to 18 states and the District of Columbia, which had been particularly hard hit by declining house prices and rising unemployment rates. With much of this money still unspent, the Treasury agreed in June 2013 to allow states to use these funds for demolition. Since then, seven of the eighteen states have requested and received a total of $806.1 million in HHF money for demolition. Table 8 shows the status of this program as of June 30, 2017. After four years, only one-third of the authorized funds had been spent. Many states are off to a slow start in using these funds, reflecting in part the Treasury's complex rules for their use.

In response to continuing demand for additional demolition funding, at the end of 2015 the U.S. Congress authorized the Treasury to transfer an extra $2 billion to the HHF for further demolitions. States and localities have also responded to this demand. In January, 2016, Maryland's Governor Hogan announced that the state would allocate $75 million for demolition in Baltimore over the next three years. Ohio's Cuyahoga County executive announced the allocation of $10 million in demolition funds, the first step in a planned $50 million multiyear county demolition funding program.

Although overall statistics on demolition are hard to come by, this money clearly has accelerated the pace of demolition, which is likely to increase further in the next few years. As of the fall of 2015, a total of $128

million had been committed to demolition in Detroit alone. Depending on how the new $2 billion in HHF money is distributed, that amount may double over the coming years. Assuming that in the next few years Detroit spends $256 million on demolition and that each demolition costs $14,000, the city will demolish 18,000 to 19,000 properties. According to the *Detroit Demolition Impact Report*, however, 78,000 properties in the city currently need to be demolished (Dynamo Metrics 2015).

DEMOLITION ISSUES

The use of demolition as a strategy for blight removal and market recovery rather than as a direct step toward redevelopment, coupled with the increase in demolitions resulting from the flow of federal money, raises important questions about vacant property strategies and the long-term implications of this activity for the future of legacy cities.

Table 8

Use of Federal Hardest Hit Funds (HHF) for Demolition as of June 30, 2017

State	Funds Expended (in millions)	Demolitions Completed
Michigan	$172.1	11,249
Ohio	$ 61.7	4,370
Indiana	$ 22.9	1,621
Illinois	$ 2.4	91
Alabama	$ < 0.1	3
South Carolina	$ 3.2	136
Tennessee	0.1	6
Mississippi	0	0
TOTAL	$262.4	17,476

Source: Office of the Special Inspector General for the Troubled Assets Relief Program (SIGTARP)

Despite some respectable dissenting views (Hackworth 2016), the rationale for a well-planned, strategic, large-scale demolition program in cities with large, long-standing, surplus building inventories appears to be sound. The supply of buildings is likely to significantly exceed demand for many years to come, and the damages done to their neighborhoods' social and economic fabric by large numbers of abandoned properties is considerable. Given both market and public resource limitations, reuse of larger numbers of these buildings is not realistic. As the Baltimore officials responsible for V2V readily admit, the success they have achieved in their selected clusters would not have been possible without the "market winds at their back."

The long-term vitality of these cities and their neighborhoods also depends on their ability to retain their historic and urban fabric, a critical element in building potential future market demand. Even if most vacant properties are ultimately demolished in cities like Detroit or Cleveland, alternatives do exist for many buildings through rehabilitation—as in Cleveland and Youngstown—or through stabilization or "mothballing" to preserve valuable properties until they can be rehabilitated and reused in the future. Indeed, the Cuyahoga Land Bank as well as the City of Baltimore manage multifaceted strategies within which they assess properties and neighborhoods for rehabilitation potential, moving simultaneously in both directions.

Determining which buildings should be demolished, which rehabilitated, and which stabilized for future rehabilitation needs to involve a thoughtful and systematic process that engages many stakeholders, including community residents. The process should take into account market conditions, financial resources, and constraints; neighborhood character; building features, such as architectural and historic value; contribution to the neighborhood fabric; and the current and potential blighting effect on the surroundings. Demolition should be part of an

After demolition, little is left of this former public housing project in Hartford, Connecticut. Photo: Photograph by Vinny Vella. © 1765–2017. Hartford Courant

integrated neighborhood strategy, where demolition, rehabilitation, and reuse of vacant lots work together with regulatory initiatives to address substandard or poorly maintained occupied properties along with marketing strategies to draw new home buyers. Such a program may also need to address criminal and drug activity and incorporate efforts to improve the quality of life and opportunity for neighborhood residents.

Every demolition, moreover, results in a vacant lot in place of the building that once occupied the space. A vacant lot is a blighting influence in itself, although no research has been done to measure the blighting effect of a vacant structure against that of a vacant lot left untreated and subject to trash accumulation and illegal dumping. However, in the interest of maximizing the number of properties they can demolish with the dollars available, some agencies may want to put all of the money toward demolition, rather than allocate a portion to post-demolition greening. Failure to improve vacant lots and ensure regular maintenance and cleaning may result in replacing one source of blight with another.

Fortunately, many cities have recognized that the necessary counterpart of demolition is lot reuse. Given limited redevelopment opportunities, they need to focus on green strategies to minimize blight and turn potential problems into community assets.

Green Reuses for Vacant Land

Perhaps the most significant vacant property strategy to emerge over the past decade is what has come to be known as "greening" vacant lots: putting them to such environmentally friendly uses as community gardens, vineyards, and tree farms. As with demolition, there is nothing fundamentally new about the idea. European allotment gardens—small plots for people living in high-density urban areas to cultivate—go back to the 19th century and are still widespread there. In the United States, the lineage of community gardens goes back to the "Victory Gardens" of World War II, if not earlier.

Today's approach to community greening may not be new, but it is very different. While food security and recreation, which were uppermost in the minds of 19th-century European advocates of allotment gardens, still matter, today's explicit connection between urban greening and the strategic reuse of vacant properties represents a new and significant departure from previous thinking.

BEYOND COMMUNITY GARDENS

As vacant lots proliferated in older American cities in the 1980s and 1990s, community gardening was actively promoted by community organizations and

agricultural groups and often encouraged by local officials as a temporary use for properties awaiting redevelopment. Community gardens, however, while valuable and productive, depend on a critical mass of neighborhood residents eager to till the soil, something that is both uncertain and fluctuating over time. With vacant lots continuing to proliferate, particularly in legacy cities, people needed to find other ways to use lots.

A critical step in moving from community gardens to a broader approach to greening vacant lots was the collaboration between Cleveland Neighborhood Progress (CNP), a citywide nonprofit intermediary, and Kent State University School of Architecture's Cleveland Design Collaborative under the creative leadership of CNP's Bobbi Reichtell and Kent State's Terry Schwarz. This partnership provided Cleveland's officials, nonprofits, and community leaders with a vision of how the city's thousands of acres of vacant land could become an asset for their city's future.

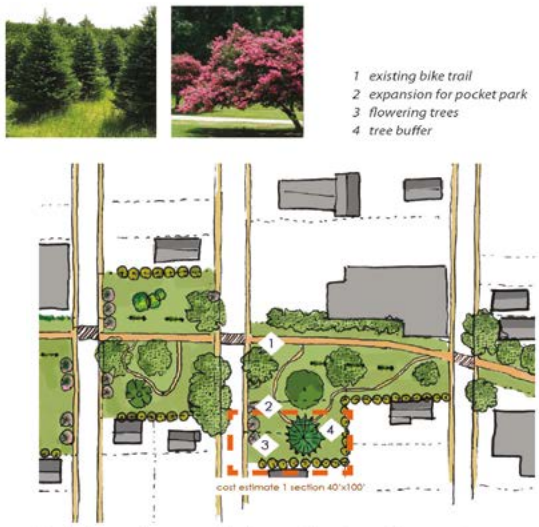
One part of this effort was the publication of the *Cleveland Vacant Land Reuse Pattern Book*, a catalogue of alternative green uses for vacant land with information on the costs and the materials needed to carry out each alternative.

In 2009, using the options in the *Pattern Book*, CNP and the City of Cleveland initiated Re-Imagining Cleveland, a competitive vacant land reuse grant program, to empower neighborhood residents and other community stakeholders to turn vacant land bank property into community assets and pilot projects. With $500,000 in grant funds, they awarded small grants to 56 projects on nearly 15 acres, including environmentally oriented projects such as pocket parks, rain gardens, and agricultural projects including gardens, orchards, and vineyards.

Pocket parks for public use are often no larger than a few building lots, but they provide welcome green spaces on the block.
Image: *The Cleveland Vacant Land Reuse Pattern Book*, Cleveland Urban Design Collaborative, Kent State University

Green Amenity Expansion
pocket park

Per Unit Cost Estimates	
site demolition/grading $20 per cubic yard (25)	$500
landscape materials	
topsoil $25 per cubic yard (45)	$1,125
plant materials	
8' evergreen-spruce, fir $250 ea. (12)	$3,000
6' flowering tree-flwg.plum $200 ea. (3)	$600
low mow seeding $0.12 s.f. (3,200)	$384
fencing	
6' woodframe/wire $40 l.f. (60)	$2,400
Green Amenity/Pocket Park Total Cost Estimate	
subtotal cost $3.18 per square foot	**$8,009**
contigency 10%	$800
design/engineering 10%	$800
total project cost	**$9,609**
Cost Estimate	**Parcel Area 4,000 square feet (0.09 acre)**



Parcels that are adjacent to existing houses will require special treatment in a Green Amenity Expansion. Tall hedges, rapidly growing trees, or sections of fencing may be needed to provide adjacent homeowners with privacy and separation from a public amenity.

More recently, both Detroit and Baltimore have created even more detailed pattern books for reusing vacant land. Detroit Future City's *Field Guide for Working with Lots* and Baltimore's *Green Pattern Book*, created in partnership with the U.S. Forest Service, are invaluable resources for community organizations and activists not only in those two cities, but in any city in the United States.

Cleveland was not alone in exploring the potential of vacant lots. A second pioneering city was Philadelphia, where the nearly 200-year-old Pennsylvania Horticultural Society (PHS) took the leading role. Although PHS had supported community gardens in Philadelphia since the 1970s, in recent years their efforts have broadened to encompass a comprehensive and multifaceted citywide greening strategy. Two Philadelphia initiatives, one led by PHS, are particularly worth noting.

The PHS LandCare program recognizes that while vacant lots in legacy cities greatly outnumber the organizations or individuals willing or able to turn them into gardens, vineyards, or parks, allowing those lots to remain derelict condemns their surroundings to continued blight. To address this, PHS developed an inexpensive, low-maintenance approach to vacant lots that involves only basic sodding, tree planting, and erection of simple split-rail fencing on the lot. Today, PHS, with support from the city of Philadelphia, has installed and maintains LandCare treatments on more than 7,000 vacant lots across the city.

A second Philadelphia initiative addresses a concern shared by nearly all older American cities: combined sewer overflow (CSO) in sewerage systems where the same system handles both sanitary and storm water flows. At times of heavy rainfall, sewer flows overwhelm the system's capacity, leading to discharges of untreated or partially treated sewerage into rivers and lakes. CSO is a major source of water pollution in violation of the Clean Water Act, and the U.S. Environmental Protection Agency has aggressively pressed cities to comply with the act. Until recently, compliance was considered achievable by spending billions of dollars to build either separated sewer systems or massive underground tunnels and holding tanks.

Facing this problem, cities realized that their vacant land inventories offered an alternative. Instead of using the traditional method of channeling storm water runoff into the sewers, the water could be channeled toward green spaces, where it could gradually filter through the ground and refill the aquifers under the city. Such a strategy would be far better environmentally and would also reduce the need for massive holding tanks and allow cities to comply with EPA requirements at lower cost. Philadelphia was the first city in the United States to turn the idea into a reality by developing a detailed plan and a 25-year implementation strategy, which was approved by the EPA in 2012. As described on the city's *Green City, Clean Waters* website:

> We're recreating the living landscapes that once slowed, filtered, and consumed rainfall by adding green to our streets, sidewalks, roofs, schools, parks, parking lots, and more—any impermeable surface that's currently funneling storm water into our sewers and waterways is fair game for greening. It's going to take decades of work, but when it's all done, we'll have reduced the storm water pollution entering our waterways by a *stunning 85 percent* (emphasis in original).

The city estimates that implementing this greening strategy will save Philadelphia $5.6 billion, compared to complying with EPA mandates through conventional engineering solutions. Similar efforts are now underway elsewhere, including Milwaukee, Syracuse, Cleveland, and Detroit.

The strategies pioneered in Cleveland and Philadelphia have been embraced by hundreds of towns and cities across the United States, while research has identified clear benefits from greening in the form of

The LandCare program in Philadelphia turns vacant lots into neighborhood assets. Photos: Pennsylvania Horticultural Society

improved health, healthier food, lower crime, and higher property values. Unresolved questions remain, however, including the most fundamental—is this a long-term strategy for legacy cities or only a transitional effort? If the latter, what is the expected outcome?

THE FUTURE OF VACANT LOT GREENING

In the few years since the start of Philadelphia's and Cleveland's pioneering efforts, greening has begun to come of age as a multifaceted response to using vacant land to improve residents' quality of life. Many cities, though, have barely scratched the surface; thousands of lots remain untreated and are at best intermittently mowed and cleaned. Looking to the future, two distinct, but closely related obstacles stand in the way of building sustainable greening efforts in legacy cities.

The first problem is lack of resources. Although the cost of greening or maintaining any individual lot is modest, the vast number of vacant lots in legacy cities means that the total cost can easily become substantial. The Cuyahoga County Land Bank spent $2.23 million from 2011 to 2015 simply to clean and mow the vacant lots it created through demolition. The cost to turn each vacant lot into a garden, a park, or a vineyard under the Re-Imagining Cleveland grant program typically ran between $3,000 and $6,000—not much, but substantial if multiplied by the number of lots awaiting greening in the typical legacy city. Cleveland is having difficulty raising enough funds to expand their program.

Philadelphia devotes more public resources than almost any other city to greening, and yet the great majority of vacant lots in that city are still waiting their turn. In contrast to economic development projects, greening projects rarely yield direct cash returns and the benefits of increased property values, improved health, or reduced crime tend to be reflected indirectly if at all in municipal balance sheets.

Long-term sustainability of greening projects is another challenge. Maintaining attractive green spaces can be labor-intensive: While many neighborhood-based greening projects last for years, others tend to fade away as the individuals who provided the initial impetus move away or on to other things.

Many neighborhoods even lack the critical mass of concerned neighbors to get greening projects started in the first place. This is part of the reason that cities have begun selling side lots to individual homeowners, even while recognizing that these programs may have uncertain long-term outcomes. By the fall of 2017, the Detroit Land Bank had sold off more than 8,000 parcels to adjacent homeowners as side lots.

Cities have realized that to succeed, a greening infrastructure needs to be put in place to support the hundreds of individuals and groups that create and maintain green spaces around the city. Even in cities with strong support systems like Philadelphia and Baltimore, resources are limited and far more lots remain untouched than greened, while far too many cities lack even a basic citywide greening infrastructure.

Underlying these issues of cost and maintenance is a larger question: Should greening be seen as a short-term transitional activity or a long-term use of urban land? Cities like Detroit, Cleveland, and Baltimore have lost population for many decades and despite regrowth in some areas, they have no realistic prospect of regaining their peak population in the foreseeable future. Still, many local officials and others continue to see greening as, at most, a short-term interim step until "a more desirable type of investment presents itself, such as construction of a new home," as one Ohio land bank official put it (Runyan 2014).

From that perspective, many public officials view committing formerly developed urban land to permanent green uses that lead neither to new construction nor to population regrowth as the equivalent of relegating the land to nonuse. As a result, greening is often undervalued compared to other forms of public investment.

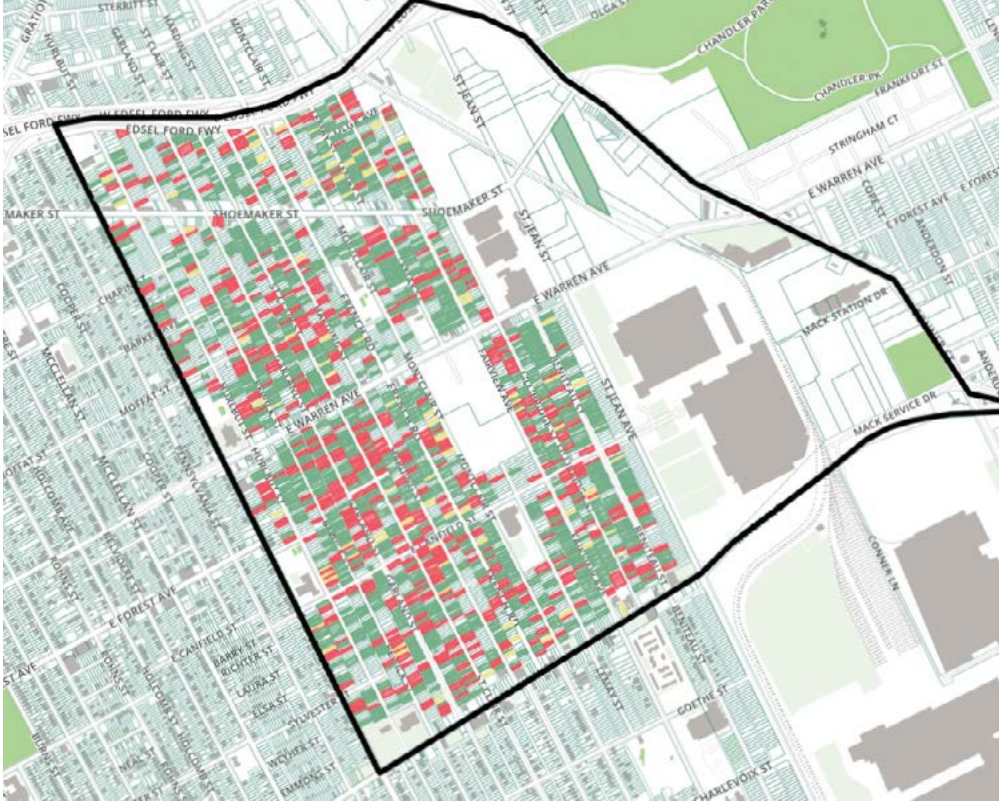
Large inventories of vacant land, however, will be a long-term reality in all but a handful of America's legacy cities. Thus, viewing greening as no more than a short-term strategy handicaps the efforts of cities to rebuild their quality of life and ultimately their economy and market strength. At the same time, certain areas in each city have the potential for short- or medium-term regrowth. Planners in legacy cities need to assess which areas have the most potential for regrowth and ensure that vacant land in those areas is available for growth. They should also establish sound ground rules for long-term greening in other areas, recognizing that becoming a greener city can be a powerful impetus for economic and social revitalization.

CHAPTER 7

Conclusions and Recommendations

The Morgana Run Trail Greenway Expansion Park Project provides a buffer between the trail and surrounding neighborhoods. Photo: Helen Liggett and Cleveland Neighborhood Progress

Although vacant properties in the United States continue to present serious and, in many cases, growing challenges, numerous encouraging trends and promising interventions are also emerging. As the housing market has recovered on a national level, the wave of vacancies triggered by the end of the housing bubble and the foreclosure crisis has receded significantly. The nation's legacy cities, however—particularly their lower- and middle-income neighborhoods—have recovered only partially, if at all, from the collapse of house prices and the subsequent increase in vacancy and abandonment that began a decade ago.



A 2013 parcel survey in Detroit identified and classified every vacant building and vacant lot in the city. Map: Motor City Mapping Project

The challenge of vacant property is inextricably linked to the larger social and economic challenges of the neighborhoods, cities, and regions in which vacant properties are concentrated. Vacancy will continue to be a problem as long as millions of Americans, particularly people of color, live in abject poverty in urban, suburban, and rural areas that are experiencing little or no gain from our nation's overall prosperity. That said, we have seen that constructive, strategic action by the public and private sectors can reduce both the number of unproductive, blighted vacant properties and the harm they do to the quality of life and future economic prospects of the most struggling towns and cities.

The energy and creativity to solve these problems are visible in our cities and towns. Thousands of public officials, members of community organizations, business and nonprofit leaders, and citizens are working to address their vacant properties and rebuild their neighborhoods. They need the tools to do the job.

Know the Territory

Despite the impact of vacant and abandoned properties and the availability of cutting edge tools to collect information about them, most cities lack adequate information about their vacant properties. Cities do not know how many vacant lots and abandoned buildings exist, what condition they are in, or how many are located in areas with the potential for market-driven rehabilitation. Cities do not know the legal status of the properties or whether they may be on a path to reuse already. Collecting and analyzing this information is not beyond the resources—either financial or technical—of most local governments and community-based organizations.

Cities should use available tools to keep track of the number, status, and condition of vacant buildings and lots, including parcel surveys, vacant property registration ordinances, and vacant building notices. Concerted efforts need to be made to disseminate information about legal tools and training to provide local governments and their partners with the ability

to collect, analyze, and interpret information about their vacant properties so that they can plan responsibly for the future.

Remove Legal Impediments to Effective Strategies for Vacant Property Reuse

In many states and cities, existing legal systems, particularly those dealing with tax and mortgage delinquency, perpetuate vacancy and abandonment while impeding timely reuse of vacant properties. Thousands of properties are doomed to spend years in limbo as the result of antiquated and inefficient tax sale procedures, while thousands more languish in protracted foreclosure systems. Both cases often reflect the painful reality that banks, servicers, and tax lien buyers have no incentive either to maintain or to take properties they effectively control.

These matters are largely governed by state law. States should review their statutes, particularly those governing tax sale and mortgage foreclosure, and amend them to ensure, first, that when owners are no longer willing to take responsibility for their property, clear title passes to a responsible owner in a timely fashion; and second, that some party is responsible for maintaining the property at all stages in the process.

Enact and Apply Strong Tools

Apart from removing legal impediments, state governments should enact appropriate legislation to enable local governments to

- create land banks, either as separate entities or within existing legal structures;
- use receivership to restore properties to productive use;
- control the flow of properties through the tax sale process; and
- use "spot blight eminent domain" to address problem properties that are blighting their residents' lives and homes.

Even when states provide the tools, many municipalities may not use them. Although the Center for Community Progress has provided technical assistance and training to local officials and community stakeholders around the United States, a national organization can accomplish only so much. More engagement by state governments, state-level organizations such as municipal leagues and CDC associations, and regional and local organizations is needed to make sure that towns and cities afflicted by vacant properties actively use available tools to address their challenges.

Foster More Market-Driven Reuse Programs

America's town and city neighborhoods fall along a market continuum. At one end, there are areas where the market reuses any vacant building or vacant lot without public intervention. At the other end, there are places where hypervacancy and market failure mean that, at least for the short run, even public intervention may not be able to make the market work. Hundreds, if not thousands, of communities fall somewhere in between with unrealized market potential. As the Youngstown, Cleveland, and Baltimore examples show, creative strategies by government, nonprofits, and developers can unlock that potential.

Three key lessons for cities and CDCs stand out from the experiences of these three cities:

- Ensure that contractors and developers have quick access to suitable vacant properties at realistic prices with clear, marketable title for rehabilitation.

  Without the ability to rehabilitate scattered properties and create a steady pipeline of properties for rehabilitation, it is impossible to create the critical mass of activity needed to change the trajectory of a neighborhood's market. Without public sector intervention, even the most determined developer or CDC may find it difficult, if not impossible, to obtain enough properties with clear title and at reasonable cost to create such a pipeline.

Working in community gardens that reuse vacant land and provide food for neighborhood families is a rewarding experience.
Photo: Youngstown Neighborhood Development Corporation

- Create a supply of homes for sale in move-in condition that do not require new buyers to devote significant amounts of money or energy to restore the property.

  Most home buyers are looking for homes that need only minor improvements. Not only does that disqualify virtually all vacant properties, but in lower-income neighborhoods suffering from decades of disinvestment, even occupied houses are likely to have major backlogs of maintenance and repair needs. The issue in many neighborhoods is not that people are unwilling to move there, but that they cannot find "move-in" properties in those neighborhoods. In Cleveland and Youngstown, developers unlocked the market potential of neighborhoods that had been all but written off by the real estate industry by creating an inventory of move-in homes for sale at prices that were realistic for their areas and yet covered the cost of rehabilitation.

- Provide access to mortgage financing for reasonably qualified home buyers.

  Without access to a mortgage, few people are willing or able to become homeowners. By creating mortgage programs or by partnering with local lenders and philanthropies, local governments and CDCs should make sure that strategies to reuse vacant properties are combined with realistic, accessible mortgage programs for prospective home buyers.

Make Greening a Sustainable, Long-Term Strategy for Vacant Land Reuse

In cities with few vacant lots where vacancy may be a temporary phenomenon, greening may be a short-term or transitional use. In others, greening should be viewed as a long-term strategy. As a recent report from Detroit Future City (DFC) put it, "Too often, open space is thought of as a 'consolation prize' for disinvested neighborhoods that do not have the market to

attract traditional brick-and-mortar development. Open space is a solution for Detroit's future, not an unwelcomed result of Detroit's past" (2017, 3).

Cities need to evaluate to what extent—by looking at market conditions, financial realities, demographic data, and economic trends—their vacant lots, both present and projected, can be reused for development within 10 to 15 years. If the answer is, as it often will be, that many lots will not be developed, that city should begin to plan for long-term green reuse, making what DFC calls a "green culture shift." That demands thinking creatively about how long-term greening can be accomplished—reflecting the unique character of each area—and building the support system and infrastructure to ensure that green uses remain sustainable for the future.

Make Sure Demolition is Part of a Larger Strategy for Revival

As discussed earlier, demolition may be necessary in cities where the supply of buildings significantly exceeds present and projected demand. That does not mean, however, that all vacant buildings should be demolished or that demolition should be considered in itself a revival strategy. The long-term vitality of our cities and their neighborhoods also depends on their ability to retain their historic urban fabric if they are to draw market demand in the future. Demolition needs to be balanced with rehabilitation of some buildings and stabilization or "mothballing" of other buildings for the future.

Determining which buildings should be demolished, rehabilitated, or stabilized for future rehabilitation needs to be a thoughtful and systematic process that

- engages many stakeholders, including community residents;
- considers market conditions, financial resources and constraints, neighborhood character, and the features of the building, including its architectural and historic value, its contribution to neighborhood fabric, and its present and potential blighting effect on its surroundings; and
- includes greening as an integral element of any demolition program, not as an optional frill to be added only if resources permit.

Demolition and greening are only part of the picture. It is one thing to recognize that many houses need to be removed from the stock and that many areas are not ripe for redevelopment, but it is equally or more important to recognize that these conditions are symptoms of such problems as concentrated poverty, economic decline, and market failure. Rather than narrowly address the problems of vacant properties, we must work to create better cities and neighborhoods, focusing on the elements that make neighborhoods good places to live—safe streets, good schools, and access to jobs and services—while helping the residents of those neighborhoods improve their lives and their children's future prospects.

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The Empty House Next Door

Understanding and Reducing Vacancy and Hypervacancy in the United States

Vacant and abandoned properties are a familiar part of the American landscape, from the boarded row house in North Philadelphia to the empty factory in Detroit to the collapsing farmhouse in rural Kansas. These structures can devastate the neighborhood, undermine the neighbors' quality of life, diminish the value of nearby properties, and reduce local tax revenue.

Yet vacant properties can also become community assets. Thousands of vacant commercial and industrial buildings have been converted to apartments and condominiums, and vacant lots have found new lives as community gardens and parks.

This report lays the groundwork for planners, local governments, city officials, and nonprofits to explore what is meant by "vacant" and "hypervacant" property, what constitutes a "healthy" vacancy rate, how vacant properties are measured, and why properties become vacant. It discusses how a variety of communities, including Baltimore, Cleveland, Phoenix, Seattle, Detroit, Philadelphia, and Chicago are responding to the problems posed by vacant properties. The author then offers the following recommendations to address these challenges.

- Know the territory. Use available tools to keep track of the number, status, and condition of vacant buildings and vacant lots in the city.
- Remove legal impediments in state law to effective reuse of vacant property.
- Enact and apply strong vacant property tools, such as land banks and receiverships.
- Foster more market-driven vacant property reuse programs to make greening a sustainable long-term strategy for vacant land reuse.
- Make sure that demolition is part of a larger strategy for revival.

Vacant properties are a symptom of concentrated poverty, economic decline, and market failure. We must continue to rebuild urban economies to make neighborhoods good places to live—with safe streets, good schools, accessible jobs, and available services—to improve the lives of all residents.

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