

PHILADELPHIA'S VACANT PROPERTY JOURNEY: Fostering Collaborative Alliances with Converging Policy Reforms

September 2013





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executive summary

This case study is one of three conducted by Virginia Tech's Vacant Property Research Network (VPRN), with support from the Ford Foundation, to document resilient approaches to reclaim vacant properties in three cities: Philadelphia, Cleveland, and Baltimore. These studies identify policy reforms and program innovations to reclaim vacant properties, discuss each city's capacity and networks for adapting to ever-shifting vacant property problems, and offer recommendations for improving and sustaining each city's more resilient approach to urban regeneration. By synthesizing the strategies and initiatives across these three pioneering cities, the case studies bring to life the elements of a holistic and resilient policy process for vacant property reclamation that can assist practitioners, policymakers, and researchers in the design and development of a more resilient system for reclaiming vacant properties and regenerating distressed communities.

Resilience is variously defined, and its definition for cities is evolving. Although it is primarily linked to fields of disaster recovery and more recently climate change, when it is discussed in the context of urban policies, its principles extend to the characteristics that have always made for healthy dynamics in cities, notably the ability to adapt to changing circumstances, and to maintain or return to equilibrium (a "new normal") even after major demographic or economic change. Author Andrew Zolli articulated one definition of resilience:

A good working definition, particularly in an urban planning context, is: the ability to maintain core purpose, with integrity, under the widest variety of circumstances. More broadly, it's the ability to recover, persist or even thrive amid disruption.....Among other things, resilient systems sense and respond to their own state and the state of the world around them, compensate or dynamically reorganize themselves in the face of novel shocks, decouple themselves from other fragile systems when necessary, fail gracefully, and have strong local self-sufficiency.¹

The VPRN team identifies approaches to vacant property characterized by *adaptive resilience*, moving beyond conventional notions of resilience as a return to a single equilibrium. As Margaret Cowell points out in a February 2013 article in *Cities*, the characteristic of adaptive resilience in legacy cities is focused not on "bouncing back" to previous economic models or levels of population, but instead on ways to take new leadership actions and to learn and adapt over time. Characteristics of adaptive resilience include:

- Adaptability to local circumstances, including sensitivity to neighborhoods' unique and diverse histories, markets, conditions, opportunities, resident leadership, and needs.
- Responsiveness to economic changes and regional, national, and global dynamics.
- High degree of collaboration, transparency, and in fact *permeability*—not only transparency of policies to the public, but an enduring collaborative network that reinforces ongoing communication; influences private, nonprofit, and public decisions; and can adapt to neighborhood conditions, political transitions, and institutional capacity.
- Flexible, readily accessible, and understandable knowledge base that can be frequently updated and used for a wide variety of purposes, both immediate and long-term.
- Shared vision for the city that is supported and realized by all of the previous characteristics, and that can withstand change and challenges.

A Resilient Policy Model and Collaborative Process for Reclaiming Vacant Properties

The framework for understanding the current and best practices in vacant property policy is presented in Figure 1. Five aspects of a cyclical, mutually reinforcing process can help cities match policy interventions to neighborhood type, and help communities develop policy systems that

These case studies bring to life the elements of a holistic and resilient policy process for vacant property reclamation.

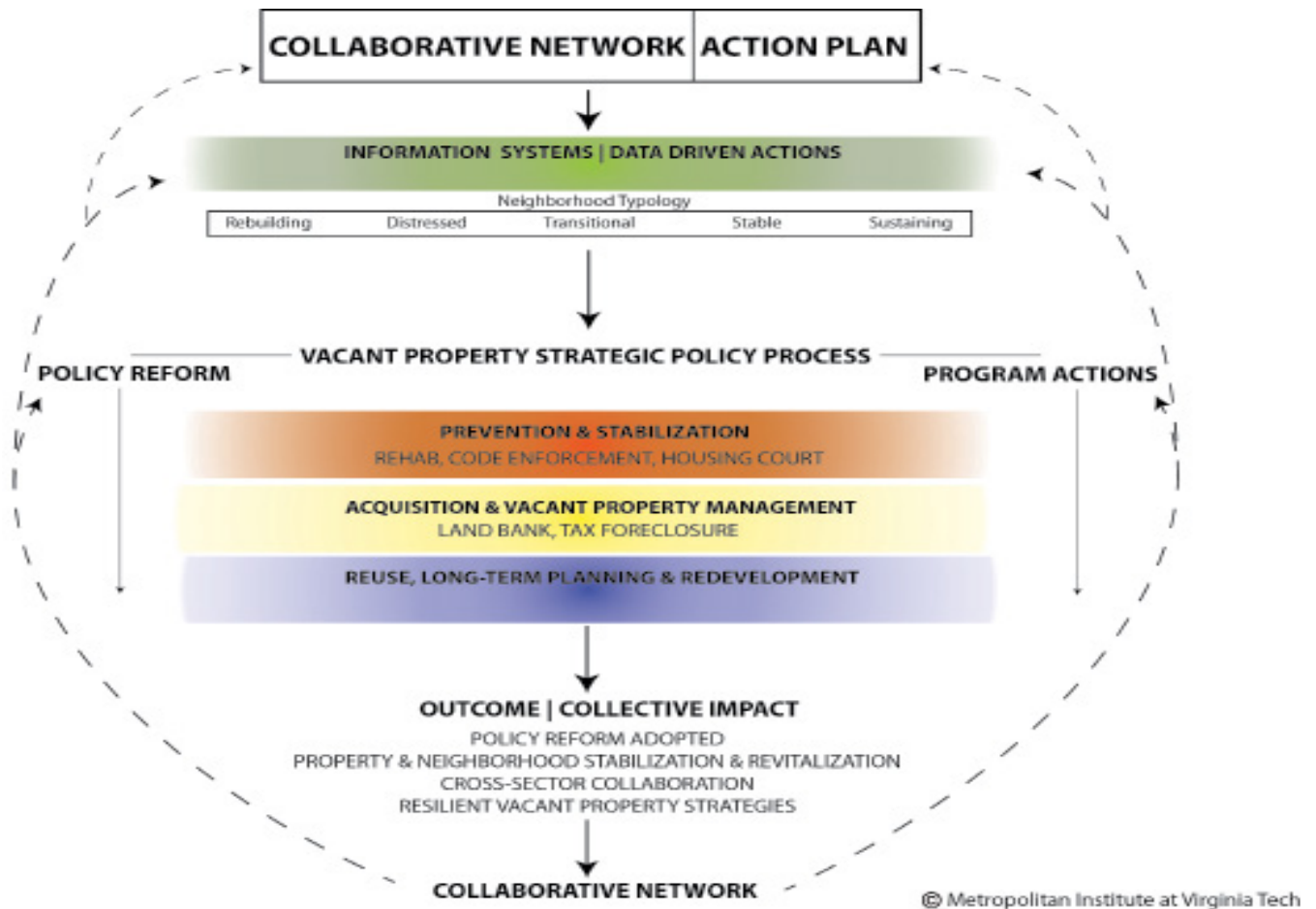


FIGURE 1. Vacant Property Policy Cycle

Source: Metropolitan Institute at Virginia Tech

respond to the dynamic, changing conditions in markets and neighborhoods. Our policy model applies to cities of all types, from those experiencing significant decline with increasing inventories of vacant properties, such as Cleveland or Detroit; to those with vacancy and abandonment concentrated in a few neighborhoods, such as Atlanta or Las Vegas. The mix of policies and the emphasis among the five components would certainly vary from city to city depending on market conditions and neighborhood characteristics. Public officials and nonprofit/civic leaders can also use this framework as a diagnostic and assessment tool to identify comparative strengths and weaknesses as well as a tool to help them identify and adapt model practices from other communities. By adopting such a systems approach, communities can become more resilient in addressing future drivers of property abandonment and neighborhood decline. The policy cycle contains five interdependent components of a resilient system for reclaiming vacant properties:

- 1) **Collaborative networks of policymakers, practitioners, nonprofits, and business leaders** that foster coordination and problem solving among levels of government and across nonprofit, public, and private sectors. These collaborative networks serve as institutional and individual glue that supports actions on vacant property policy reforms and innovation. They often leverage outside expertise as a strategy to galvanize public and political support for making vacant property reclamation a top policy priority and then establish coordinating councils, working groups, and campaigns to implement the list of policy and programmatic prescriptions;
- 2) **Real property information systems** and information strategies to fully understand the complexities and spatial dynamics of vacant property problems by compiling, tracking, and disseminating a wide range of relevant data on vacant property drivers and impacts.

Local governments and nonprofits can then deploy existing programs in a more strategy manner based on current market and vacant property data. These information systems can also provide reports and analysis that support many of the comprehensive policy reforms (e.g., revamping code enforcement departments or chartering a land bank);

- 3) **Prevention and stabilization policies and programs**, such as code enforcement, rehabilitation resources, and housing courts that tailor their actions to match neighborhood data and typologies. Although the set of prevention policies and programs remains roughly the same from city to city, the scope and techniques vary depending on state enabling authority and local legal and policy limitations;
- 4) **Demolition, acquisition, and vacant land management policies/programs**, such as land banking, side lot acquisition, urban greening, and streamlined tax foreclosure procedures for abandoned properties that pose serious threats to neighborhood stability; and
- 5) **Innovative (and often green) reuse strategies and planning initiatives** (e.g., regeneration plans, sustainability policies, green development codes, and brownfields redevelopment) that infuse decision making with social, economic, and urban environmental goals, such as urban agriculture, generation of renewal energy, green infrastructure, and green jobs.

In the past, the very number and diversity of players in Philadelphia’s approach to vacant property posed significant challenges to the City’s effectiveness.

Philadelphia: Toward a More Resilient City through Information and Collaboration

Long a pioneer in urban greening and the strategic use of neighborhood data, the City of Philadelphia has recently reformed vacant property practices and made a new commitment to collaboration and policy practicality. For the first time in several years, working groups within City Hall are bringing together directors and managers from City departments and quasi-City agencies to revise arcane processes for tracking and disposing of government-owned vacant properties. Outside of City Hall, long-established community development corporations, housing, and urban greening networks are scaling up neighborhood efforts to approach citywide challenges, fostering the adaptation of model programs from other places, and continuing their advocacy with government leaders to adopt a system-wide policy reform agenda.

In the past, the very number and diversity of players in Philadelphia’s approach to vacant property posed significant challenges to the City’s effectiveness. Myriad departments and agencies with a role in vacant property programs all have their own policy priorities, processes, and procedures for tracking and disposing of publicly owned vacant properties. A 2010 study by Philadelphia LISC with the National Vacant Property Campaign identified 12 City and quasi-City agencies and more than 54 steps involved with acquiring and disposing of City-owned vacant properties.² The Vacant Property Review Committee (VPRC), led by the Council and consisting of 13 public and nonprofit members, has presided over the acquisition and disposition of surplus vacant properties since 1977 (and in fact, the City Council’s role in public oversight of redevelopment and vacant property transactions extends back to the 1940s).³ For decades, City officials and nonprofits pressured the Sheriff’s Office (another public agency independent from the City) to modify its procedures for managing the sale of properties with delinquent taxes. Data collection and sharing were also a particular challenge because the responsibility for vacant sites and buildings is dispersed across many agencies.

Today the new convergence of policy ideas and entrepreneurial leadership is marked by more systematic and coordinated efforts than ever before. Public agencies and private groups are coordinating their work on a variety of vacant property policies and programs to address each stage of vacant property reclamation. This convergence marks a turning point in Philadelphia’s 40-year quest for the right mix of policies and programs to stem the rising tide of vacancies. Subsequent efforts can be characterized broadly through successive mayoral visions:

- Former Mayor Rendell’s focus on successfully redeveloping downtown in the 1980s, which spawned a handful of vacant property initiatives and department reorganizations over the next several years, complemented by unaffiliated private efforts that included the Pennsylvania’s Horticultural Society’s “clean and green” approaches to stabilizing low-income neighborhoods, and major institutions’ investments in areas of the city, such as the

Philadelphia's successes and challenges in its approach to vacant properties also reflect the nature of vacant properties themselves, which are overwhelmingly privately owned.

University of Pennsylvania's community development in West Philadelphia.

- Former Mayor Street's Neighborhood Transformation Initiative (2002-2007), which focused attention beyond downtown, and sought to address mounting inventories of residential vacant properties in the neighborhoods.
- Current efforts by Mayor Michael Nutter to strategically invest new federal resources through the Neighborhood Stabilization Program and 2009 Stimulus dollars; and more recently to facilitate cross-agency collaboration to streamline information and procedures for disposing of City-owned vacant property.

Each of these transitions represented periods of cutting-edge policy experimentation driven by decades of political shifts, coupled with longstanding inefficiencies caused by layering of programs unable to keep up with prevailing conditions. Philadelphia's successes and challenges in its approach to vacant properties also reflect the nature of vacant properties themselves, which are overwhelmingly privately owned in most cities (77 percent privately owned in Philadelphia) and subject to nuanced histories and neighborhood conditions that make one-size-fits-all approaches unwise at best and unjust at worst, as well as shifts in neighborhood conditions and real estate markets, such as the recent foreclosure crisis.

By focusing its current efforts on reforming City policies and procedures for handling vacant public properties, the City of Philadelphia hopes to restore trust, credibility, and accountability that can lay the foundation for addressing the greater challenge of reclaiming private vacant properties. With a renewed commitment to collaboration across City departments and quasi-City agencies, Philadelphia seems poised to organize its suite of policy fixes and programs into effective and efficient systems for reclaiming vacant properties.

Beyond the nuts and bolts of vacant property data and disposition, this policy convergence also involves an unprecedented level of planning reforms that will likely become a significant part of Mayor Nutter's legacy of making Philadelphia a livable, healthy, and green city. Establishing connections among and between programs that prevent, abate, and acquire vacant properties and those that guide the reuse is a critical policy linkage as illustrated by our vacant property policy model. Recent revisions of the Philadelphia zoning code and comprehensive plan, along with implementation of its nationally acclaimed sustainability plan, include principles and specific provisions for guiding the reclamation and reuse of vacant properties throughout the city.

Within the next three years, Philadelphia enters perhaps the most pivotal transition in its vacant property journey. With strong backing for a local land bank by both Mayor Nutter and members of City Council (who introduced a land bank ordinance in February 2012), and passage of state-enabling legislation in the fall of 2012, the legal pathway is cleared for creating a land bank in Philadelphia. Mayor Nutter has convened internal and external working groups to develop the land bank action plan. Given past challenges with how the City and its sister agencies process vacant properties, forging political and community consensus around a land bank will be difficult, but achievable. Still to be resolved are what it would do, how it would operate, and who would lead the effort. Perhaps an even greater challenge is whether the City can institutionalize an enduring and holistic vacant property system by the time the next mayor takes office in January 2016. Can Philadelphia provide a regular forum where the City and its public and nonprofit partners can coordinate, communicate, and most importantly, continue to reinvent and recalibrate Philadelphia's vacant property policies and programs? Adapting to the inevitable changes in markets, neighborhood conditions, and urban systems lies at the heart of developing a more resilient vacant property reclamation system.

(Endnotes)

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introduction

Like many cities in the Northeast, Philadelphia experienced a thriving industrial sector in the 19th and early 20th centuries. Known as the “workshop of the world,”¹ Philadelphia was home to a growing manufacturing economy that spurred population growth, which in turn sparked private investment in the housing market and municipal services.² By the 1950s, Philadelphia was the fourth largest city in the United States, with a population of roughly 2.1 million.³ Manufacturing industries employed nearly 50 percent of its workforce, by some estimates.⁴ Like most older industrial cities in the 20th century, Philadelphia then experienced a well-documented decline of industry and flight of the middle-class and affluent into the suburbs. Between 1967 and 1987, for example, Philadelphia lost over half of its industrial sector, approximately 160,000 manufacturing jobs and experienced a significant population loss.⁵

In the last decade, population trends started to shift as Philadelphia started to attract new resident markets, especially immigrants and empty nesters. The City also worked to promote overall population growth through a number of programs and housing policies.⁶ The 2010 Census revealed a modest population increase, reflecting several decades during which the city’s population has been stabilizing. Today Philadelphia is the fifth most populous city in the United States, with a current population of 1,536,471.⁷

Philadelphia is also ethnically diverse: Residents who identify themselves as African Americans account for 43 percent of the population, European-Americans 41 percent, and Asian and Asian-Americans 6 percent. Nearly 10 percent of Philadelphia residents identify themselves as other races or multiple races.^{8,9}

Philadelphia’s economy has shifted from manufacturing to primarily an information and service-based economy. The majority of employed Philadelphians (33.8 percent) work in management, business, science, and arts occupations. Educational services, health care, and social services together account for 28.8 percent of Philadelphia’s jobs. Professional, scientific, and management, administrative, and waste management services employ 11.4 percent of Philadelphia’s workforce; and retail trade provides 10 percent of its jobs.¹⁰ Less than 5 percent of the workforce is now employed by manufacturing industries.¹¹

The combination of investment in downtown redevelopment during the 1980s under former Mayor Ed Rendell with investment in the neighborhoods of key anchor institutions, like universities, has helped to retain and attract residents. For example, in the mid-1990s, the University of Pennsylvania initiated a set of community-centered efforts to confront and correct significant disinvestment in its adjacent neighborhoods, and to break down the social and economic schisms that had widened between the University and neighboring residents over the years.¹² These efforts included an employer-assisted housing program to encourage University employees to live in Penn’s West Philadelphia neighborhood; programming to improve the availability and affordability of rental housing in the area; and efforts to focus commercial reinvestment on traditional retail corridors and ensure inclusive employment and contracting opportunities for residents and minority-owned businesses. By 2002, the University-assisted homeownership initiative led to the purchase of 276 homes and improvements to 125 homes in the targeted neighborhood.¹³ The main commercial corridor, 40th Street—once widely perceived as the demarcation line between “town and gown,” is now a lively, walkable retail district with dozens of new, small businesses.¹⁴

The University of Pennsylvania initiative is but one example of how non-governmental groups have led Philadelphia in focusing on holistic, many-faceted approaches to restoring and sustaining neighborhoods. With a few important exceptions--notably the greening efforts of the Pennsylvania Horticultural Society--such efforts either remained small-scale or existed somewhat outside or parallel to governmental systems to reclaim vacant properties. Now, in the face of the ongoing

and overwhelming scope and complexity of its vacancy issues, Philadelphia is “scaling up” by taking a more collaborative approach in the design of new and more long-term, flexible and systemic approaches to address vacancies, connected to a sustained and sustainable vision of a greener, more resilient city.

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the philadelphia context

From Scattered Efforts to Strategic Vision

Philadelphia's Vacant Property Profile

While vacant properties can be found across various industrial, commercial, and residential sites in Philadelphia, most are concentrated in neighborhoods to the north and west of the traditional downtown, rather than across the whole city. In 2010, the Philadelphia Association of Community Development Corporations and the Philadelphia Redevelopment Authority co-commissioned the Econsult Vacant Land Management Study, which estimated that the City of Philadelphia has approximately 40,000 vacant parcels. About 77 percent of these parcels are privately owned and 23 percent are City-owned (Figure 2).¹ In addition, 89 percent of all vacant properties in Philadelphia are over 11 years delinquent in paying property taxes. As a result, neglected vacant property is proving increasingly more difficult to rehabilitate or reuse. The blighting effect one vacant property has on adjacent parcels facilitates further vacancy and neglect. Particular neighborhoods in North and West Philadelphia are not only more likely to have vacant property but they are also more likely to have large swaths of vacant parcels across portions of their community.

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Philadelphia Vacant Property Ownership

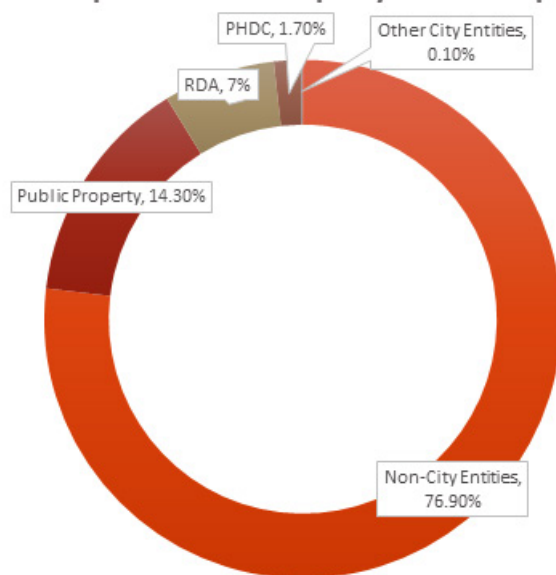


FIGURE 2. Current costs of vacant land in Philadelphia

Source: Recreated from presentation by Lee Huang, Director, Econsult Corporation, presentation at Housing Alliance of Philadelphia, December 3, 2012.

Maintaining vacant properties in Philadelphia—including those that are privately owned and should be privately maintained—costs the City roughly \$20 million annually across more than 10 different City agencies, including pest control, police, and fire. The City and School District lose approximately \$2 million dollars each year in annual property taxes on properties that are three years delinquent or less, adding up to approximately \$70 million in back taxes from all tax-delinquent properties. This figure does not even include property taxes that have been delinquent for longer and are thus considered an outright loss.²

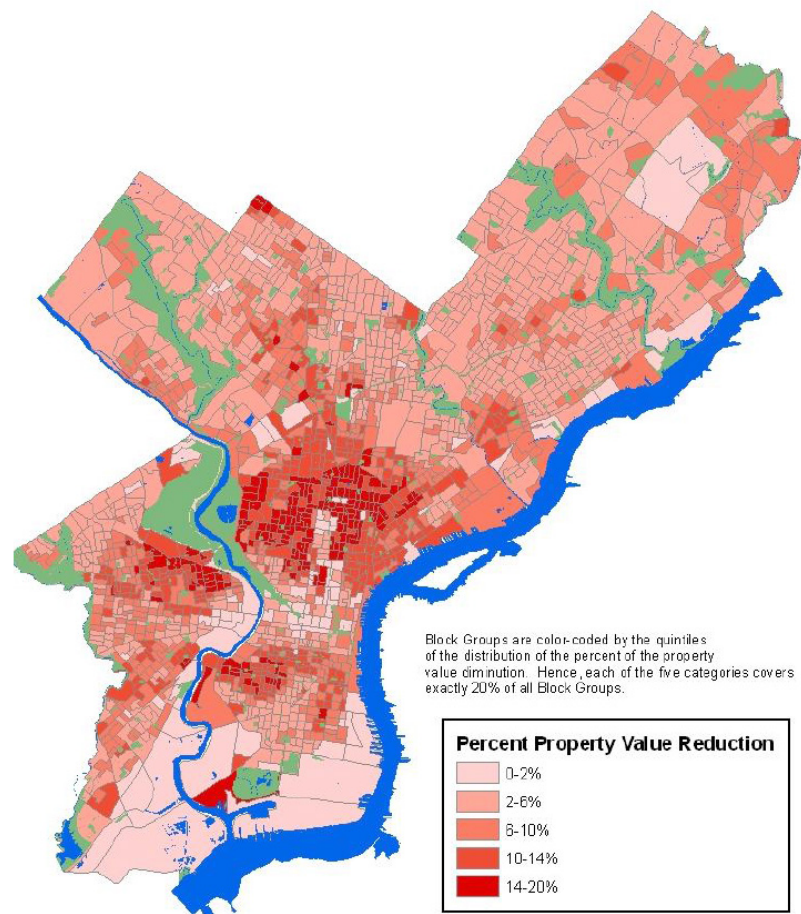


FIGURE 3. Distribution of negative impact on property values due to proximity to vacant parcels

Source: Econsult Corporation

Households near vacant properties lose wealth through reduced property value (Figure 3). The 2010 Econsult study found that the blighting effect of vacant parcels reduced the value of nearby properties by 6.5 percent citywide and as high as 20 percent in particular neighborhoods. In dollar figures, this equates to an average \$8,000 decrease in property values per household, totaling roughly \$3.6 billion in lost household wealth. These figures do not even include lost revenue associated with forgone opportunities for new development projects and associated job growth, new residents who are wage earners and income spenders, as well as the lost value of the vacant parcels themselves. In 2010, the 9,000 City-owned parcels were valued at \$410 million. All 40,000 parcels were valued at approximately \$1.9 billion.³

Policy Barriers

Philadelphia's present vacant property problem is not only the result of demographic and employment changes, but also of local policies and decisions. Many of these decisions reflect the complexities and important values that must be factored into public policies about property, whether publicly or privately owned. For example, Philadelphia has a high rate of homeownership combined with high poverty among homeowners. The City has historically been apprehensive to exercise its tax foreclosure power, out of concern for displacing residents who cannot afford property tax, and whose sole asset may indeed be the property that would be foreclosed on.⁴

Other barriers are caused by interactions between public policies and private actions or preferences—a considerable challenge, since three-fourths of Philadelphia's vacant sites are in private hands. For example, properties along Philadelphia's waterways are often privately owned, posing problems for waterfront redevelopment. Along similar lines, Philadelphia's unique

historic buildings include industrial buildings from the 19th century and iconic Philadelphia row houses from as far back as the early 18th century, without which the City of Brotherly Love would be unrecognizable. Yet many housing developers are not interested in renovating existing homes or filling in gaps in a row of properties, preferring to build “en masse.”⁵ Another issue is that many vacant properties have clouded titles that can make acquisition of them costly and drawn out. Absentee or multiple ownership aggravates these problems.

The responsibility for vacant sites and buildings is dispersed across so many agencies in Philadelphia that the City has lacked information, suffered from overlapping and often-conflicting policies and procedures, and missed opportunities for strategic thinking about the values and vision that can shape broader land use decisions and influence the acquisition, compilation, and disposition of vacant property. For more than ten years, nonprofits and City officials have voiced concerns about the administration of the delinquent property tax foreclosure process by the Sheriff’s Office, which currently seems to favor private developers and speculators, especially in the neighborhoods with stronger real estate markets. Only within the last year has the Sheriff’s Office begun to engage with City officials and nonprofits on how to make the foreclosure system more transparent and accessible for nonprofit developers. Moreover, data collection and sharing pose another challenge. Until quite recently, the City was not prepared to market or disseminate information about vacant properties to potential developers or to make the adoption of vacant properties less risky for those in the nonprofit sector.

Since 2010, the City has started to address its management and information challenges, starting with revisions to policies, procedures, and inventory of publicly owned vacant properties, with the knowledge that the approximately 30,000 privately owned sites will pose separate, and significant, challenges to the City. The City has participated in and learned from important nonprofit efforts such as the University of Pennsylvania’s Neighborhood Information System (established in 1998) and The Reinvestment Fund’s development of neighborhood typologies (which was a groundbreaking approach that has since become a nationally transferred example). In addition, the City has the opportunity to build on its own information frameworks, including the Uniform Land Record System, developed under the Neighborhood Transformation Initiative in the early 2000s.

In spring 2012, the City launched Philly Land Works (phillylandworks.org), a publicly accessible website for searching the availability of vacant property owned by the Philadelphia Redevelopment Authority, Philadelphia Department of Public Property, and the Philadelphia Housing Development Corporation. By far these three agencies own the most significant share of the public vacant land inventory. This new system offers an inventory of publicly owned vacant land through an online portal that hosts an interactive map (<http://secure.phila.gov/paplpublicweb/>). PRA continues to work with other public agencies, such as the U.S. Department of Housing and Urban Development (HUD), the Philadelphia Industrial Development Corporation (PIDC), the School District of Philadelphia, and the Philadelphia Housing Authority (PHA) to connect their respective vacant property inventories to Philly Land Works.

Overcoming the vacant property problem in Philadelphia will eventually require similar focus on gathering and using information about privately owned properties, which comprise the lion’s share of vacancies. Efforts to address both the public and private dimensions of the vacant property challenge also call for re-energizing the public, through such efforts as the promotion and development of community open space, the presentation of beautification awards to well-maintained properties, and actions to rebuild community trust, offer education and financial resources to property owners, and build new partnerships for tackling the public *and* private inventory of vacant properties.

Early Efforts to Remedy Vacancy

Philadelphia has a long history of experimenting with programs and policies to address its significant vacant property problems, both within and outside the City government. In fact, private nonprofits have often set the tone for more than 40 years of innovation, starting when the Pennsylvania Horticultural Society (PHS) launched a pilot urban greening and community garden initiative in the New Kensington neighborhood in 1974. This bold move later became PHS’s

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signature Philadelphia Green program, spreading to other CDCs and neighborhoods. Along with other non-government interventions in vacant property policy over the years, such as the University of Pennsylvania's Neighborhood Information System (NIS), the citywide Philadelphia Association of Community Development Corporations (PACDC), and The Reinvestment Fund's early work on neighborhood market typologies, these nonprofit innovations have helped policymakers make more strategic decisions in the targeting of their resources. The next challenge for Philadelphia will be the integration of these earlier efforts into a shared vision and more equitable and sensible decision making about vacant properties on behalf of the City's neighborhoods and residents.

Vacant Property Review Committee (VPRC)

Originally established in 1977 by City ordinance (codified at §16-401ff), the VPRC still operates today as one of the primary pathways for acquiring and disposing of City-owned vacant properties. As a special advisory committee to the City Council, the VPRC reviews proposed transactions and prepares the legislation for council authorization. The committee has thirteen members, of which six are City departments or commissions, two are City Council officers, plus the Philadelphia Redevelopment Authority, the Philadelphia Industrial Development Corporation, the Philadelphia Housing Development Corporation, the Philadelphia Commercial Development Corporation, and the Philadelphia Association of Community Development Corporations. The Office of Housing and Community Development staffs the committee's operations.

VPRC's critical function (detailed at §16-404) is to advise City Council whether or not proposed acquisitions of certain properties should be recommended to Council for approval and accepted by the Commissioner of Public Property. The Committee determines if the property is a public nuisance, is needed by the City or one of its constituent entities for a public purpose, or if the property is tax delinquent. If a qualified vacant property that is declared a public nuisance cannot be acquired by tax foreclosure or donation from an owner, it may be referred to the Redevelopment Authority for taking by eminent domain. Vacant properties can also be acquired by paying off the tax liens at the foreclosure sales or by accepting real estate from tax delinquent owners in lieu of tax payment.

Over the years the VPRC has performed some basic land banking functions, such as facilitating individual requests for vacant property "deposits" and "withdrawals." Considering its structure as a sub-committee of City Council's Public Properties Committee, the VPRC has come under fire for the strong influence of the Council in making individual vacant property disposition decisions. The VPRC thus seems more reactive than proactive when it comes to addressing the scale of the City's vacant property inventory and dramatic shifts in the housing market, such as the foreclosure crisis and economic recession.

Philadelphia Neighborhood Information System

Started in 1998 by the Cartographic Modeling Lab (CML) at the University of Pennsylvania, the Philadelphia Neighborhood Information System (NIS) was part of a pioneering movement of community indicator initiatives. City agencies and community-based organizations throughout Philadelphia have used its web-based property and social-indicators data system to:

- research individual properties, including occupied and vacant structures;
- run queries to compare information across different properties;
- plan, site, and evaluate housing development programs; and
- study neighborhood conditions with user-defined maps, charts, and reports.⁶

The system includes four key applications: the parcelBase website and the neighborhoodBase website (which focus on vacancy, abandonment, and other population characteristics and data for individual parcels and entire neighborhoods, respectively), the CrimeBase (which uses police data to describe crime rates), and MuralBase (which maps mural arts programs across the city).⁷ External funders of NIS included the City of Philadelphia, William Penn Foundation, The Pew Charitable Trusts, University of Pennsylvania, and the Fannie Mae Corporation. And partnering agencies include the Mayor's Office of Information Services, Office of Housing and Community Development, Department of Licenses & Inspections, Philadelphia Gas Works, Revenue, Water

Revenue, Philadelphia City Planning Commission, Philadelphia Housing Association, Philadelphia Fire Marshall's Office.⁸

The NIS played an important role in the University of Pennsylvania's West Philadelphia Initiatives, a series of efforts begun in 1994 to reknit the frayed social and economic ties between the University and its surrounding residential neighborhoods.⁹ The 1994 effort built on a decade-long shift in the University's focus from aggressive urban renewal and expansion to a more community-oriented framework for its development. The University undertook ambitious work to directly address the decades of disinvestment, vacancy, and social and racial disconnection that had arisen in part because of its own participation in urban renewal and expansion schemes in the 1960s and 1970s, and paid particular attention to the need for diverse, affordable housing opportunities and local resident participation in commercial development throughout West Philadelphia.¹⁰

The NIS played an important role in the University of Pennsylvania's West Philadelphia Initiatives.

NIS filled a valuable niche in the work to revitalize West Philadelphia, offering a shared knowledge base for City officials, University representatives, and community groups to see, parcel by parcel and block by block, where the vacancies, challenges, and opportunities lay within the University district.¹¹ Such shared data were especially important to providing an accurate, nuanced picture of the physical and economic consequences of historic and current realities that are exceedingly difficult to confront and address, particularly with regard to racial disparities in West Philadelphia, income and opportunity, housing availability, inclusive and equitable business opportunities, and other "town and gown" differences in how residents and potential residents experience life near the University.

Greening of Vacant Properties—The Early Days of the PHS LandCare Initiatives

The member-based Pennsylvania Horticulture Society (PHS) can trace its roots back to the green ideas of Ben Franklin and William Penn, and so has always had a strong sense of civic mission in the City of Brotherly Love.¹² In 1975, PHS organized its first green team with the City's Department of Recreation to sponsor 10 resident-built community gardens on vacant lots. In the 1980s, with funding support from William Penn Foundation and City of Philadelphia CDBG funds, PHS expanded its work in eight low-income neighborhoods to craft a more intensive urban greening strategy that included vegetable gardens, street trees, and flower and window boxes. The objective was to engage residents in greening projects to reinvigorate community pride in these neighborhoods.

By the 1990s, with the City experiencing mounting inventories of vacant lots and expanding neighborhood blight, Philadelphia Green began to test strategies for vacant land stabilization through partnerships with several of the city's well-established community development corporations, such as the *Association de Puertorriquenos en Marcha* (APM). A milestone in Philadelphia Green's evolution was its work with the New Kensington Community Development Corporation. By 2002 this partnership had "cleaned and greened" nearly 700 parcels by removing trash/debris, doing some modest regrading, bringing in top soil, installing basic landscapes of trees, shrubs, and grass, and erecting simple wooden fences to deter illegal dumping. PHS then commissioned a study by a local consulting firm to assess whether its "clean and green" strategy could address the problems of blighted vacant lots on a citywide scale. The study revealed the City could not tackle these problems on its own—it did not have the resources or the urban greening expertise—but it did confirm the soundness of Philadelphia Green's approach and the potential benefits of urban greening to Philadelphia.

In 2001 Mayor Street made vacant lot abatement a critical element of his Neighborhood Transformation Initiative—the City's Vacant Lot Cleanup program, with a budget of \$4 million cleaned 31,000 vacant lots in one year. By March 2007 the City had cleaned 85,476 vacant lots. Street knew, however, that cleaning vacant lots also required some strategy for maintaining and reusing them; this insight led the City to partner with PHS to develop its Green City Strategy

The interwoven nature of public governance and nonprofit entrepreneurship in Philadelphia's approach to vacant properties is reflected in the overview of major movements in the field from the late 1970s until the present.



FIGURE 4. The Pennsylvania Horticultural Society began greening vacant lots in 1975.
Source: JM Schilling, 2007

to turn these vacant lots into green community assets. The goal was to provide interim management of existing lots and allow planning for new greenspace to retain residents and businesses. Mayor Street adopted the PHS strategy with an initial allocation of \$4 million of NTI funds (a grand total of \$12 million through June 2007), which represents perhaps the largest single investment in the greening of vacant lots by any major U.S. city. In six neighborhoods, PHS collaborated with community partners, NTI staff, and political leaders to select vacant lots that would create immediate positive visual impact. They also leveraged the NTI work to help local groups revitalize neighborhood parks and expand Philadelphia Green's preliminary work in urban agriculture and street trees. As part of the NTI Green City Strategy, Philadelphia Green did several low-impact development (LID) projects with the Water Department's Office of Watershed. Subsequent studies by Temple University (2007) confirmed the stormwater retention benefits of these green infrastructure pilot projects on vacant lots.

The interwoven nature of public governance and nonprofit entrepreneurship in Philadelphia's approach to vacant properties is reflected in the overview of major movements in the field from the late 1970s until the present. This blend of public and nonprofit initiatives has presented significant challenges to coordination and information sharing, yet has also laid the groundwork for more effective and imaginative collaboration over the years.

Neighborhood Transformation Initiative (NTI)

When John F. Street ran for mayor in 1999, his platform promised the sale of \$250 million in city bonds toward a comprehensive anti-blight initiative.¹³ This resonated with voters whose neighborhoods were gripped by chronic disinvestment, and who were fatigued by urban renewal projects focused in downtown. Street fulfilled his promise with the launch of the Neighborhood Transformation Initiative (NTI) in April 2001. NTI was an aggressive (and controversial) land management strategy aimed at eliminating blight, such as hauling away tens of thousands abandoned cars, demolishing dangerous structures, cleaning and stabilizing vacant lots to improve quality of life, and acquiring 5,000 properties to create opportunities for redevelopment.

Setting an ambitious timeline and vision as a "five-year strategic plan to preserve and build healthy communities throughout the city",¹⁴ NTI established six goals that informed a framework for action:¹⁵ planning, blight elimination, blight prevention, land assemblage for redevelopment, neighborhood investments, and leveraging of resources.¹⁶ NTI was envisioned as a strategy that could be modified in response to experience or changes in the internal or external environment.¹⁷

NTI emphasized the application of strategies and resources on the basis of different neighborhood contexts, and was one of the first citywide vacant property initiatives in the country to use The Reinvestment Fund's "Market Value Analysis," thus tailoring policy interventions to neighborhood conditions.¹⁸ For example, the City adopted this approach to its code enforcement programs.

NTI was also intended to complement the Year 31 Consolidated Plan,¹⁹ specifically to support the existing housing policies and programs that were responding to decades of resident and job loss in Philadelphia. At that time, the City's affordable housing strategies emphasized producing new housing stock, preserving and rehabilitating existing housing stock, encouraging homeownership for all levels of income earners, and leveraging funds smartly to maximize scarce public dollars allocated for housing.²⁰ The *Year 31 Consolidated Plan* identified specific neighborhoods and sections of the city, along with private sector resources and federally funded housing programs, to establish housing development efforts through NTI.

The NTI designated the Secretary of Housing at the Office of Housing and Neighborhood Preservation (OHNP) to set policy and implement programs related to housing and community development, in coordination with NTI goals and funding. In practice, this meant that OHNP would create incentives for private-market development as well as continue to promote Community Development Block Grant (CDBG)-funded affordable housing efforts.²¹ The intent was to provide a framework for bridging housing programs and policies with community development efforts. In this cabinet-level position, reporting directly to the Mayor, the Secretary was tasked with streamlining the activities of the three agencies that perform the bulk of the city's housing development and preservation activities: the Office of Housing and Community Development (OHCD), the Philadelphia Redevelopment Authority (PRA), and the Philadelphia Housing Development Corporation (PHDC).²²

Under NTI, OHNP was to supervise the three agencies' work to:

- speed up the acquisition and disposition of vacant property;
- emphasize and create incentives for private housing development;
- institute performance measures for the achievement of specific housing-related goals (including the development of 16,000 new housing units in the first five years, a goal that NTI met and exceeded, with 16,000 market-value units and 5,000 affordable units);²³
- monitor and evaluate existing programs to determine their success and continued viability;
- finance the preservation and stabilization of existing housing;
- facilitate access to the City's housing programs by the public (including private developers); and
- provide a strategic direction to the Philadelphia Housing Authority (PHA), a state-chartered agency, which administers public housing and related programs.²⁴

NTI also made early investments in information technology improvements, including the development of a Uniform Land Record System. This system compiled information in a way that allowed the streamlining of data among Philadelphia's code enforcement, tax, and real estate entities. NTI also invested in the development of a project management system for PRA's acquisition activities, but which PRA never implemented.

NTI was considered much more comprehensive than previous vacant-property efforts, laying out three distinct, but related, courses of action;

- focus on interagency cooperation and coordination;
- support community-based organizations such as community development corporations (CDCs) and the development activities of quasi-public agencies that received funding from CDBG grants – namely the Philadelphia Industrial Development Corporation (PIDC), the Philadelphia Commercial Development Corporation (PCDC), and the City of Philadelphia Commerce Department;
- pursue strategic partnerships with the private sector.²⁵

Most importantly, NTI was backed by a \$295 million bond issued by the Philadelphia Redevelopment Authority (\$45 million more than the mayor originally pledged to raise). Among other things, this financing allowed the City to invest public funds in neighborhoods, in an effort to attract private capital.²⁶

Approximately 18,000 vacant lots were cleaned, and about 11,000 tons of debris were removed within the first year of the program.²⁷ Some 5,000 derelict structures were pulled down.²⁸ The NTI also signaled that neighborhood revitalization in Philadelphia was a priority, whereas previous revitalization had centered on downtown development.²⁹ Despite these figures and Mayor Street's attempt to craft a comprehensive revitalization strategy, many key stakeholders—and especially neighborhood groups—judged NTI harshly for what appeared to be a lack of equitable development and a lack of leadership in the critical follow-up stages following its launch. Kromer (2010) cited the absence of “community planning as the first step in redefining the working relationship between municipal government and neighborhoods,” a step he deemed necessary for a program of the ambition and scope of NTI, because “then every municipal agency would have been involved in the citywide dialogue.” Although Kromer noted that the NTI strategy broke down along political lines in the absence of such community-based planning, he concedes that aspects of NTI did transform the City's practices. Notably, its initial wide-scale removal of abandoned cars required an unprecedented citywide, coordinated effort; and NTI improved the City's capacity to assemble land for development.³⁰

McGovern offers this assessment of NTI:

... the vision embodied in the original NTI plan offered real potential for reducing blight while at the same time stimulating considerable private investment at a time when public subsidies for affordable housing and community development had been diminishing. But the parallels to earlier urban renewal policies prompted activists and city residents to worry about the adverse impact of widespread demolition, evictions, and the gentrification of their neighborhoods (Lichtash 2005; Young 2002b, 2002e). In actuality, the similarities between NTI and urban renewal are overstated, although popular anxiety about the plan is understandable.³¹

Among the most concerning details of the plan were its five-year time period, which seemed ambitious for the amount of proposed demolition (approximately 14,000 abandoned buildings) and subsequent development work (construction or rehabilitation of 16,000 housing units).³² In fact, the amount of housing developed by 2006 exceeded expectations: 16,000 market-rate units were created, along with 5,000 affordable units.³³ About \$88 million was committed to acquiring more than 5,000 vacant parcels through eminent domain (although payments into court for these acquisitions did not happen, resulting in lack of clear title that is still being resolved today). In its first four years, 4,550 of the anticipated 10,000 demolitions were completed, in part because “City agencies underestimated the cost of demolition.”³⁴ Despite the provision of funding for vacant property acquisition, the City was hampered in moving forward because there was essentially no change to its intricate and cumbersome acquisition and disposition systems.

NTI's allocation of a substantial portion of its budget to demolition also raised concerns, particularly in communities such as West Kensington, where high levels of vacancy and proposed demolitions were not the whole story: Resident groups frequently had already been doing work to strengthen their communities and believed their work and viewpoints had not been included in decision making. In the absence of clear communication about NTI's ultimate goals, many residents feared relocation by eminent domain, inadequate provisions for affordable housing, or displacement through gentrification. In the immediate near term, residents were concerned about the health hazards of airborne debris from demolition.³⁵

Although Mayor Street was deeply engaged and committed to the design and roll-out of NTI, the implementation of his vision was troubled by a combination of community opposition and inadequate communication, which was further undermined by a less visible commitment by the mayor as time went on, according to many observers, including McGovern (2006). These difficulties undercut NTI's momentum and credibility, putting its more ambitious policy goals for long-term coordination and collaboration out of reach. The NTI's uneven success and short life cast their shadow over the City's current effort to work with its partners on a new vacant property initiative.

United States Department of Housing and Urban Development's Neighborhood Stabilization Program (NSP)

The 2008 Housing and Economic Recovery Act, through its Neighborhood Stabilization Program (NSP), provided states and local governments with nearly \$4 billion through a special allocation of Community Development Block Grant funds to address the community impacts caused by the collapse of the housing market and the growing number of homes in foreclosure. NSP 1 created a complex funding formula to guide these resources to states and communities with the greatest number of foreclosures, but more importantly the NSP plans and activities targeted neighborhoods with certain percentages of low- to moderate-income residents. The funds could be used to:

- establish financing mechanisms for purchase and redevelopment of housing subjected to foreclosures
- purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties;

- establish land banks for homes that have been foreclosed upon;
- demolish blighted structures;
- redevelop demolished or vacant properties;
- target program activities to areas of greatest need; and
- select rehabilitation target areas based on both need and the potential for generating market recovery.

Throughout the country, many foreclosed properties were falling into disrepair, becoming targets for vandalism and crime, and contributing to declines in property values. Some communities were experiencing concentrations of foreclosed homes driven by predatory lending tactics, investor speculation, and subprime mortgage products. By using their NSP funds to acquire, rehabilitate, demolish, or redevelop these vacant and foreclosed homes, communities could hopefully stabilize distressed neighborhoods, prevent further decline and revive depressed housing markets. HUD administered two subsequent competitive grant rounds of NSP funding: NSP2 under the American Recovery and Reinvestment Act of 2009 (Recovery Act) appropriate an additional \$2 billion nationwide; and NSP 3 per the Dodd-Frank Wall Street Reform and

Neighborhood Stabilization Program

Although the foreclosure crisis was not as severe in Philadelphia compared with other major cities, the 2007-2008 housing and mortgage industry collapse had serious impacts on homeowners of color in many of the City's low- to moderate-income neighborhoods. Retrospective research by The Reinvestment Fund confirmed that a disproportionate share of the mortgage foreclosures and sheriff sales in Philadelphia involved subprime loans and predatory lending located in lower- to moderate-income neighborhoods.³⁶ Many of these subprime loans were made in amounts that likely exceeded reasonable estimations of home value. Philadelphia's immediate policy responses involved seeking new federal resources available through HUD's Neighborhood Stabilization Program (NSP) and organizing a foreclosure diversion and homeowner counseling program which quickly became a national model.³⁷

Under NSP1 Philadelphia received \$16.8 million in HUD funds and \$3.75 million from the Commonwealth of Pennsylvania's Department of Community and Economic Development state allocation of NSP funds. Through a competitive grant process, Philadelphia received a \$43.9 million NSP2 award from HUD through the American Recovery and Reinvestment Act of 2009.

With such a huge infusion of new CDBG resources, Philadelphia developed its own NSP program with a suite of initiatives to prevent mortgage foreclosure and address the community impacts of vacant properties in neighborhoods with high concentrations of mortgaged foreclosed homes. The original aim of Philadelphia's NSP initiatives was to reclaim distressed, foreclosed properties by transforming them into owner-occupied dwellings.³⁸ NSP funds were used to support private sector and nonprofit developers through financing the acquisition, rehabilitation, and marketing of vacant foreclosed homes. The Philadelphia Redevelopment Authority (PRA), in partnership with City's Office of Housing and Community Development (OHCD), managed the NSP funds; City official worked closely with a range of regional/local for-profit and nonprofit developers as well as national lenders.

Philadelphia's NSP program took a data-driven approach to targeting its NSP resources to foreclosed properties, mainly in more stable neighborhoods with a stronger real estate market. Using The Reinvestment Funds (TRF) template for clustering NSP resources, OHCD examined identified key neighborhoods for NSP funding by considering historic foreclosure data, the effect of vacant parcels on the property value of surrounding homes, and indications of predatory lending. Philadelphia also coordinated its NSP funds to work alongside other housing and community development initiatives that would address properties going through various stages of foreclosure. Given Philadelphia's focus on rehabilitation interested developers applied to the PRA through a Request for Qualifications (RFQ) process. Selected developers would then renovate the foreclosed homes and prepare them for sale to a new homeowner. The PRA would also work with lenders to obtain discounts on foreclosed properties and to negotiate a final price on the property.

As the lead City agency, PRA oversaw the rehabilitation process while also leveraging its expertise working with lenders and developers. For example, the PRA offered financing to qualified developers, and required developers to submit a renovation plan that included cost estimates and detailed steps for testing for lead-based paint and plans for Energy Star and "green" enhancements to the property. PRA would then review the developer's proposed plan regularly throughout the duration of construction to ensure costs are on track and that stated objectives are being met. Finally, the developers were compensated by way of a developer fee (approximately \$20,000) as part of an incentive package.

Most of the properties in Philadelphia developed through NSP were sold at fair market value (in fact the City generated nearly \$7million dollars in program income from the sale of NSP1 properties) to individuals whose income did not exceed 120 percent of the area median income per NSP eligibility rules. As part of the transaction potential buyers also stipulated that they would reside in the NSP home as their primary place of occupancy and complete eight hours of mortgage counseling.

NSP's original intent was to leverage its renovated homes to encourage private developers and investors to rehab and renovate other foreclosed and vacant homes without the assistance of NSP resources once the neighborhood markets stabilized and credit conditions improved. Even after the initial NSP1 funds were committed, however, private credit remained difficult to attain, and some neighborhood markets remained unstable. Gap financing was still needed to rehabilitate most foreclosed properties in Philadelphia.

The launch of NSP2 signaled a more coordinated approach to neighborhood revitalization through the targeted purchase and remodel of foreclosed properties. When Mayor Michael Nutter took office in 2008, more comprehensive city planning was encouraged and a number of agencies that had previously worked independently of each other were encouraged to coordinate their community revitalization efforts. NSP2 became the proving ground for this newfound collaboration as PRA, OHCD, and Planning Department worked closely in the selection of target neighborhoods based on a review of relevant neighborhood plans.

The City has identified a number of opportunities to address the foreclosure crisis in a comprehensive way through NSP2 funds, although some actions were not ultimately funded, (e.g., the homebuyer incentives/housing counseling and establishment of loan loss reserves for construction financing). Building on its early NSP1 efforts, Philadelphia used its NSP2 funds to:

- acquire and renovate vacant or foreclosed homes,
- purchase and rehabilitate multi-family structures (including existing affordable housing developments),
- redevelop vacant land specifically for housing purposes,
- and demolish blighted or vacant buildings.

A quick review of relevant HUD grantee reports indicates that Philadelphia spent close to 89 percent of its NSP1 and NSP2 resources on residential rehabilitation with 7% of NSP2 on demolition/clearance and 4 percent of NSP1 on new construction. As of the September 30th,

2012 Philadelphia had demolished 58 properties and rehabilitated 147 properties. More than 956 demolitions were done in designated neighborhoods, while 45 percent of the rehabbed properties were found in such clusters. Compared with other NSP cities, Philadelphia's cluster scores performed pretty well (meaning the resale values were similar to comparable properties in the adjacent neighborhoods).³⁹

Moving Forward With a Strategic and Comprehensive Approach to Vacant Property Reclamation—the City of Philadelphia's Land Management Working Group

While numerous municipal vacant property management initiatives have been implemented over the years in Philadelphia, they were often viewed as disparate. The City would regularly bring together various task forces and working groups to supplement and support its existing procedures for acquiring and disposing of primarily City-owned vacant properties. Under NTI, for example, the City created the Interagency Review Team (IART) as a forum for multi-city agencies to make recommendations on acquisition of vacant properties by PRA. During the early days of the Nutter Administration, former PRA executive director, Terry Gillen, convened a working group of a range of stakeholders (public and private sector, nonprofit, and academic) to hold a series of meetings around the vacant property issue.⁴⁰ As this group began to identify issues with existing City procedures for the handling of vacant properties, it became clear that higher leadership was needed in order to reform the process and develop a more systematic approach within City Hall, given the broader range of agencies involved in vacant property management.

In 2011, Mayor Nutter created the Land Management Working Group (LMWG), and charged Richard Negrin, the managing Director of PRA, and Rob Dubow, the finance director, with chairing the group. The following public agencies committed to being a part of the LMWG:

- Commerce Department
- Department of Licenses and Inspections
- Department of Parks and Recreation
- Department of Public Property
- Division of Technology
- Integrity Office
- Law Department
- Mayor's Office of Policy and Planning
- Mayor's Office of Transportation and Utilities
- Office of Housing and Community Development
- Office of Property Assessment
- Philadelphia Housing Authority
- Philadelphia Housing Development Corporation
- Planning Commission
- Philadelphia Redevelopment Authority
- Philadelphia Revenue Department

This was the first time that nearly every City department and agency participated in a focused conversation about how the City identifies, manages, and disposes of City-owned vacant property.

In initial LMWG discussions, several key issues rose to the top. Data were seen as the foundation for decision-making; however, every agency used a different data system and often did not share information. The City did not have selection criteria or a process for acquiring vacant property. The City's five different land-owning agencies all have different systems and land management processes. As a result, there was no streamlined disposition process for publicly owned vacant properties. There was also no strategic process for preventing privately owned property from becoming vacant.

For 18 months, four small committees met several times per week to explore the specific issues and processes related to each key area and brainstorm goals and strategies for moving forward.

The LMWG focused on four key areas related to City-owned vacant property management: (1) data management; (2) maintenance and enforcement; (3) tax policies and acquisition; and (4) disposition. The LMWG also established guiding principles to help frame discussions:

- revitalize communities and encourage investment;
- promote accountability and responsibility; and
- ensure transparency and consistency

For 18 months, four small committees met several times per week to explore the specific issues and processes related to each key area and brainstorm goals and strategies for moving forward:

- The **data management committee** was charged with developing a unified list of City-owned properties.
- The **disposition committee** focused on creating a unified, simple to follow, transparent process to transfer property; generating revenue in the form of future taxes and reduced maintenance costs; reducing blight and prioritize affordable housing, economic development and neighborhood needs; and being flexible and market sensitive, while complementing neighborhoods and taking into account development plans already in place.
- The **maintenance and enforcement committee** was charged with developing a process for holding nuisance property owners accountable; using limited resources to abate nuisance properties; and improving maintenance of City-owned properties.
- And finally, the **tax policies and acquisition committee** focused on developing a process for holding property owners accountable for the taxes that they owe; returning delinquent properties to market as quickly as possible and vacant properties to a productive use; allowing property assemblage for development; collecting revenues owed to the City and eliminate long-term/uncollectable debt; and protecting low income owners.

Balancing Long Term Value vs. Short Term Gain

One of the most significant LMWG issues was determining a fair cost for City-owned vacant property. Many LMWG participants believed property should be sold for the highest amount possible, particularly because of the economic recession, while others wanted to quickly dispose of the land and remove it from the City's inventory. Ultimately, the LMWG collaboratively reached a consensus, agreeing that that goal should not be to make money, but rather to add long-term value to Philadelphia. Therefore, at a minimum the new owner or user must pay property taxes, and improve the use of the property in a manner that positively contributes to the surrounding community. The LMWG saw this as a much better outcome than the property being held by the City. In addition, the LMWG discussed the need to develop and rank priorities to avoid potential conflict over different properties. By taking more of a longer term, outcomes driven approach, these discussions began to explore how the city could more systematically manage the flow of vacant properties and whether a city land bank was to ensure there is one process and one system for handling the disposition of property.

The LMWG allowed most City agencies a voice and a sense of ownership over the issue. This was not a top-down approach, but a collaborative participatory process focused on bringing City staff, with different perspectives and opinions, together. This process ensured greater buy-in from participants and allowed for compromise between City agencies. While it took a great deal of time to bring the disparate groups together, leaders of the LMWG stressed the success of the group was largely dependent on bringing all City agencies together and engaging them in a collaborative discussion.

The LMWG also understood that vacancy is an issue that touches the lives of everyone in Philadelphia, so there was a vested interest for everyone to be involved. Because City Council, community groups and other non-governmental stakeholders did not have representation in LMWG discussions, LMWG leaders consciously collaborated with these stakeholders to solicit

their perspective on the issues. Stakeholders included City Council members, many nonprofit organizations, PACDC, the Building Industry Association, and to a lesser extent the community gardening and urban agriculture groups.

The work of the LMWG led to important and significant changes in how the City manages its own vacant property:

- the City established the Office of Property Data, to fairly and accurately reassess the actual value of land within Philadelphia.
- The disposition committee drafted a formal city land disposition policy.
- The Department of Licenses & Inspections streamlined their code enforcement processes.
- Key staff from the Managing Director's Office, Finance Department, and Philadelphia Redevelopment Authority, continue to meet weekly to assess the status of key issue areas identified by LMWG.
- The finance director of the City and Sheriff's Office meet weekly and are working towards improving data systems to allow real-time understanding of sheriff sales activities.

Many of the successes of the LMWG are due in part to the collaborative consensus building process itself, as well as the way the agencies were encouraged to participate. The decision to base all decisions on consensus allowed the LMWG to acknowledge and accommodate the different perspectives of a wide range of city agencies. This consensus-building focus also allowed all voices to be heard, even the less vocal city agencies. As mentioned earlier, this process was led by two champions. A decision made by the Mayor helped spread the leadership role and further encouraged ownership over the process. In addition, the Mayor was also directly involved with many of the work group meetings.

The collaborative consensus building process also allowed the City to tackle a big, complicated problem in more manageable pieces by dividing it into four issue areas. The city utilized the services of a national urban fellow and law firm intern to do much-needed research about the issues, identify and review best practices, and to provide an overview to LMWG members. Lastly, this work allowed the LMWG to provide recommendations, grounded in best practices research, to city officials on how to address the various vacant property issues.

There is always room for improvement in any consensus-building process. Some participants of the LMWG commented that they could have made more of an effort to communicate clearly to external groups about the issues, beyond the typical stakeholders (like CDCs). Many feel the efforts of the group are not done. Key members of the LMWG explained that next steps should include the development of a strategic plan and performance measures for the disposition of City-owned land. Because the majority of vacant property is privately owned, at some point the City and its working group will have to figure out ways that can also acquire and dispose of private vacant properties, perhaps through code enforcement but also the reform of the Sheriff's sale process to encourage better outcomes once the properties have been sold.

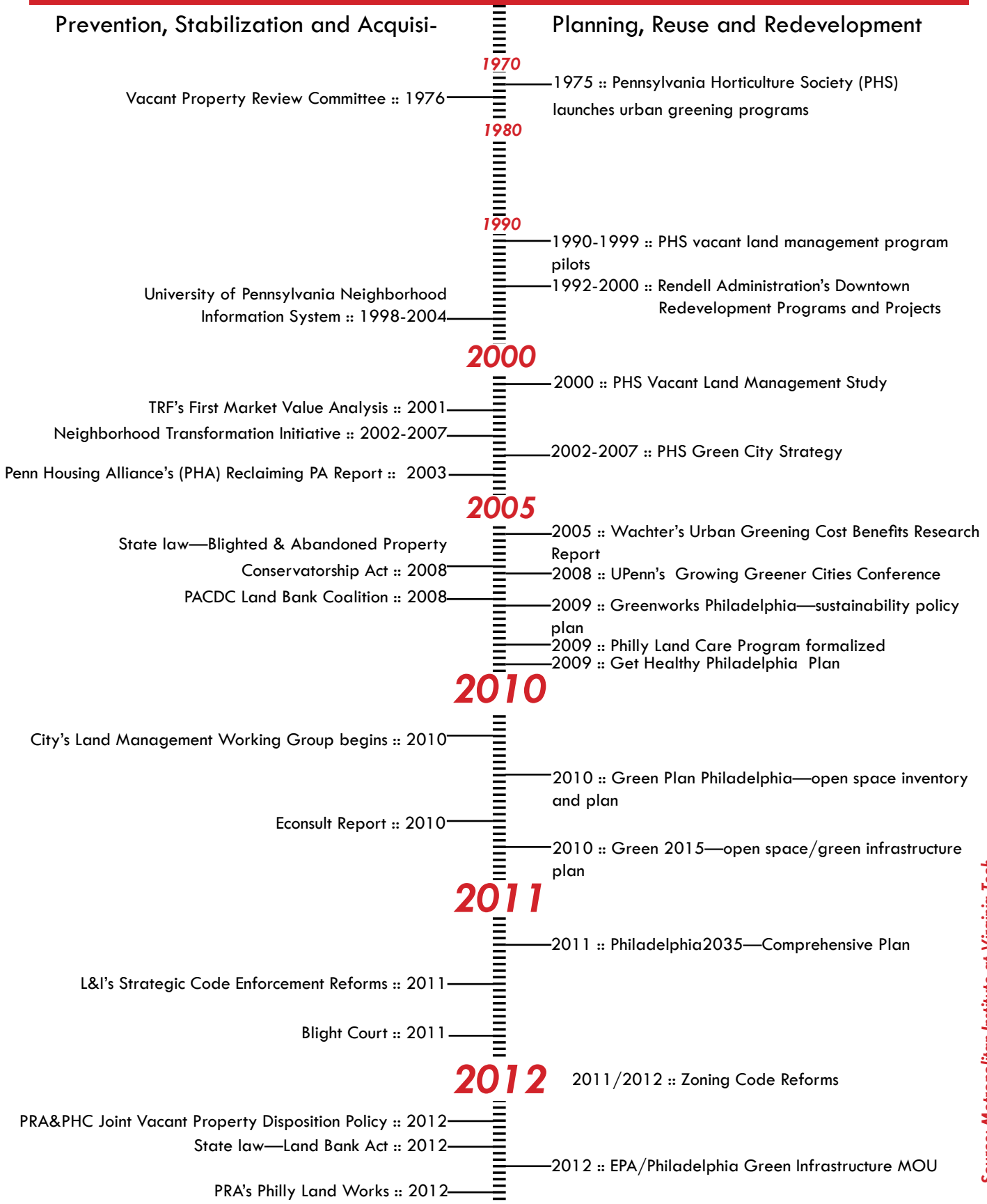
The LMWG does represent the City's new spirit of collaboration and significantly improved approach to dealing with vacant property and connecting individual policies and programs into a cohesive system for reclaiming vacant properties. Building on more than a decade of work conducted by the Philadelphia Association of Community Development Corporations (PACDC) and other leading nonprofit organizations, the City has improved its coordination of new and existing efforts to address vacant property. New and more innovative information strategies are enabling City staff to more fully understand the extent of the vacant property challenge for each neighborhood type. The City is applying prevention and abatement strategies that are unique to the context of each neighborhood, and implementing public vacant property acquisition and management programs that more fully consider neighborhood data and types. And finally, the City has developed and started to implement a variety of innovative reuse and planning strategies for publicly held vacant land that consider the social, economic, and environmental goals of the community.

The Land Management Working Group represents the City's new spirit of collaboration and significantly improved approach to vacant property policies and programs.

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Philadelphia's Vacant Property Programs and Initiatives



Source: Metropolitan Institute at Virginia Tech

the philadelphia approach

Philadelphia's Vacant Properties Reclamation Policies, Programs, and Projects—Moving Toward a Systems Approach

Philadelphia now seems to be on the path of developing a systems approach to reclaiming vacant properties. This next section will provide detail on Philadelphia's suite of new and existing policies and programs that prevent properties from becoming vacant and abandoned, and that facilitate the abatement, acquisition, and reuse of vacant properties:

- Real property information strategies such as Philly Land Works;
- A range of policy interventions for preventing, abating, and stabilizing vacant properties, including Department of Licenses & Inspections code enforcement reforms;
- Pennsylvania Horticultural Society's Philly LandCare initiative;
- Uniform citywide acquisition and disposition policy for publicly owned vacant land, including the possible establishment of a land bank; and
- A long-term vision for reuse that is aligned with community goals and objectives, drawn from Imagine Philadelphia, Greenworks Philadelphia, and Philadelphia2035;

All of these programs and strategies together set the foundation for a more holistic, systems approach to vacant property reclamation.

Real Property Information Strategies—Philly Land Works and Beyond

Establishing a comprehensive information strategy to fully research the extent of the vacant property problem is an essential first step in the reclamation cycle. Communities must understand the socio-economic differences, as well as the number and conditions of vacant properties, among and within neighborhoods. Synthesizing data on property ownership also illuminates the market drivers that lead some people to abandon properties. Answers to these questions will help a community identify which neighborhoods are the most distressed, which ones are somewhat stable, and which ones are somewhere in between. By systematically compiling, maintaining, and updating these data over time, and combining them with existing public data (e.g. water utility shutoffs, code enforcement cases, foreclosure filings), a community can develop a *real property information system* to help prioritize and target specific vacant properties strategies to the appropriate neighborhood. Such a system requires coordination and collaboration across different local government departments and with nonprofit groups, community groups, local businesses, and foundations, but is a cost-efficient method for achieving results and helps focus the attention of policymakers, staff, and community groups to the unique needs of each neighborhood.

Although Philadelphia does not yet have a comprehensive, citywide real property information system, it has made tremendous progress to coordinate internal data systems across various public agencies related to the inventory of publicly owned vacant property. As is true for other cities, Philadelphia will also need a better understanding of the *total* vacant property inventory (both publicly and privately owned), the profiles of different property ownership models, the neighborhood context, and the condition of this inventory so it can more effectively plan for, assemble, and reuse vacant land. Current efforts to consolidate and streamline publicly owned vacant property data establish a foundation for future collaboration both inside and beyond government, as different departments and agencies build trust and work to troubleshoot technical issues and discuss sensitive (sometimes conflicting) policy goals and objectives.

In spring 2012, the City launched Philly Land Works (phillylandworks.org), a publicly accessible website for searching the availability of vacant property owned by the Philadelphia Redevelopment Authority, Philadelphia Department of Public Property, and the Philadelphia Housing Development

Corporation (Figure 5). By far these three agencies own the most significant share of the public vacant land inventory. This new system offers an inventory of publicly owned vacant land through an online portal that hosts an interactive map (<http://secure.phila.gov/pap/publicweb/>). PRA continues to work with other public agencies, such as the U.S. Department of Housing and Urban Development (HUD), the Philadelphia Industrial Development Corporation (PIDC), the School District of Philadelphia, and the Philadelphia Housing Authority (PHA) to connect their respective vacant property inventories to Philly Land Works.

Until the City can collect data on all vacant property—both publicly and privately owned—Philly Land Works provides a good interim solution to the tremendous challenge of coordinating the vacant property management systems of multiple public agencies. The site offers a map view of the available properties, as well as a table view that identifies the property's location, area, zoning, land holding agency, availability, and price for most but not all properties listed. Prospective buyers can express an interest in a property by filling out a short form directly on the website, and track their expression of interest via a tracking ID, which is given to them on submittal of the form. As of the fall 2012, Philly Land Works has received over 1,700 requests, with more than 500 sales pending.

In looking at the preliminary data and maps from Philly Land Works, one can identify the neighborhoods with concentrations of publicly owned vacant property. Most of these vacant properties tend to accumulate in the neighborhoods just north of downtown and also to the east.

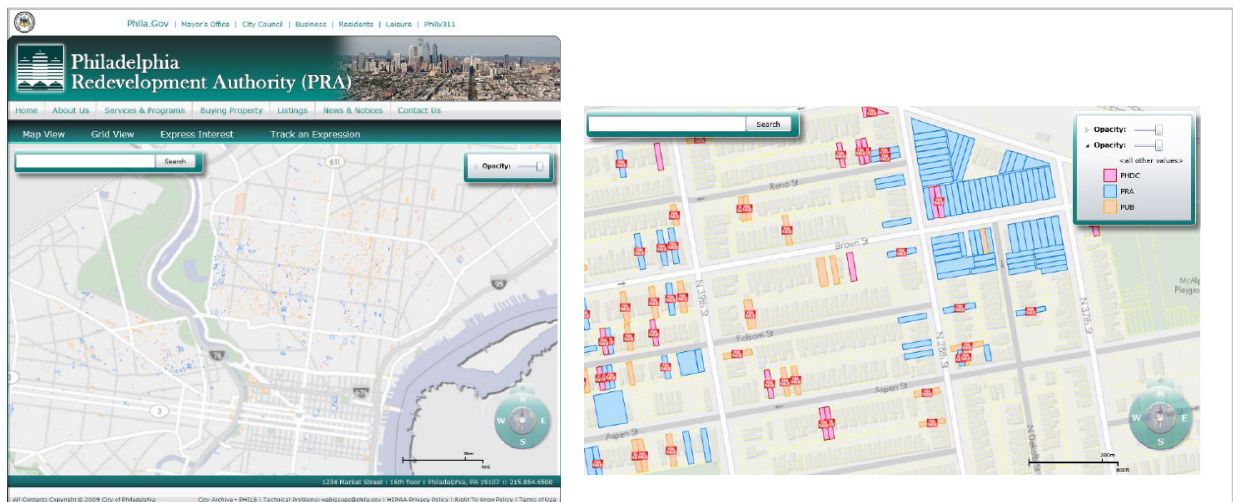


FIGURE 5. Publicly owned vacant properties available for purchase.

Source: Sample screen from Philly Land Works

Before Philly Land Works, these three agencies had separate inventories of publicly owned vacant property and managed its own disposition and sales process. This discouraged the assemblage of multiple parcels of land, particularly in neighborhoods where there were multiple landowners. Across the agencies, there was no consistent process for determining the fair market value of properties, eligibility requirements for future purchasers of publicly owned property, nor engaging members of the surrounding community. Different restrictions existed for property transfers, as well as the future uses of property, from different City agencies. Furthermore, there was little agreement on what situations warranted the transfer of property for less than fair market value.

Working together, the various agencies met as part of the disposition committee of the LMWG to discuss these various challenges and create agreed upon solutions. In preparation for the launch of Philly Land Works, the agencies developed a process to systematically price publicly owned vacant property, and identify specific situations in which each agency was willing to transfer the property for less than fair market value: affordable housing, side yard expansions of less than \$15,000 value and 3,000 square feet, and other economic and community development

reasons, including greenspace. The agencies decided to create some set-asides for urban gardens and market farming, and flag these uses as eligible for long-term leases. In addition to Philly Land Works, the City created an additional website (<http://phillylandworks.wordpress.com/>) to highlight selected, “featured” properties (Figure 6).

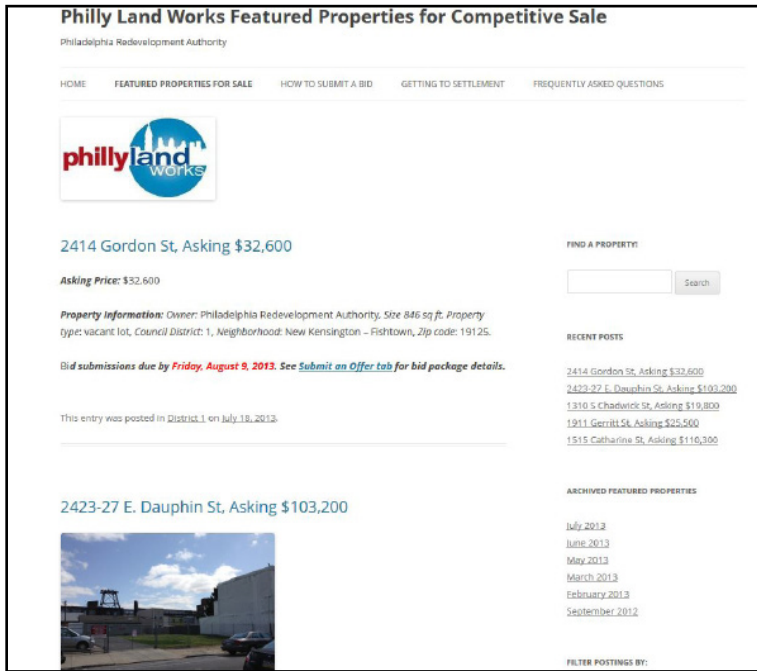


FIGURE 6. Philly Land Works routinely features selected properties for purchase.
 Source: Sample screen

Prevention, Abatement, and Stabilization Strategies

After compiling information on the extent of the vacant property problem, its locations and causes, our Vacant Property Policy Cycle suggests that communities should consider a range of policy interventions they can strategically deploy according to the characteristics of the property, its ownership and relevant market and neighborhood conditions. Some actions may help prevent troubled properties from becoming vacant while others demand stronger interventions that actually abate nuisance and in some cases demolish abandoned buildings. Many programs and strategies exist to help, including a wide array of code enforcement strategies, from regulatory measures (e.g., vacant property registration ordinances, routine rental inspection programs, foreclosure prevention, and education) to more formal judicial actions (e.g., criminal prosecutions, injunctions, and prosecution of fraudulent lending). A few pioneering communities are developing early warning systems to proactively address problem properties before they become vacant and vandalized.

Philadelphia officials have launched different strategies and initiatives over the years to better address the challenges of substandard occupied structures, illegal construction, and vacant properties. Although some of these efforts increased the amount of inspection and demolition activity and temporarily tracked vacant properties at a particular point in time, the City has struggled with institutionalizing these revisions to its code enforcement processes and operations. With renewed support from Mayor Nutter, Philadelphia is now embarking on a more rigorous, data-driven approach to code enforcement and vacant properties that shows great potential for transformative change.

Data-Driven Code Enforcement—Streamlining Operations and Expanding Capacity

Philadelphia’s Department of Licenses and Inspections (L&I) contains two divisions that oversee code administration and enforcement activities related to property maintenance, fire, zoning, and building codes on properties with standing structures. The Development Division is responsible for

administering all construction permitting activities throughout the city (residential and commercial buildings). In FY 2011 the Development Division issued over 40,000 permits and conducted over 90,000 building code inspections.¹ The Operations Division oversees traditional code enforcement responsibilities for housing, property maintenance, zoning, fire, and City administrative codes. The division contains two units: 1) Operations Unit—Housing code enforcement, commercial and industrial fire code enforcement and business compliance; and 2) the Enforcement Unit—emergency services and abatement (demolition), clean and seal, and code violation resolution. In FY 2011 the Operations Division conducted nearly 65,000 housing inspections, clean and sealed 1,487 properties and demolished 580 unsafe buildings.

Over the course of the last several years, L&I's general fund was cut over 40 percent, and the department had limited staff to focus on code enforcement of vacant structures. The enforcement unit also faced several challenges, including difficulty in identifying and tracking down property owners; limited access to quality data; as well as a lack of collaboration across City departments. According to L&I staff, there was a real need to develop a coordinated strategy for the City to increase and improve property code enforcement.

Commissioner Fran Burns (2008-2011) helped transform L&I's organizational culture to focus on efficiency, customer services, and performance standards for inspectors and staff. Most of Burns' early efforts focused on the Development Division's processes. With the release of the 2010 Econsult vacant properties report, reforming how the City tracked and inspected vacant properties became a top mayoral priority. In October 2010, L&I hired a new deputy commissioner for the Operations Unit, Maura Kennedy, to focus on vacant properties. One of Kennedy's first management steps was hiring staff with experience in database development and information technology. Next she brought on board a team of high-caliber graduate student interns as research teams to help identify vacant property owners. These two full-time hires and part-time graduate student positions expanded the capacity of the department to five staff, enabling them to address major challenges, particularly with the drastic cut in general funding and the need to more systematically identify vacant property owners. The graduate students also gained significant practical experience to complement their academic education; in fact, several of the students have stayed on as temporary staff to continue their vacant property research and investigation work.

As a first programmatic step in tackling the funding issue, L&I worked on reducing demolition costs by 50 percent, which was made possible by the strategic move to group demolitions geographically. This reduced the number and cost of individual private contracts from \$30,000 to about \$12,000-14,000.

With increasing attention on vacant properties thanks to the Econsult study, L&I devised a strategic approach to vacant property code enforcement in light of its limited funds and staff time. Instead of treating all vacant property equally, the department used preliminary data and GIS maps to classify vacant property according to one of three categories: (1) vacant property in "strong property markets" or economically healthy neighborhoods; (2) vacant property in "high-vacancy property density areas"; and (3) vacant property in neighborhoods where only a few property owners owned the majority of the vacant property or "large-scale owners of scale blight". By using this place-based approach, L&I could tailor the appropriate intervention to match property and neighborhood conditions and thereby more efficiently deploy its limited resources.

In economically healthy neighborhoods, L&I determined that private property owners would have a strong incentive to prevent their vacant properties from deteriorating; and thus, L&I developed a targeted, outcomes-focused strategy to make private owners accountable for the maintenance of their vacant property by providing enforcement property maintenance code and other regulatory measures to encourage or in some cases persuade owners to repair or sell their properties thereby improving their neighborhood. However there is less of an incentive to enforce property maintenance codes in areas with high vacant property densities or in neighborhoods with large-scale owners of blight, where properties have minimal economic value. For both of these circumstances, L&I determined that traditional code enforcement measures might not be the best strategy to address the problem.

Creating a Strategic Process for Vacant Property Code Enforcement

With a new strategic direction to tailor its code enforcement regulatory strategies on vacant property in “strong property markets,” L&I reformed the department’s process for identifying property owners, ensuring their compliance with City codes, and focusing the City’s code enforcement legal remedies on positive outcomes. L&I created a three-step approach in recalibrating its vacant property enforcement processes and programs:

- 1) Focus on finding the property owner.
- 2) Create new regulatory measures.
- 3) Provide dedicated legal resources.

Focus on Finding the Property Owner

L&I streamlined the identification process by creating a database of properties that were likely vacant, gathering data on the number of vacant properties per Census tract and the density of vacancy, and categorizing the types of properties according to three categories:

- properties in strong property markets,
- properties in high-vacancy areas, and
- individual property owners with large-scale and/or multiple blighted properties

The legal name and place of residence for each individual owner was collected, and this information was matched against L&I records and permits. Leveraging the technology expertise of its new staff and the energy of the graduate students, L&I formed five research team to compile the data in spreadsheets, create GIS maps, and prepare easily digestible regular reports.

L&I also improved and streamlined its property inspection process (L&I Stat) by borrowing elements of Baltimore’s inspection templates, modified to fit Philadelphia’s needs, and creating a property inspection database to aggregate inspection data from numerous sources. The database pulls from and links to several different departments’ databases, incorporates IRS data to provide additional contact information about property owners, maintains statistics on each property, and tracks the results from court processes. The database allows L&I to categorize properties, based on the economic health of each neighborhood, and assist the department in determining the best approach for dealing with the vacancy. Each type of property requires a different type of approach.

L&I also developed incentives for property inspectors to eliminate redundancy and inefficiency. Rather than employing multiple inspectors to do different tasks (such as housing inspection, residential inspection, business license inspection, or commercial industry inspection), L&I began to provide training for a new class of “generalist inspectors” so that one inspector can inspect a property for multiple violations. As an incentive, L&I pays for this training at Bucks County Community College and offers a pay increase to inspectors with this additional education. This also provides a clear career ladder within the department.

While inspectors are out in the field, they focus on specific properties, and often do not account for changes in the neighborhood. To resolve this issue, L&I created field worksheets to specifically identify new vacant properties not listed in the database. These worksheets were sent with inspectors working in neighborhoods with likely additional vacant properties. Properties identified by the worksheets as potentially vacant are then verified as vacant by the inspector, who subsequently identifies the correct owner and address of the property. L&I staff note that this process is not perfect and requires a lot of quality control, but inspectors meet with their supervisors weekly to assure accuracy in the process, particularly since vacant property owners are liable for hefty fines.

Finding vacant property owners and getting them to comply with property maintenance can be extremely challenging, particularly when property maintenance fines are attached to the property, and not the property owner.

Philadelphia also borrowed another element from Baltimore’s successful transformation of its housing code operation: ensuring the new inspection data system could track inspector performance and encourage accountability. For example, L&I encourages inspectors to “own your own Census tract” instead of focusing on individual properties. Inspector performance is measured more on outcomes—visible changes to properties, blocks, and neighborhoods—and less on the number of inspections or citations issued.

Recalibrate Existing Regulatory Measures for Stable, Stronger Market Neighborhoods

As a way to persuade property owners to address their vacant properties and essentially make it expensive to own blight, L&I took advantage of a previously underused ordinance passed by Philadelphia City Council over eight years ago, the Doors and Windows Ordinance, which has become a cornerstone of L&I’s approach to abating vacant properties in relatively strong/stable markets, where property owners typically have a stronger interest in complying with the ordinance’s requirements. The ordinance “requires all structures on blocks that are at least 80 percent occupied to have actual doors and windows where there should be,” and enables the City to fine vacant property owners up to \$300 per day for every door or window violation, up to a maximum of \$2,100 per day.² In contrast to “board-and-secure” ordinances in other cities, Philadelphia’s ordinance requires property owners to install and maintain functional doors and windows, reducing the negative influence of boarded-up properties on neighborhoods’ appearance and property values. The administrative notice issued by the inspectors gives property owners 30 days to comply after the first, second, and third inspections. If they fail to comply within the 90-day time period, the property owner must appear before court.

Finding vacant property owners and getting them to comply with property maintenance can be extremely challenging, particularly when property maintenance fines are attached to the property, and not the property owner. Previously most L&I citations for vacant property violations were returned to L&I as non-deliverable. To solve this issue, Pennsylvania Representative John Taylor sponsored *State Act 90* to allow the attachment of high dollar fines to a property owner’s personal assets. The Act, known as *Neighborhood Blight Reclamation and Revitalization Act* (effective April 2011), enables a court to attach a property owner’s bank accounts, personal home, and other personal assets. Act 90 allows the City to quickly get the attention of previously noncompliant property owners. When personal assets are at stake, property owners tend to be more responsive. According to L&I staff, the compliance rate has increased substantially after *State Act 90* was passed, and the City has seen increases in property value in neighborhoods where property owners comply. The Reinvestment Fund is in the process of analyzing L&I and Blight Court data as part of a data collaborative with PACDC, Housing Alliance of Pennsylvania, and Regional Housing Legal Services to better measure the outcomes of implementation of *State Act 90*.

The Act also allows municipalities to “deny applications for certain municipal permits and approvals if the applicant is delinquent on taxes or other municipal charges, or if the applicant owns property that is in serious violation of codes and has taken no substantial action to bring the property into code compliance.” It also encourages the development of “education and training programs for judges related to blighted and abandoned property,” and authorizes the establishment of housing courts. Furthermore, the Act enables “out-of-state owners of deteriorated property to be extradited to the Commonwealth for prosecution.”³

Dedicate Legal Resources—Philadelphia’s Blight Court

To streamline and improve the flow of vacant property cases through the legal process, the City of Philadelphia Law Department and local judges agreed to have a special calendar for vacant property cases. This calendar, known as Blight Court, give one or two judges time to hear vacant property cases involving new regulatory measures, such as appeals from the Doors and Windows Ordinance. To maximize these dates, L&I worked closely with the Law Department to create a strategic approach to processing and presenting cases.

Because the overarching goal of the City is not to acquire property, but to stabilize it and enforce compliance of usable vacant structures in stable neighborhoods, the Blight Court started with

a focus on vacant property owners who owned greater than 100 properties and matched the following ownership profile: (a) owner could be identified and located; (b) owner demonstrates initial responsiveness to fines; (c) owner is current on his/her taxes or is not very tax delinquent; (d) owner's delinquent property has secure, stable structures with resale value; (e) owns property with more than two windows or doors missing; and (f) has numerous vacant property cases filed at the same time. Since the Doors and Windows Ordinance can lead to substantially large fines for large-scale property owners, the judge can choose to reduce the fines down to a percentage. For property owners who fail to comply, the judge has three options: (1) to attach the fines to a lien on the property, (2) to attach the fines to personal assets of the property owner; or (3) to take the property to Sheriff's Sale. In addition to the Blight Court, L&I hired an internal full-time attorney to help negotiate settlements with certain property owners who have demonstrated a propensity for compliance.

Housing and Code Enforcement Unit

As a special unit within the City's law office, the Housing and Code Enforcement Unit performs the dual role of advising City departments and pursuing enforcement actions for the Department of Licenses and Inspections and Department of Public Health. The Housing Division advises City leaders, the Office of Housing and Neighborhood Preservation, and related agencies on housing law, contracts, and policy questions. The Code Enforcement (CE) Division files administrative and judicial actions to enforce City regulations in matters relating to buildings, zoning, licensing and permit requirements, food service, and other ordinances related to land use and quality of life. The CE maintains approximately 1,100 cases at any point in time as cases circulate through the City's administrative hearing system. For cases that involve somewhat minor offenses, such as trash, litter, and debris, the inspectors issues code notices that do not immediately impose penalties but set compliance deadlines. If the property owner ignores these notices, the cases go first to a hearing before the City's Bureau of Administrative Adjudication and then could go to court if necessary. For violations of the City's property maintenance code and the vacant properties ordinance (e.g., Doors and Windows), the inspector notices are sent to the Board of Inspection and Review for failure to comply.

Before 2004, the Doors and Windows ordinance was rarely enforced, but it has now become a major

enforcement tool for L&I inspectors against vacant properties in transitional to stable neighborhoods. The creation of the Blight Court calendar was a direct outcome from the increased use of the Doors and Windows ordinance. By imposing civil penalties, the Court can motivate neglectful property owners to fix their properties and encourage speculators to transfer or sell vacant properties they cannot take care of.

Together the CE division and L&I's vacant property team continue their focus on owners who have multiple properties in the neighborhoods identified by L&I that are prime candidates for the Doors and Windows ordinance. By concentrating inspections in target neighborhoods where there are emerging housing markets, this policy action facilitates neighborhood stabilization and encourage more private investment. The new focus on Doors and Windows so far seems successful with the 5 attorneys in the CE unit handling about 340 cases over the past 18 months. However, at some point this caseload may challenge the CE unit's legal capacity as they are also handling other zoning, building, and health code cases. Another challenge is how to collect outstanding civil penalties from owners whether they have complied with the blight courts order or not as that would require the law office to initiate collection proceedings and in theory begin the process for a Sheriff's Sale of the property in the case of a nonresponsive or nonexistent property owner. These collection and foreclosure proceedings would likely require additional legal capacity.

Overall, L&I's new strategic approach to vacant properties encourages more positive outcomes that are driven by market behavior of property owners. For example, if an owner complies with the ordinance citations, the hearing officer or judge may only impose a minimal fine, such as 1% percent of the total fine amount. In this scenario, there is a huge incentive to comply, because the fines are reduced substantially. Collected fines then enter the City's general fund. If the owner decides not to comply, but to sell to another person, L&I also considers this a positive outcome. The owner is given a specific amount of time to sell the property to someone who has demonstrated the ability to care for the property. When a property owner does not show up to a court date, a Blight

Court judge could order the property to be sold at the Sheriff's Sale. This option seems the least desirable outcome from the City's perspective, because Sheriff's Sale can be a lengthy process and there is no control over who the highest bidder will be, leaving the purchase open to a speculator or owner of other tax-delinquent properties. (See subsection on acquisition and disposition for more in-depth discussion of Philadelphia's tax foreclosure and sheriff's sale processes.)

The Sheriff's Sale process does not treat properties in different neighborhoods differently. For example, in some foreclosure cases, the code violator is given the option of entering into a payment plan with the City to avoid foreclosure. This means that the property would continue to sit vacant while the code violator makes payments (L&I is currently working on an approach to keep foreclosed properties from remaining vacant). One advantage to the highly visible Sheriff's Sale choice is that it permits the City to send a strong signal to high-profile, large-scale property owners that it is serious about cracking down on vacant property neglect.

As L&I explores how best to identify and flag vacant properties in stable neighborhoods, it seems that it has only two e-collection options for the property owner with delinquent fines: (1) pay fines in full; or (2) send the property to Sheriff's Sale. Another challenge in relying on the Sheriff's sale process is also the capacity of the Sheriff and Law Department to process more cases (they currently process a maximum of 30 tax-delinquent properties per month).

Other Code Enforcement Strategies, Preliminary Results, and Next Steps

Preliminary results from L&I's new approaches to address vacant properties indicate that these code enforcement strategies are working. From April 2011 through approximately June 2012 L&I inspected over 3,000 properties and deployed a number of its existing and new enforcement strategies to gain compliance and recover over \$1.5million in relevant fines and revenue as of June 2012. (See Table 1).⁴

TABLE 1

Violation Type	Number of Properties	Compliance Rate
Rental License	784	43.2%
Vacant License	1,688	24.5%
Exterior Maintenance	695	17.5%
Doors and Windows in Stable/Strong Markets	690	21.7%
Doors and Windows for Target Property Owners	172	34.4%

L&I is exploring other strategies, such as enlisting the help of the media, to assist in the identification of vacant property owners and also increase voluntary compliance. Now, the department publicizes the names of large-scale vacant property owners. This helps the City demonstrate its commitment to tracking down noncompliant property owners. Recently, L&I staff began using social media, particularly Facebook, to engage with the community about specific vacant properties. This provides citizens with another outlet to complain about problem properties, but also helps the City identify new or previously unidentified vacant properties. L&I also recently made its vacant property data publicly accessible, using searchable maps along with a new mobile app on vacant properties that is connected to the City's 311 calling system. Improvements to the website are still much-needed: For example, the online database does not aggregate information from other City departments.

Despite the City's efforts to improve the code enforcement process, it has several outstanding questions and challenges: How does the City ensure new owners of vacant property comply with property maintenance requirements? In neighborhoods with high rates of vacancy, how does the City hold the land in a way that is productive to the community, and doesn't attract crime? If the City chooses to hold housing stock until the market improves, what strategies should the City use to preserve the property? Another challenge on the horizon is how does the City effectively manage a vacant property when the owner has died but the property has never gone through the probate

process to settle the estate? Without probate process there is no clear, marketable title, and the property remains in legal limbo. When L&I identifies these probate cases, they are now partnering with pro-bono and private attorneys to probate the estate for the deceased person as a way to provide clean title that could facilitate its eventual sale or disposition. Eventually when the court orders the sale or disposition of the property in order to settle the estate, the City is also working to connect the probate attorneys with a developer or individual willing to purchase the property. The City estimates that about 30 percent of vacant property cases have a tangled title issue. In this case, the value of municipal liens exceeds the value of the property, and there is no incentive to fix the property. L&I staff are exploring a method to revise the tax collection equation. For example, if a new property owner rehabilitates the property and the property is occupied for a minimum of 9 months, then the liens could be removed from the property.

CONSERVATORSHIP—Another Legal Remedy to Address Vacant and Blighted Buildings

One of the signature pieces of the Pennsylvania Housing Alliance’s legislative agenda was the passage of the Abandoned and Blighted Property Conservatorship Act, which took effect on February 24, 2009. The Pennsylvania Conservatorship Act, “uses police power language to justify the creation of a new mechanism to combat blight by providing further that ‘[i]f the owner of a residential, commercial or industrial building fails to maintain the property in accordance with applicable municipal codes or standards of public welfare or safety, it is in the best interest of the Commonwealth, the municipality and the community for the court, . . . to appoint a conservator to make the necessary improvements before the building deteriorates further.’ The Alliance and its nonprofit partners have held a series of workshops and trainings to help build the capacity of nonprofits and local town and City attorneys in using this new legal remedy. Similar to substandard and blighted property receivership laws in New Jersey and Ohio, the Conservatorship Act requires the filing of a judicial

action in the court of common pleas to appoint a third party conservator to abate the nuisance conditions of vacant structures. Such actions could include repairs or demolition depending on the severity of the conditions and the property ownership circumstances. Pennsylvania’s Act does not apply to occupied structure, but to buildings not legally occupied for 12 consecutive months, not actively marketed for 60 days and not part of an existing foreclosure. For the court to appoint the conservator it must find that the property met at least three of the enumerated nuisance conditions set forth in the statute. Nonprofits, adjacent homeowners and businesses as well as local government attorneys can file the court action to establish a conservator. Nonprofit CDCs or a for-profit developer could serve as the court appointed conservators. Since its adoption approximately two dozen communities have successfully experimented with the conservatorship action and there has been one unreported court case upholding the overall validity of the Act. Several nonprofits in Philadelphia, some with the assistance of the Regional Housing Legal Services, have successfully pursued a few conservatorship actions.

Vacant Property Stabilization: The Philadelphia LandCare Program

For over 30 years, PHS “has used horticulture to build community and improve the quality of life in Philadelphia’s neighborhoods and downtown public spaces.”⁵ Through its Philadelphia Green program, the largest urban greening program in the U.S., it has developed and preserved community green space, planted trees, created green streetscapes, revitalized parks and public spaces, reclaimed abandoned land, provided long-term landscape management, support open space planning, and built community capacity.

Based on its extensive experience with its NTI Vacant Land Stabilization Program, PHS currently manages its Philadelphia LandCare program to explicitly address the blight caused by Philadelphia’s thousands of vacant lots.⁶ As described previously, this program was first funded and developed on a citywide basis through former Mayor Street’s Neighborhood Transformation Initiative. Due to the program’s ongoing success, the City continues to contract with PHS to remove trash and debris, create an atmosphere that is more park-like through tree and grass planting, and install modest split-rail fences on vacant properties to improve the visible appearance of these properties.⁷ *Philadelphia LandCare* continues to regularly maintain over 5,900 parcels of vacant land (or about 8million sq. ft.). A sister program, *Community LandCare*, maintains an additional 1,900 parcels. This equates to more than 10,000,000 square feet of vacant land.

Over the past 12 years, the program has planted more than 4,400 trees, and paved the way for the redevelopment of 820 parcels.

Parcels are identified for the program through a strategic selection process that includes several neighborhood and site factors. Neighborhood factors include access to public transit, proximity to anchor institutions such as universities and hospitals, amount of open space, presence of retail corridors, presence of strong community-based organizations, and the ability to leverage public and private investments. Site factors include proximity to new residential or commercial development, transit routes and rail stations, well-travelled thoroughfares and commercial corridors, and schools and recreation centers, as well as the opportunity for aggregate sites for maximum visual impact, and economies of scale and location. PHS employs City-based private contractors to clear the land and install the landscapes.



FIGURE 7. Philadelphia LandCare Lots
Source: PHS

PHS also contracts with a combination of social service and job training organizations, community development corporations, and civic organizations to clean blighted lots that have not received the stabilization treatment. Developed in 2003, the PHS Community LandCare program partners with network of community-based organizations that employ neighborhood residents to regularly clean and maintain problem lots in their community. Community LandCare currently works with 11 community groups to maintain about 2 million sq. ft. (or 1 900 parcels) of land, which creates about 70 seasonal jobs.

As part of agreement with the City, PHS essentially operates as the City’s nuisance abatement contractor, which gives PHS legal permission to abate nuisance on vacant lots (remove the trash and debris) and take necessary steps (in this case urban greening) to stabilize the property to prevent future nuisances. Under City nuisance abatement procedures the private owners of vacant lots are given 10 days to abate nuisances. If they fail to act, the City declares the property a public nuisance, which permits PHS to start its “cleaning and greening” work. In most of these cases, the City never hears from the property owners as many of these properties involve tangled titles and owners who have been dead for decades.



FIGURE 8. Vacant lot before and after treatment

Source: Bob Grossman, PHS

PHS reports that the costs of site clearance and maintenance have remained constant over the past 12 years, despite the increasing costs of energy. Prospective contractors bid competitively for both installation and maintenance projects. While PHS is not required to take the lowest bid, the majority of contractors who now bid for projects have become efficient, because PHS organizes the bids to target specific geographic areas. PHS also purchases trees, soil, and grass seed in bulk, thus keeping costs low. PHS estimates that cleaning and greening a site, including the costs of materials, labor, contractor costs and PHS management costs, total approximately \$0.99/sq. ft. Maintenance of treated land costs approximately \$0.01/sq. ft. /visit or \$0.14/sq. ft. / year. In the spring 2013, PHS estimates that it will clean and green an additional 200 parcels (or 250,000 sq. ft. of land).

In 2008, former PHS Executive Director Blaine Bonham and NTI Director Patricia Smith reflected on the strengths and benefits of the PHS model for greening.⁸ They noted the high level of credibility and trust that PHS brought to the partnership, having worked with numerous City departments and community organizations over the years. These partnerships also relied on the relative strength of each party, such as PHS's technical expertise and the City's resources and legal authority. Neighborhood target and strategic site selection also contributed to the success of taking the vacant lot stabilization program to citywide scale. PHS was also able to leverage foundation resources and other in-kind expertise that a municipal government could not marshal—another reason for cities to partner with high-capacity nonprofits.

Another hallmark of PHS's success is several in-depth studies of its urban greening programs. Starting with a PHS self-assessment in 1995, there have been a series of research reports on the environmental and economic benefits of PHS's programs. University of Penn Professor Susan Wachter and her colleagues have done several studies that document the increases in property values for adjacent properties. Her initial work, limited to one neighborhood, found that greened lots increased the value of adjacent properties by as much as 30%. In 2006, Wachter and Gillen conducted a citywide analysis that found positive increases in property value, but less than the previous study (Wachter and Gillen, 2006).⁹

Recently Swarthmore Professor Megan Heckert estimates that the Philadelphia LandCare program creates substantial environmental and community benefits to neighborhoods.¹⁰ For example, trees planted on Philadelphia LandCare lots intercept over 2,000,000 gallons of stormwater. Additionally, more than 45,000 people and 16,000 households have access to some form of green space within a half mile of their homes who otherwise would have no green space in their neighborhood, due to Philadelphia LandCare. Perelman School of Medicine researchers at the University of Pennsylvania published results from a 10-year study to analyze the impact greening vacant urban land has on health and safety.¹¹ Results of the study, published in 2011 in the *American Journal of Epidemiology*, show a significant reduction in gun assaults and stress levels, as well as a significant increase in physical activity.

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Acquisition, Disposition & Vacant Property Management

When vacancy cannot be prevented, a community must establish policies and programs to either maintain or demolish structures in the near term, and strategically acquire vacant properties with clear legal titles to prevent an acceleration of blight and decay. Once a local government acquires physical and legal control over a property, the local government can hold or dispose the property. Once the decision is made to dispose of the vacant property, the local government must decide whether to auction, sell, donate, or convey the property to an individual, developer, CDC, nongovernmental organization, land bank authority, land trust, or the public for open space use.

Two vacant property policy actions often arise when communities attempt to reform their systems for acquiring and disposing of vacant properties: 1) the legal authority is sought to create local land banks; and 2) the state and local tax foreclosure systems are streamlined to facilitate neighborhood stabilization and revitalization.

Philadelphia has made a tremendous effort to improve the vacant property management and revitalization process in Philadelphia, and is focusing more attention on the potential for a land bank as well as the management of its public inventory. This decision to create a land bank is related to—and largely prompted by—the nature of its tax foreclosure process.

Vacant Property Tax Foreclosure and Sheriff's Sale Process¹²

Property tax foreclosure is a complicated process that involves somewhat obscure state and local legal rules and procedures. Often the primary public policy driver behind tax foreclosure systems and Sheriff sales process is to raise revenue by collecting long-overdue taxes. Where the properties have value and exist in relatively strong/stable neighborhoods, the local governments initiate the tax foreclosure process. When the real estate market is weak and the properties have little value after years of neglect, vacancy, and abandonment, collecting back taxes and raising revenue become secondary policy objectives. From the vantage point of reclaiming vacant properties, delinquent tax foreclosure systems, especially the Sheriff's Sale process, should enable land banks, CDCs, and others engaged in neighborhood revitalization to more easily acquire tax delinquent vacant property. In these circumstances the nonprofit community often seeks vacant properties owned by public agencies or competes with investors and speculators for private vacant properties.

In the past, Philadelphia's CDCs and private developers regularly used the Sheriff's Sale and tax foreclosure process to obtain private vacant properties, especially vacant land, at low prices. With a dynamic housing market from 2000-2006, the Sheriffs sales process shifted toward local private and out-of-town investors. While this market-driven change did create economic benefits for some, it did not address Philadelphia's ever-present housing affordability challenges or ensure neighborhood stabilization. The importance of reconciling the sometimes competing goals of recovering tax revenues, stimulating private investment, and stabilizing neighborhoods for people of all incomes is a vital consideration in reforming the tax foreclosure process.

Vacant and Abandoned Private Property

The City of Philadelphia's traditional tax foreclosure on private vacant properties starts when the City's Revenue Department under two circumstances: 1) When it believes that it can collect more revenue than the cost of the proceeding (approximately \$1,500); or 2) When City leaders or officials want to acquire the property on behalf of a person/nonprofit entity for a project by bundling all of the property's liens.¹³ When the Revenue Department manages the process, one can easily surmise that tax foreclosure mainly serves as a tax collection tool. The Revenue Department's view is that focusing on collection as opposed to acquiring vacant property is more cost effective. Of the 110,000 parcels in Philadelphia, about 1 in every 5 is tax delinquent. Outside attorneys handle the collection actions for the City. Under Pennsylvania law, tax foreclosure is a judicial proceeding, but the owner's right of redemption is not foreclosed until after the Sheriff's Sale.

Sheriff's Sales

At the end of the foreclosure process the court can order the sale of the property to pay off a tax debt. The Sheriff manages the sale process according to statutory procedures. The sheriff auctions the property with the minimum bid being the amount of taxes and assessments due the tax collecting authority. The City may bid the amount it is owed in taxes and, if no one bids more, the City becomes the purchaser. If the property sells at auction for more than the taxes owed, other lien holders who have stated their claims (such as a mortgage company) are paid. After all liens are paid, the owner in theory is supposed to receive the remainder.

For the most part in Philadelphia tax-delinquent properties in the Sheriff's Office are sold to the highest bidder at public auction. The Sheriff's Real Estate Division is responsible for processing both the court-ordered tax delinquency sales and the mortgage foreclosure sales. Properties listed for tax and foreclosure sale are not attached by the Sheriff's Office, but rather placed there by order of the court. By law, the Sheriff's Office is mandated to enforce the court-ordered sales. The Sheriff's Sale is not a judicial proceeding, and there is no hearing. According to state law, the "Owner's Right of Redemption" allows the original owner to recover the property within nine months after the sale for occupied properties pursuant to 53 P.S. Section 7293 (2005).

Property Tax Foreclosure 101

State laws generally authorize court action in the foreclosure against delinquent taxpayers. Foreclosure laws attempt to balance the primary policy behind tax foreclosure systems—collection of debts owed to local governments—with providing property owners with due process before selling the property to collect outstanding debt. Property owners are given multiple chances to pay the tax debt and keep the property before the filing of the court action. Even during the tax foreclosure process local governments are often willing to structure payment plans instead of selling the property. Most state laws give owners one final chance—a right of redemption—once the court enters the final judgment to sell the property. The right of redemption typically expires within a certain period of

time after entry of the court judgment but before the property is sold by the Sheriff. These additional steps make less policy sense when the properties have been vacant for long periods of time, especially when the property value is less than the cost of outstanding tax liens. In these circumstances, changes to state property tax foreclosure laws and ordinances could expedite the return of vacant and abandoned properties into productive reuse. Several states, (e.g., Michigan, Ohio, and Indiana) have expedited procedures for returning long-vacant and abandoned property into productive reuse. In general, however, property tax foreclosure and Sheriff Sale are mechanisms designed to collect taxes on valuable property in a usable condition, in a market where there is a healthy demand for such property.

Under local ordinance, if the City wants to acquire a vacant property through its VPRC it can only bid up to the value of outstanding City tax liens. If the City is the high bidder, it writes off the debt and there is no exchange of monies. If the City acquires the property it orders a title search, but no appraisal (assessing a value to the property is not part of the process). Lately, the City has very consistently been outbid because property values have gone up. The purchaser at Sheriff's Sale takes title free and clear of liens except for any Commonwealth of PA tax liens.

One of the policy gaps in the foreclosure process is how to address the deteriorating physical conditions of tax-delinquent vacant property. Most foreclosure rules do not require the judge to do anything about these conditions when ordering the transfer/sale of the property. In fact the condition of the property is often not a matter of record in the foreclosure hearing and buyers may not know what they are buying. Another problem is how to manage the destabilizing impacts from investors and speculators purchasing bulk vacant properties at the Sheriff's sale. It is generally believed that tax foreclosure sales are at bargain prices and thus they attract all kinds of investors and speculators, including worldwide via the internet. Some buyers simply sell to other speculators, which can create a climate for flipping these properties with minimal repairs and thus perpetuating the drivers of neighborhood decline.¹⁴

As part of its new disposition policy, Philadelphia has put in place a policy for buyers of City-owned property that they must not own other properties in Philadelphia that are tax-delinquent or have code violations and they must file realistic plans for redevelopment and have prospects

One of the policy gaps in the foreclosure process is how to address the deteriorating physical conditions of tax delinquent vacant property.

for financing. Community development advocates suggest the Sheriff should do that for its sales to private investors. Also, new state-authorizing legislation for local land banks allows the City to pull properties out of tax sale process and transfer to land bank for disposition to more appropriate buyer without putting property up for sale to highest bidder.

Vacant Property Review Committee

In many respects, the VPRC functions as the advisor to the City's "de facto" land banking operation. The committee facilitates both "deposits" and "withdrawals." The VPRC structure places it in the position to hear from all relevant City departments and its authorizing ordinance requires that it consider City land use plans and implementation of those plans. In disposing of City-owned vacant property, the VPRC may also consider existing City land use plans and may even be subject to deed restrictions for development and use. Land can be delivered to a qualified owner for a specific use, such as rehabilitation, redevelopment, or neighbor's side lot acquisition, avoiding the uncertainties and subordination of public interest characteristic of open market sales. The process requires the powers of the PRA to legally take and transfer titles to properties acquired by the City to designated grantees by private sale because the City Charter prevents VPRC and other City departments from disposing of property without a public sale.

The involvement of other City housing and development agencies, especially the PRA, in the business of the VPRC provides a potential venue for collaboration and perhaps a means for addressing potential conflicts over competing policy priorities.¹⁵ As a subcommittee of City Council's Public Properties Committee, the VPRC is entirely under the purview and subject to the vagaries, both political and financial, of municipal government. When it comes to tackling Philadelphia's extensive vacant property challenges the VPRC's property-by-property scope does not provide the City with a comprehensive or strategic approach. The VPRC process can focus on individual requests from City departments without the opportunity for making any assessments of the impact or effectiveness of its actions. A comprehensive, citywide vacant property strategy would help coordinate the involvement of the VPRC's members. Given its strategic potential in the process of blight management on the one hand and housing rehabilitation and development on the other, it might be worth evaluating the role and performance of the VPRC, particularly in light of the significant changes in the housing and financial markets that have occurred already and the uncertainty about market trends.

Coordinated Policy on Disposition of City-Owned Vacant Properties

In 2011 and early 2012, the Philadelphia Redevelopment Authority, the Philadelphia Housing Development Corporation, and the Department of Public Property collaborated to develop a formal disposition policy for the City of Philadelphia. Published in April 2012, the disposition policy outlines regulations and procedures for the sale and reuse of City-owned property owned by these public agencies, and includes 5 principles to process. The guiding principles state the need to:

- 1) Develop and reuse vacant properties that are consistent with the City's adopted plans, particularly the recently updated comprehensive plan (Philadelphia2035) and neighborhood plans that have been accepted by the City Planning Commission;
- 2) Eliminate blight and revitalize neighborhoods;
- 3) Strengthen the City's tax base;
- 4) Sell, at market value, properties without an adopted public purpose, and discount properties that provide significant community benefits, and;
- 5) Convey land in a unified, predictable, timely and transparent process.

The policy identifies and defines a qualified purchaser of public property as someone who is "in good standing on all municipal obligations; does not own any property that is subject to any significant unremediated violation of City codes and ordinances; has not been an owner in a completed Philadelphia tax foreclosure proceeding within the previous five years; and does not appear as the owner of record on the Philadelphia District Attorney's list of land that has been confiscated due to criminal activity."

Purchasers meeting these standards must also provide a plan for the redevelopment of the property, prove they have adequate access to financial resources and the capacity to complete the proposed plan, and demonstrate operating capacity to be considered. Once a purchaser, and his/her bid, is approved, they must agree, in writing, to comply with the guiding principles, as well as fair housing and marketing regulations, conform to current zoning requirements, and maintain the property in accordance with all City codes and ordinances. In cases where the City has a specific planned use for a particular piece of land, the City will develop a *Request for Proposals* or *Request for Qualifications* to identify and select a potential developer.

The policy also identifies and explains the different methods for the sale of City-owned property:

- open and competitive market sales (where the asking price is based on an appraisal, competitive market analysis, or automated valuation model, and potential buyers compete for the property);
- listed direct sales (where the asking price is posted on the City's website, and buyers contact the City to request the purchase of the property); and
- discount sales (where the City conveys the property for a discounted price to support public purposes like affordable housing, economic development, community development, community gardens or side yards).

Properties qualifying for discounted sales that support affordable housing must account for employment opportunities near the proposed housing, and access to public transit and basic services.

In addition to providing guidance and identifying criteria for the reuse of City-owned property for affordable housing, economic development, and community development, the disposition policy also includes a separate section focused on urban agriculture as a reuse option that “improves the quality of life in the city's neighborhoods.” The disposition policy includes three methods for gaining access to City-owned land for urban agriculture purposes. Individual Garden Licenses allow for the interim use of land to “eliminate blight and improve safety until development is possible.” These licenses last one year and can be renewed annually. Community Garden Licenses (CGLs) allow for a local organization to use City-owned property for community gardening purposes for up to a 5-year time period with optional renewal. Insurance is required for CGLs, and garden leaders must submit a maintenance plan and describe the garden's benefits to the community. Market and Community-Supported Farm Leases (MCSFLs) allow the management and maintenance of an area used by an “individual or group of individuals to grow and harvest food and non-food crops for sale or distribution.” Lease terms are established on an individual basis by the City. Insurance is required for MCSFLs, as are a business plan, feasibility study, and support letter from a neighborhood/district councilperson. Other temporary uses, such as pop-up events, community events, and farmers markets, are also listed as allowed uses, but are subject to terms made on a case-by-case basis.

The last section of the disposition policy outlines considerations for the ethical and transparent process of administrating vacant land, and eligibility requirements for public financial assistance.

While the policy provides a coordinated approach to disposition for the City, critics claim the policy does not do enough to streamline a complex process, and fails to address a process for dealing with the thousands of privately held abandoned properties. Furthermore, critics highlight the fact that properties owned by the Philadelphia Housing Authority and Philadelphia Industrial Development Corporation are not included in this policy, and the policy falls short of providing a much-needed, unified land bank. As the Philadelphia School District closes more schools due to declining enrollment, the City should also include a discussion around what to do with surplus school district property.

Despite these criticisms, the City is continuing to work on a solution to these issues. As discussed in the next section, Mayor Nutter recently made a clear commitment to implementing a City land bank that would comprehensively address both publicly and privately owned property.

One significant advantage of a land bank is that it would allow the City to acquire tax-delinquent private property without going through a Sheriff's Sale.

Proposed Land Bank

On October 25, 2012, Pennsylvania Governor Corbett signed legislation that would allow counties and municipalities with population of over 10,000 to establish land banks to acquire, demolish, assemble, and dispose of vacant property. Introduced as House Bill 1682 and adopted as Act 153-2012, this state enabling legislation became effective December 24, 2012. For the first time in history, Pennsylvania local governments have the authority to create a locally controlled entity "with a single purpose of amassing, inventorying, managing and marketing abandoned, tax foreclosed and blighted properties."¹⁶

One significant advantage of a land bank is that it would allow the City to acquire tax-delinquent private property without going through a Sheriff's Sale. This would enable the City to dispose of property based on community plans for its intended reuse and not have to compete with out-of-town speculators.

Such a concept has strong support from community groups. The Philadelphia Association of Community Development Corporations (PACDC) is leading a campaign to support the development of a new land bank entity, under the direction of executive director PACDC Rick Sauer and in collaboration with a diverse collation of organizations including the Building Industry Association, Greater Philadelphia Association of Realtors, Next Great City Coalition, Pennsylvania Horticultural Society, Citywide NAC Alliance, LISC, Design Advocacy Group, and others.¹⁷ Both groups and individuals can sign on, via the PACDC's website, to support the campaign. The campaign advocates for the creation of a "single entity with the authority to handle acquisition, maintenance and sale of vacant property in a reasonable timeframe with clear and objective standards." Furthermore, the campaign states that the land bank must:

- be predictable, transparent and accountable;
- create an accurate and accessible inventory of publicly and privately owned vacant property;
- transfer property for a range of re-uses that benefit communities and the City that are guided by a fair and balanced disposition policy and by citywide and neighborhood plans; and
- use authority to ensure negligent owners maintain properties and pay taxes.¹⁸

Nearly 80 organizations and 350 individuals have endorsed the call for creation of a Philadelphia Land Bank.

During the fall of 2012 Mayor Nutter began to move forward with the idea of having the Philadelphia Housing Development Corporation (PHDC) act as the City's land bank. Michael Koonce recently appointed executive vice president of the Philadelphia Housing Development Corporation, and John Carpenter, deputy executive director of the Philadelphia Redevelopment Authority (PRA) began exploring how such a land bank can function within PHDC.

Any effort in Philadelphia to create a land bank, however, will require the City Council to pass a local ordinance to identify the land bank's goals, priorities, operations, and governance structure.¹⁹ In February 2012, months before the state-enabling legislation, Philadelphia Councilmembers Quiñones-Sánchez, Green, Jones and Henon had already introduced Bill No. 120052 to authorize the creation of a Philadelphia land bank and provide for "its appointment, powers, and duties, all under certain terms and conditions."²⁰ According to Sauer, this early legislation, while not perfect, is on the right track. Sauer suggests that the land bank legislation should involve a process for the equitable disposition of properties, engagement of community groups and City Council members, and a governance structure that balances technical experts and community representatives.

While there is a high level of agreement over the concept of a land bank, there is still little consensus over several outstanding key issues and details, such as governance structure, role of City Council, and how to ensure an equitable disposition process for land in the land bank that balances competing needs and proposed reuses of vacant property. One important issue is the role of City Council in the land bank. Some officials fear that having a land bank would interfere

with City Council authority to dispose of vacant property. For example, as part of the Vacant Property Review Committee process, Council members currently approve the disposition of every single vacant property. Some see this authority as a way to ensure that each property is disposed of in a way that benefits citizens' needs, while others see this as an inefficient process that slows down the disposition and subsequent reuse of land. This is highly controversial; as some believe the City Council's current role in the VPRC is a significant barrier, while others are worried that sidestepping City Council in this process would be detrimental to the community. Regardless of the different points of view on this issue, most agree that the new role of City Council in a land bank would have to be defined and agreed upon and would need to be made more transparent, predictable, and accountable.

Some critics also question giving the role of land bank management to the City, when it has historically had problems dealing with the public inventory. Stakeholders do not yet agree on how the community should be represented on the governance body or how to balance between market rate development and other community beneficial uses such as affordable housing and urban agriculture. The Nutter administration is currently working with City Council, as well as key organizations, such as PACDC, to come to an agreement about their future role in disposition.

Despite these challenges, there is broad agreement that a land bank would help resolve many of the City's land acquisition, assembly, and disposition problems. A land bank would make the clearing of titles, nuisance maintenance, and demolition easier. A land bank would assist with the strategic assemblage of tax delinquent properties. And, creating a critical mass of assembled properties would enable greater opportunities for the productive reuse of land. The public conversation is slowly changing to focus more and more on the private inventory. There is a growing movement led by the PACDC and others across the state to push the conversation forward.

Planning for Vacant Property Reuse

Establishing a long-term vision, community goals and objectives, and associated policy and planning actions to support the future of a community is essential to reclaiming and reusing vacant property in a productive way that contributes to the social, economic, and environmental health of a community. Comprehensive plans, strategic plans, neighborhood plans, sustainability plans, development and redevelopment processes, public investment decisions, and other land use policies influence how vacant properties will be reclaimed and reused and can establish creative interim or permanent uses for vacant land like urban agriculture, green infrastructure, pocket parks, trails, and storm water management. Over the past five years Philadelphia has made significant commitments to create a comprehensive suite of plans that include elements that provide short- and long-term strategies for reclaiming vacant properties.

Imagine Philadelphia

In 2007, with funding from the Pennsylvania Department of Community and Economic Development and the Delaware Valley Regional Planning Commission, the Philadelphia City Planning Commission (PCPC) started a process called *Imagine Philadelphia: Laying the Foundation* to explore and examine land use issues faced by the City and to inform the development of a new long-range comprehensive plan.²¹ The purpose of *Imagine Philadelphia* was:

- 1) *To assemble data and background information needed for preparing a long-range, comprehensive plan.*
- 2) *To engage regional experts and citizens in dialog about the future of neighborhoods, the city, and the region and*
- 3) *To lay out preliminary ideas about vision, goals, and actions to inform a subsequent, citywide comprehensive planning effort.*²²

One important issue is the role of City Council in the land bank.

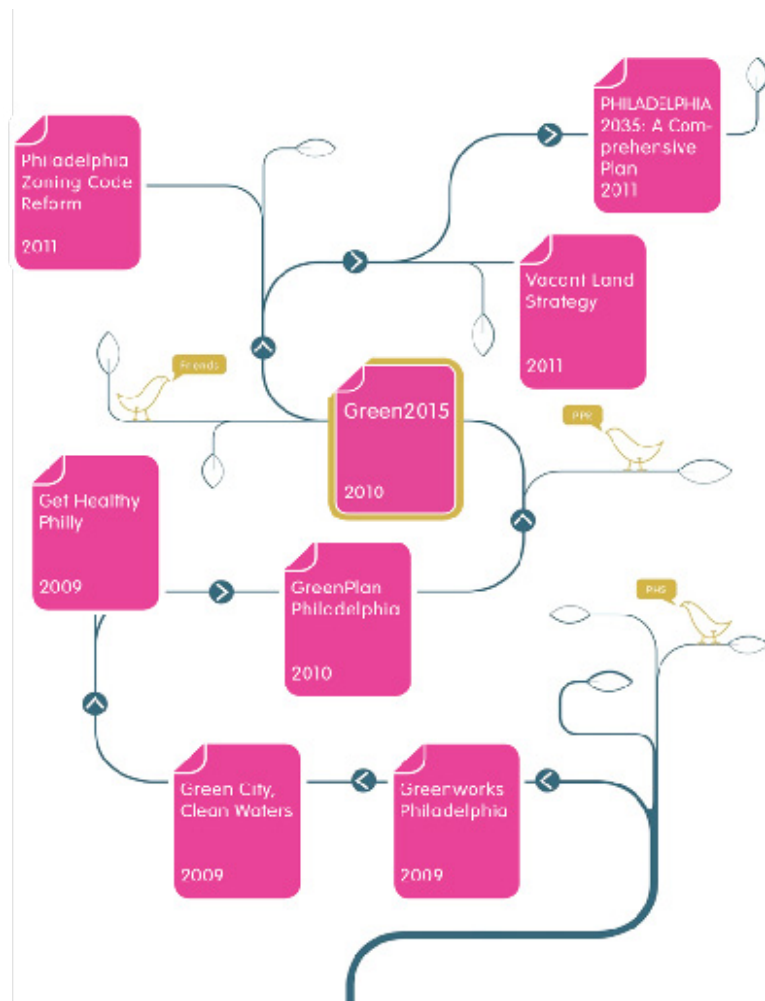


FIGURE 9. Family Tree Flow Chart

Source: Mark Focht, First Deputy Commissioner, Philadelphia Parks & Recreation, presentation at National League of Cities 2012 Annual Conference.

The *Imagine Philadelphia* public engagement strategy included a series of eight roundtable meetings with regional experts and nine public workshops. The workshops focused on eight topics, including neighborhoods, housing, mobility, economic development, open space, public facilities, preservation, and urban design. Feedback from the roundtables and workshops centered on several themes. Participants felt that Philadelphia should be a place where:

- arts and culture are celebrated along a vibrant Benjamin Franklin Parkway and Avenue of the Arts, and also in neighborhood venues
- the Philadelphia economy is diversified and the City is a global leader in green technology and niche industries
- there is a wide range of housing choices that are affordable and respond to changing household needs
- neighborhoods are the lifeblood of Philadelphia, offering a complete array of services and amenities
- public open space and waterfronts are universally accessible
- public services and utilities are customer service oriented and service delivery is equitable
- the region is known for intergovernmental cooperation and a seamless transit system; and
- there is a choice of convenient, interconnected modes of transportation.

While the document does not explicitly focus on vacant property, many connections are made between the various subject areas and the issues and challenges presented by vacant properties

in achieving community goals. In addition, the document helped add support to the growing need for strategic thinking and planning for how to deal with Philadelphia's vacant property problem.

Since the start of *Imagine Philadelphia*, the City has developed and adopted *Greenworks Philadelphia* (a strategic sustainability plan), and *Philadelphia2035* (a new citywide comprehensive plan). Both plans tackle the vacant property problem head-on by offering multiple goals, objectives, and policy actions to address the issue of vacancy and offer reuse solutions. See Figure 9 for a “family tree” of recent plans and initiatives that grew from *Imagine Philadelphia*.

Greenworks Philadelphia

In his 2008 inaugural address, Mayor Nutter pledged to make Philadelphia the greenest city in America. His pledge led to the establishment the Mayor's Office of Sustainability and the development of a strategic sustainability policy plan. Known as *Greenworks Philadelphia*,²³ the sustainability plan comprehensively addresses sustainability by focusing on five themes: energy, environment, equity, economy, and engagement. With financial support from the William Penn Foundation, representatives from most City departments, local and national nonprofit organizations, and civic and business leaders, including the Mayor's Sustainability Advisory Board, were recruited to establish the Sustainability Working Group, which provided input and feedback on the development and implementation of *Greenworks Philadelphia*. These participants represented the interests of different segments of the larger population.²⁴

In his 2008 inaugural address, Mayor Nutter pledged to make Philadelphia the greenest city in America.

The plan established 150 goals, hundreds of initiatives, and 15 targets, organized by one of the five themes. Three goals in particular explicitly address the need to utilize vacant property to achieve sustainability targets. For example, the plan states that the City should “transform vacant land” to help meet stormwater management targets. Instead of selling most of the City's vacant property stock back to the private sector, it could benefit by “maintaining some lots as open and green space” to achieve storm water management benefits and to “improve the health of many neighborhoods that currently lack public greened spaces” (*Philadelphia Greenworks, Target 8, Transform Vacant Land*). Additionally, the plan includes another goal – Leverage Vacant Land – to assist in the achievement of *Target 10: Bring Local Food Within 10 Minutes of 75 Percent of Residents*. According to the plan, “vacant City-owned land presents an opportunity to create new commercial agriculture ventures and new community gardens in Philadelphia. Produce, trees—which could then be replanted on city streets—and even sedum for local green roofs could all be grown on land currently owned by the City. These types of uses would help reduce neighborhood blight, providing interim uses for vacant lots on which more traditional redevelopment might not occur for years.” The goal lists three initiatives to achieve this goal of transforming City-owned land into urban agricultural opportunities:

- Create a clear, transparent process for developing vacant land into community gardens or commercial-scale farms;
- Explore the use of City-owned spaces and City equipment to facilitate getting supplies to people who want to grow food locally, and;
- Address such barriers as zoning, irrigation and liability insurance.

The plan also includes two other references to vacant property. In order to achieve *Target 9: Provide Park and Recreation Resources within 10 Minutes of 75 Percent of Residents*, the plan stresses the need to continue to maintain efforts to clean and green vacant lots. And, as a way to help achieve *Target 11: Increase Tree Coverage toward 30 Percent in All Neighborhoods by 2025*, the plan includes a goal to initiate growing of trees on vacant, City-owned land.

Plan targets enable the City to track the success in meeting the sustainability planning goals and implementing the various related initiatives. The Office of Sustainability creates annual reports to analyze both quantitative and qualitative information on the progress of the plan.²⁵

The Citywide Vision is the integrated planning and zoning process that consists of the comprehensive plan, Citizens Planning Institute, and new zoning code.

The Citywide Vision Philadelphia2035

The *Philadelphia2035* planning process, which followed *Imagine Philadelphia* and *Greenworks Philadelphia*, included the development of the *Citywide Vision* (adopted by the Philadelphia City

Planning Commission in June 2011), and the current development of 18 strategic district plans, which apply the citywide Vision to the district level. **The Citywide Vision is the integrated planning and zoning process that consists of the comprehensive plan, Citizens Planning Institute, and new zoning code.**²⁶ Last updated in 1960, Philadelphia's comprehensive plan "paves the way for strategic planning that builds [Philadelphia's] economy, strengthens [its] neighborhoods, and improves [its] infrastructure and environment."²⁷

The purpose of the plan is to "set forth a collective, well-conceived vision—and the means for achieving it—for improving the quality of life for the people who live, work, learn, and visit here." *Philadelphia2035* is divided into four main sections, which provide an overview of Philadelphia's context and strengths, plan goals, recommendations, and implementation. The plan is organized around three themes (thrive, connect and renew); and contains nine plan elements with overarching goals. Within these is a wealth of ideas covering 25 topics with specific goals, including 74 objectives with associated measures, and offering hundreds of strategies to achieve plan goals over the next 25 years. Vacant property management and revitalization is a prominent topic in both the "thrive" and "renew" themes of the plan.

Neighborhoods

One of the main elements of the Thrive Theme is neighborhoods, and specifically the need to improve neighborhood livability. The overarching goal of this element is to "promote strong and well-balanced neighborhood centers" and "improve the quality and diversity of new and existing housing." This element includes two objectives, which directly and indirectly relate to vacant property management and revitalization:

- Considering the wealth of existing housing stock and vacant housing stock, the plan refocuses on housing reuse and rehabilitation instead of new construction. In order to stabilize and upgrade existing housing stock, the plan states that there should be a shift in public investment toward housing reuse and rehabilitation and expansion of housing preservation and rehabilitation incentive programs. (Objective 1.2.1, Strategy A and B)
- In order to promote affordable housing, the plan states the need to "prioritize infill of gap vacancies on otherwise stable blocks over large subdivision developments." (Objective 1.2.3, Strategy B)

Land Management

Also under the Thrive Theme, the plan includes an element focused on land management. This theme most explicitly addresses the vacant property problem in Philadelphia, and focuses on the overarching goal to "capitalize on land assets," setting forth policies for managing and reducing vacancy, protecting sensitive lands from overdevelopment, and managing municipal support facilities. This theme delves into topics related to how land is used, overlooked, or underutilized, and explicitly states the need for more "coordinated policies". According to the plan, implementing the "coordinated policies set forth in the Land Management element will result in: reduced capital and operational costs by lowering the number of City-owned facilities and eliminating duplicative programs and services; promotion of redevelopment and economic development; and protection of sensitive lands."

This element includes multiple objectives and strategies to achieve coordination of land management programs and services and ultimately achieve more effective land management:

Philadelphia2035 proposes three objectives for tackling the issues of long-term vacancy. First, create a transparent and market-based land disposition policy for the city with a comprehensive vacant property database. This will support improved code enforcement, tracking, and disposition of vacant land and structures. Second, adopt policies which

prevent further abandonment. Third, discover creative ways to reuse vacant land and structures. Additionally, other strategies across Philadelphia2035 promote economic development to strengthen private market real estate demand to meet forecasted population increases. Collectively, these long-term and realistic objectives advance responsible public and private ownership of vacant land and structures in the city.

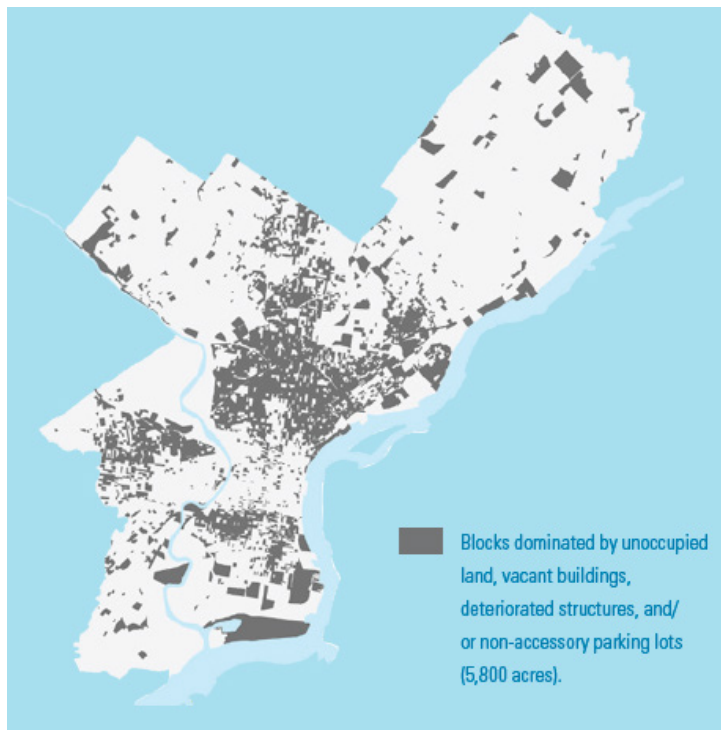


FIGURE 10. The “Thrive” theme in Philadelphia2035 delves into the problem of underused land.
Source: Philadelphia2035 Plan

Goal 3.1: Manage and reduce vacancy.

Objective 3.1.1 Centralize land management in a single City agency to track and dispose of surplus land and structures and return publicly owned vacant parcels to taxable status

- a. Develop a comprehensive, market-sensitive policy for vacant land management and disposal.
 - Create a citywide policy of land disposition that looks at a number of factors such as parcel size, market conditions, zoning, and public services and needs to determine land use suitability and pricing.
 - Devise strategies that prevent oversaturating the real estate market with public properties.
 - Set a clear policy that states what entities qualify for nominal consideration (low or no cost sale), such as government subsidized projects, developments that support government subsidized projects, or the side-yard gift program.
- b. Create a web-based, user-friendly clearinghouse for all surplus publicly owned vacant property.
 - Start by creating a coordinated in-house comprehensive database to determine what property is owned by public agencies versus owned privately, and what properties are surplus (not necessary for facilities, park and recreation opportunities, etc.).
- c. Consolidate City management and establish a single point of contact for one-stop shopping.
 - Consolidation will lessen public confusion on how to acquire land and ownership. This will also improve transparency of the land-disposition process.
- d. Assemble and consolidate parcels for redevelopment.
 - Sell adjacent vacant properties as packages rather than as single lots. Properties are more valuable and developable as larger assemblages.

- Acquire private properties that cause gaps in public assemblages to create larger development sites.
 - Dispose of assemblages through competitive bidding.
- e. Expand vacant land management strategies in partnership with residents, businesses, and nonprofits
- Prevent illegal use of lots for short dumping.
 - Include strategies such as community gardening and greening programs.

As evidenced by some of the policies explained earlier in this report, the City of Philadelphia has already implemented some of the vacant property strategies outlined in the plan, the creation of a citywide disposition policy, the development of Philly Land Works, and the designation of the PRA as the point of contact for public vacant land.

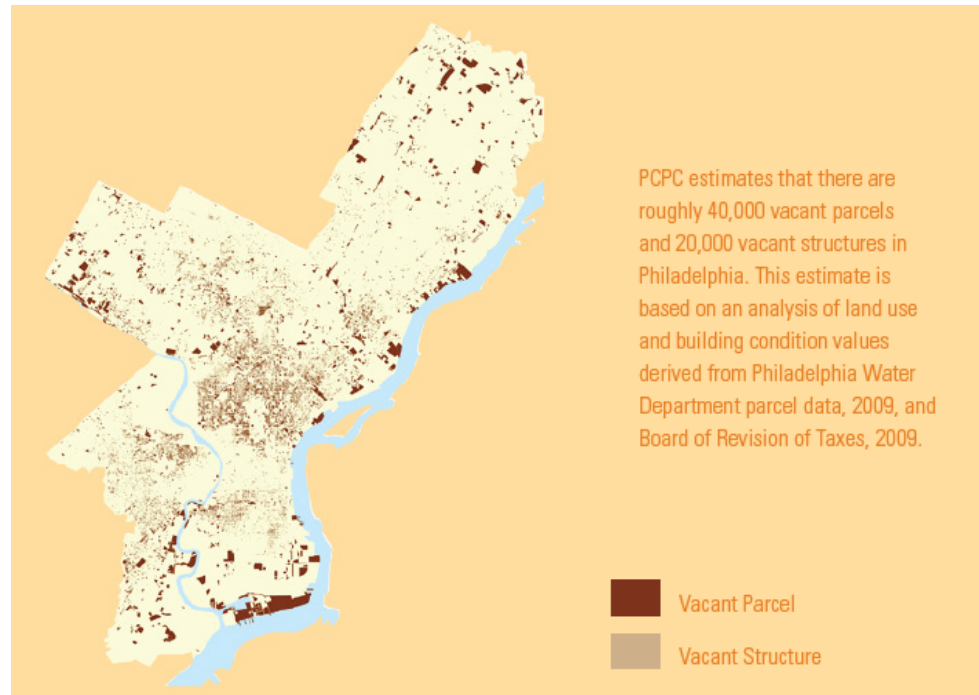


FIGURE 11. Philadelphia2035 proposes several objectives to address long-term vacancy.
Source: Philadelphia2035 Plan

Objective 3.1.2 Prevent abandonment of land and structures.

a. Target outreach to owners of high-visibility vacant properties.

- Due to the high proportion of privately owned vacant parcels and structures, not all properties can receive individual outreach by the city. With the help of the community, marquee vacant properties or singular vacancies can be identified. Outreach can include information about market conditions, community plans, redevelopment resources, and enforcement consequences.

b. Increase code enforcement and fines on abandoned land and structures.

- Increasing fine levels requires state legislation.

c. After full and fair valuation is in place, consider moving to a land-value based tax system to increase the cost of owning vacant land.

d. Use the land database to track and register private vacant property owners for code violation and foreclosure purposes.

e. Foreclose on delinquent private property in bulk.

- Bulk foreclosures will reduce legal fees for the city and allow for better coordination of vacant property disposal.

The Department of Licenses & Inspections has begun the process of implementing additional

strategies, working collaboratively with the Housing Court on some aspects.

Objective 3.1.3 Reuse vacant land and structures in innovative ways.

- a. Promote adaptation of vacant buildings for creative, mixed-use development; much of Philadelphia's vacant building stock is worthy of preserving through adaptive reuse.
- b. Competitively bid out larger vacant property assemblages and give preference to proposals that incorporate high-performance building practices.
- c. Support the use of vacant land to expand parks and recreation opportunities and/or stormwater management.
 - Find suitable sites such as vacant land assemblages in areas underserved by parks and recreation facilities.
 - Use vacant land along rail lines and within floodplains to create trail networks.
 - See RENEW 6.3 for more information on expanding park and recreation opportunities.
- d. Identify vacant lots for public art projects, neighborhood gateways, community gardens, agriculture, and energy farms.
 - Suitable lots should be identified, assembled, and zoned appropriately.
 - Simplify lease or transfer process for such uses.

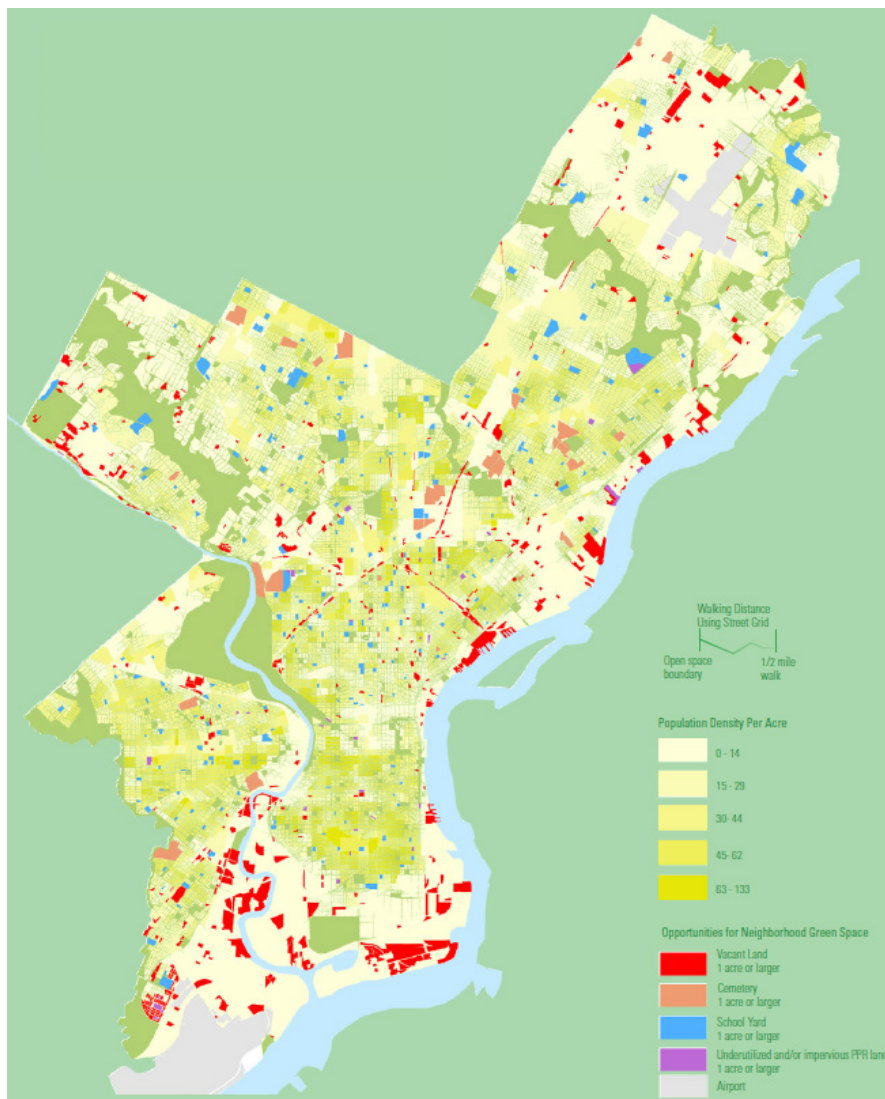


FIGURE 12. Opportunity sites for neighborhood green space

Source: Philadelphia2035 Plan

The City's disposition policy outlines several non-traditional ways to reuse vacant property, and identifies reuse options that provide community benefits. Unlike other cities such as Baltimore and Cleveland, Philadelphia has yet to clearly identify the location, size, scale, and specifications for reuse options that directly provide community benefits.

The final theme, Renew, does not directly reference vacant property; however the plan clearly identifies connections between components of the Thrive theme with the Renew theme. For example, in the land management element of the Thrive theme, the plan notes that vacant land presents an opportunity to increase access to open space resources and opportunities, and improve stormwater management, all of which are central components to the open space element of the Renew theme. The map below (taken from the Renew theme) highlights the various opportunities for future parks and open spaces. Vacant properties are highlighted in red.

The plan ends with a section on implementation and next steps. In order to show progress in achieving the various vacant property components included in the plan, the implementation section states that the City will measure vacancy amounts and rates. Furthermore this section of the plan includes a chart, which identifies the responsible organization, timeframe, capital cost, and operating cost for each strategy. Pages 198 and 199 of the plan list this information for each land management strategy.

District Plans

As of April 2013, three of the eighteen district plans were completed. Two were adopted in March 2012 and one in October 2012. The remaining 15 district plans are either in the works, or will be developed in the next 5 years.²⁸

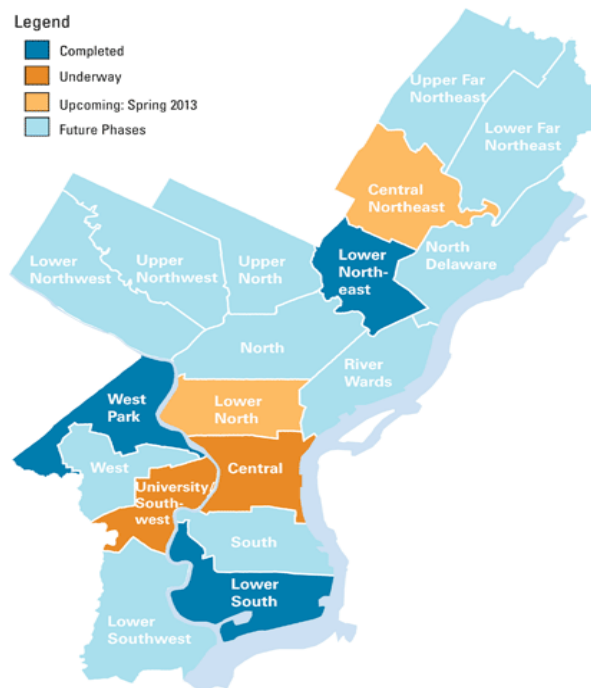


FIGURE 13. Status of District Plans as of April 2013
 Source: Philadelphia2035 Plan

Each District Plan is organized according to *Philadelphia2035*'s major themes – Thrive, Connect, Renew – and includes information about the context of the district, a long-term vision, focus areas, future land use and zoning recommendations, and implementation. In the three completed District Plans, vacant property is addressed according to the major themes, goals, and objectives, as outlined in *Philadelphia2035*. For example, the West Park District Plan recommends stabilizing at-risk properties and redeveloping highly visible vacant properties; demolishing dangerous properties; treating vacant lots; and encouraging business on fringe blocks to relocate to core blocks and assemble property in fringe blocks for noncommercial use. The West Park District Plan also recommends reusing appropriate parcels of vacant land for urban agriculture.²⁹

New Zoning Code

Additionally, with the development of a new comprehensive plan, the City went through a major zoning code review and update. The new zoning code was passed as Bill No. 110845 by Philadelphia City Council on December 15, 2011. This new code repeals and replaces the old Philadelphia Code (Zoning and Planning). The bill was signed into law by Mayor Nutter on December 22, 2011 and took effect on August 22, 2012.

The new zoning code places an emphasis on infill development and helps remove obstacles for small and large-scale infill. Sustainability is a central theme to the new code, and highlights new uses for excess lands: rain cisterns, solar panels, stormwater management, tree planting, urban agriculture, and other reuse options.

Other Plans

In the last four years, three other citywide plans were produced that directly and indirectly deal with the reuse of vacant land. These include *GreenPlan Philadelphia*, *Green2015: An Action Plan for the First 500 Acres*, and *Green City, Clean Waters*.

GreenPlan Philadelphia, published in 2009 by the Philadelphia City Planning Commission, and derived from a broad and inclusive public engagement process led by the Philadelphia Horticultural Society, *GreenPlan Philadelphia* provides a “long-term, sustainable roadmap for using, acquiring, developing, funding, and managing open space in [Philadelphia’s] neighborhoods.” This plan includes an inventory of the City’s natural resources, proposes goals for supporting sustainably managed open space, and provides information on how City agencies will implement the plan, suggests funding strategies, and offers evaluation tools to measure the success of the plan.³⁰

The Philadelphia Water Department developed a 25-year plan called *Green City, Clean Waters* to “protect and enhance [Philadelphia’s] watersheds by managing stormwater with innovative green infrastructure...that assist[s] or mimic[s] natural processes.”³¹

In December 2010, Mayor Nutter announced the development of *Green 2015*, an action plan to meet the *Greenworks Philadelphia* goal of adding 500 acres of new publicly accessible green space to Philadelphia by 2015.³² The plan provides a roadmap for how the City can “transform 500 acres of empty or underused land into publicly accessible green space in neighborhoods throughout Philadelphia” within a 5-year timeframe. With funding from the William Penn and Lenfest Foundations, and in collaboration with the Philadelphia City Planning Commission, this plan was commissioned by the Department of Parks and Recreation. Key partners included the Philadelphia Water Department and PennPraxis of the University of Pennsylvania’s School of Design. The plan provides a roadmap for how the City will collaborate with various with key partners, as well as other community groups, organizations, and the private sector, to assemble land and transform it into parks in underserved neighborhoods throughout Philadelphia, while at the same time meeting federal stormwater regulations. The plan also proposes a set of criteria to ensure that “new parks serve residents without current access to parks; meeting the requirements of the Philadelphia Water Department’s *Green City, Clean Waters* program and the Planning Commission’s comprehensive plan, *Philadelphia2035*; and addressing environmental, public health and economic objectives.”³³

Coordinating Reuse Visions and Implementing Actions

Despite the progress in planning for vacant property management and reuse, coordination still needs to be improved among the Philadelphia City Planning Commission, the Capital Program, and other City agencies that hold the inventories of vacant land. Different departments and agencies manage the programs that abate, acquire, and dispose of vacant properties, not coordinating with those departments and agencies that guide land use and redevelopment programs for the City.

Recent efforts coordinated by the Philadelphia City Planning Commission are helping to address this longstanding disconnect: particularly *Philadelphia2035*, exchange meetings between City agencies, and the preparation of the annual capital budget and six-year capital program (the City's means for strategically investing in its capital assets and infrastructures). Exchange meetings are conducted periodically between PCPC staff and agencies responsible for implementing recommendations of *Philadelphia2035's Citywide Vision and District Plans*, to track progress and coordinate efforts. Development of the capital budget and program allows PCPC and other City departments to best align scarce public resources on projects that demonstrate the greatest need and positive impact.

While the disposition policy states that reuse options must be consistent with approved plans, this requires interagency cooperation, oversight, and enforcement. Critics of the City's vacant property revitalization process suggest that even with these new planning documents, the City still needs a clear, strategic vision for reuse.

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collaborative networks

Collaborative Networks—Coordinating Policies, Programs, and Partnerships

Beyond specific policies and programs, effective vacant property reclamation demands collaboration across sectors and among many players: government agencies, private partners, nonprofits, and residents. These entities often work on their own individual projects or aspects of vacant property policy unless they can identify a vehicle or process for coming together around the changing how cities address vacant properties. Sometimes this policy convergence happens when a new leader takes office or public official takes charge. Assessments by neutral entities can also serve as a catalyst for changing the existing system. For Philadelphia, the Econsult analysis on the costs of vacant properties served this purpose, along with the work of the National Vacant Properties Campaign, the Housing Alliance of Pennsylvania, and Fels Institute to identify model practices from other places that could be adapted for local conditions and dynamics. The timing of these reports was prompted by the close collaboration of the Philadelphia RDA and PACDC, supported by the openness of the new leadership at City Hall to a more systematic approach to reclaiming vacant properties.

As our resilient policy model illustrates, collaboration is the essential ingredient in the design, development, and especially the implementation of vacant property policies and programs. How do different stakeholders and strategic institutions work together, combining professional capacities and formal roles with community expertise and residents' ability to shape and influence the decisions that touch their communities and their lives? Philadelphia's nonprofit groups such as the PACDC, The Reinvestment Fund, and the Housing Alliance of Pennsylvania, along with funders such as the William Penn Foundation, have played key roles in educating, supporting, and leading decision makers to think in new ways. Their efforts, as well as the leadership of key City staff and specific agencies to coordinate previously disparate public activities, are paving the way for the developing a more comprehensive and systematic suite of vacant property strategies, policies, and actions. The next section profiles a few of these important organizations and individuals, along with their past and present collaborations on vacant properties.

Community Development Corporations and the PACDC

Vacant properties have become a top priority for the Philadelphia Association of Community Development Corporations (PACDC) and its many member organizations. As a citywide community development intermediary, PACDC is “dedicated to advocacy, policy development, and technical assistance for community development corporations and other organizations in their efforts to rebuild communities and revitalize neighborhoods.” PACDC maintains a robust set of members, including 45 CDCs and 53 other community partners. It accomplishes its mission through the direct provision of training and technical assistance, by facilitating knowledge exchanges among CDCs, providing access to resources and information, and promoting community development efforts among its members.

PACDC also maintains a larger role in Philadelphia's community development arena through its advocacy and work in the City's policy sphere. PACDC's work during the past ten years has resulted in more than \$160 million in new City and State resources for CDC affordable housing and neighborhood economic development efforts. Some notable outcomes include

- leading the effort to create the Philadelphia Housing Trust Fund, which has generated more than \$80 million to expand housing opportunities;
- creation and expansion of Philadelphia's CDC Tax Credit Program, which is providing

Beyond specific policies and programs, effective vacant property reclamation demands collaboration across sectors and among many players: government agencies, private partners, nonprofits, and residents.

- \$60 million to support CDC neighborhood economic development efforts;
- establishment of the Pennsylvania Housing Finance Agency's Mixed-Use Facility Financing Initiative; and
- playing a lead role in approval of the City's first new zoning code in 50 years.

In Fall 2008, PACDC launched an effort to reform of the City's vacant property management system and create a Land Bank. As part of this campaign, PACDC educated a broad range of stakeholders on the costs of the City's vacant property system and benefits of reform, including creation of a land bank. PACDC convened a diverse coalition to advocate for and provide input to the City Administration and City Council on proposed reforms, and actively engaged in a statewide coalition led by Housing Alliance of Pennsylvania to obtain the State's authorization for local land banks in Pennsylvania. PACDC also implemented a communications strategy to garner widespread media coverage and change the public dialogue on vacant property issues.

As in many cities, Philadelphia's CDCs wear several hats, from real estate developers and property managers, to job creators/trainers and caretakers. During the past 20 years, "Philadelphia's CDC investments contributed \$3.3 billion to the local economy; \$2.2 billion in worker wages and contracts with area businesses, and \$1.1 billion in increased spending to the local economy."¹ These CDCs provide a variety of services to nearly all of Philadelphia's neighborhoods that both directly and indirectly address issues associated with vacant properties, such as prevention through homeownership counseling and reuse through the greening of vacant lots and new development. Efforts such as these, that not only minimize the impacts of vacant properties but also jumpstart positive transformations using the opportunities inherent in those properties, have "increased wealth for neighborhood property owners by \$680 million...If valued accurately, this would yield \$10 million in property tax revenues to the City and School District."

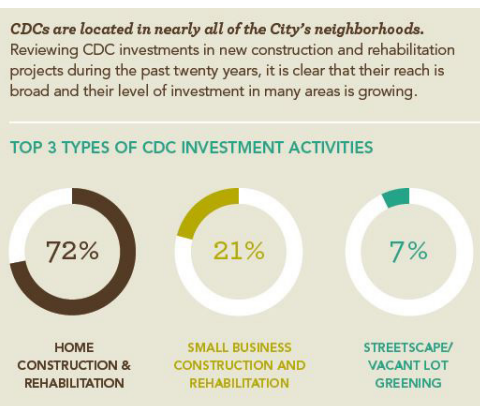
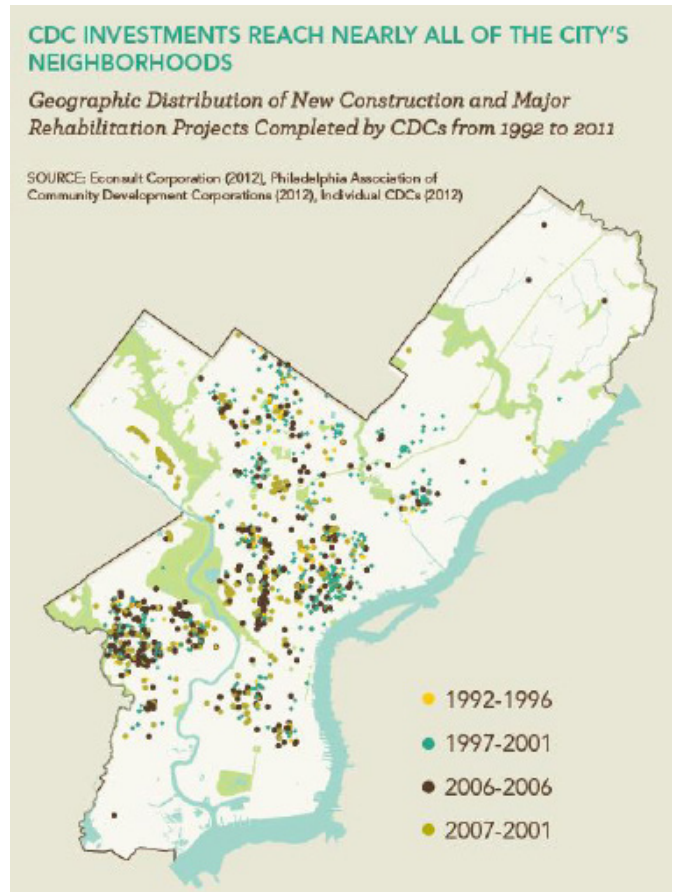
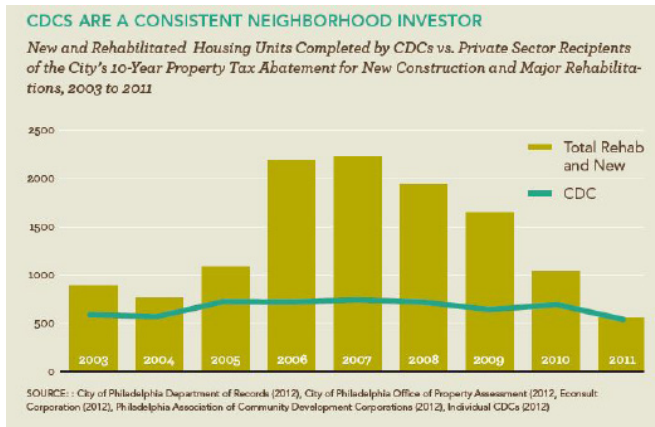


FIGURE 14, 15, 16. Philadelphia's CDCs have consistently invested throughout the entire city.
 Source: Philadelphia Association of Community Development Corporations

Several PACDC members have a long history of reclaiming vacant properties. Many have worked with the Pennsylvania Horticultural Society's Philadelphia Green program and most recently by organizing teams of volunteers and landscape job training workers to green vacant lots through PHS's Land Care initiative. For example, the Asociacion Puertorriquenos En Marcha in East North Philadelphia (APM) and the New Kensington CDC (which focuses on the neighborhoods of Kensington, Fishtown, and Port Richmond), were part of the early wave of CDCs to partner with PHS on its urban greening initiatives. The Nicetown CDC works under a contract with the City of Philadelphia and Pennsylvania Horticultural Society to maintain more than 230 vacant land parcels in Northwest Philadelphia.

The New Kensington Community Development Corporation (NKCDC) has made urban greening of vacant properties a keystone of its community revitalization work, especially since its founding of the Vacant Land Management Program in 1996. Founded in 1985, NKCDC focused on more conventional housing efforts and redevelopment, but broadened its scope to address other issues affecting quality of life in its community, through the lens of greening and sustainability. In partnership with the Philadelphia Horticultural Society, NKCDC is spearheading the community-led "Sustainable 19125," an effort to make its neighborhoods the most sustainable zip code in Philadelphia.² In addition to maintenance of clean open spaces, volunteer greening projects and tree plantings, and stabilization and maintenance of vacant lots, NKCDC supports residents in their private work to green their homes through its Garden Center, a plant-filled urban oasis that offers low-cost plants, gardening supplies, and informative workshops to the community at large. NKCDC also assists residents and businesses in creating neighborhood plans to guide future development. For example, NKCDC coordinated a community-driven plan for four miles of the Delaware Riverfront. The overall goal of the plan was to reconnect residents to the river through a series of gateways, making the waterfront more accessible and enjoyable.

Several CDCs also leverage access of City-owned vacant properties as the catalyst for redevelopment projects (housing, commercial, and mixed-use). For example, the Ogontz Avenue Revitalization Corporation, with a grant from the William Penn Foundation is preparing a development plan for the 5700-6200 blocks of Ogontz Avenue in North Philadelphia. The plan's first phase includes the acquisition and renovation of vacant properties, and improvements to the streetscape and facades.

Working closely with City Councilwoman Cindy Bass and State Representative Stephen Kinsey, The People's Emergency Center operates a number of programs that transform vacant and abandoned buildings and lots. During the past 16 years, PEC has converted more than 100 vacant properties into nearly 200 units of affordable rental and homeownership units, and four family resource centers.

Some Philadelphia CDCs also develop neighborhood and corridor revitalization plans with the City as a way to address multiple vacant properties. An especially ambitious example is APM's partnership with the Philadelphia Office of the Local Initiatives Support Corporation (LISC) as part of LISC's Sustainable Communities Initiative.³ Together, APM and LISC are developing a Quality of Life Plan for the neighborhood surrounding Temple University in East North Philadelphia, along with a Housing and Physical Development Plan with Interface Studio. APM and LISC are creating Philadelphia's first CDC-initiated Transit-Oriented Development (TOD) project at the Temple University Regional Rail Station at 9th & Berks Streets. The crown jewel is Paseo Verde (Spanish for Green Way), built on a 1.9-acre site that was once the parking lot for the Philadelphia Gas Works. Paseo Verde will have 44 affordable rental apartments, 120 market-rate apartments, and townhouses for purchase along one side of the project, along with office and retail space, green roofs and other design and construction elements intended to meet Gold LEED certification standards.^{4,5} A combination of New Market Tax Credits and Low Income Tax Credit Financing will support the \$48 million project.⁶

Stemming Gentrification and Displacement: The Eastern North Philadelphia Coalition

In the traditionally diverse neighborhoods of Eastern North Philadelphia, vacancy and disinvestment coincide with rapid gentrification to create a volatile mix for existing residents and new residents alike. In an area of the City where median property values rose from \$40,000 to \$250,000 from 2001 to 2007, 15 diverse organizations have banded together to create a vitalization agenda that respects what is already and what is needed to maintain income-diverse, healthy neighborhoods.

The East North Philadelphia Coalition (ENPC) includes religious groups, union representatives, citizen organizations representing many ethnicities, and CDCs. Led by the Women's Community Revitalization Project, ENPC envisions a community land trust to promote new investment yet

safeguard it to benefit existing residents, many of whom are low or moderate income.

ENPC's process for coming to its recommendations was as inclusive and broad-based as the recommendations themselves. The group engaged professional planners to show precisely where all the vacant land is in Eastern North Philadelphia—enough to cover 35 football fields, the highest concentration in the city. At the same time, ENPC spoke with 325 residents about their dreams and fears for their neighborhoods, engaging them directly in creating the recommendations. This Public Land Listening Project resulted in nine in-depth profiles from among the 325 interviews, profiles seen as representative of the whole, and signifying the importance of personal experiences and stories as information for decision making. The resulting land use plan, created in 2009, was adopted by the Philadelphia City Planning Commission in 2010.

Fels Institute of Government

Another major contributor to Philadelphia's vacant property journey is the prominent work of the Fels Institute of Government at the University of Pennsylvania. Fels Lecturer and senior consultant, John Kromer, a notable urban commentator, author, and former director of OCHD under former Mayor Rendell led several assessments of different housing and community development programs and projects, many with a focus on vacant properties (See References and Resources Section for a list). Much of his work involved students in the assessment process, often collecting data and compiling vacant property inventories from certain key neighborhoods. Kromer also studied different vacant property programs and policies from other Pennsylvania cities and has been a strong proponent of reforming the City's property tax foreclosure system and adopting a land bank. For example, in 2007-08 Kromer and his students compared vacant property data from 1998 with current information on the number and condition of vacant properties in southwest Philadelphia to shed light on the changing dynamics of vacant properties and proscribe some policy fixes of the City's system for selling tax delinquent vacant properties.⁷

The Reinvestment Fund

Established initially in 1985 as a small community development organization, The Reinvestment Fund has evolved to become a nationally known community investment group that provides capital investment to transform and rebuild distressed neighborhoods in towns and cities across the mid-Atlantic region. TRF works with investors and business partners to leverage private capital for a host of different neighborhood revitalization projects, through improved housing, schools, grocery stores, and renewable energy systems. Through analytical tools and strategic partnerships, TRF brings together investors, developers, and entrepreneurs to strategically deliver capital to the areas of most need. Since it was established, TRF has financed more than 2,717 projects and delivered approximately \$1.2 billion. These projects include 19,855 housing units; 57,040 jobs; 10.5 million square feet of commercial space; and the support of other development, such as 119 supermarkets, grocery stores and fresh food retail.⁸

As part of Philadelphia's Neighborhood Transformation Initiative, the City contracted TRF to conduct a Market Value Analysis (MVA) of Philadelphia's neighborhoods. This was the first

time TRF applied the MVA tool to a city. Since its development and application in Philadelphia in 2001, the MVA has been used in many other cities across the country, such as Baltimore, Pittsburgh, Detroit and San Antonio. The Philadelphia MVA identified six housing market types across the city: regional choice, high value, steady, transitional, stressed, or reclaimed housing markets. The Philadelphia MVA compiled data on hundreds of thousands of properties to create a typology that easily explained the housing market conditions of different areas of the city. This enabled Philadelphia to strategically link City programs with neighborhood market types, and therefore improve the allocation of resources according to specific public actions, such as code enforcement or land assembly.⁹ TRF updated its 2001 market analysis and neighborhood typology for the City (released in 2012) and is helping L&I's code enforcement division conduct a preliminary assessment of its recent enforcement of the Doors & Windows ordinance; TRF will examine the property outcomes from these enforcement interventions.¹⁰

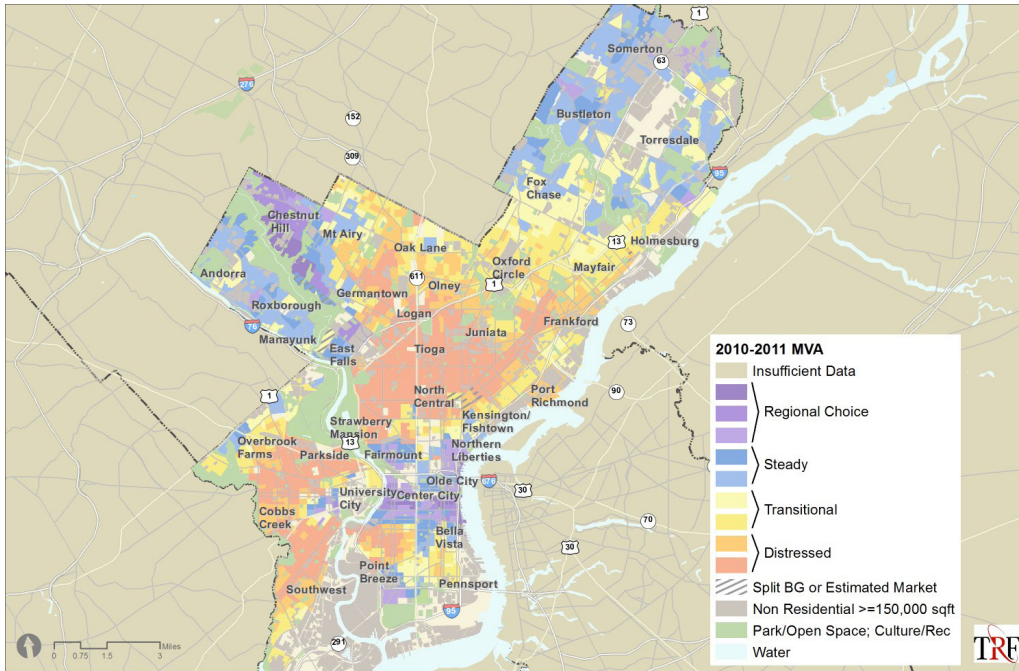


FIGURE 17. TRF Housing Market Value Analysis

Source: The Reinvestment Fund

Housing Alliance of Pennsylvania

The Housing Alliance is a statewide coalition working to provide leadership and a common voice for policies, practices and resources to ensure that all Pennsylvanians, especially those with low incomes, have access to safe, decent and affordable homes.¹¹ Founded in 1982, the Housing Alliance brings together community development corporations, for-profit affordable housing developers, emergency shelter and homeless service providers, advocates for vulnerable Pennsylvanians, local officials, lawyers, bankers, consumers, and anyone else dedicated in ensuring that all Pennsylvanians have homes within their reach.

In addition to its work to expand the supply of affordable homes, the Housing Alliance advocates for policies and laws to reduce the number of blighted and abandoned properties in Pennsylvania and improve the quality of life in older communities. Based on extensive research, the Housing Alliance successfully advocated for the Abandoned and Blighted Property Conservatorship Act (Act 135 of 2008), the Neighborhood Blight Reclamation and Rehabilitation Act (Act 90 of 2010), and Land Bank authorizing legislation (Act 153 of 2012). The research also led to several popular publications, including, "Reclaiming Abandoned Pennsylvania" (2003), "From Liability to Viability: A Technical Resource Guide to Action" (2005), "Quick Guide: New Tools to Address Blight and Abandonment" (2011, rev'd. 2012), and the "Conservatorship Handbook" (2013).^{12,13}

Advocacy to preserve and expand the supply of homes within reach of low wage workers and people on fixed incomes has included support for the Homeowners Emergency Mortgage Assistance Program (HEMAP), county affordable housing trust funds, programs to prevent and reduce homelessness, and in 2010, the establishment of a statewide Housing Trust Fund, which received funding for the first time in 2012 from Marcellus Shale Impact Fees. Recent publications include “Rebuilding Pennsylvania’s Housing Market: Potential Economic Impacts of a Pennsylvania Housing Trust Fund” (2009) and “A New Vision for Housing Market Recovery: What the Data Tell Us about What Works” (2012).

The William Penn Foundation

Founded in 1954 by Otto and Phoebe Haas, The William Penn Foundation has provided financial support to the Greater Philadelphia region on issues related to strengthening arts and culture, building community, creating healthy ecosystems, revitalizing neighborhoods, and more. With assets close to \$billion the Foundation provides approximately \$85 million in grants each year to a range of organizations.¹⁴ Many of these grants have supported vacant property studies, conferences, and some of Philadelphia’s innovative reuse and revitalization initiatives.

The Foundation’s Environment & Communities program focuses on enhancing “the sustainability of Greater Philadelphia’s ecosystems and older communities” through revitalizing the urban core and protecting and restoring the region’s natural assets. Furthermore, this Foundation program aims to “catalyze innovation and leadership” through its investments. In 2011, the Foundation provided funding to a number of Philadelphia organizations to support their revitalization efforts, such as Habitat for Humanity Philadelphia, Housing Alliance of Philadelphia, Local Initiatives Support Corporation - Philadelphia Chapter, PennPraxis, Inc., PennEnvironment Research and Policy Center, The Pennsylvania Horticultural Society, and Philadelphia Association of Community Development Corporations.¹⁵

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conclusion

Preparing for the Next Transition in the Vacant Property Journey

Philadelphia, like many legacy cities, continues its transformation from once a major port and manufacturing hub to a knowledge-based, sustainable city. A common pattern among many legacy cities is periods of unprecedented growth and expansion followed by gradual decline and distress. From the end of World War II until the early 1970s Philadelphia added roughly 70,000 additional homes primarily in the west and southwest sections of the city. With the gradual loss of nearly 30 percent of its population, by the 1990s the City was dealing with the fallout from this overbuilding—roughly 70,000 vacant properties at its peak.

For the past 35 years the City and its nonprofit partners have been chipping away at this vacant property inventory, pioneering urban greening strategies, launching citywide abatement and demolition initiatives, and now reengineering out-of-date processes and procedures for reclaiming publicly owned vacant properties. With population loss stabilizing for the first time in 30 years, Philadelphia seems poised to become a model of resilient urban regeneration as it reconfigures land, markets, and policy systems into a more ecological, economically vibrant and just city.

Identifying Resources to Meet the Scope of the Challenge

Despite tremendous investment of public, nonprofit, and philanthropic resources in reclaiming vacant properties through 40 years of public/nonprofit interventions and strategies, thousands of properties remain vacant in Philadelphia, many abandoned. With limited resources, the challenge for Philadelphia and cities in a similar condition is developing new fiscal policies that cover the long-term costs of vacant property reclamation as capital budget outlays; the costs of demolition, urban greening, and reuse are no different than those for other infrastructure investments made by local government. In light of the size and scale of the vacant property reclamation challenges, Philadelphia and other legacy cities will need investment and support from the federal and state governments to make this transformation effective and successful.

Leveraging Innovative Place-Based Solutions for Systemwide Transformation

Classic community and economic development initiatives that focus on the transformation of the physical space, such as Philadelphia's downtown redevelopment in the 1990s and NTI in the 2000s, were critical policy interventions that helped lay the foundation for devising other policies and build more political and community momentum for reforming vacant property systems. Perhaps the lesson for other legacy cities is the importance of experimenting with pilot projects that result in visible, tangible changes, but to ensure these efforts are followed by necessary reengineering of more complex and often arcane vacant property policy systems.

Enlisting "Many Eyes" for the Problem

Many institutions and people within and outside of the city government can be heavily invested in the old systems and resistant to change. Having guidance from neutral, outside entities to help assess the complex dimensions and current state of vacant property problems can plant the seeds for policy reform and the reengineering vacant property systems. For example, the urban greening expertise of PHS and its relationships with city government and community development corporations illustrates how they took a good idea, tested it and then took it to the citywide scale with NTI. The Econsult study on the community costs and impacts of vacant properties brought this issue to the forefront of the political and policy agenda. Its data and analysis galvanized the mayor's office and led to the formation of the Land Management Working Group under the guidance of the Managing Director and Finance Director. Critical to having mayoral support, but also having the mayor's cabinet convene and facilitate the discussion across departments in order

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to ensure that recommendations and actions would reform out of date vacant property system, but more importantly lay the foundation of the transformation of organizational cultures within the City government and its sister agencies.

Establishing Avenues for Ongoing Collaboration

Meaningful policy changes, those that transform systems and the people who run them, require collaboration among a small core of local government officials and nonprofit/civic leaders. The collaboration may germinate from previous relationships (professional and personal) and previous attempts to reform these systems. These “policy entrepreneurs” are often mid-level leaders, so called “artisans of change” as they orchestrate behind-the-scenes meetings and build coalitions of pivotal individuals and institutions in support of a common agenda and game plan. The roots of Philadelphia’s current collaboration on vacant property reform can be traced to the long-standing relationship of John Carpenter in PRA and Rick Sauer with PACDC. Together they instill a collaborative approach to vacant property policy reform that sets the stage for current and future collaborations.

A regular and formal “table” for collaboration is needed, where public agencies can meet among themselves and with nonprofit groups and private-sector community leaders. Philly’s Land Management Working Group set the tone with the new administration for internal collaboration. The group has produced a suite of vacant property strategies and tools, such as the uniform disposition policy, and are now focusing their sights on a new land bank—perhaps their most difficult challenge. Especially because a new mayor with a possibly new vision and direction will take over in January 2016, this collaboration must be institutionalized within the City and among public and nonprofit groups and organizations.

Information, Information, Information—and Access

The foundation for reengineering vacant property policies and programs must rest on having data and data systems that public officials and nonprofit leaders can use in refining and tailoring different vacant property strategies and tools to ensure they are more strategic, more efficient, and therefore more effective. Philadelphia has made great progress in creating better data management for its own properties. However, since this only represents one-quarter of all vacant property in Philadelphia, enormous challenges remain in creating a fully operational, up-to-date, and widely accessible shared knowledge base about all of Philadelphia’s nearly 40,000 vacant and abandoned properties. The City is choosing to focus on reforming the tracking and disposition of publicly owned vacant properties in order to build momentum, facilitate collaboration/trust, and pilot-test new policies and programs before tackling the larger challenge of how to inventory, track, acquire, and dispose of privately owned vacant properties.

Connecting Reuse Planning to a Vision

Beyond the tools and techniques for reclaiming vacant properties, legacy cities can learn from Philadelphia’s significant investment of resources and political/community capital in revising its land use planning and zoning plans and policies. Linking vacant property policy reforms with short- and long-term planning is critical if cities such as Philadelphia are to continue their upward trajectory. Legacy cities need community consensus around a vision and plan for what they want to become in the future, but this vision has to be realistic, sustainable, and provide guidance for how to reuse vacant property. Philadelphia made this commitment to planning by simultaneously revising its comprehensive land use plan and its zoning code within the same three-year period and infusing these plans with sustainability principles and strategies from its Greenworks plan. Perhaps Philadelphia’s next chapter in this planning effort will establish stronger policy and program connections with relevant regional plans and initiatives.

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