United States Conference of Mayors

Mayors’ Resource Guide on Vacant and Abandoned Properties

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Turning Abandoned Properties into Opportunities: The Mayor’s Role

Abandoned properties, most common in such Rustbelt cities as Detroit and Buffalo, affect cities and towns across the United States. Small towns like Lima, Ohio, and Waterloo, Iowa, are hard hit by abandonment and often lack the resources and expertise that some larger cities can bring to bear on the problem. Even in the Sunbelt, abandoned properties are a problem, as development moves away from the center in cities such as Houston or Las Vegas, leaving older neighborhoods behind.

Implementing a strategy to restore a community’s abandoned properties to productive use is a long-term process, involving many different governmental agencies, along with the city’s businesses and institutions, its residents and its neighborhood organizations. No individual is better situated than the city’s mayor to bring these constituencies together:

- The mayor is the best person to articulate a long-term vision for the community and lay out the strategies to achieve that vision.
- The mayor is the only person who can bring the different city departments that must play a role in an abandoned property strategy to the table, and make them work together toward common goals.
- The mayor is in a strong position to advocate for the city at the state level in order to obtain legal reforms and program changes to better enable the city to tackle its problems.
- The mayor is well situated to build partnerships with the community as well as with the institutional and business leaders whose involvement is critical to the success of any long-term strategy.

In tackling the problem of abandoned properties, the mayor’s role is the central role. We will return to this and flesh out each of the above themes at the end of this Guide.

While abandoned properties are a problem, they also represent an opportunity for neighborhood revitalization and community redevelopment. By using abandoned properties strategically, cities and towns can improve neighborhoods, build new markets, and enhance their quality of life:

- Through incentives and rehabilitation programs, scattered single-family houses in at-risk neighborhoods can be used to revitalize those areas, drawing new middle-income families into the community, as in Richmond, Va.
- Large vacant tracts can be assembled and used to create major redevelopment opportunities, transforming entire areas, as in Philadelphia.
- Brownfield sites — a subset of abandoned properties — can be reused for housing, shopping centers, and open space, as in Trenton, N.J.
- Sites of all shapes and sizes can be used for open space, from community gardens to greenways and city parks, as in Detroit or Pittsburgh.

With good planning and sound market-building strategies, even the most distressed cities can use abandoned properties to build a better future.

An abandoned property strategy should address the issue in a comprehensive, integrated fashion. It should focus not only on the immediate problem but also on preventing future abandonment while developing strategies for reusing abandoned properties in ways that will serve the city’s long-term economic and community-building goals.

Elements of an Abandoned Property Strategy

Preventing abandonment
The best strategy for dealing with abandoned properties is to prevent them from being abandoned in the first place. The cost of keeping a property in use is often far less than the cost of restoring it to productive use. Moreover, the cost to the community of an abandoned property begins almost the moment that it is abandoned. While not all abandonment can be prevented, effective local actions — helping owners maintain their properties and using code enforcement, nuisance abatement, and receivership when owners are unwilling to do so voluntarily — can significantly reduce the number of lost properties.

Gaining control of abandoned properties
When properties are abandoned, local government must gain control of them in order to minimize the length of time they remain abandoned, minimize the harm they do to the community, and create the conditions necessary to bring them back into productive use. While it is usually better to get owners to act directly, a successful abandoned property strategy must enable the city to gain physical and legal control of properties when necessary.
Fostering reuse of abandoned properties
The goal of an abandoned property strategy is not merely to get properties reused but to do so in ways that improve the neighborhood and the city as a whole. The city must understand the real estate market, have sound long-term strategies in place, and work with the private sector to generate development that both makes business sense and fosters long-term community revitalization. Poor short-term decisions represent permanent missed opportunities.

While the basic elements of an abandoned property strategy — prevention, control, and reuse — are common to all cities, specific strategies will vary from city to city, based largely on three key issues:

1. **The dynamics of abandonment in the community.** Abandonment patterns vary from one city to the next and from one neighborhood to the next within the same city. Each city’s strategy must take into account the types of properties being abandoned and the factors that are triggering abandonment.

2. **Market conditions.** Abandonment is driven by economics, and a city’s options are affected by its market conditions. The stronger the real estate market in the city or region, the more options a city will have, and the easier it will be to find developers and owners eager to use their money to restore abandoned properties. Where the market is weaker, cities will have to provide incentives to encourage developers, owners, and home buyers to restore vacant properties.

3. **The community’s plans and long-term goals.** Finally, each community must frame its own vision of its future and design reuse strategies to fit into that vision. The reuse of specific properties should grow out of a comprehensive strategy for the block, the neighborhood, and the city as a whole.

**The Abandoned Property Strategy Toolkit**

These are five critical elements or dimensions of an effective abandoned property strategy:

1. Preventing abandonment
2. Creating and using information systems
3. Gaining control of properties
4. Organizing city government to make abandoned property strategies work
5. Targeting resources strategically

A sixth critical element cuts across all of these: building partnerships to execute the strategy. Every city contains institutions, organizations, and individuals with skills and energies that can complement the city’s own resources. These include:

- Private businesses
- Major institutions, particularly universities and hospitals
- Religious institutions
- Community development corporations (CDCs) and other nonprofit community-based organizations
- Trade associations, such as chambers of commerce and boards of realtors
- Neighborhood and civic associations
- Developers
- Historic preservation, environmental, and open space organizations
- Social and human service providers
- People with skills and energy

Making everyone a meaningful partner in the process is essential. Without widespread civic engagement, the city will be severely limited in its ability to tackle the complex problems raised by abandoned properties.

**Creating and using information systems**

A successful strategy for both preventing abandonment and reclaiming abandoned and vacant properties begins with good information. An effective information system can not only enable a city to track conditions and identify problem properties but also can serve as the basis for an early warning system, identifying properties at risk of future abandonment.

A *property information system* tracks specific properties, while a *neighborhood information system* tracks a larger area, such as a neighborhood, census tract, or city block. A model information system should:

- Include both property- and neighborhood-level information
- Provide information for both strategic planning and specific activities
- Present information in different forms (such as maps, tables or lists) for different areas
- Be updated frequently to ensure currency
- Be easy to use by anyone concerned with property conditions in the community

In many cities, the data necessary for an effective information system are already being gathered. The first step in setting up the system is to identify this existing information and begin integrating it into a single system.
One of the most valuable uses of an information system is as an early warning system, tracking such factors as recurrent code violations, criminal complaints, or accumulated liens, which may trigger interventions on particular properties to keep them from being abandoned.

**Preventing abandonment**

*Improving the economic viability of properties with absentee owners*

Many of the properties being abandoned in older cities are rental properties. Strategies to preserve properties owned by absentee landlords fall into two general categories:

- Reducing the cost of operating the property and improving cash flow through loan programs, tax relief, and insurance assistance
- Improving the landlord’s efficiency through training and technical support

These activities can be combined into an overall “landlord support strategy” linking engaged property owners with support services.

*Preventing abandonment of owner-occupied housing*

Loss of owner-occupied housing is widespread, particularly in cities where homeownership has long been an option for many working class households. The abandonment of owner-occupied housing is either the result of an owner’s inability to make mortgage payments or pay property taxes — often exacerbated by predatory lending practices — or the result of weak market demand. Abandonment following the death or relocation of an elderly homeowner is common in neighborhoods where large numbers of homeowners are senior citizens.

Abandonment prevention strategies should include both foreclosure prevention programs and efforts to address local predatory lending practices. Cities can work with local realtors to make them more responsive to the urban real estate market and can work with CDCs to set up pre-sale improvement programs to enhance the condition and appearance of properties and reach out to elderly homeowners.

**Using code enforcement and nuisance abatement**

Local governments can require owners to maintain their buildings and can act where they fail to do so. This can motivate owners to take advantage of assistance to improve their properties and enables the city to step in when efforts to motivate the owner fail. An effective code enforcement system should include three elements:

1. Targeting resources, by area, by building characteristics or tenure, or by the nature of the violation, to ensure efficient use of resources
2. Managing the system, tracking each complaint and linking the enforcement agency with the legal system, to create an efficient, accountable system
3. Integrating enforcement with other abandonment prevention strategies

If an owner refuses to correct a nuisance, the municipality can do so and recapture the costs of nuisance abatement from the owner. Where state law limits cities’ ability to do so, changing the law should be a priority.

** Receivership**

Receivership is a powerful tool for preserving distressed residential property. Where conditions endanger the health, safety, or welfare of tenants, the court can appoint a receiver, who takes control of the property, collects the rents, and applies the proceeds to restoring the property. State statutes vary widely, and cities must determine whether their state’s statute enables them to mount an effective receivership program. Cities must also make sure they have access to capable receivers with the right combination of financial resources and property management skills.
Getting control of properties: tax foreclosure, eminent domain, and gifting

**Tax foreclosure**

Tax foreclosure is the process by which government takes title to properties when the owners fail to pay their property taxes or other obligations to the municipality, school district, or county. Because tax liens take priority over all private liens, foreclosure extinguishes all mortgages and judgment, and the municipality gets clear title free of liens.

Tax foreclosure is a powerful tool, but the process can prove unwieldy. Protracted waiting periods, extensive notice requirements, the claims of third-person buyers, and conflicts between jurisdictions (when, for example, the county is responsible for tax foreclosures within the city) can stall the tax foreclosure process. Many cities, after selling tax liens in bulk to institutional buyers, have watched helplessly as those properties were placed in legal limbo, blocking redevelopment and revitalization.

The tax foreclosure process must be carefully managed, because even minor procedural defects can render the process worthless. In states where tax foreclosure laws limit a city's ability to gain control of abandoned properties in a timely fashion, mayors will want to seek changes to ensure that tax foreclosure leads to clear, marketable, and insurable title in a timely fashion. Efforts spearheaded by local government have brought about major changes in state tax foreclosure laws in Michigan, Maryland, and New Jersey.

**Eminent domain**

Eminent domain is the power of government to take property against its owner's will when needed for a public purpose such as redevelopment. The government must pay the owner fair market value for the property. While using eminent domain against occupied homes is highly controversial, few people object to its use to gain control of abandoned properties blighting a neighborhood. Cities’ ability to use eminent domain effectively to acquire abandoned properties for reuse may depend on whether state law permits the city to use “spot blight” eminent domain, as in Cleveland or in Washington, D.C., and whether it also permits what is called “quick-take” eminent domain, allowing the municipality to take title to the property first and litigate the value of the property afterward.

**Other forms of property acquisition**

Many owners may be willing to donate vacant properties voluntarily to the city. Cities should consider establishing programs under which owners can donate their properties and obtain a waiver of municipal liens on the property. But cities must exercise due diligence to ensure that the title is free of any liens other than municipal liens and that the site poses no environmental cleanup issues — or if it does, that the benefits of obtaining the property exceed the liabilities. Trenton, N.J., and Covington, Ky., among others, have used a gift property program as an effective part of the city’s property acquisition strategy.
Organizing city government to make abandoned property strategies work

Even the best legal tools and financial resources can be undone by a fragmented system where different agencies are working at cross-purposes. By creating an abandoned property management system and bringing together all the key government and nongovernmental stakeholders to work toward common goals, a community can make the most of limited resources and legal tools. Abandoned property management in many cities is often a series of separate functions handled by separate agencies, departments, or divisions. In addition, responsibilities are often also divided among municipalities, counties, and independent authorities. Communications are often inadequate and priorities at odds with one another. By understanding systemic conflicts and inefficiencies, and why they exist, mayors can restructure the system to eliminate or reduce the problems.

Interagency coordination

An interagency task force or council can increase coordination and information sharing among departments, a key step toward an effective abandoned property management system. Interagency coordination is most effective where all parties give it priority and the mayor regularly reinforces that priority. Pawtucket, R.I., found an interagency task force supervised by the city administrator to be an effective tool for implementing an abandoned property strategy.

Internal reorganization

When possible, functions should be reallocated to link related activities and reduce mission or priority conflicts. Reorganization can range from small adjustments to broad restructuring and may involve creating a separate entity (such as a land bank) to focus local efforts to deal with abandoned properties. New Haven Mayor John DeStefano’s Living City Initiative pulls together many different activities to mount a systematic attack on abandoned and blighted properties.
Creating land bank entities
A land bank entity can be an effective way of moving forward with an abandoned property strategy and can serve as a symbol of the city's commitment to dealing with abandoned property issues. It can help gain control of the city's problem property inventory and make possible its timely and productive reuse by taking title to property, holding property, and conveying it to others for reuse.

Depending on state law, a land bank can be accountable to the mayor or to a separate authority governed by a separate board of directors. Governance and staffing of the land bank entity should be driven by the organization's mission and the anticipated scope of its operations.

Building nongovernmental organizations into the system
Nongovernmental organizations, particularly CDCs based in the neighborhoods affected by abandoned properties, are important partners in making the system work. Their roles may range from providing critical policy guidance in the design and operation of the system to helping the city maintain the vacant lots in its inventory. The city should build them into the system to benefit from all available skills and resources.

Targeting resources strategically
In a few cities, the private market is so strong that no public resources are needed to deal with vacant properties. In most cities, however, public resources are either needed throughout the city or in those neighborhoods where the market is not yet strong enough to drive private restoration of abandoned properties. Public sector financial resources are limited and must be targeted if they are to be most effective. To do so, the city must understand the market dynamics of the city and each of its neighborhoods. Every neighborhood is different, and different strategies are required in each to rebuild the market and restore neighborhood vitality.

Identifying neighborhood market types
Many cities find that most neighborhoods fall into one of three broad categories:

1. Stable or regionally competitive neighborhoods. These are the city's strongest neighborhoods, where the housing market is working well and there is a steady demand for the area's homes. Vacant properties are rare, and when they occur they are generally restored or replaced through private initiative.

2. Intermediate neighborhoods. In these areas the market is still functioning, but is under threat. Maintenance may be slipping, homeownership rates may be declining, and abandoned properties may be showing up on otherwise sound city blocks.

3. Disinvested areas. These areas show widespread deterioration and market collapse. They occupy only a small part of the city's area but contain a disproportionate share of its abandoned properties.

Many cities, including Philadelphia, Baltimore, and Minneapolis, have developed neighborhood typologies to assist in planning and resource allocation.

Designing tailored strategies for intermediate neighborhoods
Carefully targeted strategies are needed to reverse decline and strengthen the neighborhood's still intact fabric, including:

- Housing strategies should focus on infill and rehabilitation rather than large-scale new construction.
- Occupied houses in need of repair should be addressed through assistance to homeowners or programs to buy out irresponsible absentee owners and fix up properties for resale.
- Neighborhood “curb appeal” can be enhanced through façade grants, landscape treatment of vacant lots, and street tree plantings.
- Larger projects such as apartment buildings, vacant schools, and industrial buildings can be used as anchors to strengthen streets and blocks within the neighborhood.

Fostering long-term transformation of disinvested areas
While these areas have pockets of strength that can serve as nuclei for rebuilding, small-scale revitalization strategies are no longer adequate. They may be candidates for large-scale housing or mixed-use redevelopment projects or may be appropriate for a long-term revitalization strategy under the leadership of a strong CDC. Large-scale projects can change the character of an area and its perception by the marketplace, respond to market demand by creating new housing products not available elsewhere in the city, and create move-up opportunities inside the city for upwardly mobile families.

Cities should prioritize target areas and redevelopment schemes. That way, the areas with the greatest potential for success can be selected and the scope of the city's commitments will not exceed either the market demand or the available public resources.

Using incentives to further community investment
Incentives can help build the city's housing market by prompting people to buy or rehabilitate properties in locations that they would not consider without the incentives. Incentives should be targeted, calibrated to the strength of the neighborhood's market, and carefully aimed at those investments — particularly rehabilitation of vacant properties — that enhance neighborhoods and increase the value of surrounding properties, but where the cost of the improvement potentially exceeds current market value.

Incentives come in many different forms, from tax abatements to tax credits to below-market interest rate loans. It is critical not just to offer incentives but also to motivate buyers to buy and rehabilitate properties that they would not have bought and rehabilitated without the incentives.
Incentives are a critical part of a strategy to get people to rehabilitate scattered abandoned properties, but they are not enough. The city must create an environment in which those individuals will see the opportunity to rehabilitate these properties as a desirable personal choice. As part of the city’s Neighborhoods in Bloom program, Richmond, Va., created the Urban Pioneer Incentive Program in the city’s Jackson-Ward neighborhood, offering $35,000 matching loans to families who rehabilitate houses as owner-occupants. If the family is still in the house after seven years, the loan is forgiven.

**TARGETING RESOURCES CHECKLIST**

- Does the city track market conditions and trends by neighborhood?  
  
  IF SO, do the city and its partners, such as CDCs, use that information for planning and resource targeting?

- Does the city have a formal, plan-based process for allocating discretionary resources by neighborhood?

- Does the city use targeted marketing strategies to identify potential markets for new and rehabilitated housing opportunities?

- Does the city provide incentives to individuals to rehabilitate vacant properties in transitional neighborhoods or as part of neighborhood revitalization strategies?  
  
  IF SO, are the incentives targeted to bridging the “market gap”?

- Does the city adjust its incentives over time to reflect changes in market conditions?

- Does the city work with CDCs and neighborhood organizations to foster comprehensive planning and revitalization strategies at the neighborhood level?

- Does the city work with CDCs, developers, and others to target resources to implement neighborhood planning and revitalization strategies?

- Does the city have a process for identifying high-impact redevelopment opportunities and working with developers to make them happen?

**The Mayor’s Role**

At the beginning of this Resource Guide, we cited four key roles that the mayor can play in putting the pieces together for a concerted attack on the problems of abandoned properties.

**Providing community leadership**

The mayor’s office is a bully pulpit. People look to their mayor to set a direction for the community and to articulate a vision to which they can aspire. These expectations place enormous demands on the mayor but also offer great opportunities for leadership. Mayor Martin J. O’Malley of Baltimore understood this when he announced Project 5000 — a commitment that the city would acquire 5,000 vacant and abandoned properties in two years — in 2002. Project 5000 not only was a meaningful substantive step toward grappling with the city’s abandoned property ills but also visibly conveyed the urgency of the problem and the seriousness of the strategy to the community.

**Setting the direction for city government**

Mayors can not only inspire and motivate their employees but can also take concrete steps — from setting up interagency coordinating bodies to restructuring the functions and organizational lines of command at City Hall — to get the job done. In so doing, the mayor may want to focus on vacant properties specifically — as did Mayor O’Malley — or make vacant properties part of a larger strategy, as Mayor DiStefano did in New Haven. In Rochester, Mayor William A. Johnson initiated a citywide community planning process to address neighborhood revitalization issues, coordinating the city’s investment decisions with the planning going on in the city’s neighborhoods.

**Bringing governmental and nongovernmental partners together**

As the titular head of city government and the counterpart of the CEO of a private corporation, the mayor is the one public official best situated to reach out and gain the attention of the city’s nongovernmental partners, from community organizations to major corporations. CEO-to-CEO contact is critical to obtain a solid organizational commitment to a relationship with the city. While city staff may be able to follow up and frame the specifics of the partnerships, the mayor is the only individual capable of making initial contact on behalf of the city and clearly conveying the importance the city government attaches to the initiative.
**Advocating for change at the state level**

The final role that mayors can play is at the state level. State governments define the framework for local abandoned property efforts through the ground rules established by state statutes and the opportunities created by state funding and investment. Despite recent reforms, many state laws still constrain local efforts to solve local problems, while state resources are often inadequate to permit cities to do the job. Mayors, both individually and through state mayors’ conferences and municipal leagues, can be powerful advocates for state-level change. Even where urban areas represent only a minority of a state’s population, many legislative reforms that will help cities address vacant property issues can win support from suburban and rural legislators as well.

The mayor is the central figure in all of these areas, not only as the city’s CEO but as the person who represents that city to the world, speaks for its hopes and aspirations, and brings its political weight to bear on critical public issues. No effort by any corporate CEO, CDC executive, or community activist, however committed or energetic, can substitute for mayoral leadership.

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**Closing Note: Leaving a Legacy**

Mayors are more than managers. They are the individuals that the citizens have entrusted with the city’s leadership. The mayor’s ability to provide a direction for the city, framing and pursuing a vision of change as the city moves into the future, is as important as providing good public services and managing the municipal budget.

How a city deals with vacant and abandoned properties is a critical part of that vision. A problem today, they are one of the city’s greatest opportunities for future change through revitalization and redevelopment. Whether they are used strategically or haphazardly, for long-term benefit or short-term advantage, will define a large part of the city’s future and the legacy that today’s mayor leaves behind for future generations.

Every decision made today has ramifications for the future. The Olmsted parks that grace many of America’s older cities today are the legacy of mayors and civic leaders at the end of the 19th century. How today’s mayors address their city’s abandoned properties and the larger issues of neighborhood and community revitalization will determine whether future generations will look back at them with the same gratitude with which we think of our predecessors 100 and more years ago.