

NOBODY HOME

THE RISE OF VACANCY



A MESSAGE FROM THE DIRECTOR

The abandoned house with its windows boarded and the vacant lot choked with weeds are highly visible evidence of a crisis in our region that continues to grow largely unabated by the limited efforts of government to contain it. Vacant and blighted property robs local governments of tax revenue, drags down real estate markets, invites crime, discourages investment and makes it far more difficult to revitalize distressed neighborhoods. These are costs we all end up paying.

This year, Pittsburgh TODAY began to assign accomplished journalists to investigate key issues that confront our region. The idea is to supplement our data with in-depth reporting to heighten public awareness and understanding of these issues, their implications and possible solutions.

Nobody Home: The Rise of Vacancy is the first such project and stands as the region's most comprehensive journalistic treatment of this issue, which is vitally important to the health of neighborhoods across southwestern Pennsylvania, the state and the nation. It brings the problem to light in human terms, details its impact on places and people, and reveals the failure of shop-worn strategies to control widespread vacancy as well as the promise of innovative solutions being tried in a few of our

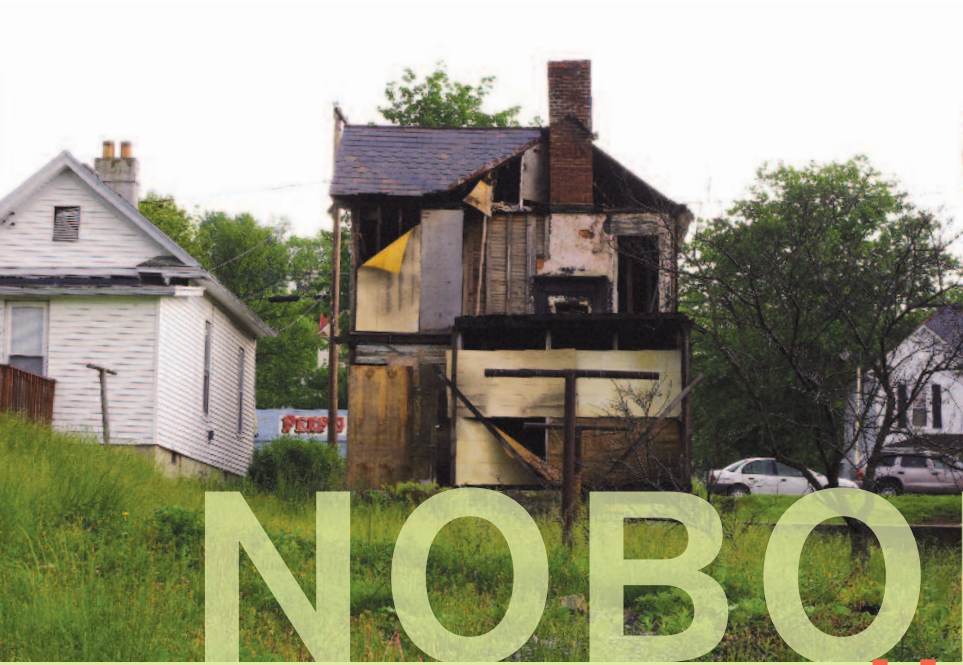
neighborhoods and across the country.

A series of this scope is a major undertaking. The research alone involved conducting more than 50 interviews, walking the streets of blighted neighborhoods and digesting thousands of pages of studies and reports. We thank all of those we called upon who gave generously of their time and expertise, particularly our partners at the University of Pittsburgh University Center for Social and Urban Research, whose regional data collection and analyses rank among the finest in the nation. Finally, we thank our Advisory Committee and our funders, without whose support the kind of in-depth community journalism this series represents would not be possible.

In the opening article of the series, Court Gould, executive director of Sustainable Pittsburgh, is quoted saying: "Any community that has blighted and abandoned properties and sees them only as a strain and a drain is undervaluing the real estate. We need to be thinking about those properties as stranded economic assets."

We couldn't agree more and hope this series contributes to the public dialogue around finding ways of transforming vacant and blighted properties from liabilities to community assets.

Douglas Heuck
September 2011



NOBODY HOME

by JEFFERY FRASER

PART I: THE RISE OF VACANCY

EAST LIBERTY DEVELOPMENT, INC. was still figuring out how to jump-start the housing market in the Pittsburgh neighborhood when it built 10 houses on Mellon Street across from a handful of vacant and blighted buildings. At \$105,000 for three bedrooms, a bath and a half, a two-car garage and a zero-percent second mortgage for income-qualified buyers, the new homes were priced to sell.

None of them did.

“Nobody was willing to buy on that block until we were able to tell them a good story, something concrete, about what was going to come about across the street,” said Kendall Pelling, project manager for the community development corporation. “We learned from experience that vacant and abandoned properties have a terrible impact on the housing market.”

Others are getting a similar education. Vacant and blighted properties are increasing across southwestern Pennsylvania, the state and the nation, robbing local governments of desperately needed tax revenue, consuming millions of tax dollars, eroding housing values, posing health and safety risks and complicating the already challenging job of reviving distressed neighborhoods.

In Allegheny County, a program for turning tax-delinquent vacant properties into community assets doesn't come close to keeping pace with the rate at which properties become vacant. And the story is the same throughout southwestern Pennsylvania.

In Homewood, mapping routes to get children to and from school without exposing them to mean streets littered with vacant lots and abandoned buildings is one of the first steps the Homewood Children's Village is taking as it attempts to improve the educational outcomes and overall well-being of children in one of Pittsburgh's most distressed neighborhoods.

In Philadelphia, one of the few studies of the price that communities pay for vacancy and blight reports that housing values fall by 6.5 percent citywide and that at least \$22 million a year is drained from the city in lost tax revenue and to cover maintenance, police and fire costs.

In Flint, Mich. and Cleveland, Ohio, land banks seize thousands of vacant tax-delinquent properties using laws Pennsylvania doesn't have, and sells, rehabilitates or tears them down fol-

*Photographs by
Matt Stroud*

lowing comprehensive blight redevelopment strategies that haven't been developed in southwestern Pennsylvania.

If there is a bright side to the growing problem, it lies in the opportunity vacant properties offer to redesign neighborhoods in ways that are better suited to their down-sized populations, such as widening narrow lots found in many former industrial towns to accommodate fewer, but more marketable parcels, and turning empty lots and buildings into greenways, community gardens, recreational space and other amenities that give local housing markets more appeal.

"Any community that has blighted and abandoned properties and sees them only as a strain and a drain is undervaluing the real estate," said Court Gould, executive director of Sustainable Pittsburgh, which last year published a comprehensive report on vacant property in southwestern Pennsylvania. "We need to be thinking about those properties as stranded economic assets."

East Liberty Development, Inc. got the message. The new houses on Mellon Street sold after the non-profit bought the vacant properties across the street and came up with a plan to renovate some of the vacant houses and build new ones on the other lots.

Recent Pennsylvania legislation offers municipalities, community organizations, and even residents a more expansive menu of legal options for dealing with neglectful landlords, absentee owners and the vacant and blighted properties next door.

But when dealing with tens of thousands of vacant properties, effective intervention comes down to a question of scale. And in southwestern Pennsylvania, local government attempts to combat vacancy and blight fall far short of recovering anything but a fraction of the vacant lots and houses found along city, borough and township streets.

Over the past seven years, the Allegheny County Vacant Property Recovery Program has helped put some 500 vacant, tax-delinquent properties into the hands of buyers interested in turning them into side yards, small parks and other neighborhood-friendly uses. At that rate of recovery, the program barely makes a dent.

The percentage of vacant housing in the county jumped from 6.8 percent to 9.4 percent over the past two decades – a trend experienced in every county in the region, according to U.S. Census data. More than 55,000 housing units, including apartments, stand vacant. And the Census Bureau doesn't count vacant lots, which greatly outnumber vacant houses.

"Even if we did 1,000 properties this year – and we won't – I would have a job for life," said Richard Ranii, who oversees the program as manager of the Housing and Human Services Division of the Allegheny County

Economic Development Department.

A CREEPING CRISIS

Shifting, aging or declining population, weak housing markets, poor housing stock, crime, underperforming schools and other factors that make some communities less than desirable places to live – all of these factors contribute to vacancy and blight. High mortgage foreclosure rates, decimated job markets other consequences of recession have exacerbated the problem.

Antiquated tax foreclosure systems can take years to move against delinquent properties, and many accrue several years' worth of delinquent taxes and penalties. In depressed markets, such as Homewood, where the average price paid for residential property was \$9,060 in 2009, back taxes and penalties can easily exceed the market value of a house, encouraging owners to ignore its upkeep or to walk away from it entirely.

"There isn't a place I go where someone doesn't talk about a problem property they are frustrated with," said Irene McLaughlin, an attorney and consultant on vacant property issues for the Housing Alliance of Pennsylvania and others.

More than 11 percent of the houses and apartments across the United States are vacant, according to the 2010 U.S. Census. In states hit hardest by the mortgage foreclosure crisis, the rate is much higher – 17.5 percent in Florida, for example, and 16.3 percent in Arizona.

Nine percent of the housing in the seven-county Pittsburgh Metropolitan Statistical Area is vacant, up from 6.8 percent in 1990.

Cities tend to have higher concentrations of vacant property, and Pittsburgh is no exception with nearly 13 percent of its houses and apartments standing vacant. Higher rates are found in several nearby cities. The vacancy rate is 19 percent in Cleveland and Youngstown, Ohio. And 15 percent of Steubenville's housing is vacant. Even higher concentrations are found in poor urban neighborhoods and municipalities that have endured decades of economic decline. In other words, the places shouldering the heaviest burden are the most fragile and the least likely to have the resources to do something about it.

MANY PAY THE PRICE

While those living on blight-ridden streets are the most directly affected, studies suggest the economic and social costs of long-standing vacancy are widely shared. What those costs amount to in southwestern Pennsylvania is unclear. Pittsburgh's year-old Land Recycling Task

Force, planning department and others are working on an analysis of the economic impact on the city, which is expected later this year. And there is no countywide or regional accounting of the total cost of vacant property.

Philadelphia is one of the few places that examined those costs. Its study found that vacant properties reduce market values by 6.5 percent citywide and by as much as 20 percent in high-vacancy neighborhoods, resulting in an average loss in value of \$8,000 for each city household. Tax-delinquent vacant properties in Philadelphia owe an estimated \$70 million in back taxes, a sum that grows by \$2 million every year. And vacant properties consume \$20 million in city services a year, including \$8 million spent on code enforcement and maintenance.

When housing values plummet, those who are hurt the most include long-time homeowners, many of them senior citizens – the very people who tend to hold together what is left of declining neighborhoods.

“We got a call last year from an elderly woman in one of those neighborhoods,” said Rob Stephany, director of the Pittsburgh Urban Redevelopment Authority. “She had a \$9,000 bid from a contractor to replace her roof, which had started to leak. Her next-door neighbor’s house had sold for less than that, about \$7,000. Here was a responsible, salt-of-the-earth-Greatest-Generation senior citizen asking whether she should repair her roof or just ride it out. That is loss of equity.” Vacant and blighted properties also play a role in unraveling of the quality of life in a neighborhood and dimming the outlooks of those who live there.

For Malik Bankston, one of the more challenging aspects taking control of vacant properties in Pittsburgh’s Larimer neighborhood and then creating gardens, parks and a safer and more vibrant place to live was convincing residents that it could be done. “It was tough getting a conversation going,” said the Kingsley Center director. “For so long, the neighborhood watched a deliberate kind of disinvestment play out, which resulted in us having one of the highest incidence of vacant and blighted property.”

More than 42 percent of the lots, houses and buildings in Larimer are unoccupied. And, like most neighborhoods with high rates of vacant and blighted property, crime rates are higher than citywide averages – in Larimer’s case, 30–50 percent higher.

In Homewood, where nearly 44 percent of the lots and 28 percent of the houses are vacant, finding ways for school children to avoid them is a priority of the Homewood Children’s Village, which is based on a program in New York’s Harlem neighborhood that concentrates community support and services on mending the social fabric and improving children’s outcomes.

“The impact of vacant and abandoned properties on kids is a real concern,” said John Wallace, a University of Pittsburgh associate professor of social work who spent several years planning the Homewood initiative. “These properties are risk factors for crime, they’re a safety risk and they’re a health risk.”

The “broken window” theory argues that is not by coincidence. The theory, introduced by social scientists James Q. Wilson and George Kelling in 1982, has become widely accepted by law enforcement. It suggests that vacant and blighted houses, abandoned cars and other visible evidence of neglect send the signal that nobody cares, erode community controls and leave neighborhoods more vulnerable to crime.

Southwestern Pennsylvania police departments don’t track the relationship between crime and vacant property. And the few local studies that looked at the relationship offer contradictory, inconclusive findings.

Evidence elsewhere suggests the relationship is not benign. Philadelphia spends close to \$6 million a year on police and fire calls to vacant properties. A study published by the Federal Reserve Bank of Chicago reported violent crime rates in the city rose 2.3 percent with every 0.01 percent increase in mortgage foreclosures. After a sharp rise in foreclosures and vacancy, the Charlotte-Mecklenburg Police Department in North Carolina analyzed its records and found that high neighborhood foreclosure rates predicted higher crime rates, including violent crime, which rose steadily in those neighborhoods, but stayed much lower in places with few foreclosures.

Whether residents of neighborhoods with a high percentage of vacant, boarded-up stores and homes, litter and graffiti have a higher incidence of disease and premature death was a question RAND researchers looked at in 2003. Even after controlling for poverty, they found that those who live in deteriorating neighborhoods have higher rates of premature death and death by cardiovascular disease and homicide than people in neighborhoods that are not in decline.

That was not the only troubling effect they noted. In neighborhoods where residents were seen as willing to work toward a common good, the rate of premature deaths was lower. The one exception was in neighborhoods with a high number of vacant homes and other signs of decline, where the willingness of residents to help out made no difference.

LIABILITIES TO ASSETS

The flip side of vacant and blighted properties is that under the right circumstances they can be used to improve conditions in the neighborhoods they helped

lead down a path of decline. In southwestern Pennsylvania, both public and private sector interest in reclaiming vacant property to add elbowroom and a little green to crowded urban neighborhoods is growing.

“With a lot of liabilities, your only option is to eliminate or reduce them. To be able to turn a liability into an asset is a unique opportunity,” said Frederick Thieman, executive director of the Buhl Foundation, which funded the Sustainable Pittsburgh report on vacant property in southwestern Pennsylvania. “Vacant property provides us with such an opportunity.”

Demolition is a common municipal response to abandoned houses. Clarksburg, W.Va. took a low-interest state loan to finance a campaign against the blight that had accumulated during decades of economic decline, tearing down nearly 300 homes. More than half of the 900 vacant houses acquired by a public land bank in Cuyahoga County, Ohio last year have been razed.

“It’s like cleaning the cancer cells out of the body so the rest can be healthy,” said Frank Ford, vice president for research and development at Neighborhood Progress, Inc., a Cleveland neighborhood development agency. “It’s hard for me to say that. Like most of my colleagues, I was a preservationist 20 years ago. We rehabbed houses. That’s not feasible now. The market isn’t going to come back until we clear out the bad stuff and allow it to come back.”

“Greening” vacant lots is an increasingly popular strategy for helping turn around distressed neighborhoods.

In Pittsburgh, the city’s Green Up Pittsburgh program has put hundreds of vacant lots in the hands of community groups and residents who use them as neighborhood green spaces and side yards. Before Larimer residents decided to reinvent themselves as a green community, nonprofits used vacant lots to introduce them to ideas such as community gardens and urban farming. And in Homewood, a community group that began gardening vacant lots a decade ago established its own urban landscaping company and youth training program.

But before any house is rehabilitated or lot seeded with sunflowers, those interested in doing the work must take title of the property, which can be a time-consuming and costly process. In some cases, their local government lends them a hand.

Allegheny County, for example, helps municipalities and others acquire vacant properties through eminent domain-like powers granted in the state’s Urban Redevelopment Authority law and pays for clearing the title, which costs about \$3,000.

And Pittsburgh takes tax-delinquent properties

through treasurer’s sales, “quiets” the titles and holds them in its land reserve until community groups arrange financing to buy them. But financial and staffing constraints cap acquisitions at 300 properties a year, which represents about 1.5 percent of the vacant houses and lots in the city.

Pennsylvania added a number of legal tools to help combat vacancy and blight in recent years. The state’s new conservatorship act, for example, allows community groups and others to petition courts to appoint a third party to take temporary possession of a blighted property, rehabilitate or demolish it, and then offer the property back to the owner for the cost of the work done or sell it under court supervision to someone else.

But the consensus best practice for tackling vacant property on a large scale is not available in Pennsylvania. Genesee County, Mich. and Cuyahoga County in Ohio are showing how land banking and property tax reform can be used across entire counties to take control of thousands of vacant tax-delinquent properties, keep them out the hands of slumlords and speculators and manage them as community assets.

In June, legislation to empower land banks was introduced in the Pennsylvania House of Representatives by state Rep. John Taylor (R-Philadelphia). The bill, which received the endorsement of Pittsburgh Mayor Luke Ravenstahl, is under consideration in the House Urban Affairs Committee.

But costs are an issue. Genesee County and other land banks are able to recover much, if not all, of their operating costs through sales and the collection tax liens and penalties.

Start-up costs are another matter. While a land bank in Pittsburgh is estimated to cost \$3.7 million a year to operate, it could take another \$15 million to clear the titles of the more than 7,500 vacant properties in the city’s inventory, according to an unpublished report prepared for the city Land Recycling Task Force.

Spending that kind of money makes many municipal officials nervous, particularly when most face serious budget shortfalls. “We run into that all of the time,” said Dan Kildee, a former Genesee County treasurer who now directs the Center for Community Progress, a nonprofit that specializes in vacant property issues. “But it ignores the costs taxpayers already pay for vacant property and abandonment. You have to measure the cost of change against the cost of the current path that we’re on. Anybody who argues that the current path we’re on is the right one isn’t examining the full cost of vacant and abandoned property.” ■

(Matt Stroud of pittsburghtoday.org contributed to the reporting for this article).



NOBODY HOME

by JEFFERY FRASER

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PART II: OPTIONS

H

IS HOMETOWN OF FLINT, MICH. was in steep decline when Dan Kildee was elected Genesee County treasurer 14 years ago. Its days as a thriving, broad-shouldered factory town were gone. Most plants were shuttered or running well below capacity. Some 60,000 General Motors jobs alone were lost. And the city was well on its way toward shedding nearly half of its population.

The fallout included an epidemic of vacant and abandoned properties. Blight was overtaking many neighborhoods. Tax delinquency was starving the city and school district of desperately needed revenue.

When the county's antiquated tax foreclosure process was pressed into action, it took up to seven years to run its course. Houses deteriorated as they sat vacant. If they sold, it was at public auction, where they were exposed to speculators who were more interested in turning a profit on a modest investment than

making repairs to improve them. Market values fell, block after block.

"It didn't take long to realize that not only was the system not up to the task of dealing with the problem, it was actually part of the problem," said Kildee. "It was really a destructive process."

Such a scenario is not unfamiliar in parts of southwestern Pennsylvania, West Virginia and Ohio. Places ravaged by poverty, steady economic decline and population loss, find 20 percent or more of their houses are vacant, according to 2010 U.S. Census data. And the legal processes used to control vacant property, such as tax foreclosure, do little to stem the growing problem.

New laws for combating vacant and blighted properties are emerging in Pennsylvania as more policymakers recognize the risks involved in allowing vacant properties to languish for years and perpetuate the costly cycle of decline.

But land banking, which is widely seen the best option for dealing with vacant property on a large scale, is not available in Pennsylvania. Creating and empowering a land bank, such as the one that Kildee helped put in place in Genesee County, requires special legislation and property tax reform, both of which are still being discussed in Harrisburg.

Tax reform and land banking laws in Michigan gave Genesee County a powerful set of legal

tools that let officials take control of thousands of vacant properties relatively quickly – within two years, in most cases – and do so without exposing them to speculators at public auction.

“Having access to vacant property is critical,” said Bethany Davidson, deputy director of the non-profit Pittsburgh Community Reinvestment Group. “It doesn’t matter what your vision is for it, if you don’t have access to it you’re at zero.”

TAKING CONTROL

Local governments in southwestern Pennsylvania rely on long-standing state statutes in their attempts to control vacant, tax-delinquent properties. And they use their statutory authority sparingly.

In Pittsburgh, the city takes several hundred tax-delinquent, vacant lots and houses each year through treasurer’s sale. The city sweetens the deal for non-profit community groups and others with the willingness and resources to reclaim blighted properties by assuming the burden and cost of clearing, or “quieting,” the titles.

In quieting the title, the city Law Department sweeps away what often amounts to tens of thousands of dollars in unpaid mortgage, water and sewage fees, tardy city, county and school district taxes and penalties and other liens.

“Probably 98 percent of the time, the amount of the delinquent taxes greatly exceeds the market value of the property. Community groups and the Urban Redevelopment Authority simply are not prepared to pay that amount of money to claim these properties,” said Mary Lou Tenenbaum, city Finance Department real estate manager.

Community groups can also take their time to close a deal. Once the city claims title of a vacant house wanted by a community development corporation, it offers to hold it in its Land Reserve for up to five years. “It gives us a way to control property and a flexible timeline to plan development,” said Kendall Pelling, East Liberty Development, Inc. project manager.

COSTS AND CAPS

The city today caps the number of vacant tax-delinquent properties it takes at treasurer’s sale at 300 a year. And it limits acquisitions to properties that have an identified buyer – a resident who wants a lot for a side yard or a community group that wants

to rehab a vacant house as part of a redevelopment plan.

That wasn’t always the case, as the city’s inventory of more than 7,500 vacant lots suggests.

“Decades earlier, the city took a lot of property,” said Janet Koczerzat, city Department of Law real estate supervisor. “The reasoning was: If you’re delinquent, I’m taking it. We don’t do that anymore. It’s much more structured because of the cost and the liability. If you take abandoned properties, you own them, you have the liability and the costs and you pay.” Take, for example, the postage costs for quieting the title of a vacant lot in Greenfield sold through the city side yard program, which offers residents a chance to buy a lot from the city inventory for \$200. The city had to notify 26 former owners and lien holders of the pending sale by certified mail, at just under \$15 per notice. “It cost us more in postage than it cost the buyer to purchase it,” said Koczerzat.

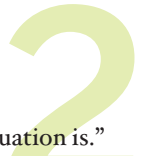
And while maintaining a vacant lot may require little more than mowing, the city struggles to stay on top of the lots it owns, performing annual maintenance on only 27 percent of the lots in its inventory of tax-delinquent property, according to an unpublished report prepared for the city’s Land Recycling Task Force.

Allegheny County, through its Vacant Property Program, helps municipalities, community development corporations and others take ownership of vacant tax-delinquent property by flexing the eminent domain-like authority it has under the state’s Urban Redevelopment Authority law. It also pays for clearing the title, which costs about \$3,000 for each property. But it takes a buyer to step forward before the county moves to take control of a vacant property.

“Our plan is to help in on-demand situations,” said Richard Ranii, manager of the Allegheny County Economic Development Department’s Housing and Human Services Division. “Individuals interested in a side yard can come to us about getting that parcel. For others, such as the Mon Valley Initiative, who have a development plan in place and need to get 12 parcels, we will help them do that. But someone has to come to us first with an interest in a property.”

Since 2004, the program helped transfer ownership of some 500 vacant, tax-delinquent properties to buyers interested in recycling them into something that better serves their neighborhoods.

Yet, at that rate, the program does little to reduce the number of vacant houses in the county, which stands at 55,000, according to the U.S. Census. And it doesn’t keep pace with the rate at which properties are becoming vacant.



POLICYMAKERS AWAKEN

Pennsylvania still lags behind some states, such as Michigan and Ohio, in addressing large-scale vacancy. But new laws and additions to existing statutes offer better options for taking steps to curb vacancy, such as seizing control of tax-delinquent properties and cracking down on chronic code violators whose neglect encourages blight to spread like a contagion.

“There’s been shift in mentality,” said Elizabeth Hersh, executive director of the Housing Alliance of Pennsylvania, a nonprofit coalition with 500 member organizations statewide. “Cities and municipalities are starting to think about their land as an asset – a troubled asset, maybe, but an asset. And there’s a growing awareness that the problems surrounding those troubled assets are problems we can solve.”

Code enforcement was toughened in April when the state’s Neighborhood Reclamation and Revitalization Act became law, despite the concerns of trade groups such as the Pennsylvania Association of Realtors. The law, which Hersh describes as “a pretty big hammer,” lets municipalities do more than place liens against properties with serious and persistent code violations. Now, they can fine, extradite if necessary and attach the private assets of landlords and other owners of problem properties, as well as deny them water, building and other permits.

And the two-year-old Abandoned and Blighted Property Conservatorship Act offers a hedge against vacant properties and land speculators who tend to perpetuate the problem. Under the law, municipalities, community groups and others can ask the court to appoint a third-party to take possession of a blighted, abandoned building and rehabilitate or tear it down, then offer it back to the owner for the cost of the work, or sell it under court supervision to someone else.

With money from The Heinz Endowments, attorney Irene McLaughlin is working with the Housing Alliance of Pennsylvania and community groups on using conservatorship and other new legal tools to help control blight in Pittsburgh’s Homewood neighborhood. Nearly 44 percent of the land parcels in the neighborhood are vacant, according to a study by the University of Pittsburgh Center for Urban and Social Research. And the latest U.S. Census found 28 percent of the houses and apartments in Homewood as vacant.

“Conservatorship is a way of taking control of those properties in advance of taking title,” said McLaughlin, a former city magistrate and consultant on vacant property issues. “Rather than wait, you can go ahead and stabilize the problem property while you

try to figure out what the ownership situation is.”

But conservatorship is a surgical tool **not meant** to address the scale of vacant and blighted property found in major cities, counties and regions across Pennsylvania.

The seven-county Pittsburgh Metropolitan Statistical Area holds more than 100,400 vacant houses alone, according to the U.S. Census. The percentage of vacant houses in the region has risen from 6.8 percent to 9 percent since 1990. In Allegheny County, it rose from 6.8 to 9 percent; in Beaver County, from 5.8 to 8.7 percent; in Westmoreland County, from 6.2 to 8.6 percent. Even in Butler County, which has the lowest vacant housing rate in the region, it increased from 6.3 to 6.8 percent.

BANKING VACANT PROPERTY

Genesee County, Mich. was beset by similar trends when Kildee began his 12-year stint as treasurer in 1997. Needing a better way to control the rising tide of vacant properties before they fell prey to land speculators and blight, he turned to a land bank model that new laws and property tax reforms in Michigan made possible.

The land bank allows the county to quickly take ownership of thousands of tax-delinquent properties through tax foreclosure and reuse them to advance community improvement strategies rather than selling them off at auction to the highest bidder, often land speculators who may not have the community’s best interests in mind.

“Speculators prefer competitive auctions because for the most part they don’t think of the property as real estate. It’s just a piece of paper with a dollar amount attached to it,” said Kildee, who left government to launch the Center for Community Progress, a nonprofit that provides technical assistance on vacant and abandoned property issues. “They can buy a property at a deep discount at a tax sale without ever seeing it, flip it to someone else at a marginal profit and then it’s not their problem anymore.

“We know those systems have failed. We’ve had a half of a century experience with them and all you have to do is to go to Flint or Cleveland or Gary, Ind. to see how that process has worked.”

Once the land bank takes a property, it can rehab, sell, rent or demolish it. The land bank in Genesee County created a program to help homeowners avoid tax foreclosure and adopted a redevelopment plan for all of the property it acquires. Today, the land bank has nearly 4,000 tax-foreclosed properties under its con-

trol. A similar land bank in Cuyahoga County, Ohio acquired some 900 vacant properties last year – three times what Pittsburgh takes through treasurer’s sale.

Those land banks also acquire the revenue which tax-delinquent properties generate. One of the hidden truths about tax delinquency is that most owners pay back taxes and penalties after being threatened with foreclosure. The interest, penalties and principal collected go toward maintaining, demolishing, rehabbing and marketing properties in their inventories.

In Cuyahoga County, that amounts to \$6 million to \$8 million a year in potential revenue. In Michigan, the land bank leverages its revenue potential to borrow inexpensively and pay municipalities all taxes owed on a property when it acquires it, rather than making them wait for the collection process to run its course.

Pennsylvania state Rep. John Taylor (R-Philadelphia) introduced land bank legislation in June. Pittsburgh’s Land Recycling Task Force, Mayor Luke Ravenstahl and the Pittsburgh Community Reinvestment Group, a coalition of community organizations in and around the city, endorsed the bill, which is being considered by the House Urban Affairs Committee.

Kildee, whose organization works with several states on land banking and property tax reform, says vacant and blighted property is one of those rare issues that crosses the partisan political divide. “Once there’s that revelation the current system isn’t working and there’s a better way, we get a lot of buy in. We saw that in Ohio, which led to land banks in Cleveland and Toledo, and in Syracuse, N. Y. and we’re seeing hopeful signs in Pennsylvania, too.” ■



by JEFFERY FRASER

NOBODY HOME

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PART III: EAST LIBERTY

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WHEN EAST LIBERTY DEVELOPMENT, INC. officials were roughing out strategies for improving the Pittsburgh neighborhood, a big question was what to do with some 50 vacant properties that were robbing tax-paying homeowners of their equity, discouraging investment, and exacerbating crime and other factors that had led the neighborhood to become what Rob Stephany, director of the city Urban Redevelopment Authority, calls “below the line” – a place you don’t visit.

They decided to buy them all, rehabilitate some themselves, sell others to rehab-minded buyers and tear down the rest.

“You can’t change a neighborhood by building 10 houses on one street. We’ve tried that and it doesn’t work,” said Kendall Pelling, East Liberty Development, Inc. project manager. “You also can’t change a neighborhood by buying a bunch

of vacant houses and sitting on them like a chicken. We looked at how private developers work and at our situation and tried to come up with an intervention that was the right scale to stabilize and grow our market.”

Some 10 years later, taking control of the vacant property in the neighborhood is a key part of a larger strategy for revitalizing East Liberty that has begun paying dividends ranging from a rejuvenated business corridor to steadily rising property values.

The notion that East Liberty would need to take such steps would’ve been inconceivable 60 years ago, when it was among the city’s most robust neighborhoods with a business district that was ranked third largest in the state behind center city Philadelphia and Downtown Pittsburgh. But a half of century of decline followed, brought on by a number of factors, not the least of which was an ill-conceived urban renewal program that demolished some 1,200 houses, shrunk the bustling business district by 1 million square feet and reengineered the neighborhood’s main artery, Penn Avenue, choking traffic flow in the heart of East Liberty.

Hundreds of the small businesses fled. By 2000, the neighborhood had lost more than half of its population and 14 percent of its housing stood vacant by the U.S. Census Bureau’s count. One of the first orders of business for East Liberty Development, Inc. was to stabilize and re-

store confidence in the local housing market. In 2002, the highest home sale price in East Liberty was \$150,000 – for a seven-bedroom Victorian restored to historic detail with 3.5 baths, a modern kitchen and a fully renovated carriage house. To say that it didn't represent the overall housing stock in the neighborhood is an understatement.

“Structurally, our housing market did not work,” Pelling said. “We had a bunch of houses that needed a lot of work that you couldn't renovate and get your money out of it. No one in his right mind will buy a house and renovate with the expectation of losing money. A basic question a buyer is going to ask the real estate agent is, ‘Am I going to get money back out of this house?’ And the answer in East Liberty was, no.”

The role that vacant properties played in depressing the housing market soon became evident. In 2001, East Liberty Development, Inc. built 10 three-bedroom houses on Mellon Street, but could not sell a single one of them. Each featured a bath and a half and two-car garage and was priced a \$105,000. Income-qualified buyers were offered deferred second mortgages at zero percent interest. The problem was across the street, where several tax-delinquent, rundown, abandoned buildings frightened prospective buyers.

The nonprofit bought the abandoned properties at city treasurer's sale and came up with a plan to renovate some of the buildings and build on other lots. “As soon as we had site control of those abandoned properties each of the houses sold, one right after the other, in very short order,” Pelling said.

That led to a “mothball” strategy to buy all tax-delinquent, vacant properties as they became available at city treasurer's sale and hold them off the market until ways are found to reuse them to improve the neighborhood somehow. The Pittsburgh Partnership for Neighborhood Development, Urban Redevelopment Authority and the Local Initiative Support Corporation helped East Liberty Development Corporation secure the financing and other support the ambitious plan required, including a grant that allowed it to leverage a flexible line of credit.

Other strategies included rehabilitating the houses it acquired and reselling them, selling other houses to buyers interested in doing the rehab work themselves and doing targeted development, which included building new homes and offering them as affordable housing or selling them at market prices.

Today, the signs of recovery are clear. The “highest comparable” sale price for a home has reached \$300,000, twice what it was a decade earlier. The median value of housing climbed to \$69,000 in 2008,

nearly 34 percent higher than values reported in the 2000.

The income mix of residents is more diverse. The housing stock is better. Homeowners have seen a steady increase in their equity, regardless of their income level. East Liberty's crime rates – although still higher than citywide averages – fell 46 percent between 1999 and 2008. The business district has been reborn with retail anchors such as Target, Whole Foods and Trader Joe's, as well as with bistros, cafes and lounges with names like Spoon, Ava and Brgr.

“I used to work in East Liberty,” said Stephany. “There were times on Friday and Saturday nights that you just wouldn't go to the corner of Penn Circle West and Highland Avenue, which is now where Brgr is. The lesson learned here is that it can happen. You can have spill over. You can deal with low-income people responsibly. You can bring equity back to stakeholders. You can do all of that regardless of how high the hurdles are.” ■



NOBODY HOME

by JEFFERY FRASER

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PART IV: LARIMER

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ERHAPS IT'S THE NEARLY 750 empty lots and vacant homes in disrepair, the buckling pavement, shuttered businesses and other visible evidence of years of disinvestment that makes the idea of turning Pittsburgh's Larimer neighborhood into a showcase of economic and environmental sustainability seem wildly ambitious.

Yet, if the redevelopment plans that percolated from the residents themselves are realized, Larimer will be reborn as a green, downsized urban neighborhood, and the vacant lots and abandoned houses that have blighted its streets for decades will have played an important role.

In southwestern Pennsylvania, across the state and the nation, leveraging vacant properties to introduce gardens, trees, urban farms and acres of open green space to densely developed, blighted neighborhoods is a concept that is gaining interest.

But it's Larimer, one of Pittsburgh's poorest and most challenged neighborhoods, that has developed one of the region's most extensive visions for turning high vacancy rates into environmental assets in the hope of reducing blight, raising the quality of life and attracting investment. Malik Bankston only had to look as far as Summerset at Frick Park in the city's Squirrel Hill neighborhood to find evidence that such ambitions can be realized. The upscale residential development, where home prices exceed \$650,000, was built on a desolate brownfield atop 20 million tons of slag, an end-stage waste product of steel production. Part of the transformation involved cleaning up the once-sewage-tainted Nine Mile Run watershed.

"I thought that if the wherewithal exists to create a vibrant, stable community on a mountain of slag, then there is no reason that we can't come together and reinvent a neighborhood like Larimer," said Bankston, executive director of the Kingsley Center, a community organization that is part of a consortium of residents and others who put their vision for the neighborhood in the form of a comprehensive plan they are now working with the city to implement.

Nearly 42 percent of the lots and buildings in Larimer are vacant, giving the neighborhood plenty to work with. Larimer is not alone. In just about every community where there is vacant property, the number of empty lots far outnumbers the number of empty houses. And cities and

counties end up razing many of the vacant, tax-delinquent houses they take possession of, creating even more empty lots.

At the same time, one characteristic shared by many places where vacancy rates are high is a shortage of open green space that can be used to improve neighborhood aesthetics. That is often the case in dense urban communities, such as Larimer, where open space accounts for less than 1 percent of the neighborhood, according to the city Department of Planning data.

“Vacant properties offer unique reclamation opportunities, and interest in neighborhood greening strategies is increasing significantly,” said Frederick Thieman, executive director of the Buhl Foundation. The foundation’s support for innovative land use concepts dates to Chatham Village in the 1930s, which integrated brick townhouses, garden courts, terraces and parks in what is considered one of the finest American examples of Garden City planning.

Evidence of heightened interest in greening vacant properties is found throughout the region. The non-profit GTECH was started five years ago as a Carnegie Mellon University H. John Heinz III College project to farm an urban brownfield. Today, its projects include reclaiming vacant lots with sunflower gardens and working with the Western Pennsylvania Conservancy and other partners involved in advancing the Seeding Prosperity And Revitalizing Corridors (SPARC) strategy for creating green corridors linking urban neighborhoods.

In Pittsburgh, the city’s Green Up Pittsburgh program helps volunteers turn vacant lots into side yards, gardens, urban farms, tree parks and other useful green spaces. During its first four years, the program helped green more than 120 vacant lots. That is less than 1 percent of the 14,000 vacant lots found throughout the city. But the city’s strategy for dealing with vacant property is still developing. And the use of open space is one of the first issues being addressed in deliberations to develop the city’s first-ever comprehensive plan.

Elsewhere, a similar approach is taken in Genesee County, Mich. where the local land bank recruits community groups to beautify and help maintain more than 600 vacant properties in its inventory with projects such as tree plantings and making flowerbeds and community vegetable gardens.

BEYOND AESTHETICS

The idea of greening vacant property is about more than improving neighborhood aesthetics. Researchers at the Wharton School of the University of Pennsylvania report that the value of houses surround-

ing vacant lots that have been turned into gardens, parks or other green amenities rise by as much as 30 percent.

And Carnegie Mellon researchers found that being located close to Pittsburgh’s urban parks significantly boosts the value of a house. The size of the park and a home’s proximity to it matter when it comes to the “green premium” reflected in the sales price. For the most part, houses within 2,000 feet of parks large or small sell for much more than homes farther away, according to the study commissioned by the city’s Urban Redevelopment Authority. They found, for instance, that the sale price of a house located 1,000-1,400 feet from a park that is 30-acres or larger would be expected to be more than \$39,000 higher than what a comparable house located 2,500-3,000 feet away from the same park would sell for.

Vacant properties also offer an opportunity to improve stormwater management. At the most basic level, lots of soil and grass and other low-maintenance vegetation are able to absorb storm water, unlike asphalt, which diverts all of it to storm drains and the region’s overtaxed sewers. Vacant lots also show promise as inexpensive sites for innovative strategies, such as rain gardens, plant-filled depressions that draw runoff from roofs, driveways, parking lots and other impervious surfaces and allow it to soak into the ground.

Southwestern Pennsylvania is desperate for ways to reduce the pressure on antiquated sewers that overflow into the region’s rivers when rainwater combines with sewage and overwhelm the system. The overflows raise health concerns that have been serious enough to close the Allegheny, Monongahela, Ohio and Youghiogheny rivers to boating and general recreation anywhere from 24 to 90 days a season since 1995, according to Allegheny County Health Department data. And it’s a problem the region is under court order to fix, at a cost estimated at \$3 billion to \$10 billion for Allegheny County communities alone.

GREENING LARIMER

The greening movement in Larimer began with a few small-scale projects on vacant lots that introduced ideas such as community gardens and urban farming. The projects attracted interest, and residents organized a community “green team” to carry out similar projects. Eventually, the notion of transforming Larimer into a green community as a means of urban renewal took hold.

A key part of the Larimer plan is to reclaim its western border as open green space for athletic fields,

hiking and bike trails and acres of park – something that is considered possible only because of the neighborhood’s high rate of vacant property. Relatively few residents will need to be relocated. All but a few hundred of the 2,000 or more houses that once stood on the site of the proposed Larimer Park are either vacant or they have been demolished and now stand as empty lots.

“The level of disruption is far less,” says Bankston. “So when we are having this conversation and only have to account for 238 occupied units, it’s something we can get our arms around.”

The park is one of several edges that the neighborhood plans to build from, including its border with East Liberty. Just inside that border is Bakery Square, where an abandoned Nabisco factory was acquired by the city and renovated to accommodate retail shops, several University of Pittsburgh offices and the new headquarters of Google Pittsburgh.

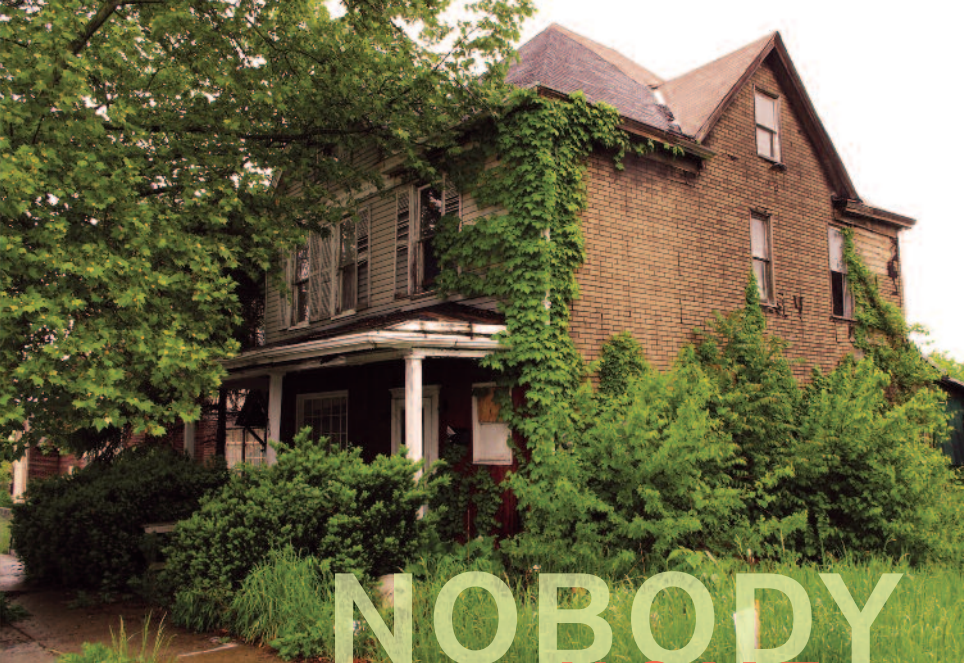
Plans call for downsizing the neighborhood’s residential core to something better suited to its smaller population. Larimer’s population has fallen more than 85 percent since the 1940s, when it was a robust city neighborhood that nearly 14,000 people called home. The high rate of vacant property that followed decline today allows neighborhood planners to pursue a “checkerboard green” strategy to envelope existing houses with playgrounds, parks, side yards, rain gardens, urban farms and greenways that once were empty, overgrown lots.

The hope is that such steps will improve the quality of life, give the neighborhood more appeal and raise property values – all of which have suffered for years. The incomes of nearly 29 percent of Larimer residents fall below federal poverty levels. And in 2008, the median sales price for a house in Larimer was \$10,000, far less than the citywide median sale price of \$75,000.

How much of Larimer’s plan will become reality is remains to be seen. The likelihood that government agencies will be increasingly tightfisted as cities and states deal with fiscal crises makes raising money more challenging. On the other hand, hundreds of vacant properties have already been acquired through city treasurer’s sale with help from the URA. Support is also flowing from other directions. GTECH and its partners in SPARC, for example, have adopted greening the Larimer Park corridor as a priority project.

And then there are the residents, their leaders and organizations, who’ve so far have been able to work together and seem clear about what they want, no matter how ambitious it might be. “Neighborhoods like Larimer might be on the cutting edge of

urban land reclamation,” said Rob Stephany, URA director. “They want to take control of the land. They’ve come up with a vision. They’re working with local nonprofits to repurpose that land. And it’s bringing a level of energy to Larimer that hasn’t seen in a long time.” ■



NOBODY HOME

by JEFFERY FRASER

PART V: HOMEWOOD

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IT'S BEEN 27 YEARS SINCE ELWIN GREEN came to live in Homewood. He has seen the local high school and the neighborhood Carnegie Library branch renovated, the Afro American Music Institute move in, and a new YMCA, YWCA and community college campus open their doors. Each has added texture to the neighborhood and the lives of its residents. And each is surrounded by evidence of disinvestment and decline that such redevelopment has been unable to reverse.

The house directly across Race Street from Green's house is vacant. The house next to that vacant house is also vacant. Next to that vacant house is a vacant lot. On Green's side of the street, the house beside his is occupied, but a vacant house flanks it. And next to that vacant house is another vacant lot.

High vacancy rates are indications of neighborhood distress. And dense swaths of vacant buildings and lots are found in pockets throughout Pittsburgh, southwestern Pennsylvania and the state, eroding home values, discouraging investment, and imposing health and safety risks.

"It's just plain ugly to a degree that it sucks life out of your soul when you are surrounded by it," said Green, a former Pittsburgh Post-Gazette reporter, whose neighborhood blog appears on Homewood Nation, the community website he created.

"But what might be the most dangerous aspect of vacant and abandoned property is that it can be easy to get used to – that it becomes part of the background of your life that you don't notice anymore. So, a lot of us wind up accepting as normal stuff that should never be normal."

Few communities are beset by a concentration of vacant properties as severe as that found in his Homewood neighborhood, where nearly 44 percent of the land parcels are empty lots – double the citywide rate, according to data reported in a recent study by the University of Pittsburgh's University Center for Urban and Social Research. The 2010 U.S. Census reports nearly 28 percent of the neighborhood's housing as vacant.

Dealing with such high vacancy rates is one of many challenges several organizations face as they try to jump start the dysfunctional housing market, raise children's academic outcomes and improve the quality of life in the neighborhood that captains of industry Andrew Carnegie and George Westinghouse and jazz composer Billy Strayhorn once called home.

BOTTOM OF THE BOTTOM

Homewood grew rapidly after it was connected by streetcar to downtown Pittsburgh and surrounding neighborhoods in the 1890s and the houses built during that expansion make up much of the housing stock that remains today. In fact, the average age of a house in Homewood dates from around 1920.

Major changes swept through many city neighborhoods after World War II, and Homewood was no exception. The rise of the suburbs and other factors drained the neighborhood of people, retail businesses, jobs, wealth and vibrancy.

Its population fell 79 percent to fewer than 6,500 residents between 1940 and 2010, with the sharpest period of decline occurring over the past 10 years. Crime and poverty rose to heights seen in few other neighborhoods, as did the rate of vacant and abandoned property.

The housing market in Homewood steadily eroded to the point where today equity is more a concept than reality for most homeowners. Allegheny County Office of Property Assessments data show that 87 percent of the homes sold in 2009 sold for less than \$10,000.

To get a better picture of home values, University of Pittsburgh researchers eliminated from consideration sales under \$500, reasoning that a good number of them might be “love and trust” transfers within families rather than standard home sales. By their calculations, the average sales price of a home in Homewood in 2009 was \$9,060 and the median price was \$4,325. For homeowners, the news gets worse. Their homes are often assessed at values much higher than what they sell for. In 2009, the average property tax bill in Homewood was \$935, based on the average assessed value of nearly \$31,800, which is more than three times higher than the average sale price in the neighborhood. But when taxes were calculated based on the prices that homes sold for, the average tax bill was only \$271, according to the Pitt study.

More than 57 percent of the property in Homewood is tax delinquent, and more than half of those owe at least five years worth of back taxes to the city and school district. Pitt researchers also report that most of the tax delinquent properties are “underwater,” that is, the back taxes and penalties owed are greater than the market value of the property.

Such conditions discourage home improvements and contribute to long-term vacancy, abandonment and blight. Empty houses are a particular problem in Homewood. The latest U.S. Census found that more than 1,000 houses and apartments are vacant. And

more than 90 percent of the vacant houses in the neighborhood remain vacant for at least one year. “When you look at the housing market, everything is below the city standards,” said Sabina Deitrick, Ph.D., co-director of the Urban and Regional Analysis Program at Pitt’s University Center for Social and Urban Research. “Supply exceeds demand. Buyers are often not people who want to live in the neighborhood. They are absentee owners. Vacancy is high. There is widespread abandonment, huge amounts of disinvestment and nothing gets filled in.

“If you want to rate housing markets, this is the bottom of the bottom.”

The toll vacant property takes on neighborhoods such as Homewood is not confined to lower housing values, and people who live there appear to understand that. Abandoned houses and lots ranked second only to crime as the biggest concerns of 1,000 Homewood residents surveyed last year by Operation Better Block, a neighborhood nonprofit.

“People intuitively understand the relationship between those issues,” said John Wallace, Ph.D., associate professor of social work and the Philip Halen Chair in Community Health and Social Justice at the University of Pittsburgh.

BLIGHT TAKES A TOLL

Homewood isn’t lacking in amenities that families, in particular, find attractive. The library that Andrew Carnegie built in the neighborhood is still open and in good repair. There is an elementary school, middle school and high school, as well as an Allegheny County Community College campus. “I don’t know of many other places where a parent can educate their children through the first two years of college without them having to leave the neighborhood – or having to take a bus,” said Green.

But vacant property and blight is taking the shine off such assets.

The Helen S. Faison Arts Academy, Pittsburgh’s newest elementary school, was built with the hope it would help kindle the revitalization of Homewood. With its modern red brick and glass facade, innovative interior design and grassy five-acre campus, it’s clearly a community asset – but one that is crowded by blight. Across from the school’s Tioga Street entrance is a pair of vacant, two-story houses of aging brick. While they appear structurally sound, useless rain gutters droop from the roofs and weeds choke the yards. First floor windows are boarded with city-installed plywood, but broken-out upstairs windows invite weather, and birds

and other wildlife inside.

Directly east across Dunfermline Street are a couple empty, trash-strewn lots and the ruins of a cement block building with an uprooted toilet lying exposed in a doorway. Two blocks north, an entire block of abandoned row houses dominates Formosa Way, a grim corridor that years ago earned the reputation as one of the city's most notorious crime havens.

It's that environment that Dr. Wallace wants Homewood's children to avoid as much as possible. For at least two years, he has planned the Homewood Children's Village, an initiative to improve the academic outcomes and well-being of neighborhood children. The village is based on a model used in New York City's Harlem neighborhood that concentrates educational support and social services around children from "cradle to college."

Organizers of the Homewood project immediately started assessing the conditions of the property around neighborhood schools as a first step of mapping routes that allow children to bypass vacant houses and lots.

"The village itself is primarily focused on programs for kids and education," Dr. Wallace said. "But we have to address these property-related issues. That's part of their environment. There's stress associated with knowing that drugs and other activities often go on in abandoned buildings. We don't want kids to be afraid to walk their street to get to school."

Psychologists say there are good reasons to be concerned about children who are constantly exposed to things that frighten them, such as vacant houses and lots, or the drug trade and other crime often associated with them. Chronic fear – even if that fear is only rooted in stories a child might have heard – can trigger a traumatic response that is often difficult to detect. "A lot of people don't understand what is happening with children who hear about assaults or murders, or hear gunshots at night," said Christopher Peterson, MD, a child and adolescent psychiatrist and associate professor of psychology at Pennsylvania State University. "Adults might think children are tolerating it pretty well – they're not hollering, not screaming, they're still going to school. But what is happening is that they are becoming numbed to it."

"When they get numb and avoidant to the point where they can't function, that's when they can have difficulties to the point where they can't concentrate or they can't relate to their friends or they start withdrawing into their home. It can profoundly affect children's development. They don't become adaptive or adjusted to it. They become scarred by it."

Figuring out what to fix first is academic, experts

say. Decades of experience suggest that neighborhood revitalization that focuses on one risk at a time is ripe for failure. Two decades ago in Homewood, redevelopment that focused on restoring the business climate failed largely because of a sharp increase in crime, particularly violent crime, in and around the business corridor.

"Don't think of it as a linear process – that if we do this, this will happen," said Dr. Deitrick. "It's not going to be that way. Things have to happen simultaneously." "This can work"

The idea behind the Homewood Children's Village is to take a holistic approach toward giving children a more promising future and breaking the cycle of poverty and violence in the neighborhood, where the incomes of 35 percent of the residents fall below federal poverty levels and crime rates are consistently higher than citywide averages. The Harlem Children's Zone, on which it is based, built a network of in-school, after-school, social service, community-building and health programs, including adult mentors, asthma care and classes for expectant mothers.

Meanwhile, several organizations are trying to stimulate the housing market in Homewood, raise property values and attract investment as ways of creating a healthier, more sustainable neighborhood – something that if they succeed would rank as one of Pittsburgh's finest hours.

Bridging the Busway is a community-driven planning project that has residents, nonprofits and professionals, such as the architectural consulting firm, Studio for Spatial Practice, looking for ways to capitalize on the commuting convenience of the East Busway, which separates Homewood from North Point Breeze. Improvements along the busway corridor, they reason, would better position Homewood to draw from the strength of its more affluent neighbor, where poverty and crime rates are much lower than citywide averages and the median sales price of a North Point Breeze home is more than \$102,000 – about 25 times higher than Homewood's.

The two vacant houses across from the Faison elementary school are now in the possession of the city and are among those that Operation Better Block and others are planning to rehab and sell in that part of the neighborhood, where they are trying to grow a small, but healthy housing market that they hope will kindle a wider recovery.

Behind the school and only blocks from the East Busway, the nonprofit, Building United of Southwestern Pennsylvania bought 45 blighted former subsidized housing units from the federal government. In their place, the nonprofit built 10 three-bedroom houses,

each with 2.5 baths, a fenced-in back yard and detached garage. The houses were priced at \$128,000 with a \$50,000 “soft” second mortgage through the Urban Redevelopment Authority that essentially lowered the price of the house by that amount for buyers who live there for at least 10 years.

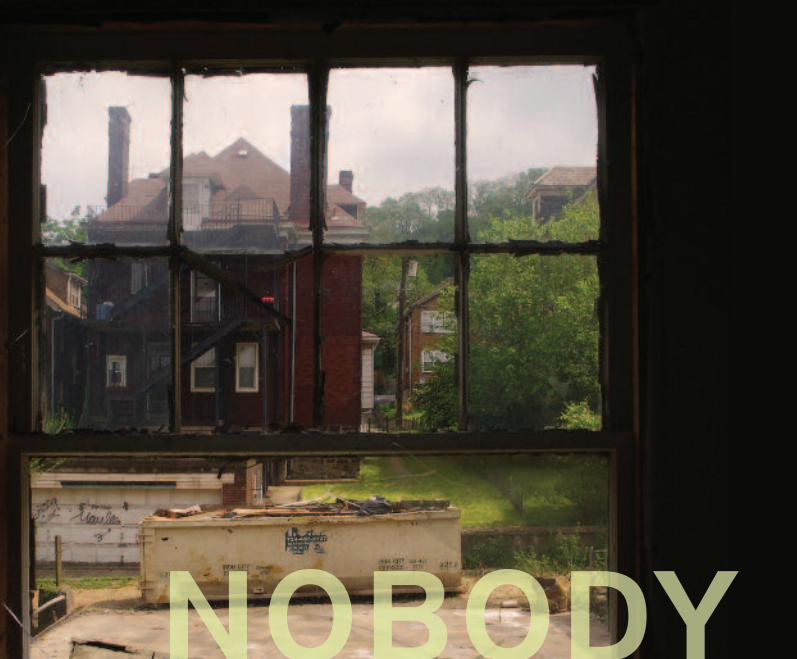
The houses sold. Another four houses are under construction and already have buyers. And the nonprofit plans to build 14 more houses and rehab two others in the same Braddock Avenue- Susquehanna Street block cluster.

“We’re selling them as fast as we can build them,” said Rev. Samuel Ware, executive director of Building United of Southwestern Pennsylvania. “We want this to be an anchor so we can say, ‘Look, this works. People are willing to buy in this neighborhood.’”

Elsewhere in Homewood, a neighborhood group, the Rosedale Block Cluster is continuing to “green” vacant lots with gardens, a practice it began more than a decade ago. It also operates its own landscaping company and trains local youths to do that kind of work. In May, the city gave the nonprofit Homewood-Brushton Community Coalition Organization money to hire an economic development specialist to advance its revitalization efforts.

And there are signs the blight-weary neighborhood is moving more aggressively against vacant properties and those responsible for them. Operation Better Block recently received financial support from The Heinz Endowments to explore with Housing Authority of Pennsylvania consultants ways of using new, more powerful legal tools to combat vacant and abandoned properties.

Of particular interest is the state’s conservatorship law, which could allow the nonprofit to force a neglectful property owner to improve a blighted property or face having it taken over by a court-appointed conservator. The conservator would rehabilitate the building or tear it down, then offer it back to the owner for the cost of the work, or sell it under court supervision to someone else. “We’re not interested in using it against people who are struggling and need help,” said Jerome Jackson, executive director of Operation Better Block. “But I don’t have a problem using it against someone who has been sitting on a property for 10 years and hasn’t done anything with it. This is about our neighborhood.” ■



by JEFFERY FRASER
and MATT STROUD

NOBODY HOME

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PART VI: THE REGION

THE TELEVISION AD THAT LAUNCHED the Levi's jeans "Go forth" campaign starred Braddock as a bleak example of post-industrial decline. It opened with shots of an empty warehouse boarded with plywood and ghostly abandoned houses, windowless and strangled by brush, while a girl's voice intoned: "A long time ago, things got broken here. People got sad and left."

The ad, which portrayed the economically distressed Allegheny County borough as a new challenge to the American pioneering spirit, could have been filmed in several southwestern Pennsylvania municipalities and neighborhoods, where the gritty reality of widespread vacancy and blight is just as vivid.

Nine percent of the houses and apartments in the seven-county Pittsburgh Metropolitan Statistical Area are vacant, according to 2010 U.S. Census data. That is better than the 11 percent national vacant housing rate and it is lower than rates found in other Rust Belt regions Pittsburgh is often compared with, such as the Cleveland MSA, where 10.6 percent of its housing is vacant.

But if such numbers suggest southwestern Pennsylvania has dodged a vacancy crisis, they are misleading. Dense pockets of vacant and blighted properties are found across the region in poor urban neighborhoods and older industrial towns, such as Braddock, that have endured decades of economic hardship.

The municipalities carrying the biggest burden of vacant and abandoned property are among the most economically fragile in the region and the least likely to have the resources at hand to do something about it.

"There's only so much we can do from inside the borough," said Betty Esper, the mayor of Homestead, where The Waterfront, a \$300 million upscale shopping and entertainment complex, has done little to ease the borough's vacant housing rate, which stands at 22 percent. "We don't have a lot of money. Our inspector can fine people with homes that are in disrepair. But is it too late? Is it enough? Is that going to solve our problems? I don't know."

City and county governments may offer some degree of technical support to those who ask for it, most often legal and financial help to gain control of vacant, tax-delinquent properties.

But help is so limited that only a small fraction of the vacant properties in boroughs, townships and city neighborhoods is being addressed.

And there is no comprehensive strategy at the regional, county or city level for dealing with the hundreds of thousands vacant structures and lots in southwestern Pennsylvania.

“Blight and abandonment has largely fallen through the cracks in terms dealing with it as a regional issue,” said Court Gould, executive director of Sustainable Pittsburgh, which last year published a comprehensive report on abandoned property in southwestern Pennsylvania.

‘TALE OF TWO CITIES’

Vacancy and blight make it less likely that struggling communities will narrow the divide that separates them from more affluent neighborhoods. Almost without exception, places where vacancy rates are high also suffer from staggering population loss, weak housing markets, poor housing stock, high poverty and crime rates and other factors that make them less than desirable places in which to live.

“In my estimation, Pittsburgh is becoming a tale of two cities,” said Rob Stephany, director of the Pittsburgh Urban Redevelopment Authority. “You can go to Shadyside and Point Breeze and say we are America’s Most Livable City again and people will applaud. But in Homewood, they’ll laugh.”

Concentrations of vacant housing higher than the national rate are found in every county in southwestern Pennsylvania, as well as in nearby West Virginia and Ohio communities, according to the latest U.S. Census data. And the census doesn’t count vacant lots, which in most cases greatly outnumber vacant houses and apartments.

In Beaver County, for example, 18 percent of the housing in Aliquippa is vacant. In Butler County, Slippery Rock’s vacant housing rate is 16 percent. In Monessen, Westmoreland County, it’s 17 percent. In Youngstown, Ohio, 19 percent of houses and apartments are vacant. Along the Ohio River in Tyler County, W.Va., 23 percent of the housing is vacant. And in the City of Pittsburgh, 28 percent of the housing in its Homewood neighborhood and 26 percent of the housing in Larimer is vacant.

One of the most striking examples of concentrated vacancy and blight is the Monongahela River valley. The exodus that followed the collapse of the steel industry some three decades ago has left its communities littered with empty houses and lots.

More than 24 percent of the housing in Braddock is vacant or abandoned, as is 21 percent of Duquesne’s and 20 percent of Clairton’s. In Donora, Washington County, 23 percent of the available houses and apartments are vacant.

A SHRINKING VALLEY

“People have left the area. Overwhelmingly, they’ve left,” said Doug Van Haitisma, housing and real estate director for the Mon Valley Initiative, an economic development coalition whose membership includes volunteer-driven community development corporations in three counties touched by the Monongahela River and its tributaries.

Braddock’s population has fallen to 2,100 people, according to the latest U.S. Census. That is a 90 percent decline since 1920, when the steel town was booming and its population density rivaled that of Manhattan.

The borough continued to lose population over the past decade, despite having U.S. Steel’s Edgar Thompson Works, one of the valley’s few remaining steel mills, in its backyard.

Such trends underscore the difficulties Mon Valley communities with high vacancy rates face as they struggle to recover. “At the end of the day, there aren’t a lot of people who want to live in an industrial setting,” said Richard Ranii, manager of the Housing and Human Services Division of the Allegheny County Economic Development Department. “We used to, but not anymore.”

Other challenges include the distance communities in the Mon Valley are from Pittsburgh and its jobs, universities, hospitals and cultural amenities. Crime rates and struggling school districts repel new homebuyers who have the means to settle in more affluent areas. And demand has waned for much of the valley’s housing stock, vacant or otherwise, particularly the thousands of aging houses built shoulder-to-shoulder on narrow lots.

“One of the problems is that as a society we’ve decided that what we used to live in isn’t adequate anymore,” Ranii said. “A 20- or 30-foot-wide-lot with a three-bedroom home on it and no garage isn’t acceptable anymore by our standards of living.”

Municipalities in the Mon Valley have little choice but to tailor recovery plans to fit their downsized populations. And the clutter of vacant properties that have been left behind can, under the right circumstances, encourage stronger housing markets. Tearing down vacant houses to allow for wider, more

marketable tracts is one example. Turning empty lots into greenways, parks, community gardens and other green space that studies show boost home values is another.

“What we've realized is that there's no need to try to even come close to maintaining the density that boroughs like Homestead experienced in the Forties and Fifties,” said Van Haitzma. “So we try to consolidate properties, fix up houses where we can and tear down houses when we're able to do so, so people will feel safer and feel like there's a reason to live here.”

The Mon Valley Initiative helped community development corporations in Allegheny, Washington and Westmoreland counties rehabilitate or build nearly 400 houses and apartments. “But building new houses is an expensive way to stabilize communities,” he said. “So we're looking into options like urban agriculture to try and tackle the problem in other ways.”

In Braddock, Mayor John Fetterman's high-profile approach to revitalization embraces its downsized population and more than 250 vacant structures as opportunities to reinvent the borough as a smaller, greener, art-minded place that appeals to the kind of youthful urban pioneers depicted in the Levi's jeans ads—artists and anyone else who “wants to be part of a community and wants to innovate.”

Empty buildings have been turned into artist studios, and an abandoned car dealership was remade into a furniture maker's shop. A neglected church was restored as a community center. And 10 acres of vacant lots were reclaimed for organic herb and vegetable farming.

A MATTER OF SCALE

But for every blighted property recovered in a high-vacancy neighborhood or municipality, several hundred—in Pittsburgh's case, thousands—remain as eyesores, safety hazards and a drag on real estate markets and housing values. In the Pittsburgh MSA, more than 100,400 houses alone are vacant.

In counties and cities that act to take control of vacant and blighted properties, the legal processes they use sparingly are not intended to tackle vacancy on a large scale.

Butler County was one of the first to use the state's recent conservatorship law against neglectful property owners instead of condemning structures in advanced stages of decay. The law allows a court-appointed conservator to take a troublesome property, rehabilitate or demolish it and recover the cost of doing so from the owner or by selling the property to

someone else.

“If I condemn it, all that means is the owner still owns it with more debt. The taxes are still unpaid; the grass is still uncut,” said Perry O'Malley, executive director of Butler County's Housing and Redevelopment Authority. “Through conservatorship, I can take that property, demolish the building on it and find a new use for it. The new owner gets clear title. The old owner maintains all the liens.

“But if you have a property that is of no use to anybody, conservatorship doesn't make sense.” Few municipalities in the region even have programs or strategies that specifically deal with turning vacant and blighted property into something more than a community liability, according to Sustainable Pittsburgh's recent survey of municipal officials in 10 southwestern Pennsylvania counties.

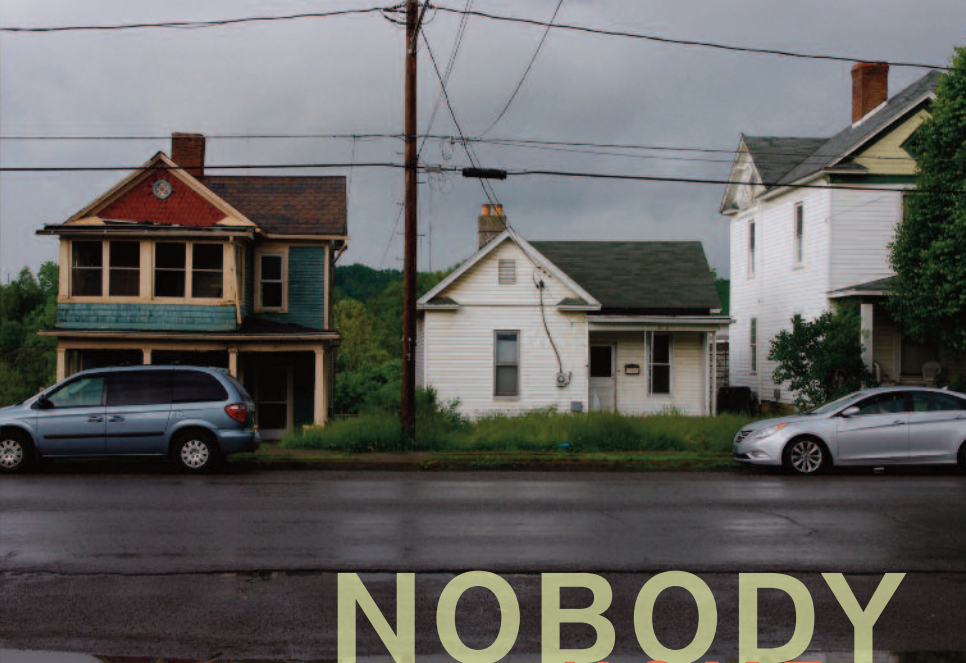
Only 25 percent of the more than 100 municipalities that responded to the survey reported having such programs. And less than one-third keep an inventory of vacant properties that would enable them to know how many they have. “Many don't have the technology and wherewithal to do it,” said Sustainable Pittsburgh's Gould.

If southwestern Pennsylvania municipalities ever decide to create a regional inventory of vacant property, they won't have to look far for a model. The University of Pittsburgh University Center for Social and Urban Research runs one of the most comprehensive metropolitan-area property information systems in the nation. For longer than a decade, it has mined dozens of sources to report up-to-date, detailed—even street-specific—information on topics that include vacancy, foreclosures, tax delinquency and property ownership in every city neighborhood.

Other pockets of expertise are surfacing. The city Urban Redevelopment Authority and community organizations, such as East Liberty Community Development Corp., have years of experience trying to save their neighborhoods from blight. The city's Land Recycling Task Force and Pittsburgh Community Reinvestment Group, a coalition of community organizations, has for several years been investigating how to attack vacancy on a scale large enough to make a difference that neighborhood residents and housing markets notice.

And although Sustainable Pittsburgh found that only a quarter of the municipalities surveyed have programs that deal with vacancy, another 27 percent reported that they have begun to work on green strategies and other ways to turn vacancy and blight into something that will add value to their community and the lives of those who live there.

“You have to look at vacant and abandoned property as an opportunity,” said Kim Graziani, vice president of capacity building at the Center for Community Progress, a Washington, D.C. nonprofit that specializes in vacant property issues. “Because the scale of this issue is so great in some neighborhoods that if you look at it as just a problem it’s too daunting.” ■



NOBODY HOME

by MATT STROUD

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PART VII: CLARKSBURG

IN CLARKSBURG, W.VA., THERE IS A LANDFILL where nothing but the remains of abandoned houses are buried. Nearby rests the Department of Public Works heavy equipment that put them there as part of an aggressive demolition program to control blight that had accumulated during a half-century of industrial decline.

Over the past decade, the program demolished buildings and cleared land on nearly 300 vacant properties trying to reduce blight, increase housing values and advance the city's post-industrial recovery.

And between 2000 and 2010, housing values rose 25 percent.

A once-booming center for glass and coal production, Clarksburg and its population grew by nearly 700 percent between 1900 and 1950, from 4,050 to 32,014 residents. Hazel-Atlas Glass was one of numerous companies that employed thousands of workers who traveled to North Central West Virginia with their families to find work in manufacturing facilities. The manufacturing floor of Hazel-Atlas alone took up a full 15 acres.

But after 1950, those manufacturing facilities slowly began to decline. People lost their jobs, and Clarksburg's population fell. Today, some 16,550 people live Clarksburg, about half as many who lived in the city during its peak years.

The result was widespread vacancy and the risks that often come with it. After sitting vacant for 20 years, the Hazel-Atlas plant burned to the ground in 2007, the last embers smoldering for five days before firefighters could extinguish them.

"When we demolish buildings, that's exactly what we're hoping to avoid," said Adam Barberio, Clarksburg's code enforcement supervisor.

The problem of vacant buildings in Clarksburg has been high on city government's priority list for longer than a decade. Council members there have chosen a simple strategy to contend with problems related to blight: prioritize, demolish and clear away.

But addressing vacant and abandoned properties was not always a government priority, said Jim Hunt, former mayor and current Clarksburg councilman who has been instrumental in the city's vacant properties demolition program.

"With city budgets, you almost never gain any traction with big demolition projects," he says. "Everyone talks about it and everyone knows that vacant properties are a problem, but

there's no continuing reward when you tear a building down, so it's tough to get council to support it."

So he came up with a plan.

In addition to his duties as councilman in Clarksburg, Hunt managed the Clarksburg Field Office of the West Virginia Housing Development Fund. That fund was established to increase West Virginia's supply of low- and moderate-income housing. Hunt argued that the fund should also be used to prevent blighted properties from diminishing the value of low-income housing. And the fund made low-interest loans available to municipalities to help cover the cost of demolishing vacant houses that were blighting their streets.

"It was a leap of faith, but the thinking was that if cities would have these vacant lots, adjoining houses would rise in value, there would be room for new housing and these places would rebuild and revitalize," he said.

Four cities took advantage of the Housing Development's demolition loan – Shinnston, Clarksburg, Fairmont, and Salem, W. Va.

Clarksburg officials identified more than 300 homes – all of which had been unoccupied for at least three years – that seemed ripe for demolition based on complaints from neighbors, observation and other information. Houses were chosen after it was decided that large buildings, such as the Hazel-Atlas plant, were too big and expensive to demolish first.

They rated each house using criteria such as the value of the lot, whether the house was ready to fall down, whether it attracted crime, contained asbestos or other hazards, or had historical value.

Owners were identified and letters were sent asking if they had plans for the house, offering low interest loans and warning they would be fined if they failed to upgrade their property. Fifteen homeowners responded and were offered low-cost demolition and payment plans. The city charged about half of the \$30,000 it typically cost to tear down a house.

At first, about 10 houses were demolished a year. Eventually, the program would raze more than 100 a year.

"Destruction isn't our goal, but you've got to realize that in the private sector no one's going to do anything about these buildings unless there's money to be made," Hunt said. "So what the city's stuck with are all the remainders – houses that are almost valueless that can't be feasibly fixed up or sold."

By the end of the decade, the demolition project helped reduce the number of vacant houses in the city to 919 and lower vacancy rates from 14 percent in 2000 to 11 percent in 2010.

And between 2000 and 2010, the average sale

price of a house in Clarksburg rose 25 percent – from \$72,249 to \$90,454 – despite the fact that the city spent the last several years in lingering recession like the rest of the nation.

How big of a role the demolition program had in raising housing values cannot be precisely determined. But from the city's perspective, it was a citywide cleanup program that paid off. "These vacant properties can be dangerous and bring the prices of other homes down," said Adam Barberio, Clarksburg code enforcement supervisor. So getting rid of them is like an investment into the future." ■

NOBODY HOME

Pittsburgh TODAY

RESOURCES



Center for Community Progress

The Washington, DC-based nonprofit provides technical assistance on vacant and abandoned issues. The resource page on the center's website offers reports on a range of vacancy issues, including brownfield development, demolition, land banking, state laws and economic impact.

www.communityprogress.net

City of Pittsburgh Land Recycling Task Force

The city task force's resource archive contains presentations and reports on issues related to vacant and blighted property in Pittsburgh and elsewhere, including land banking, legal options and proposed Pennsylvania legislation.

www.pittsburghpa.gov/landrecycling

gtech

The work of the Pittsburgh nonprofit includes using environmental "green" strategies to reclaim vacant properties. The nonprofit's resource page offers case studies and reports on greening vacant property.

www.gtechstrategies.org

Housing Alliance of Pennsylvania

The nonprofit housing coalition, which has some 500 member organizations statewide, provides education, training, research and technical assistance on housing issues, including vacancy and blight. Its resource library holds reports on vacancy, community development and other issues.

www.housingalliancepa.org

Pittsburgh Community Reinvestment Group

PCRG is a coalition of community organizations in and around the City of Pittsburgh that works with its members on a number of issues, including reducing blight through land recycling. Its Vacant Property Working Group focuses on public policy development and property acquisition.

www.pcrgrg.org

Pittsburgh Neighborhood and Community Information System

Managed by the University of Pittsburgh's University Center for Social and Urban Research PNCIS, it is among the most sophisticated property information systems in the nation offering data on vacant property, tax delinquency, foreclosures, property ownership and other topics.

www.ucsur.pitt.edu/pncis.php

Pittsburgh TODAY

Pittsburgh TODAY is an online resource offering key indicators of conditions within the Greater Pittsburgh region and in 14 benchmark regions in the United States on topics ranging from arts and education to economy and housing, including vacancy.

www.pittsburghtoday.org

Remaking Cities Institute, Carnegie Mellon University

The institute promotes collaboration between faculty, researchers, and public and private sector professionals focusing on urban design and rebuilding urban communities. Projects include studying options for reinventing Hazelwood and one of Pittsburgh's largest remaining brownfields.

www.cmu.edu/rci/index.html

University of Pittsburgh University Center for Social and Urban Research

In addition to the PNCIS data warehouse, the center includes an Urban Regional Analysis project with resources related to housing and other regional and neighborhood issues, including Pittsburgh Economic Quarterly, technical reports and neighborhood reports.

www.ucsur.pitt.edu/index2.php

REPORTS

Recent reports on vacant properties, legal issues and options for addressing them include the following:

Land Banks and Land Banking (2011)

Published by the Washington, DC-based nonprofit Center for Community Progress, the report details the use of land banks to address vacant and blighted property across the nation, including a step-by-step guide for taking control of problem properties.

www.communityprogress.net/land-bank-book-resources-105.php

Quick Guide: New Tools to Address Blight and Abandonment (2011)

This guide published by the House Alliance of Pennsylvania is a primer on new Pennsylvania laws and changes to existing laws that offer options for turning vacant and blighted properties into assets rather than liabilities.

www.housingalliancepa.org/resources/46

Recapturing Land for Economic and Fiscal Growth (2011)

The paper, published by the Brookings Institute, examines vacant land and abandoned properties, their local economic impact and what actions can be taken to repurpose them, including property tax reform, code enforcement and taking control of problem properties.

www.brookings.edu/papers/2011/0503_land_value_mall_ach_vey.aspx

Southwestern Pennsylvania Blighted and Abandoned Properties Solutions Project (2010)

The report, published by Sustainable Pittsburgh, offers a comprehensive examination of vacant, blighted and abandoned property in southwestern Pennsylvania, including a range of options and recommendations for addressing the issue.

www.sustainablepittsburgh.org/Pub/SWPABlightedandAbandonedPropertiesSolutionsProjectReport_12909.pdf

Vacant Land Management in Philadelphia (2010)

Prepared for the Redevelopment Authority of Philadelphia, the report is one of the few that looks at the total cost cities and homeowners pay when property becomes vacant and blighted.

www.econsult.com/projectreports/VacantLandFullReportForWeb.pdf

Vacant to Vibrant (2006)

The report, published by Carnegie Mellon University H. John Heinz III School of Public Policy and Management, offers a guide to reclaiming vacant lots with a focus on Pittsburgh.

www.gtechstrategies.org/assets/CommHandbook_VacantToVibrant.pdf