

Managing Vacant Land in Philadelphia: A Key Step Toward Neighborhood Revitalization

Final Report of the Vacant Land Management Study



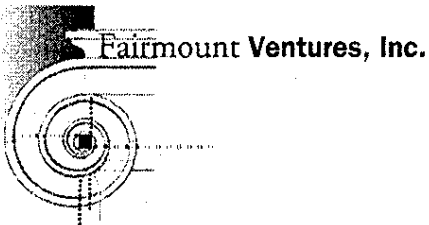
THE
PENNSYLVANIA
HORTICULTURAL
SOCIETY
PHILADELPHIA GREEN

Prepared by:
Fairmount Ventures, Inc.
March 2000

Managing Vacant Land in Philadelphia: A Key Step Toward Neighborhood Revitalization

PREPARED FOR:

The PENNSYLVANIA HORTICULTURAL SOCIETY



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PREPARED BY FAIRMOUNT VENTURES, INC.

1435 WALNUT STREET • PHILADELPHIA, PA 19102 • 215.587.9300 • DKLIGERMAN@FAIRMOUNTINC.COM

FOREWORD

The 30,900 vacant lots scattered throughout Philadelphia neighborhoods are a blight that diminish the quality of life, depress property values, overwhelm current re-development efforts, and blunt our ability to envision a brighter future for many communities. Through its Philadelphia Green program, the Pennsylvania Horticultural Society (PHS) has worked with civic groups over the last 25 years to convert and maintain a small portion of these vacant lots as community gardens, parks and play areas. Despite these and other efforts by community organizations, residents, and city government, the problem has mushroomed into crisis proportions.

It is time to consider bold, new approaches for addressing this fundamental and pervasive urban issue. With generous support from the William Penn Foundation and active participation by numerous public and private sector stakeholders, PHS is undertaking a comprehensive *Vacant Land Management Study* to determine how vacant land can be maintained in Philadelphia's residential neighborhoods. The goal is as ambitious as it is critical to the long-term viability of the city: adoption of a realistic, cost-effective system through which all vacant land is maintained until an appropriate long-term use for each parcel is found.

This is the fourth and final report of the study that was conducted by Fairmount Ventures, Inc., the consultants. A **Cost/Benefit Analysis**, released in April 1999, established the financial rationale for considering alternative approaches to vacant land management. The **Asset Management Approach to Vacant Land Pilot Program for Eastern North Philadelphia**, released in November 1999 presented a plan for the comprehensive management of all vacant land within the Eastern North Philadelphia target area. The **Evaluation of the New Kensington Neighborhood Open Space Management Project**, also completed in November 1999 examined the effectiveness and impact of a pilot vacant land management program.

Managing Vacant Land in Philadelphia: A Key Step Toward Neighborhood Revitalization, the final phase of PHS's overall study, investigates the public policy rationale, legal basis, management approach, and financing mechanism of a new system. Drawing on the research conducted for the previous studies, in addition to an examination of national efforts to manage vacant land, this report presents recommendations for the implementation of a comprehensive system for managing vacant lots in the neighborhoods of Philadelphia. The purpose of this system will be to ensure that every vacant lot is maintained until an appropriate end-use is found and to create an efficient process for conveying neglected vacant lots to new owners who will redevelop, reuse, and maintain them.

As important as maintaining vacant lots may be, this is but the first, critical step in re-making the city's neighborhoods. A comprehensive vacant land management system helps to set the stage for developing a new vision for our neighborhoods as we enter the 21st Century. With fewer people and a different role required of cities in today's global economy than when our neighborhoods were originally built, we must creatively imagine a Philadelphia that attracts new residents and businesses to its communities and provides those quality of life amenities that make urban living desirable. While this long-term process requires thinking and planning at its highest level and participation from every part of the Philadelphia community, the blight of derelict vacant land must stop sapping energy and vitality from neighborhoods and start providing an opportunity to shape the future.

At PHS, we see an effective vacant land management system as a critical first step towards the formulation of a vision for Philadelphia. We trust that this effort can help set the stage for meaningful discussion and concrete action.

J. Blaine Bonham, Jr
Executive Vice President
March 2000

VISION FOR VACANT LAND IN PHILADELPHIA NEIGHBORHOODS

March, 2004

Today, City officials, community activists, residents, and representatives from the corporate and philanthropic communities gathered to commemorate the end of unmanaged vacant land as we know it in Philadelphia's neighborhoods on what was the last unmanaged vacant lot in the City. What was once a tax delinquent, trash-strewn menace is now a neatly tended plot of land, ripe for redevelopment or use as a sideyard by one of the adjoining neighbors. To underscore the potential embodied by these vacant lots, City and neighborhood representatives unveiled a jointly developed neighborhood development plan showing how the lots could be used to revitalize the community.

This transformation symbolizes a larger change that has occurred throughout the City. Just four years ago, most of the over 30,000 residential vacant lots in the city were held by owners who neither paid taxes nor maintained their properties. The result was a blighting influence throughout the City and tax dollars wasted on piecemeal cleanup efforts. Compounding this problem was a bureaucracy-laden system for transferring land that delayed and discouraged efforts by community residents and private business to put vacant land back into productive use. Now, every vacant lot in the City has been cleaned and is kept clean through maintenance contracts. Moreover, private citizens can now buy a vacant lot as easily as they could buy a dishwasher (only for less).

The driving force behind this effort has been the Office of Vacant Land Management (OVLM), which opened its doors in 2000 with a mission of helping private parties acquire neglected vacant lots and ensuring that all vacant lots in the City would remain clean until an appropriate use for them was found. To reach this goal, OVLM has implemented a four part strategy that includes the vigorous enforcement of lot maintenance standards, a "Clean and Lien" program that charges lot owners for the cost of cleaning, an aggressive acquisition policy that takes vacant lots from tax delinquent, negligent owners and puts them in a land bank for later reuse, and a one-stop disposition office that streamlines the process of transferring lots to new owners.

The results of this initiative are evident throughout the City. Gone are the tracts of vacant lots covered with refuse and the hulks of abandoned cars. As a result of the strategic cleaning and maintenance program, swaths of greenspace connecting residential areas, vest pocket parks, and playing fields have replaced them. The City's aggressive stance on maintenance and tax delinquency has also had an indirect effect on the appearance of neighborhoods. Owners of vacant lots, who once had no incentive to pay taxes and keep up their property, now realize that the City will bring their lots to sheriff sale if they do not live up to their responsibilities. Many residents have taken advantage of the streamlined disposition process by using the popular "sideyard" program to acquire lots next to their homes for lawns, gardens, and parking. Perhaps most important, the ready availability of land from a centralized source has spurred redevelopment efforts in neighborhoods throughout the City.

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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Over the past five years, a variety of studies have firmly established that the quantity of unmanaged vacant lots in Philadelphia neighborhoods creates a drain on the City's resources and casts a pall on its future. In recognition of the universally understood need to address the issue of vacant land management, the Pennsylvania Horticultural Society (PHS) and its Vacant Land Management Study Steering Committee hired Fairmount Ventures, Inc. to complete a long-term multi-phase study of this issue. This final report draws upon the research conducted throughout the study to propose a new, comprehensive management plan for vacant lots in Philadelphia's neighborhoods.

Under the City's current approach, vacant lots can remain unmanaged trash-strewn menaces that have a blighting influence on surrounding neighborhoods for years. In addition to their unsightliness, the quantity and persistence of these 30,900 lots decreases residents' quality of life, discourages investment in the City, and contributes to trends of depopulation and disinvestment. These lots, which are most often tax delinquent, also drain the City's budget by lowering surrounding property values and diverting scarce City resources for cleaning that is ineffective over the long term.

Not surprisingly, vacant lots are seen as obstacles to the City's progress. However, vacant lots, in and of themselves, are not intrinsically negative. As pressure mounts to contain suburban sprawl by redirecting development inward and reusing urban land, the City's vacant lots could become valued assets. In order for this to happen, the City must redefine outdated structures and processes designed to serve a once growing city such that they better reflect current realities.

Philadelphia's City Charter, which forms the foundation of the City's approach to the "business" of governing, was adopted in the early 1950s in a climate of increasing population. Thus, the government that grew from the Charter was designed to manage growth. As the population fell, the City's approach to vacant land was developed through a series of iterative responses. Consequently, these processes are dispersed among fifteen (15) separate departments, each of which developed policies in response to how the issue affects its responsibilities. However, there is no one coordinating entity responsible for addressing the problem of vacant land. In sum, the City's current approach to vacant land can be characterized as **Reactive, Intermittent, and Fragmented**.

However, creating a system that both manages vacant lots and facilitates their transfer for reuse will open new possibilities for redevelopment of Philadelphia neighborhoods, which, in turn, will expand the potential for community groups to expand capacity, create job opportunities for residents, and shape the future of their neighborhoods. The basis of this system should be an **Asset Management Approach** to vacant land that is **Comprehensive, Strategic, and Ongoing**.

To implement the vacant lot management system, this document recommends the creation of an Office of Vacant Land Management (OVLM) within the Redevelopment Authority. The purpose of the OVLM will be to 1) Stem blight; 2) Contribute to community revitalization; 3) Eliminate

bureaucratic obstacles to reuse of vacant lots; and 4) Prepare the City and its neighborhoods to take advantage of future development opportunities.

The primary functions of the OVLM will be to:

1. Contract for cleaning and maintenance of all lots,
2. Acquire title to all lots,
3. Retain title until/if end-user found, and
4. Transfer title for reuse and redevelopment.

The core components of the vacant lot management system will be:

Clean and Lien

The Clean and Lien component of the management plan will focus on encouraging owners to maintain their lots, cleaning the lots whose owners will not maintain them, and facilitating the acquisition process by placing liens on lots that the City must clean.

Acquisition

The Acquisition component of the management plan will allow the City to take control of all unmanaged vacant lots and facilitate the process of transferring them for reuse and redevelopment.

Maintenance

The Maintenance component of the management plan will ensure that all vacant lots in the City, not just those in the OVLM inventory, are kept clean.

Disposition

The goal of the Disposition component will be to make the process of transferring a lot to private ownership as simple as possible.

As is indicated by the purposes and activities of the OVLM, it is intended to “clear the decks” for redevelopment. Accordingly, the actions of the OVLM as it implements the vacant lot management system will be guided by and supportive of the planning and policy decisions of the City.

It is projected that, with the new approach, the City can arrest the growth of unmanaged vacant land while realizing economic gains and setting the stage for larger redevelopment efforts. By acting strategically, the City can ensure that all vacant lots in Philadelphia’s neighborhoods are cleaned within three years of implementing this program; facilitate reuse of vacant lots by acquiring all existing vacant lots over nine years; and realize significant financial benefits by taking a new approach to vacant land.

The City currently spends approximately \$1.8 million a year for vacant land management with little to show for it. If there is no change in public policy, the City will spend \$49.6 million over the next twenty years. By investing \$119 million in a new approach over twenty years, the City stands to gain \$164 million in revenues. Said differently, the City will gain \$1.38 in benefits for every \$1 in costs. On a present value basis, the City will gain \$1.23 for every \$1 expended.

SECTION I: INTRODUCTION

Purpose

Scope

Problem Statement

Toward a Comprehensive System

I. INTRODUCTION

PURPOSE

Over the past five years, a variety of reports about the problem of vacant land have been produced. These studies have firmly established that the preponderance of unmanaged vacant land in Philadelphia neighborhoods creates a drain on the City's resources and casts a pall on its future. The need to address the issue of vacant land management is universally understood. However, crafting a comprehensive plan for improving vacant land management raises numerous questions: How might the City organize this line of business differently? Might additional capital investment in cleaning and maintaining *all* residential vacant lots be more cost-effective in the long run? Can the City move beyond the view that vacant lot management is an activity driven solely by the need to protect the public health, safety and welfare? Is the City ready to address vacant land management as a sound business investment, an enterprise that enhances real estate values as well as spurs community re-investment beyond the provision of a public good?

In recognition of the complexity of these questions, The Pennsylvania Horticultural Society (PHS) and its Vacant Land Management Study Steering Committee have undertaken a long-term multi-phase study of this issue. As an initial step, PHS has commissioned an independent consulting firm, Fairmount Ventures, Inc., to conduct a cost benefit analysis, which established an economic rationale for cleaning and maintaining all vacant lots. In subsequent reports, Fairmount evaluated a community-based vacant land management effort in New Kensington and recommended an asset management based pilot program for vacant land. This report draws upon the research and conclusions of these earlier studies to create a new, comprehensive municipal management plan for vacant land in Philadelphia's neighborhoods.

Four assumptions guide the recommendations in this report:

1. The City must deal with vacant lots in a comprehensive manner by cleaning, maintaining, and acquiring all vacant lots. In addition, the City's responsibility to ensure the public health, safety, and welfare means that it already "owns" the problems of every vacant lot in the City. Addressing these problems effectively will require actual ownership of the underlying land as well.
2. The process by which the City acquires vacant lots and disperses them to private owners is so complex and fragmented as to hinder development; to be effective, the process needs to be simplified.
3. Since the City does not have enough money to redevelop all lots, the private market must be allowed to acquire and reuse land whenever possible while City resources are saved for strategic interventions.
4. Just as unmanaged vacant land lowers property values and tax receipts, cleaning and maintaining the land will stabilize and raise property values and, therefore, tax receipts.

SCOPE

The recommendations in this report are focused on the effective management of vacant land, particularly residential vacant lots found in Philadelphia's neighborhoods. The concept of vacant land management promoted here is applicable to larger lots throughout the city, though ownership and environmental contamination on former industrial land are special issues to address. Also, although the problem of vacant lots is inextricably linked to the problem of abandoned buildings, the legal, social, and physical nature of the two issues are significantly different and outside the scope of this report.

PHS focused this study on the necessity and benefits of developing an interim management system of vacant land until the time that appropriate development is determined, with a critical look at the dysfunctional processes currently in place to deal with the problems. A new system for managing vacant land is an integral step to the planning processes of the City and its neighborhoods in promoting overall community development and the future reuse for this land. The recommendations in this report can serve as a catalyst to re-thinking our city's neighborhoods of the next several decades.

PROBLEM STATEMENT

Unmanaged Vacant Lots

Philadelphia's neighborhoods are plagued by some 30,900 vacant lots under one acre in size. Approximately one-third of these lots are owned by various public agencies, while the remaining lots are owned by private parties. Although the city is not technically responsible for the upkeep of lots owned by private entities or non-city public agencies, it must respond to complaints about such lots. In essence, the city already owns the problems caused by privately held vacant lots; yet, it has not taken legal ownership of the lots, which would give it the power to arrest the problem.

Under the City's current approach to vacant land, these lots can remain unmanaged trash-strewn menaces that have a blighting influence on surrounding neighborhoods for years. In addition to their unsightliness, the preponderance and persistence of these lots decreases residents' quality of life, discourages investment in the City, and contributes to trends of depopulation and disinvestment. These lots, which are most often tax delinquent, also drain the City's budget by lowering property values and diverting scarce City resources for cleaning that is ineffective over the long term.

To date, vacant lots have been seen as obstacles to the City's progress. However, empty land, in and of itself, is not intrinsically negative. Land is one of the few tangible assets available in City neighborhoods. It is the condition of relatively small, scattered lots and the resulting difficulty of utilizing them for redevelopment that are obstacles.

Yet, they need not be liabilities. As pressure mounts to contain suburban sprawl by redirecting development inward and reusing urban land, the City's vacant lots will become valued assets. If viewed and managed differently, they could serve to enhance the City's appearance, bolster its finances, and form the foundation of future revitalization efforts. In order for this to happen, the City must redefine outdated structures and processes designed to serve a once growing city such that they better reflect current realities and ready itself for future redevelopment.

The Current Approach

Throughout the first half of this century, Philadelphia, like most American cities, adapted to meet the needs of a growing population. Driven by the rise of the manufacturing economy, which was then concentrated in inner-city factories, Philadelphia, which began the century with 1.3 million residents, had grown by 60% to 2 million by 1950. In reaction to this growth, city government reformed and expanded the services available to residents. Population growth also spurred private investment, particularly in the housing market, which had produced sufficient stock to house 2.5 million people by 1950.

After 1950, however, economic, political, and sociological trends shifted, leading to rapid population losses in American cities. In Philadelphia, population had declined to 1.6 million by

1990 and fell to 1.4 million by 1998. Now, as the century draws to a close, Philadelphia must again adapt as its population continues to decrease to 1900 levels. While the private market was quick to react to the trends of population growth, there little incentive for the market to respond to the trends of depopulation. City government must find ways to address these problems.

Philadelphia's City Charter, which forms the foundation of the City's approach to the "business" of governing, was adopted in the early 1950s in a climate of population growth. The government that grew from the Charter was designed to manage growth. Accordingly, many of the processes and structures created by the Charter are largely ill-suited for managing a city with a declining population. The City correctly assumed that the private market would step forward to create new housing for a growing population when undeveloped or vacant land became available. But as the population began to decline, this land was no longer desired by private developers.

As the market changed, the City's approach to meeting the growing issues around vacant land was developed through iterative responses. The result is a conflicting range of processes dispersed among 15 separate departments, each of which developed policies in response to how the problem affected its responsibilities. However, there is no one, coordinating entity responsible for addressing the problem of vacant land. In sum, the City's current approach to vacant land can be characterized as:

Reactive – In most cases, the City will not act on a lot until a problem has been brought to its attention. For example, the Department of Licenses and Inspections (L&I) may clean a nuisance lot pursuant to its police power to protect the public welfare. Since L&I only has the resources to treat a small portion of the lots, most lots will deteriorate until they become a blighting influence before they are treated.

Intermittent – As a consequence of the City's reactive stance, no mechanism exists to ensure that lots are managed after they have been cleaned. Without such a mechanism, lots regress until they once again become nuisances, at which point L&I may, if the problem is brought to its attention, clean them again.

Fragmented – The lack of a coordinating entity with responsibility for vacant land issues has left the City without a policy to manage all vacant lots within Philadelphia. The City does promote uses for some portion of this land by coordinating and funding development projects on some vacant lots and facilitating the transfer of others. However, the complexity of these processes means that development and transfer can take years to complete, while the lots involved remain unmanaged. In addition, the number of lots affected by these activities account for only a small fraction of the vacant land within the City.

These shortcomings are not a result of a lack of commitment, energy, or ideas on the part of those responsible for addressing the problem of vacant land. Rather, they are the result of policies

developed in the absence of an overall strategy, which have led to processes that are uncoordinated, reactive, and limited. As a result, Philadelphia’s surfeit of vacant land constitutes a blight that further discourages private investment.

Approached in a different manner, vacant lots could, at the least, represent neutral elements that do not detract from the City’s neighborhoods. However, mitigating the harm caused by vacant lots is only one of many potential benefits that the City could realize by changing its approach to their management. Creating a system that both manages vacant lots and facilitates their transfer for reuse will open new possibilities for redevelopment of Philadelphia neighborhoods, which, in turn, will expand the potential for community groups to expand capacity, create job opportunities for residents, and shape the future of their neighborhoods. Moreover, with imaginative interim and permanent community open space reuses, they could serve to attract private investment. The basis of this system should be an **Asset Management Approach** to vacant land. The core concepts of this approach are as follows:

1. **Comprehensive** - One coordinating entity will be responsible for ensuring that all vacant lots in Philadelphia neighborhoods are managed.
2. **Strategic** - The City will take an aggressive approach to cleaning, maintaining, acquiring, and transferring ownership of vacant lots.
3. **Ongoing** - Every lot will be maintained until an appropriate end use is found.

CURRENT APPROACH
Abating Public Nuisances
✓ Fragmented
✓ Reactive
✓ Intermittent
✓ Financial Burden to City

PROPOSED APPROACH
Managing Community Assets
✓ Comprehensive
✓ Strategic
✓ Ongoing
✓ Financial Return to City

Goals of a comprehensive system

- **Alleviate the negative impact of vacant lots by ensuring that every lot remains clean.**
- **Encourage reuse, redevelopment, and stewardship of vacant land by making it easier for individuals and businesses to acquire vacant land.**

Characteristics of an effective system

By exploring “best practices” methods of vacant land management efforts in cities across the country, reviewing research on the topic, interviewing national experts and policy analysts, and interviewing local stakeholders from city government, community groups and other interest groups, the following characteristics were identified as essential foundations of an effective municipal system.

- 1. One centralized authority to acquire, distribute, and oversee the maintenance and cleaning of all unmanaged vacant lots in City neighborhoods.**

As noted in a number of recent reports, Philadelphia has 15 public agencies that are involved in some aspect of vacant land management. The results of this fragmentation of responsibility are lots that remain blighted for years, uncoordinated redevelopment efforts, and multiple, convoluted processes for acquiring and reusing vacant land. These problems could be addressed, largely by centralizing all authority over vacant land management within a single entity.

- 2. Incentives to encourage reuse, redevelopment, and stewardship of vacant land.**

Currently, owners of vacant lots have little incentive to maintain or reuse their lots. Since vacant lots are only brought to sheriff’s sale for nonpayment of city taxes and liens when they are specifically requested as part of a redevelopment project, owners face little risk of losing their property, and have little incentive to pay their taxes. However, if the City were to use the sheriff sale process aggressively, as is described in more detail below, owners of vacant lots would be required to maintain their property and pay their taxes or face certain loss of property.

In addition, owners of vacant land now have no incentive to redevelop their land. Thus potential development sites can lay fallow while speculators hope for its value to rise. However, if Philadelphia were to pursue a strategy of aggressive code enforcement, owners would be forced to pay for the upkeep of fallow land, and would therefore have an incentive to develop it themselves, or sell to a new owner who would reuse or redevelop it.

3. Streamlined mechanisms to transfer unmanaged vacant lots to private owners that will agree to maintain or reuse them.

Currently, there are too many ways to transfer vacant land and each of them is too complicated. As a result, residents, businesses, and private developers who want to acquire vacant lots must wade through a morass of bureaucracy that can extend the length of the transfer process for years. Often, this complexity of the process causes an interested party to abandon their effort completely. The difficulty of acquiring lots inhibits neighborhood residents from expanding their property and taking responsibility for the stewardship of nearby vacant lots. Community groups are hindered in their efforts to redevelop neighborhoods and entrepreneurs are prevented from creating or expanding businesses. Housing and retail developers often cite the complexity of the land acquisition process as a salient reason for their not pursuing market opportunities in Philadelphia neighborhoods. A streamlined process for acquiring vacant land through one entity would greatly enable residents, community groups, and entrepreneurs to reinvest in and revitalize their communities.

4. Resources sufficient to address the needs of all vacant land in City neighborhoods.

This study's *Cost Benefit Analysis* cites that Philadelphia currently spends upwards of \$1.8 on vacant lots each year. Yet, the City's residents have seen no appreciable change in the appearance of their neighborhoods. Bringing the problems associated with vacant lots under control and changing these lots from liabilities into assets will require funding sufficient to clean *every* unmanaged vacant lot and to ensure that *all* vacant lots are maintained until they are reused.

SECTION II: MANAGEMENT PLAN

Systemic Changes

Program Partners

Program Operations

Overview

Clean and Lien

Acquisition

Maintenance

Disposition

Production Goals

Production Timeline

Financing

II. MANAGEMENT PLAN

To implement the vacant lot management system, this document recommends the creation of an Office of Vacant Land Management within the Redevelopment Authority (RDA). This placement will allow the new office to take advantage of the RDA's existing organizational infrastructure, its experience with land acquisition and disposition processes, and its legal authority to acquire land through condemnation. Policy decisions regarding reuse and redevelopment of vacant land will continue to be made by the Office of Housing and Community Development (OHCD) and the Philadelphia City Planning Commission (CPC). The purpose of the OVLM will be to

- Mitigate the negative affect of vacant lots by stabilizing their physical condition, and
- Facilitate their reuse by centralizing and simplifying the acquisition and disposition processⁱⁱ.

The primary functions of the OVLM will be to:

1. Contract for cleaning and maintenance of all lots.
2. Acquire title to all lots.
3. Retain title until/if end-user is found.
4. Transfer title for reuse and redevelopment.

SYSTEMIC CHANGES

In order to develop an asset management approach to vacant land management, the following list of administrative and policy decisions need to be put into place. It is important to note that all of these changes are within the city's power to decide. They do not require a change in law or permission of the state or federal governments.

1. Administrative Changes

- Mayor creates the Office of Vacant Land Management.
- Lots owned by City agencies that are not slated for short term redevelopment transferred to OVLM where they will be made available for private reuse.
- The Department of Licenses and Inspections conducts an initial inspection of all lots on a programmed basis to determine their physical condition
- All unmanaged lots certified as blighted to ensure City's authority to clean lots.
- Delinquency status of all vacant lots determined by Board of Revision of Taxes.
- All vacant lots inventoried and entered into a Vacant Land Database that is linked to and shares information with the Neighborhood Information System.

2. Policy Changes

- City undertakes an aggressive acquisition campaign to facilitate the speedy transfer of lots for later reuse and redevelopmentⁱⁱⁱ.
- City facilitates the use of sheriff sale as its acquisition tool by establishing that the goal of the sheriff sale, contrary to current practice, will be to acquire the lot, rather than to capture revenue.
- OVLM is given authority over all dispositions of vacant lots.
- L&I revises its demolition specifications such that they meet basic cleaning standards^{iv}.
- L&I begins aggressive code enforcement.
- L&I conducts scheduled inventory and inspection of vacant lots.

PROGRAM PARTNERS

Although the OVLM will take the lead in creating and administering the comprehensive vacant land management system, it will need the assistance of other City agencies, community groups, and citywide interest groups. For the most part, OVLM will need other City agencies to continue to provide the kinds of services they currently do. However, there is a need to involve actors outside of city government. History has shown that, in Philadelphia, complex problems involving systems change are better solved when city government leverages the resources of other groups. Therefore, in creating this system, OVLM should allow for the appropriate involvement of community-based organizations and citywide intermediary organizations.

1. Community-Based Organizations - Over the past 25 years the work done by community groups working with larger intermediary organizations has established that local organizations can create positive change in their neighborhoods. More recent initiatives have demonstrated that the city, a community group, and an intermediary can work together effectively to address the problems associated with vacant lots. To date, however, community groups have lacked the resources to approach the problem at scale. Hence, the OVLM should seek to find appropriate roles for community-based organizations. These roles could include:

- Planning for neighborhood reuse and redevelopment.
- Marketing vacant lots to residents and businesses.
- Facilitating communication between OVLM and community.
- Serving as contractors to the City for cleaning and maintaining vacant lots.
- Organizing residents to play appropriate roles as part of this dynamic system.

2. Intermediary - While community groups have long been active in greening and addressing the problems of vacant lots, they will need a support system of organizations to help them address the problem on this more comprehensive level. This list could include: The Pennsylvania Horticultural Society, Penn State Urban Gardening, the Neighborhood Gardens Association/A Philadelphia Land Trust, the American Institute of Architects' Community Design Collaborative, the Pennsylvania Environmental Council, and the City's own Mural Arts Program. Research conducted during this study shows that the capacity, capability, and interest of community groups in the issue of vacant land varies widely. It is appropriate, therefore, to create a role for citywide intermediaries which could assist community groups in the following areas:

- Monitor the cleaning and maintenance of lots, in conjunction with community-based organizations, when appropriate.
- Advocate for vacant land management.
- Offer technical assistance based on best practices
- Support citywide & neighborhood planning.

- Develop interim and long-term open space reuses with community-based organizations.
- Provide advice and consulting on environmental remediation efforts.

PROGRAM OPERATIONS

Overview

Start-Up Period

During the start-up period, the OVLM, in conjunction with other City agencies, will determine the ownership, physical condition, and delinquency status of every vacant lot. This information will be entered into the Vacant Land Database and used to determine appropriate cleaning and acquisition actions, as is illustrated in the Clean and Lien and Acquisition Process flowcharts that follow. The four components of the management plan are:

- *Clean and Lien*

The Clean and Lien component of the management plan will focus on encouraging owners to maintain their lots, cleaning the lots whose owners^{vi} will not maintain them, and facilitating the acquisition process by placing liens on lots that the City must clean. These liens will help enable the City to move the lots to sheriff sale for eventual acquisition. As shown in the Production Goals table, below, it is projected that all vacant lots in the City will be cleaned by Year 3.

- *Acquisition*

The Acquisition component of the management plan will allow the City to take control of all unmanaged vacant lots and facilitate the process of transferring them for reuse and redevelopment^{vii}. The publicly owned lots that are not slated for short-term redevelopment will be transferred to OVLM during the start-up period. Privately owned lots will be acquired primarily through sheriff sale. As shown in the Production Goals Table, it is projected that OVLM will acquire title to all existing vacant lots by Year 8. After that point, the acquisition process will focus on acquiring newly created vacant lots and reacquiring lots that have not been maintained by private owners.

- *Maintenance*

The Maintenance component of the management plan will ensure that all vacant lots in the City, not just those in the OVLM inventory, are kept clean. Maintenance will be funded by OVLM and bid out to private and non-profit contractors.

- *Disposition*

The goal of the Disposition component will be to make the process of transferring a lot to private ownership as simple as possible. To this end, OVLM will be the sole source for property disposition and the requirements for acquiring a lot from OVLM will be minimal.

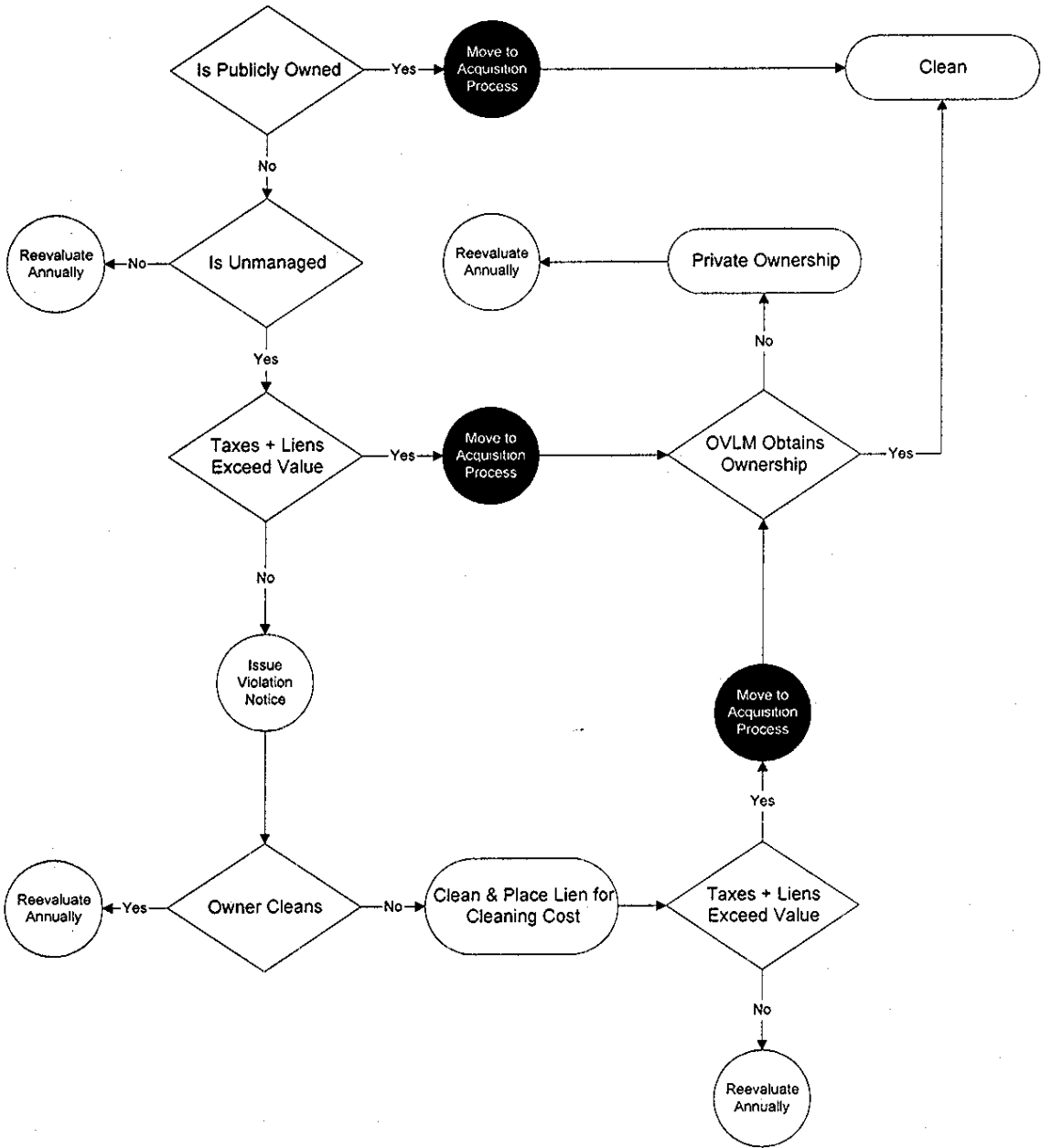
Clean and Lien

The initial lot inspection conducted during the start-up period will establish the ownership, physical and tax delinquency status of all lots. Using this information, each lot will be evaluated according to the following procedure, which is illustrated by the Clean and Lien Protocol flowchart. Publicly owned lots that are not needed for near term development (less than one year until groundbreaking or transfer) will be cleaned and placed into the OVLM inventory. Unmanaged, privately owned lots where the assessed value is less than the existing delinquent taxes and City liens will be acquired through the acquisition process described below. Owners of lots where the assessed value exceeds the existing delinquent taxes and City liens will be issued violation notices informing them that if the lot is not cleaned, the City will clean the property and assign a lien for the cost of the cleaning. If the assignment of this lien raises the amount owed the City above the fair market value of the property, then the lot will be moved to the Acquisition process. If, at any time, the lot is brought into compliance by a private owner or if the liens do not exceed the value after the Clean and Lien process, the lot will be marked for annual evaluation to ensure that it is maintained.

Initial cleaning efforts will focus on publicly owned lots. The remaining lots will be cleaned in geographic clusters to maximize efficiency. Cleaning services will be contracted out and overseen by OVLM.

Providence, RI's "Clean and Lien" program enforces the maintenance of privately owned vacant lots by issuing citations ordering an owner to clean a neglected vacant lot, then cleaning and placing a lien against property for the cost of the cleaning, if the owner does not respond to the citation. In the summer of 1997, Providence issued 592 citations. As a result, 245 owners cleaned their lots. The remaining 347 lots were "cleaned and liened". Some owners chose to donate their lots to the City rather than meet their responsibility for maintaining them.

Clean and Lien Protocol



Acquisition

Background

Currently, the City generally acquires vacant lots only at the request of a third party such as community organizations, adjacent owners, or private developers. This practice is a result of the consequences from earlier mass acquisition of land for developments that were never completed, which left the City with a surfeit of “properties without projects”. Lacking a comprehensive strategy for maintaining these properties, and without a simple process for transferring them into private hands, the City was left with an excess of useless lots that made it wary of wholesale acquisition.

The current reactive approach to acquisition poses serious problems:

- Since the acquisition process is not started until a request for a property is made, there is a severe time lag between the request for a property by a resident or developer and its conveyance.
- The City’s complex acquisition and disposition process delays transfers and hinders efforts to reuse and redevelop vacant lots.
- The City does not realize economies of scale since acquisitions are made in a piecemeal fashion.

Under the proposed system, OVLM will seek to acquire all unmanaged vacant lots, using the sheriff sale as its primary tool, while ensuring the acquisition of strategically identified lots by utilizing its power to acquire land through condemnation. The advantages of this approach include:

- The creation of a land bank to speed and facilitate the transfer of neglected lots to residents and businesses who would reuse, redevelop, and maintain them.
- Placement of all vacant lots under the control of a single entity which could then better respond to the demands of the private market and the planning and redevelopment efforts of other City agencies.
- Allowing the City to recover taxes and liens owed on some properties
- Creation of incentives for current owners to pay taxes and maintain lots.

The Acquisition Process

As with the Clean and Lien protocol, the information gathered during the initial lot inspections will inform the acquisition process. Publicly owned lots that are not slated for near-term (i.e., less than one year) redevelopment will be transferred to OVLM immediately. Vacant lots left in the control of public agencies will be reevaluated on an annual basis. Privately owned lots on which the taxes and liens do not exceed the assessed value will be evaluated and treated according to the Clean and Lien Protocol.

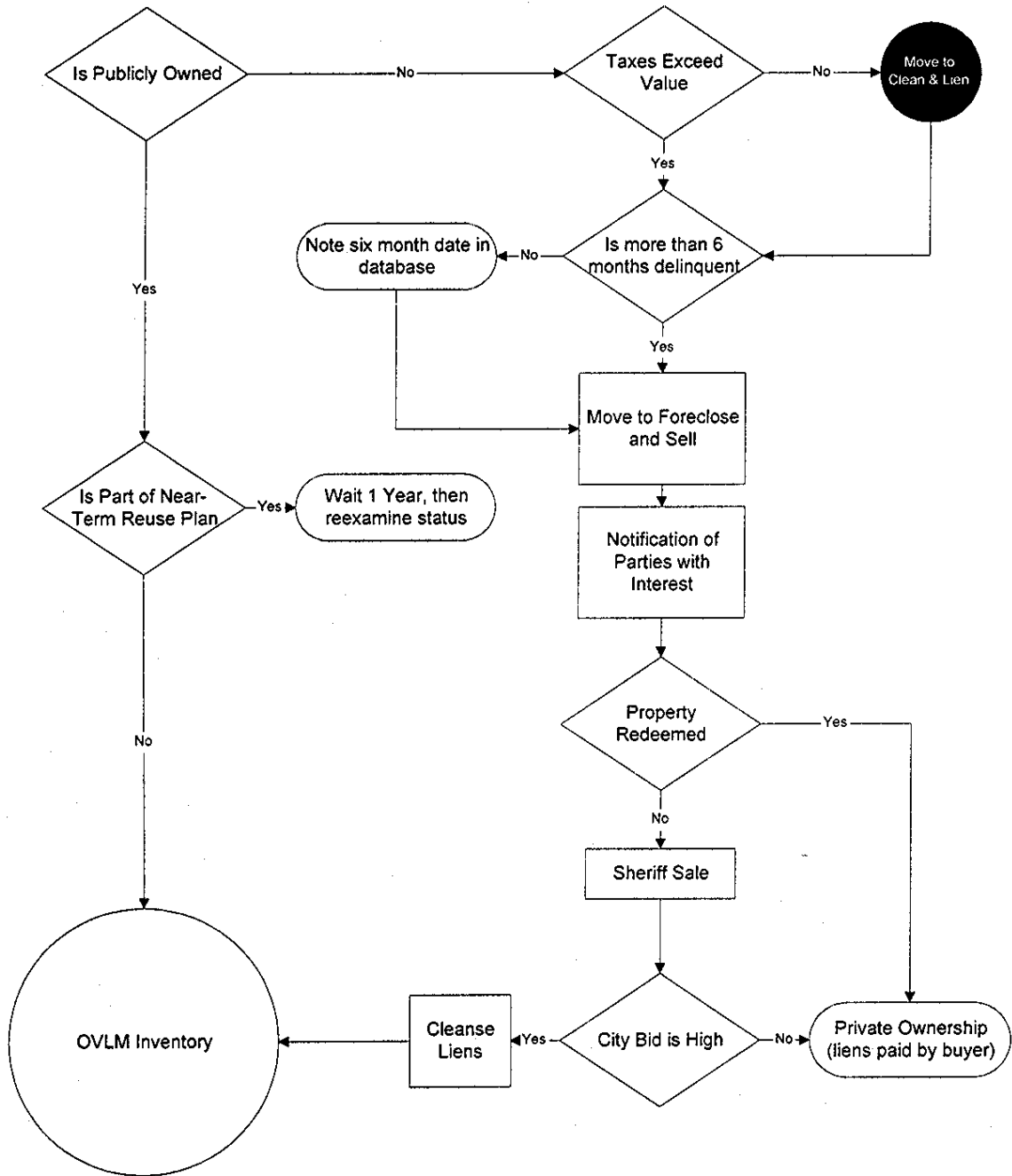
For lots on which the taxes and liens exceed the assessed value, the City will move to foreclose on the properties more than six months delinquent. All parties with an interest in the property will be notified of the City's intent to foreclose and any of these parties may redeem the property by paying the liens, taxes and fees due and signing an agreement to maintain the property. If no interested party redeems the property, it will be brought to sheriff sale. At sheriff sale, the City will bid its full equity interest in the property. If a private entity outbids the City, it will take ownership, and the payment will be used to satisfy the liens. Persons or corporations with outstanding taxes or liens will not be eligible to bid at sheriff sale. If no bid exceeds the City's equity interest, the liens will be cleansed and the property transferred to the OVLM inventory.

In most cases, the City will acquire the lots, but since the process invites all bidders, occasionally the City might be outbid. This acquisition process is illustrated by the flowchart that appears on the following page. In some cases, however, certain lots may be considered strategic and require a different acquisition approach. Some may be specifically identified as candidates for sideyard acquisition; others need to be part of a larger scale aggregation to accommodate development which is planned for an area, or designated for land banking to hold for future development. In these situations, other acquisition methods, such as Act 94 Spot Condemnation, may be most appropriate.

During the start-up period, acquisition efforts will focus on publicly owned lots, which are more easily transferable and can be prepared for disposition relatively quickly. After the existing 30,900 vacant lots are acquired, future acquisition activities will taper off. Lots that become vacant as a result of demolition will enter the sheriff sale process immediately as liens for the cost of demolition will almost always exceed assessed value. Other acquisitions will entail previously managed lots that have become neglected and lots that are no longer part of a public agency redevelopment plan.

In Cleveland, OH an aggressive municipal land banking strategy has cut the red tape of the acquisition/disposition process dramatically, and streamlined the process of disposition to a 120 day process. This proactive city-wide approach continually takes foreclosed lots to sheriff sale. At sheriff's sale, a bidder must pay the value of the back taxes to claim a lot. If the lot is not sold at sheriff's sale, it is automatically placed in the city's land bank, and all past tax liability is expunged.

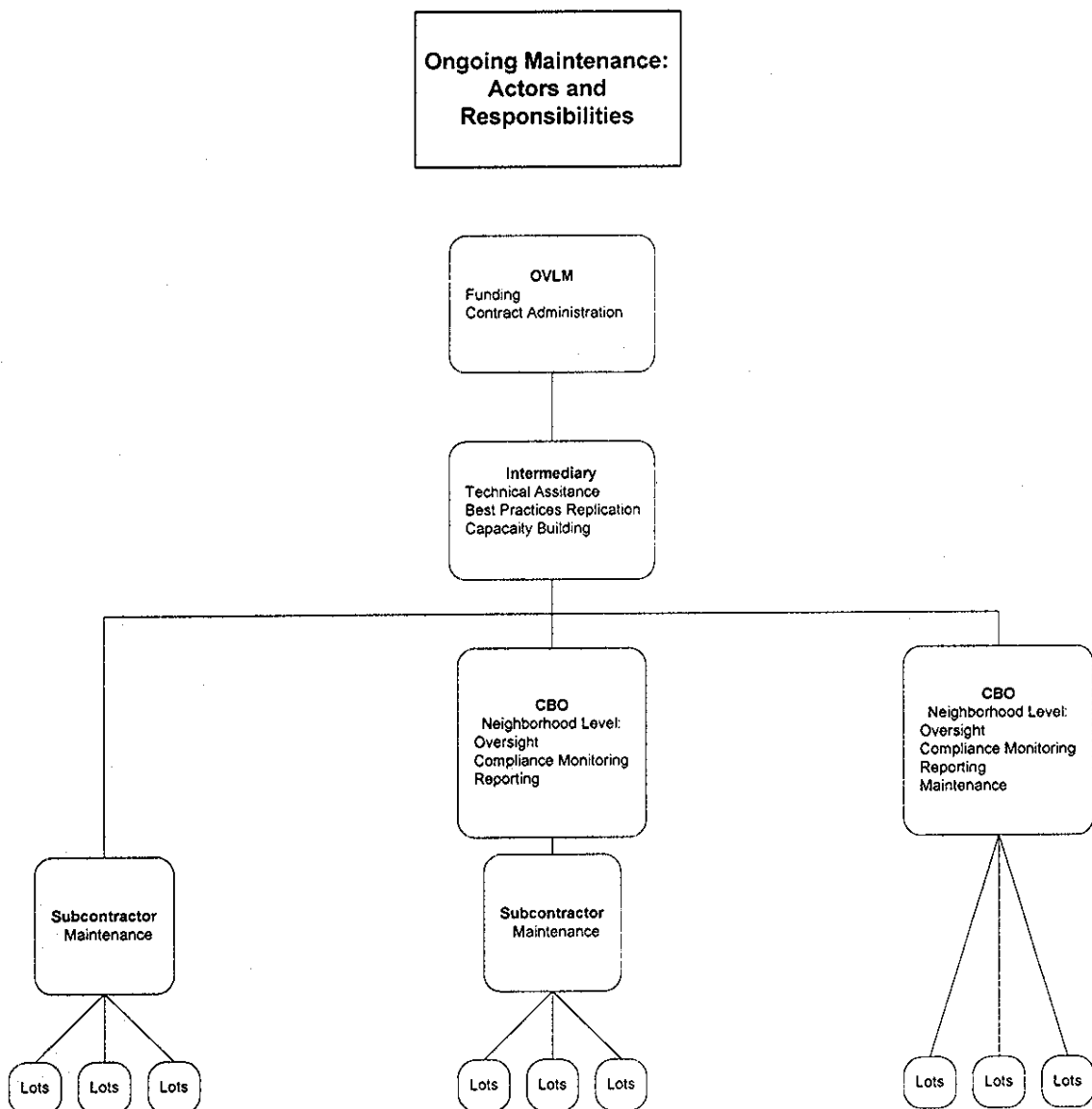
Acquisition Process



Maintenance

Maintenance is the most critical component of an effective vacant land management system. Even though the initial treatment of vacant lots (basic cleaning, grading, and seeding) provides an immediate positive impact, it is the regular and consistent cleaning and mowing which will allow the City to realize the benefits described in this report. Unfortunately, most vacant land management efforts to date have focussed solely on the initial treatment. A long-term maintenance system for vacant land is the foundation of a successful management strategy; without it, the investment in an initial citywide clean-up effort is a waste of valuable resources.

As is illustrated by the accompanying graphic, the OVLM will fund maintenance, which will be performed on a contractual basis. Contracts will be assigned through a bidding process that will include minimal lot condition standards. Where appropriate, Community Based Organizations may serve as subcontractors at the neighborhood level. In other cases, private market subcontractors will be used.



Disposition

The primary goal of the disposition component of the management plan will be to transfer lots to private ownership. Generating revenue from the disposition will be a subsidiary concern. Accordingly, private entities will be given priority in the disposition process, cost to the prospective new owner will be low, and requirements will be minimal.

In the first three years of the program, there may be some demand for lots that have not yet been cleaned. These lots will be transferred at no cost, contingent upon an agreement that the new owner will clean the lot within 90 days and that the lot will be reused or maintained in perpetuity. As there may be requests for lots that are not yet in the OVLM inventory during the first three years of the program, it may be appropriate to use acquisition options other than sheriff sale to convey these lots.

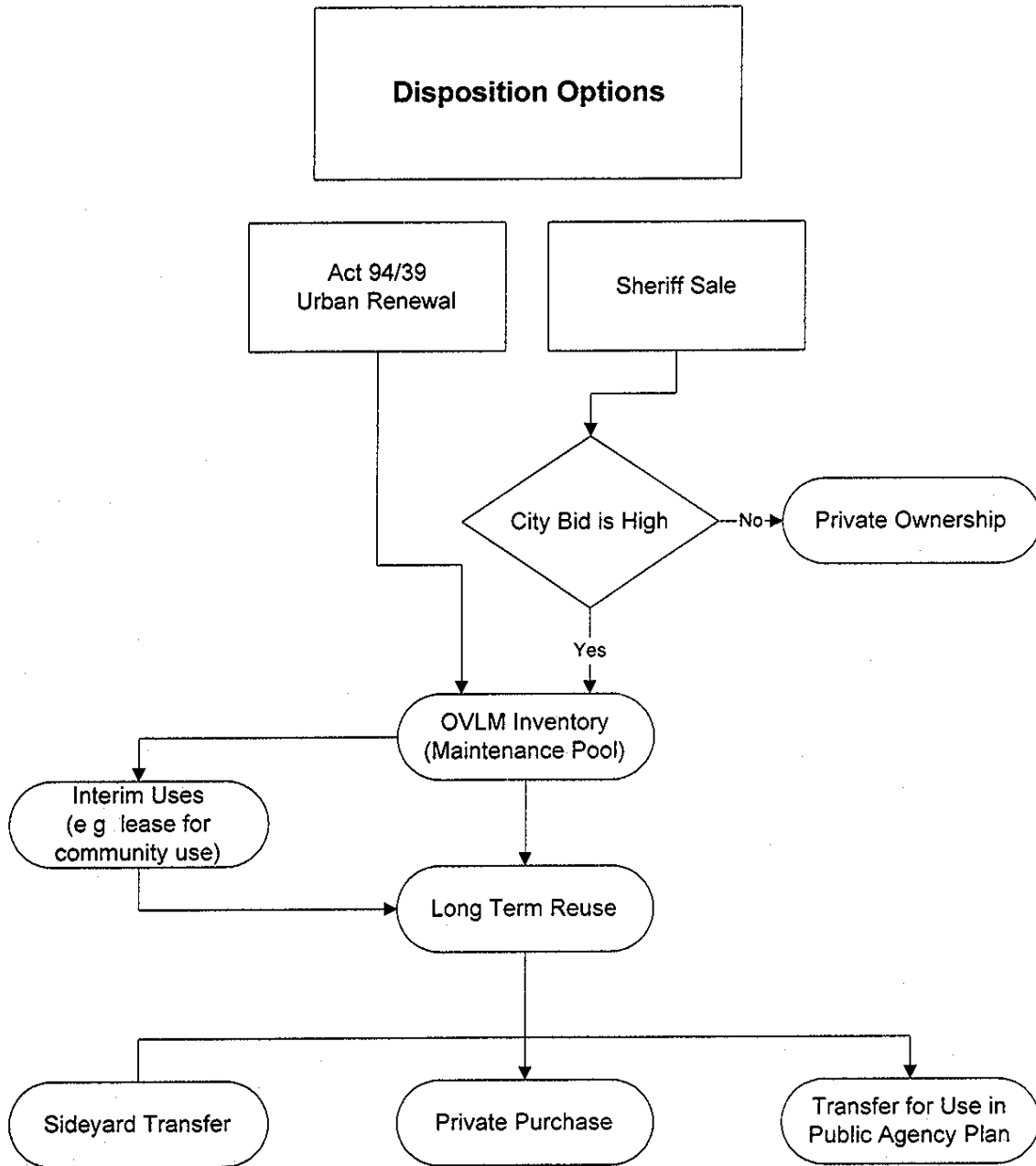
Lots may be conveyed from the OVLM to new owners through transfer agreement or lease. All transfers from the OVLM inventory will be contingent on ongoing maintenance agreements. Failure to comply with the agreement will result in recapture of the lot by OVLM. Options for transfer agreements and leases, which are illustrated by the Disposition Options flowchart, will include the following:

- Lots will be transferred to adjacent property owners as sideyards for \$50. As a condition of this transfer, the owner must agree to combine the two parcels in order to create a greater incentive to maintain the property, maximize the tax benefit of the disposition, and discourage harmful speculation.
- Individual lots will be transferred to individuals, businesses, or nonprofit entities for \$200.
- Lots will be leased for community use to any legal entity capable of signing an ongoing maintenance agreement for \$25/year. OVLM may sell leased lots at any time.

The pricing of these transfers reflect the priorities of the system. As adjacent owners are likely to have the highest interest in the maintenance of a lot, the cost of sideyard transfers is relatively low. The higher cost of other private transfers should help to discourage speculators and create an incentive for new owners to maintain their lots. Finally, the cost of leasing a lot for community use reflects a preference for private ownership while allowing for interim uses that benefit the neighborhood.

Public agencies may request that an unclaimed lot be set aside for use in a short term redevelopment project. Such lots will not be available to the public at-large for one year, after which time they will be returned to the general OVLM inventory.

If there are competing claims for a single lot, priority will first be given to adjacent property owners, then to reuses with the potential to generate property tax revenue. The OVLM will have final authority over disposition.



Detroit, MI realized that the five year time period for acquiring and transferring ownership of a vacant lot was stifling the possibility of putting tax delinquent lots back on the tax rolls. In response, the Department of Planning and Development recently initiated an Adjacent Vacant Lot Program to sell the 11,000 publicly owned lots to adjacent homeowners for a nominal fee if buyers agree to maintain the land. In order to expedite the disposition of these lots, the city has begun the practice of processing and cleaning the titles to these lots before they are offered for sale. Taking advantage of its ownership of the lots, the City has developed a mechanism for meeting the demand for vacant lots immediately.

PRODUCTION GOALS

	Year 1	Year 2	Year 3	Year 4	Year 0
Cleaning					
Unmanaged Lots	30,900	19,100	7,300		0
Less Sideyard Transfers	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>		
Remaining Unmanaged Lots	29,400	17,600	5,800		
OVLM Lot Cleaning	<u>10,300</u>	<u>10,300</u>	<u>5,800</u>		
Unmanaged Lots	19,100	7,300	0		
Total Lots Cleaned:					
OVLM Lot Cleaning	10,300	10,300	5,800		0
Lots Cleaned via Demolition	<u>2,000</u>	<u>1,000</u>	<u>1,000</u>		<u>1,000</u>
	12,300	11,300	6,800		1,000

Acquisition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Start-up* 18-24 mth										
Total Unacquired Lots	31,900	23,263	20,763	18,263	15,763	10,763	8,263	5,763	3,263	1,000
Private Purchase @ Sheriff Sale		175	175	175	175	175	175	175	163	50
OVLM Acquisition	9,637	3,325	3,325	3,325	3,325	3,325	3,325	3,325	3,100	950
Remaining Unacquired Lots	22,263	19,763	17,263	14,763	12,263	7,263	4,763	2,263	0	0

* All publicly owned lots acquired during start-up period

Disposition	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Lots in OVLM Inventory	9,637	10,462	11,287	12,112	12,937	13,762	14,587	15,412	16,237	16,837
Sideyard Transfers	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Other Transfers	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total Transfers	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Lots in OVLM Inventory	15,287	14,237	13,187	12,137	11,087	10,537	9,987	9,437	8,887	8,337
Sideyard Transfers	1,250	1,250	1,250	1,250	1,000	1,000	1,000	1,000	1,000	1,000
Other Transfers	750	750	750	750	500	500	500	500	500	500
Total Transfers	2,000	2,000	2,000	2,000	1,500	1,500	1,500	1,500	1,500	1,500

PROJECT TIMELINE

	Start-Up	Year 1	Year 2	Year 3	Year 4
Administrative Changes					
Policy Changes					
Acquisition of Publicly-Owned Lots					
Lots at Sheriff Sale (3,500/yr)					
Lot Cleaning				◆	
Lot Acquisition (3,325/yr)					
Lot Disposition (2,500/yr)					
Maintenance					

◆ All Lots Cleaned

	Year 5	Year 6	Year 7	Year 8	Year 9
Lots at Sheriff Sale (3,500/yr)					◆◆
Lot Acquisition (3,325/yr)					◆◆
Lot Disposition (2,500/yr)					
Maintenance					

◆◆ All Existing Lots Acquired

	Year 10	Year 11	Year 12	Year 13	Year 14
Lots at Sheriff Sale (1,000/yr)					
Lot Acquisition (950/yr)					
Lot Disposition	2,500/year	2,000/year			
Maintenance					
"Breakeven Year"			◆◆◆		

FINANCING

The strategy for financing this plan is based on an analysis of the costs incurred and benefits derived from its implementation. While the *Cost Benefit Analysis* produced at the inception of the overall study (April 1999) served as the foundation of the analysis that follows, the specifics of the financing plan have evolved with the additional research conducted for later reports in the study. In addition, the original cost benefit analysis was intended to consider a limited number of factors, which have since expanded to include a greater range of costs and benefits.

Costs

This plan involves three distinct functions, with their respective costs:

- Capital investment: low level treatment
- Acquisition and disposition
- Ongoing maintenance

Capital Investment

The plan assumes that all unmanaged vacant lots will receive low-level treatment over a three-year period that includes:

- Cleaning, clearing and disposing of debris found on lots;
- Amending and grading the lot's soil; and
- Seeding for grass, including soil test, fertilizer & mulch.

To develop an estimate of the treatment costs, PHS distributed a hypothetical bid package to contractors along with a profile of ten prototypical lots representative of the various conditions existing on vacant City lots. The bids received from private contractors were used to develop an average square foot cost for treatment in accordance with the specifications summarized above. This average square foot cost was then multiplied by the citywide median lot size to determine the cost of performing a low-level treatment on an average vacant lot. Based on this calculation, a cost of \$1,507 per lot was derived.

Based on the total number of 30,900 lots and an estimate of the number of sideyards that would be transferred prior to being cleaned^{viii}, OVLM will clean 26,400 lots over a three-year period. Thus, the total initial treatment cost is expected to be \$39,784,800. Additionally, a 10% administrative overhead of \$3.98 million was added to account for the expense of letting, administering and ensuring compliance with the contracts. These funds will also cover the cost of technical assistance provided in conjunction with the contracting of the low level treatment.

The costs of the initial low level treatment could be folded into a general obligation bond issue by the City of Philadelphia. Project costs for such a bond issue are:

Treatment Costs	\$39,784,800
Administration Costs (10%)	\$ 3,978,480
Total Project Costs	\$43,763,280
Issuance Costs	\$ 437,633
Total Bond Costs	\$44,200,913

Assuming an interest rate of 6%^{ix} and a term of 30 years, the annual debt service cost associated with the bond issue will total \$3,211,148.

Acquisition and Disposition Costs

The costs associated with the acquisition and disposition of vacant lots are based on the work of the City Select Committee on Vacant Land Reuse Subcommittee on Acquisition and Disposition.^x As indicated in the Operating Cost section of the Cost Benefit Review that follows, the expected cost of activities in Year 1 is \$1,852,400. These costs will decrease as the backlog of vacant lots is processed.

Ongoing Maintenance Costs

As noted earlier, all lots given low level treatment will be maintained until an appropriate end use is found. As part of the bid package distributed by PHS, contractors were also asked to estimate the annual cost of maintaining the lots according to the following standards:

- Grass mowed every two weeks during peak season (10 mowings per year);
- Trimming and edging;
- Cleaning loose trash (short term dumping clean up not included)

The bids received from private contractors were used to develop an average maintenance cost. The contractors assumed that each vendor would treat a significant number of lots in order to take advantage of efficiencies achieved through economies of scale. The bid analysis derived an estimated annual maintenance cost of \$80 per lot. In addition to the core maintenance cost, the budget also includes a 15% cost adjustment, which accounts for the cost of letting and administering the contracts as well as technical assistance to be provided to participating community groups. The maintenance costs throughout the 20-year projections vary as the number of lots requiring maintenance will fluctuate. In general, the maintenance costs peak in Year 3, at which time all existing lots will have been cleaned, and decline from that point as disposition activities grow.

Benefits

It is expected that the City will realize four quantifiable benefits as a result of implementing a comprehensive vacant land management plan:

- Revenue from sideyard and other transfers
- Adding vacant land to tax rolls
- Increased property values
- Avoiding current costs

Revenue from Sideyard and Other Transfers

Current experience shows that there is a market for some portion of the vacant lot inventory, even in the face of a fragmented disposition process. The transfer rates identified in the production goals reflect a conservative estimate based on this experience. Based on this estimate and the transfer fees identified earlier, fee income is projected to amount to \$135,000 in Year 1.^{xi} Cumulative fee income over 20 years will total \$2,518,600.

Adding Vacant Land to Tax Rolls

In addition to fee income, transfers of vacant lots will generate revenue by returning tax delinquent lots to the tax rolls. Discussions with Board of Revision of Taxes (BRT) staff indicate that side yards increase the overall value of a home. BRT staff also indicate that lots transferred as side yards are assessed at a higher value than “stand alone” lots.^{xii} The 1,500 lots transferred in Year 1 will generate \$96 each for a total revenue increase of \$144,000. Although the transfer rate will decline in subsequent years, the cumulative benefit to the City will total \$30,240,000 over a 20 year period.

Increased Property Values

BRT staff indicates that properties located near managed vacant lots have a higher assessed value than lots near unmanaged lots. Thus, the City will gain additional tax revenue from the higher assessed value of residential lots after all vacant lots in the City have been cleaned. It is important to note that all properties would need to be treated and maintained for this benefit to accrue. On average, each vacant lot treated will raise the value of eight nearby properties by 5%.^{xiii} Applied here, 5% represents an increase of \$21.40 per year, or \$2.68 per month for the average property owner. Given the benefits that would be gained by property owners from a comprehensive treatment of unmanaged vacant lots, an increase of this amount does not appear unreasonable. BRT staff indicate that properties are generally not reassessed more than once every five years. In consideration of this, and to ensure conservative projections, it is assumed that the City will not realize an increase in revenue until Year 5, at which time the initial gain to the city is estimated at \$4,862,080. Overall, the cumulative benefit to the City would be \$81.5 million over a 20-year period.

Avoiding Current Costs

As the low-level treatment approach considered by this analysis would obviate the need for cleaning and maintenance in the present manner, funds currently spent addressing the problem of unmanaged vacant lots could be re-directed to other City activities. Quantifying the amount of money that could be saved requires a calculation of the City's current expenditures on vacant land management. Responsibility for maintenance of vacant lots in residential communities is currently dispersed throughout many public agencies. Of the fifteen agencies that have a role in the management of vacant land, the following play a primary role in maintenance and bear the brunt of clean-up costs:

- Department of Licenses and Inspections
- Streets Department
- Redevelopment Authority
- Philadelphia Housing Development Corporation
- Philadelphia Housing Authority

These agencies spend \$1,850,000 annually on cleaning vacant lots.^{xiv} At the current level of activity, assuming an inflation rate of 3%, these agencies will expend \$49.7 million over a 20-year period.

Comparison of Costs to Benefits

The City currently spends approximately \$1.8 million a year for vacant land management; however, given the increased scale of the problem due to generations of system fragmentation and decades of negative socio-economic trends, there is little to show for it. If there is no change in public policy, the City will spend \$49.6 million over the next twenty years, with continued deterioration, a growing inventory and a rise in problems associated with unmanaged vacant lots throughout the neighborhoods of Philadelphia.

With the new approach, the City can arrest the growth of unmanaged vacant land while realizing economic gains by implementing a new system for vacant land management across public entities that is accessible to private citizens. By investing \$119 million spread over twenty years, the City stands to gain \$164 million in revenues. Said differently, the City will gain \$1.38 in benefits for every \$1 in costs. On a present value basis, the City will gain \$1.23 for every \$1 expended.^{xv}

As is shown by the Cost Benefit Review, the cumulative benefits generated by this program will exceed costs in Year 12. After that time, the revenue created by the program could be used to establish a fund for community development projects that utilize vacant lots.

Cost Benefit Review

Years 1-10	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Costs										
<i>Operating Costs</i>										
OVL/M-related costs	\$1,852,400	\$1,907,972	\$1,965,211	\$2,024,167	\$2,084,893	\$2,147,439	\$2,211,862	\$2,278,218	\$2,346,565	\$1,351,397
Maintenance Contract	\$784,000	\$1,444,660	\$1,726,836	\$1,566,723	\$1,414,471	\$1,269,760	\$1,132,279	\$1,001,729	\$877,823	\$760,285
Maintenance Admin	\$117,600	\$216,699	\$259,025	\$235,008	\$212,171	\$190,464	\$169,842	\$150,259	\$131,673	\$114,043
Total Operating Cost	\$2,754,000	\$3,569,331	\$3,951,072	\$3,825,898	\$3,711,535	\$3,607,663	\$3,513,983	\$3,430,206	\$3,356,061	\$2,225,725
<i>Annual Debt Service</i>										
Annual Debt Service	\$3,211,148	\$3,211,148	\$3,211,148	\$3,211,148	\$3,211,148	\$3,211,148	\$3,211,148	\$3,211,148	\$3,211,148	\$3,211,148
Total Annual Cost	\$5,965,148	\$6,780,479	\$7,162,220	\$7,037,047	\$6,922,683	\$6,818,812	\$6,725,131	\$6,641,355	\$6,567,210	\$5,436,873
Expected Benefits										
<i>Transfer Fees</i>										
Transfer Fees	\$135,000	\$135,000	\$135,000	\$135,000	\$135,000	\$148,500	\$148,500	\$148,500	\$148,500	\$148,500
<i>Sidyard Revenues</i>										
Sidyard Revenues	\$144,000	\$288,000	\$432,000	\$576,000	\$720,000	\$864,000	\$1,008,000	\$1,152,000	\$1,296,000	\$1,440,000
<i>City Costs Avoided</i>										
City Costs Avoided	\$1,850,000	\$1,905,500	\$1,962,665	\$2,021,545	\$2,082,191	\$2,144,657	\$2,208,997	\$2,275,267	\$2,343,525	\$2,413,830
<i>Tax Revenue from Improved Blocks</i>										
Tax Revenue from Improved Blocks	\$2,129,000	\$2,328,500	\$2,529,665	\$2,732,545	\$2,799,271	\$8,019,237	\$8,227,577	\$8,437,847	\$8,650,105	\$8,864,410
Total Benefits	(\$3,836,148)	(\$4,451,979)	(\$4,632,555)	(\$4,304,502)	\$876,588	\$1,200,425	\$1,502,446	\$1,796,492	\$2,082,895	\$3,427,537
Net Benefit (Cost)	(\$3,836,148)	(\$8,288,128)	(\$12,920,683)	(\$17,225,185)	(\$16,348,596)	(\$15,148,171)	(\$13,645,725)	(\$11,849,233)	(\$9,766,338)	(\$6,338,801)
Cumulative Net Benefit (Cost)										
Years 11-20										
Costs										
<i>Operating Costs</i>										
OVL/M-related costs	\$1,391,939	\$1,433,697	\$1,476,708	\$1,521,009	\$1,566,640	\$1,613,639	\$1,662,048	\$1,711,909	\$1,763,267	\$1,816,165
Maintenance Contract	\$678,614	\$601,055	\$527,438	\$457,599	\$417,826	\$379,982	\$343,988	\$309,768	\$277,250	\$246,364
Maintenance Admin	\$101,792	\$90,158	\$79,116	\$68,640	\$62,674	\$56,997	\$51,598	\$46,465	\$41,588	\$36,955
Total Operating Cost	\$2,172,345	\$2,124,910	\$2,083,261	\$2,047,249	\$2,047,140	\$2,050,618	\$2,057,634	\$2,068,143	\$2,082,104	\$2,099,483
<i>Annual Debt Service</i>										
Annual Debt Service	\$3,211,148	\$3,211,148	\$3,211,148	\$3,211,148	\$3,211,148	\$3,211,148	\$3,211,148	\$3,211,148	\$3,211,148	\$3,211,148
Total Annual Cost	\$5,383,493	\$5,336,058	\$5,294,410	\$5,258,397	\$5,258,288	\$5,261,767	\$5,268,783	\$5,279,291	\$5,293,253	\$5,310,631
Expected Benefits										
<i>Transfer Fees</i>										
Transfer Fees	\$130,075	\$130,075	\$130,075	\$130,075	\$96,800	\$96,800	\$96,800	\$96,800	\$96,800	\$96,800
<i>Sidyard Revenues</i>										
Sidyard Revenues	\$1,584,000	\$1,728,000	\$1,872,000	\$2,016,000	\$2,160,000	\$2,304,000	\$2,448,000	\$2,592,000	\$2,736,000	\$2,880,000
<i>City Costs Avoided</i>										
City Costs Avoided	\$2,486,245	\$2,560,833	\$2,637,658	\$2,716,787	\$2,798,291	\$2,882,240	\$2,968,707	\$3,057,768	\$3,149,501	\$3,243,986
<i>Tax Revenue from Improved Blocks</i>										
Tax Revenue from Improved Blocks	\$5,105,184	\$5,105,184	\$5,105,184	\$5,105,184	\$5,105,184	\$5,360,443	\$5,360,443	\$5,360,443	\$5,360,443	\$5,360,443
Total Benefits	\$9,305,504	\$9,524,092	\$9,744,917	\$9,968,046	\$10,160,275	\$10,643,483	\$10,873,950	\$11,107,011	\$11,342,744	\$11,581,229
Net Benefit (Cost)	\$3,922,011	\$4,188,034	\$4,450,507	\$4,709,650	\$4,901,987	\$5,381,716	\$5,605,168	\$5,827,720	\$6,049,492	\$6,270,598
Cumulative Net Benefit (Cost)	(\$2,416,790)	\$1,771,244	\$6,221,751	\$10,931,400	\$15,833,387	\$21,215,104	\$26,820,271	\$32,647,991	\$38,697,483	\$44,968,081

End Notes

- i As indicated by the previously released *Cost Benefit Analysis* (the first report of PHS's Vacant Land Management Study), the City will realize the maximum benefits by ensuring that all vacant land is maintained.
- ii While the purview of OVLM will be limited to the management of vacant lots located in residential neighborhoods in its initial configuration, the structures and processes created by this system could be expanded to address the problems of larger sites and vacant structures
- iii Sheriff sale will be used as the primary acquisition tool due to its relatively low cost. However, other acquisition tools will also be used when they are appropriate to the particular circumstance.
- iv Specifically, this includes:
 - Cleaning, clearing and disposing of debris found on lots;
 - Amending and grading the lot's soil;
 - Seeding for grass, including soil test, fertilizer, and mulch
- v *Learning from the New Kensington Experience: An Evaluation of the New Kensington Neighborhood Open Space Management Project*
- vi In most cases the "owner" has long abandoned the property and may even be deceased.
- vii As with other policy decisions, setting priorities among acquisition activities will be determined by the Planning Commission, OHCD, and other agencies concerned with land use
- viii Recent data from the New Kensington Open Space Management effort indicates that there is a significant market for vacant lots that have not yet been cleaned
- ix The 6% interest rate is based on the City's bond rating and the current level of interest rates.
- x The City's Select Committee on Vacant Land Reuse Subcommittee on Acquisition and Disposition developed a comprehensive budget for an active acquisition and disposition process. This budget formed the basis for the OVLM budget with the following changes: 1) Act 94 acquisitions, which are significantly more costly, will be de-emphasized and are assumed to be processed by existing staff 2) Keeping with a conservative approach, revenues from private purchases at sheriff sales are not included as revenues to offset the cost of OVLM. These revenues would flow into the City treasury rather than be "recycled".
- xi Other Transfers shown in the Production Goals include community use and private transfers (non-sideyards). The revenue projections use a ratio of 4 community use transfers to every private transfer
- xii The BRI database indicates that the median tax bill for a vacant lot is \$32. As these vacant lots are de facto abandoned, they currently generate no revenue. Given the benefit gained by property owners, who would effectively double the size of their property, a 200% increase in assessed value of the lot alone has been assumed. Hence, each lot transferred would add \$96 to the City's tax rolls.
- xiii For complete discussion regarding this assumption, please see *Cost Benefit Analysis*, pp. 21-22.
- xiv Based on analysis of FY 2000 budget
- xv Differences between the benefits calculated in the *Cost Benefit Analysis* and in this report stem from the inclusion of a bond issue to fund the upfront capital investment and the aforementioned inclusion of additional acquisition and disposition costs and revenues

APPENDIX A: METHODOLOGY

METHODOLOGY

This document is the fourth and culminating report of a year-long study of vacant land in Philadelphia sponsored by The Pennsylvania Horticultural Society. As such, it embodies the research, findings, and best thinking generated during the preparation of the preceding studies. In preparing the reports produced for this study, Fairmount Ventures, Inc. (Fairmount) reviewed the existing research on the topic, and collected and analyzed data from local government and community-based organizations. In addition, Fairmount spoke with more than 20 local officials, 30 stakeholders from Philadelphia, and 17 representatives from national organizations and cities across the country (please see list of “Key Informants” later in this section). The studies that resulted from these efforts, and the specific research they entailed, are described below.

For this final report, Fairmount reviewed and synthesized the data gathered and conclusions drawn from the earlier studies to form a factual and theoretical basis for the report. Fairmount then explored “best practices” methods of vacant land management efforts in cities across the country by reviewing research on the topic, interviewing national experts and policy analysts, and questioning officials from cities across the country. The cities researched for this report included Baltimore MD, Detroit MI, Providence RI, Cleveland OH, Pittsburgh PA, and Chicago IL. Fairmount also gained the local perspective on this issue by interviewing stakeholders from city government, community groups, and other interest groups.

As the initial step in the larger study, Fairmount Ventures, Inc. conducted a cost benefit analysis, which established the financial rationale for considering alternative approaches to vacant land management. In the preparation of this analysis, Fairmount reviewed the existing research, collected and analyzed municipal budgetary information, conducted an analysis of the Board of Revision of Taxes database, and interviewed local government officials. Fairmount then used the data collected during this research to create a financial model analyzing the potential costs and benefits of implementing a comprehensive, citywide method of managing vacant land.

Fairmount next undertook an evaluation of the New Kensington Open Space Management Project, a partnership between PHS and New Kensington CDC (NKCDC) that focused on comprehensive vacant land management within the CDC’s service area. To conduct this evaluation, Fairmount examined grant application and report documents, project budgets, and data from NKCDC’s “Clean and Green” database. Fairmount also conducted extensive interviews with current and former project management staff at both PHS and New Kensington CDC. In addition, Fairmount spoke with 14 community residents representing various levels of involvement in the open space program. Interviewees included community gardeners, Open Space Committee members, New Kensington CDC Board members, Sideyard Program applicants, Garden Center and greening project volunteers, residents of New Kensington and residents of Fishtown. Fairmount conducted interviews with representatives from key City departments that facilitated component programs

such as the City Planning Commission, the Redevelopment Authority, and the Office of Housing and Community Development.

For the third report in the study, Fairmount built on and expanded the information garnered and lessons learned from the earlier efforts to develop a comprehensive vacant land management program for Eastern North Philadelphia, East of Broad Street. To do so, Fairmount conducted a literature review to determine how the proposed program could be designed to fit within the current system and what relatively minor systemic changes will be required to allow it to function effectively. Fairmount also surveyed the target area, performing physical and socio-economic analyses. Finally, Fairmount conducted a series of structured telephone interviews and a document review to determine the interest of CBOs in the issue of vacant land and their capacity to implement a management plan.

KEY INFORMANTS

The research conducted for this study relied on gathering input from key informants, who included representatives from national policy organizations, officials in selected cities across the country, representatives of the City of Philadelphia, local community-based organizations, and residents of the target study area (lower north Philadelphia, east of Broad Street). In all, Fairmount spoke with more than 65 individuals. The following list includes a selection of the City agencies and other organizations contacted for this study.

National: Policy Organizations	
	Lincoln Land Institute
	National Council for Urban Economic Development
	The Urban Institute
	Hudson Institute
	The Trust for Public Land

National: Model City Informants	
Detroit	The Detroit News
Detroit	Wayne State University
Detroit	Department of Planning & Development, City of Detroit
Detroit	Motor City Blight Busters

Pittsburgh	Northside Leadership Conference
Pittsburgh	Vacant Property Working Group Committee
Baltimore	City Department of Planning
Baltimore	Department of Housing & Community Development
Chicago	NeighborSpace
Cleveland	Community Development; City of Cleveland
Providence	Department of Environmental Studies, Brown University

Philadelphia: City and Public Agencies	
	Philadelphia City Planning Commission
	Office of Housing and Community Development
	The City of Philadelphia Redevelopment Authority
	Mayor's Office of Information Services (MOIS)
	Department of Public Property
	Department of Licenses and Inspections
	Board of Revision of Taxes
	Philadelphia School District

APPENDIX B: PHS VACANT LAND MANAGEMENT STUDY

PHS VACANT LAND MANAGEMENT STUDY

Since 1974, the Pennsylvania Horticultural Society's Philadelphia Green program has worked with neighborhood organizations to convert over 2,000 vacant lots to community gardens, parks, and play areas. Well versed in the problems associated with vacant lots and the positive effects of cleaning and greening, PHS recognized that the rapid growth in the number of vacant parcels can easily overwhelm even the best of efforts to revitalize our communities. The number of abandoned lots simply outstrips the ability of community groups to care for them.

Interest of key city elected and appointed officials has turned attention to the need for additional strategies to combat this dilemma, sparking a number of efforts to study the vacant land problem. In late 1997, with steering committee oversight, PHS proposed to develop a strategic approach for the City of Philadelphia to address the issue of vacant property. Funded by the William Penn Foundation, this eighteen-month feasibility study and action plan for vacant land management throughout the city was developed by a consultant team led by Fairmount Ventures, Inc. Michael Groman, Director of Philadelphia Green's Community Greening Department, served as the study's project manager.

STEERING COMMITTEE

Blaine Bonham, Executive Vice President
Philadelphia Green, Pennsylvania Horticultural Society (PHS)

Tina Brooks, Senior Program Director
Local Initiatives Support Corporation

Barbara Kaplan, Executive Director
Philadelphia City Planning Commission, City of Philadelphia

John Kromer, Director
Office of Housing and Community Development (OHCD), City of Philadelphia

Patrick Starr, Regional Director
Southeastern PA Office, Pennsylvania Environmental Council

ACKNOWLEDGEMENTS

Thanks to all on the steering committee. And a special thanks to Deborah McColloch, Deputy Director at OHCD, Gary Jastrzab, Head of the Housing and Demographics Unit of the Philadelphia City Planning Commission, and Michael Groman for their help with this project.

APPENDIX C: ABOUT THE CONSULTANT TEAM

FAIRMOUNT VENTURES, INC.

This evaluation was produced by Fairmount Ventures, Inc (Fairmount) a Philadelphia-based consulting firm consisting of seventeen (17) professional staff with diverse academic and professional experience. Formal academic training among the staff includes business and finance, city planning, public policy, social welfare policy, human service delivery, education, healthcare, communications and evaluation. Fairmount's inter-disciplinary team focuses exclusively on non-profit and public sector organizations working in the areas of human services, economic development, community development, behavioral and physical healthcare, and affordable and supportive housing. Since its inception seven (7) years ago, the firm has served more than 100 organizations, ranging in size from small, community-focused organizations to some of the largest nonprofit institutions and projects in the country.

In the area of program evaluation, Fairmount has expertise in researching and determining the feasibility of new programmatic and inter-organizational initiatives; providing the evaluative data needed to re-position, strengthen and expand established programs; and identifying and articulating the public policy rationale required to gain ongoing government support for programs spawned and operated by nonprofit organizations. Fairmount utilizes and blends qualitative and quantitative methods, with the scope and needs of each project driving the specific methodology employed

Contributing Staff:

Don Kligerman, President
Mark Deitcher, Vice President
Chip Darling, Associate
Elyssa Kane, Associate
Elizabeth Miller, Associate
Grey Cecil, Project Assistant
Agnes Woebkenberg, Research Assistant

Contact Information:

Fairmount Ventures, Inc.
1435 Walnut Street
Philadelphia, PA 19102
(215) 587-9300
(215) 587-9364 (f)
(dkligerman@fairmountinc.com)

CAMPBELL THOMAS AND COMPANY

Campbell Thomas and Company is Philadelphia's premier "community development architect". The firm specializes in providing architecture, preservation and community planning services to nonprofit clients in the Delaware Valley. The firm works frequently with nonprofits building low-income housing and group homes, and on a host of environmentally related projects. Illustrative work includes Ludlow Village Home Ownership (50 new homes for the West Ludlow community); Gratz Street Housing (revitalization and architectural preservation of an existing neighborhood of affordable housing in North Philadelphia); Fairmount Park Bikeway and Rail Trail (Fairmount Park Commission) and Botanic Trail Pre-development (Historic Bartram's Garden).

Contributing staff:

Robert P. Thomas, AIA

Marion Clark

Contact Information:

Campbell Thomas & Co Architects

1504 South Street

Philadelphia PA 19146-1636

(215)545-1076

(215) 545-8397 (f)

(rthomas@campbellthomas.com)