



Policy Memorandum: The Multiple Benefits of Land Banking and
Comprehensive Land Bank Planning for Detroit

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Background:

The recently enacted Land Bank Fast Tract Acts (House Bills 4480-4484 and 4488) create the potential for successful land bank programs throughout Michigan. Urban land banks have been discussed in Michigan since the 1990's, with the City of Flint establishing a successful land bank program before the recent bills were enacted. The city of Detroit contains some of the highest concentrations of vacant and underutilized land in the nation. Detroit could benefit significantly from a successful land bank program. The following memo outlines some of the primary benefits of a land bank program, in particular the potential impact on public safety in Detroit. This memo also discusses the need for urban land banks to be focused on community development, rather than just fiscally focused. Similarly, urban land banks need strategic planning to maximize their benefits.

The benefits of land banks:

Land bank programs have been established in many cities across the nation to tap the potential for urban redevelopment. Surveys by the Brookings Institute found on average major cities in America had 15% of their land deemed vacant.ⁱ With over almost 10 abandoned buildings for every 1,000 residents, Detroit has the 2nd highest ratio of vacant buildings to population of all cities with over 1 million residents.ⁱⁱ Detroit is estimated to have over 10,000 abandoned buildings and owns approximately 45,000 tax reverted parcels.ⁱⁱⁱ As seen in **Map 1**, the City of Detroit has the highest concentration of abandoned structures in all of southeast Michigan.

An urban land bank has short term fiscal benefits as well as the potential for long term community development benefits for urban areas. By redeveloping this "urban resource" cities have seen fiscal, environmental, public safety, economic, housing and quality of life benefits (**See Figure 1**). Successful land bank programs remove a source of blight from the central city and can create a synergy of benefits that has the potential to spur additional reinvestment into the city.

Impacts of vacant properties-

"The misery of housing may despoil a community as an open sewer may ruin a river. Every day, in urban communities across the country, vacant buildings haunt neighborhoods, blighting the city landscape, lowering surrounding property values, increasing crime and the risk of fire, and posing hazards to children."

(Taken from "Hanging out the No Vacancy Sign: Eliminating the Blight of Vacant Buildings from Urban Areas"

by David Kraut. New York University Law Review. October 1999.)

To properly assess the benefits from land banking it is critical to assess the impact of vacant or abandoned property in the urban environment. Vacant property is a drain on city resources, producing no property tax revenue. In 1999, delinquent property taxes exceeded \$80 million and accounted for more than 1/3 of the entire tax property tax levy in the City of Detroit.^{iv} By 2002, the delinquent tax revenue totaled \$95 million and an additional \$67 million was owed to

Detroit's city schools.^v Vacant properties further exasperate this fiscal impact by decreasing property values in surrounding properties (further stifling tax revenues) and requiring additional public services (fire and police protection) due to the enhanced public safety problems associated with vacant structures.

Vacant properties often contain poor wiring and are attractive targets to arsonists.^{vi} Research by the National Fire Protection Association found that vacant properties create on average 12,000 fires and \$73 million in property damage per year.^{vii} Detroit has long been associated with arson problems. Last Halloween over 46,000 volunteers helped patrol the city to avoid arsons, despite the increased volunteer protection, over 117 fires were started during this time (although this has declined from 157 Halloween fires in 2001). A land bank program to accelerate the rehabilitation or removal abandoned structures in the city could have serious positive impacts on public safety concerns related to arson in Detroit.^{viii}

Vacant property and crime-

Vacant properties impact the potential for arson in urban areas but also increase criminal activity. Studies have shown a direct link between vacant structures and criminal activity. Research in Texas has found that more than 80% of vacant buildings that are accessible to enter showed evidence of criminal activity. Vacant structures were associated with narcotics trafficking, storing stolen goods, sexual assault and a variety of other crimes. Blocks with accessible vacant structures had crime rates that were twice as high as blocks without accessible vacant buildings.^{ix} Vacant structures provide additional safety hazards for children who may be more likely to wander into structures and become trapped, victimized or injured.^x

Understanding the link between vacant property and public safety-

Neighborhood image and appearance is another aspect of the physical environment thought to impact crime and the perception of fear. Physical deterioration and disorder in the urban environment (such as blight and abandoned buildings) are considered indicators of incivility. These signs of incivility are thought to further impact neighborhood crime and decline. The sense of disorder created by physical neglect dissuades pedestrian traffic in the area. The reduced activity results in less natural surveillance or "eyes on the street" in the area. Criminal offenders take note of this and crime increases in the area.^{xi}

Research has found that vacant buildings do remove "eyes on the street". The Department of Housing and Urban Development had found that once an area becomes inundated with vacancies (with vacant properties accounting for 3 to 6% of total buildings in a neighborhood), that neighboring residents begin leaving rapidly. The result is an accelerated process of abandonment and population loss in the neighborhood.^{xii}

Research regarding "incivility" theory has provided some support to idea of neighborhood decay impacting crime, although the detailed nature of this relationship is still debated.^{xiii} This theory is built on the earlier concept of "broken windows" theory, which suggests decay and disorder facilitates continued deterioration of the physical environment. Thus, one broken window leads to additional broken windows, graffiti, vandalism and additional crime.

Crime prevention via physical planning-

Crime prevention strategies are not limited to law enforcement or citizen mobilization. The policy of modifying the built or physical environment to impact crime has been practiced by many communities. This concept, commonly referred to as CPTED (Crime Prevention Through Environmental Design), focuses on redesigning areas to eliminate physical characteristics of the built environment that impact the vulnerability of residents to crime.^{xiv}

Principles of CPTED-

The concept of CPTED emerged during the early 1970's from the work of C. Ray Jeffery.^{xv} The movement was strongly influenced by Jane Jacob's critique of policies that limited pedestrian traffic in urban areas.^{xvi} Oscar Newman was one of the pioneers in the field, publishing "Defensible Space" in 1971. His work primarily focused on improving safety in public housing developments and successfully showed the changes to the physical environment decreased criminal activity.^{xvii}

Newman's theories focused on improving natural surveillance and territoriality for residents. The theory of "Defensible Space" suggests improving the physical characteristics of the environment to allow residents to observe and exert control over the area surrounding their homes. These improvements will result in reductions in crime.

Natural surveillance refers to environmental characteristics that promote easy observation of potential offenders. Natural surveillance also related to locations of access points and promotes controlled access in order to enhance resident surveillance.^{xviii} Territoriality includes methods of promoting symbolic control over the surrounding environment. Often territoriality involves improving public spaces by clearly defining boundaries between private and public space.

Linking the land bank to crime prevention-

A land bank program allows the application of the CPTED principles to be applied to distressed urban neighborhoods. A successful land bank will remove blight and abandoned buildings from the urban environment, eliminating many of the signs of physical disorder than facilitate crime. More importantly, the redevelopment from a land bank program allows an opportunity to apply principles of CPTED in an existing urban area. Land bank redevelopment results in designing new structures and making improvements that promote crime prevention through design. Simultaneously, the influx of new residents and activity generated from redevelopment will place more "eyes on the street" which dissuades criminal activity.

Land Bank as a tool for community development-

Vacant properties are a serious detriment to urban areas, but they also provide a tremendous opportunity to facilitate urban redevelopment. As stated by the Brophy and Vey: "Vacant and abandoned urban properties are often viewed only as liabilities, and have seldom been counted among a city's assets."^{xix} A successful land bank program can be a powerful tool for community development. As displayed in **Figure 1**, a successful land bank program can provide a variety of benefits and if successfully planned can significantly impact distressed urban neighborhoods. Land banks can benefit urban schools, improve tax revenues, expand housing opportunities, remove public nuisances, assist in crime prevention and promote economic development.

Two approaches to Land Banks: fiscal vs. community development-

Although land bank programs are often viewed as only a fiscal policy, they can have comprehensive benefits. A fiscally oriented land bank policy only focuses on quickly acquiring and placing land back on municipal/county tax roles. This approach is effective but shortsighted in relation to issues of community development and sustainability. To maximize its potential, land bank programs requires planning and goals that extend beyond fiscal benefits. The goal of the land bank should be community development.

The land bank is a redevelopment tool to assist the city in meeting its other community development needs, such as housing, job growth, public safety etc. Land bank programs should be targeted to meet these other goals and interlinked with additional planning initiatives of the city, such as comprehensive planning or neighborhood development plans.^{xx} Land bank programs should also be aligned with existing development initiatives and development incentive programs

to maximize the potential for redevelopment. As summarized in the most recent *Community Revitalization* newsletter:

*“If the primary goal of any disposition effort is to return the property to a productive use, **the disposition of the property must be linked to a revitalization strategy.** After three years of managing the Revitalife Program and from lessons learned from other communities, we have come to understand that absent a link with a broad revitalization strategy, the land bank will have far less value than anticipated by its sponsors. A land bank should be considered a tool in a broader urban revitalization strategy, not a complete solution.”*

Taken from the “Community Revitalization Newsletter” January 2004. Juergensen & Associates (Coordinators of the State of Michigan’s Revitalife Program)

Peer city examples-

Problems with vacant land plague many cities in America. The following assesses conditions and land bank initiatives in three Midwestern peer cities: St. Louis, Flint and Cleveland. As seen in **Maps 1-4**, like Detroit, these cities have significant concentrations of vacant structures in the central city. In the 2000 Census, St. Louis had 15,242 vacant buildings that were not for sale or rent, this represented 8.6% of the building stock in the City of St. Louis. In 2000, Flint had close to 2,500 vacant structures, which represented 4.5% of the total housing stock in the City of Flint.

Cleveland recorded over 9,500 vacant buildings in the 2000 Census; a total of 4.4% of the housing stock in Cleveland was vacant in 2000. With one of the longest running land bank programs in the nation, Cleveland has experienced a decline in vacant buildings from the 1990 census when over 10,000 vacant buildings were reported in Cleveland. Detroit reported 18,500 vacant buildings that were not for sale or rent in the 2000 Census. Vacant buildings in Detroit account for approximately 5% of the City’s total housing stock, and the number of vacant structures increased in the 1990’s for the City of Detroit.^{xxi}

Cleveland (as well as Atlanta and Indianapolis) has structured a land bank program that is intricately linked with non-profit Community Development Corporations (CDC’s) that are attempting to revitalize Cleveland’s neighborhoods. One of the primary goals met with Cleveland’s land bank program is provision of affordable housing. Approximately 90% of all CDC properties are acquired from the city’s land bank program and approximately 500 properties a year are delivered to the land bank. This initiative is further bolstered by the Cleveland Housing Trust Fund which provides an additional grant for the CDC’s to produce affordable housing.^{xxii} The Cleveland land bank has been critical to producing affordable housing, because the high cost of acquiring land for CDC’s in Cleveland would make many projects cost prohibitive.^{xxiii}

The St. Louis land bank initially ran into problems by only focusing on the fiscal benefits of its land bank program. The city reverted dedicated many properties back to neighboring property owners, which eventually returned to tax delinquency when property owners could not shoulder the additional tax burden. The city also ran into problems with its demolition plans, when the state’s environmental protection agencies objected to the large amount of asbestos what would be released from multiple demolition projects in residential neighborhoods.^{xxiv} The City of St. Louis have improved many aspects of the Land Bank program and in 2001 found that ¾’s of it’s vacant land transferred had been successfully redeveloped.^{xxv}

Genesee County has been the pioneer in land bank activity in the State of Michigan. Genesee County capitalized on legislative reforms in 1999, to initiative a collaborative land bank project with the City of Flint. In the first two years of the Genesee County program over 2,500 parcels of land were acquired by the County, accounting for 5% of the total land area in the City of Flint. Hundreds of dilapidated properties have been demolished and more than 25 properties were rehabbed and 140 rental properties are now managed by non-profit housing agencies. More than 100 vacant lots have been conveyed to neighboring property owners and new infill housing is

being developed on 16 vacant lots. The County also has integrated a special program to assist homeowners in avoiding foreclosure; more than 750 families have avoided foreclosure through this process.^{xxvi}

Genesee County is currently collaborating with the C.S. Mott foundation to fund a more aggressive approach to reusing abandoned properties. The current rate of redevelopment has been small in comparison to the number of vacant properties. The Mott foundation is funding a neighborhood based planning effort to maximize the benefits from the land bank. This new initiative will involve a regional and neighborhood planning and seek to implement community development goals (such as housing and neighborhood development).^{xxvii}

Summary/Conclusion:

Vacant land as a direct impact on the health of urban areas. In Detroit, vacant land is a not just a nuisance but accelerates the deterioration of neighborhoods, increases criminal activity and robs the city of valuable financial resources. A successful land bank program could have a significant impact on the future of Detroit. Many cities similar to Detroit have initiated land bank programs and most have seen beneficial results. A land bank program is not a simple solution to urban decline but a tool to spur redevelopment in urban areas. To maximize the potential of the land bank program, it must be structured and coordinated with other planning initiatives. Careful coordination of a land bank program with existing redevelopment initiatives can create a synergy which will aide in meeting the multiple goals of community development.



Figure 1: Potential community development benefits from a successful land bank program



City of Columbus Property before Land Bank Redevelopment



City of Columbus Property after Land Bank Redevelopment

**Figure 2: Before and After Photo's of Land Bank Project in the City of Columbus Ohio;
Source: City of Columbus Ohio at: <http://ci.columbus.oh.us/>**

Endnotes:

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- ^v City of Detroit. "Mayor Kilpatrick Announces Property Tax Amnesty Program". Press Release. March 11th 2002
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- ^{viii} Anonymous. "Detroit, Halloween Fires Down, Volunteer Numbers Up". Associated Press Newswire. November 2nd, 2003
- ^{ix} Spelman, William (1993) "Abandoned Buildings: Magnets for Crime?" Journal of Criminal Justice 21(5): 481-495.
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- ^{xii} Kraut, David (1999) "Hanging out the No Vacancy Sign: Eliminating the Blight of Vacant Buildings from Urban Areas". New York University Law Review. Vol.74, Issue 4.
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- ^{xvii} Newman, O. (1973) "Defensible Space: Crime Prevention through Urban Design." Collier Books. NY, NY.
- ^{xviii} Newman, O. (1996) "Creating Defensible Space." U.S. Department of Housing and Urban Development, Office of Policy Development and Research. Washington D.C.
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- ^{xx} Brophy, P. & Vey, J. (2002) *Seizing City Assets: Ten Steps to Urban Land Reform*. The Brookings Institute. Research Briefs October 2002.
- ^{xxi} Vacancy data from the U.S. Census Bureau's 1990 and 2000 decennial Census of Population and Housing.
- ^{xxii} Anonymous. *Cleveland Case Study Summary*. LISC at: <http://www.liscnet.org>
- ^{xxiii} Rosan, C. (2001) "Cleveland's Land Bank: Catalyzing a Renaissance in Affordable Housing". Fannie Mae Foundation. Housing Facts and Findings. Volume 3. Issue 1.
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- ^{xxv} Berger, Jerry. "Abandoned Properties are Faring Well Under New Owners, City Review Finds". St. Louis Post-Dispatch. November 29, 2002
- ^{xxvi} Program highlights taken from: "Bringing Flint Back to Life". Getting Smart. Newsletter of the Smart Growth Network. Volume 6, Number 4. 2003.
- ^{xxvii} The Charles Stewart Mott Foundation. "Genesee County's Abandoned Property and Land Reutilization Plan". Found at: <http://www.mott.org/>