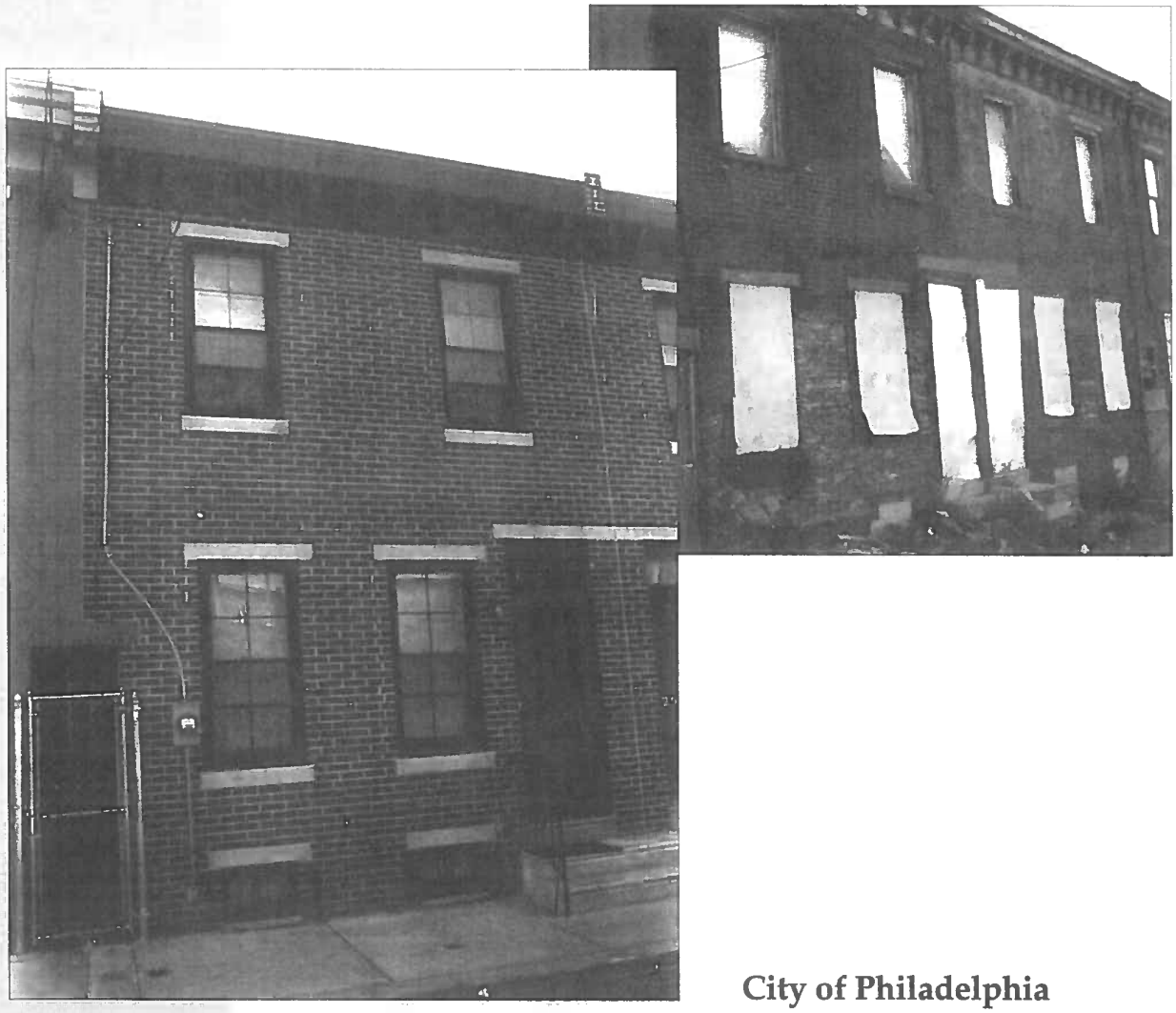
Vacant Property Prescriptions

A REINVESTMENT STRATEGY



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

August 1996

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CITY OF PHILADELPHIA

OFFICE OF HOUSING AND
COMMUNITY DEVELOPMENT
1234 MARKET STREET, 4TH FLOOR
PHILADELPHIA, PA 19107
(215) 686-9750
(FAX) 564-0174

JOHN KROMER
DIRECTOR

This paper explains the significance of housing abandonment as a community development issue for Philadelphia neighborhoods and describes a combination of vacant property prevention and treatment activities organized by the Office of Housing and Community Development (OHCD) as the basis for a broad neighborhood reinvestment strategy.

Deteriorated vacant houses and unimproved vacant lots are the most visible evidence of the economic loss suffered by urban neighborhoods during recent decades of declining population and shrinking employment opportunity. Because neither a resurgence of population nor a massive infusion of public or private investment capital is a realistic prospect for Philadelphia neighborhoods, it is critically important that the City mobilize its limited resources effectively to address neighborhood vacant property problems and take advantage of current opportunities to promote reinvestment now.

A more extensive discussion of vacant property planning issues and related policy, planning and management options is presented in two reports published this year: *Vacant Land in Philadelphia* by the Philadelphia City Planning Commission (being prepared for public release following an upcoming presentation to the Commission) and *Urban Vacant Land: Issues and Recommendations* by the Pennsylvania Horticultural Society. This paper provides a more limited analytical coverage of the issues than the preceding publications and instead focuses on strategic choices for Philadelphia neighborhoods, based on a recognition of the need to advance an incremental, cost-conscious approach which builds on existing neighborhood strengths to the greatest extent possible.

I look forward to further review of these issues and to continued progress in advancing the strategy described in this paper.

John Kromer
Director

PART ONE

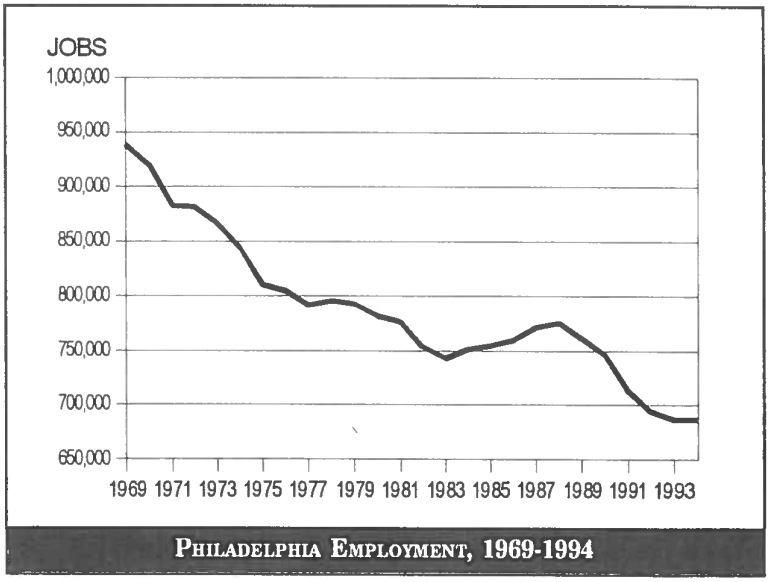
Vacant Property History: Causes and Contributors

Vacant houses and lots are the most visible signs of a core problem affecting most Philadelphia neighborhoods today—the problem of economic disinvestment.

dis•investment- *n:* consumption of capital (as by uncompensated deterioration of assets or using up of stored inventory); *sometimes:* withdrawal of capital from investment

Like other urban areas across the United States, Philadelphia has been struggling to reverse a decades-long pattern of disinvestment involving:

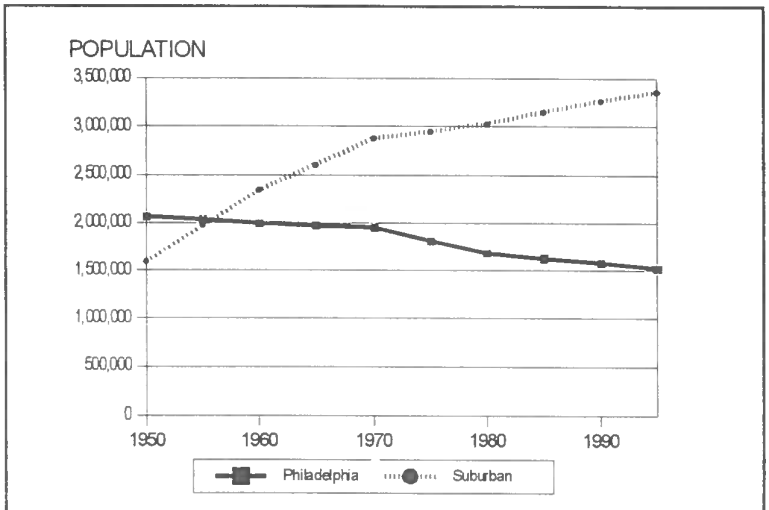
- Loss of jobs, as businesses have left the city;



Philadelphia Employment, 1969-1994

Source: U.S. Census Bureau

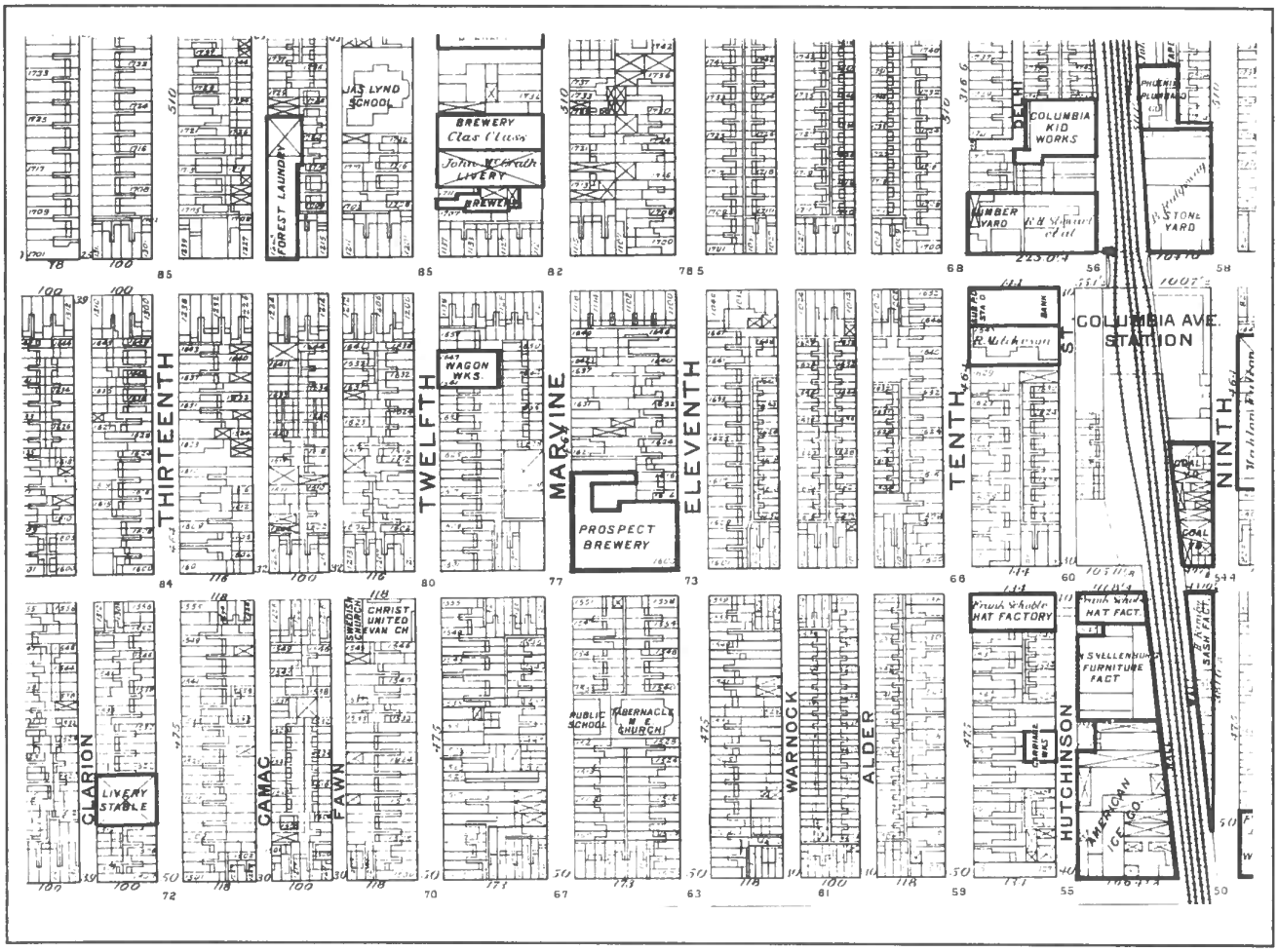
- Accompanied by a decline in city population, as more jobs emerge in the suburbs and improved transportation systems make suburban areas more accessible.



Population Trends: Philadelphia & Suburban Counties, 1950-1994

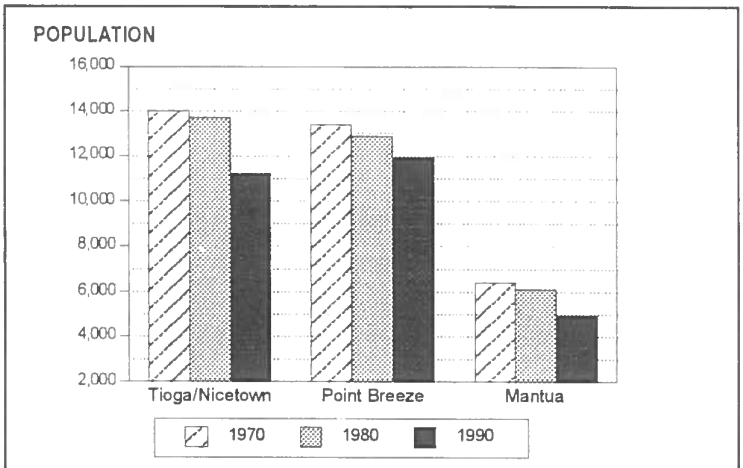
Source: U.S. Census Bureau

Older Philadelphia neighborhoods have suffered most from disinvestment. Many older neighborhoods grew up around large factories which generated stable local employment for over a century.



Columbia Avenue, East of Broad Street, 1895

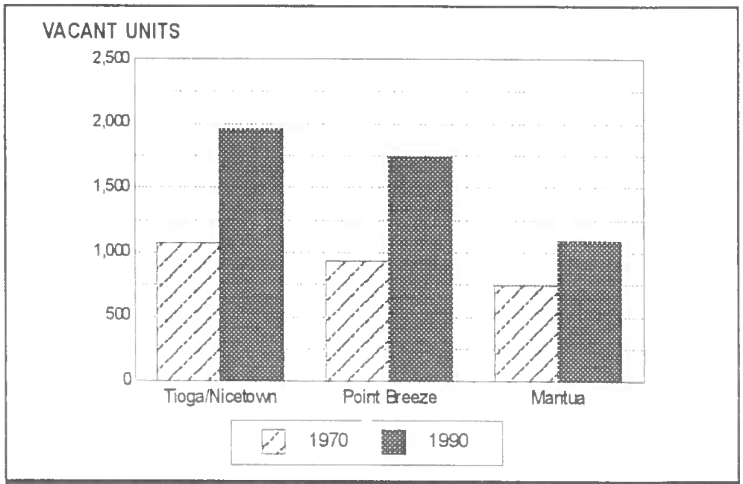
As factories closed and businesses moved out, many Philadelphia neighborhoods were devastated by population loss.



POPULATION CHANGE IN THREE PHILADELPHIA NEIGHBORHOODS: 1970-1990

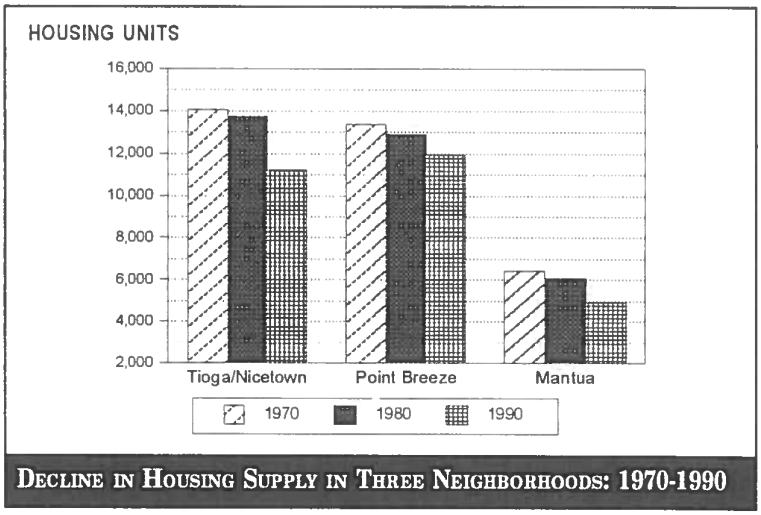
In these neighborhoods, particularly within North, West and South Philadelphia, population decline left many property owners with houses and apartments that could not be sold or rented--for the first time, there were far more housing units than there were people.

As a result, housing abandonment and increased housing vacancy have become severe problems for many Philadelphia neighborhoods during recent years.



HOUSING VACANCY IN THREE NEIGHBORHOODS, 1970 AND 1990

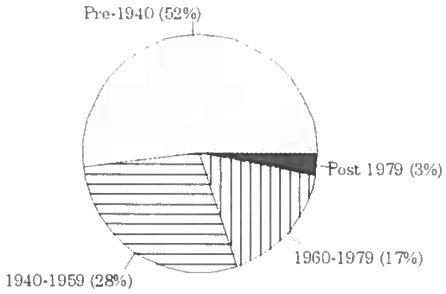
Housing vacancy in older neighborhoods continues to be a problem, even after years of demolition have resulted in a substantial decrease in neighborhood housing stock—and produced many vacant lots.



Decline in Housing Supply in Three Neighborhoods: 1970-1990

Source: U.S. Census Bureau

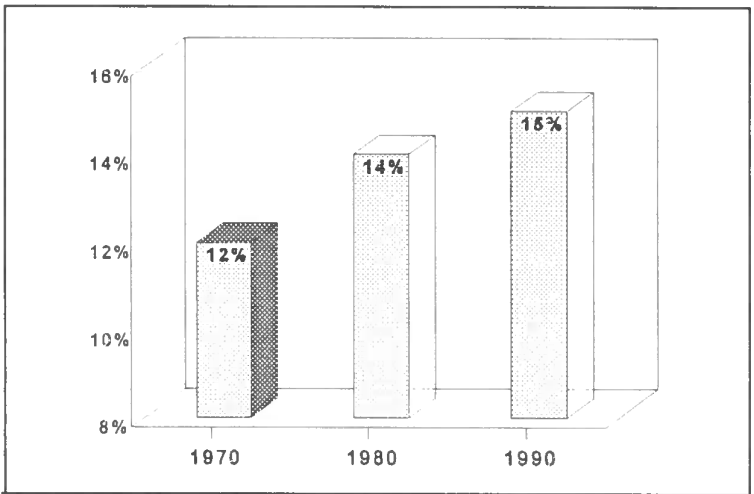
In addition, many vacant and occupied houses are now more than 100 years old, and more homeowners are experiencing difficulty in maintaining or upgrading major systems.



Source: U.S. Census Bureau

Age of Philadelphia's Housing Stock

Thousands of older houses owned by low-income elderly people who may not be able to afford major systems repairs are potential contributors to *future* housing vacancy.



Percent of Philadelphia Residents Over the Age of 65

Source: U.S. Census Bureau

Although economic disinvestment, not government action, is the primary cause of housing vacancy, some past government policies and programs have worsened conditions in Philadelphia neighborhoods.

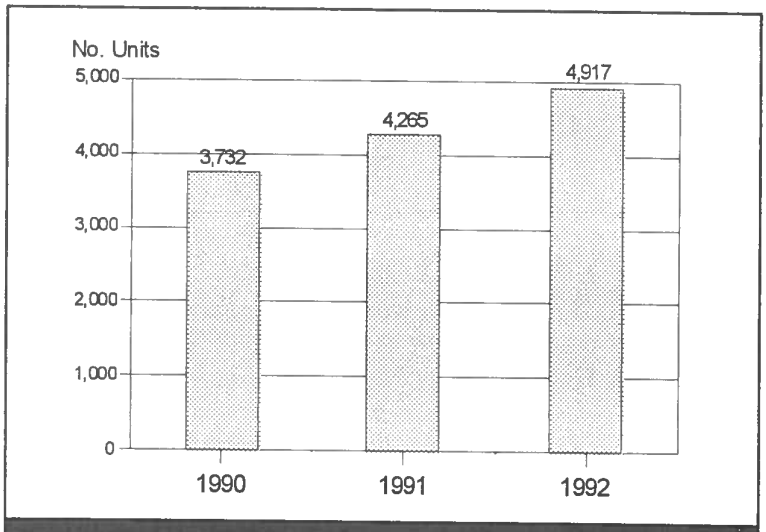
After the 1960s, changes in the structure and level of federal funding for urban renewal programs meant that vacant parcels previously acquired by the Philadelphia Redevelopment Authority (RDA) in designated urban renewal areas had to wait indefinitely for development funding.

During the 1970s and 1980s, City housing agencies asked the Revenue Department to "bid in" at Sheriff Sale thousands of vacant, tax delinquent houses in the expectation that a private developer, City program or urban homesteader would rehabilitate them. Limited funding, weak coordination among development agencies and scarcity of financially qualified developers resulted in continued City ownership of these houses, most of which have been demolished or are too severely deteriorated to rehabilitate without substantial public subsidy.

Federal Street

Woodstock Street

For many years the Philadelphia Housing Authority allowed its scattered-site row house inventory—now consisting of 7,268 structures—to fall into disrepair, producing more long-term vacant houses in many neighborhoods. Since 1993, when Mayor Edward G. Rendell and Council President John F. Street became Chair and Vice Chair of PHA and John F. White Jr. was appointed PHA Executive Director, PHA has mobilized resources to begin to reverse this situation. Among scattered-site properties alone, PHA has completed the rehabilitation of 830 units in 1994-95, compared with 69 units rehabilitated in 1991-93.



Total Vacant PHA Units, 1990-92

Vacant and abandoned property is a new and relatively recent problem for Philadelphia neighborhoods—a complex problem which cannot be addressed effectively without an understanding of its history and a strategic approach to guide the allocation of limited public resources.

PART TWO

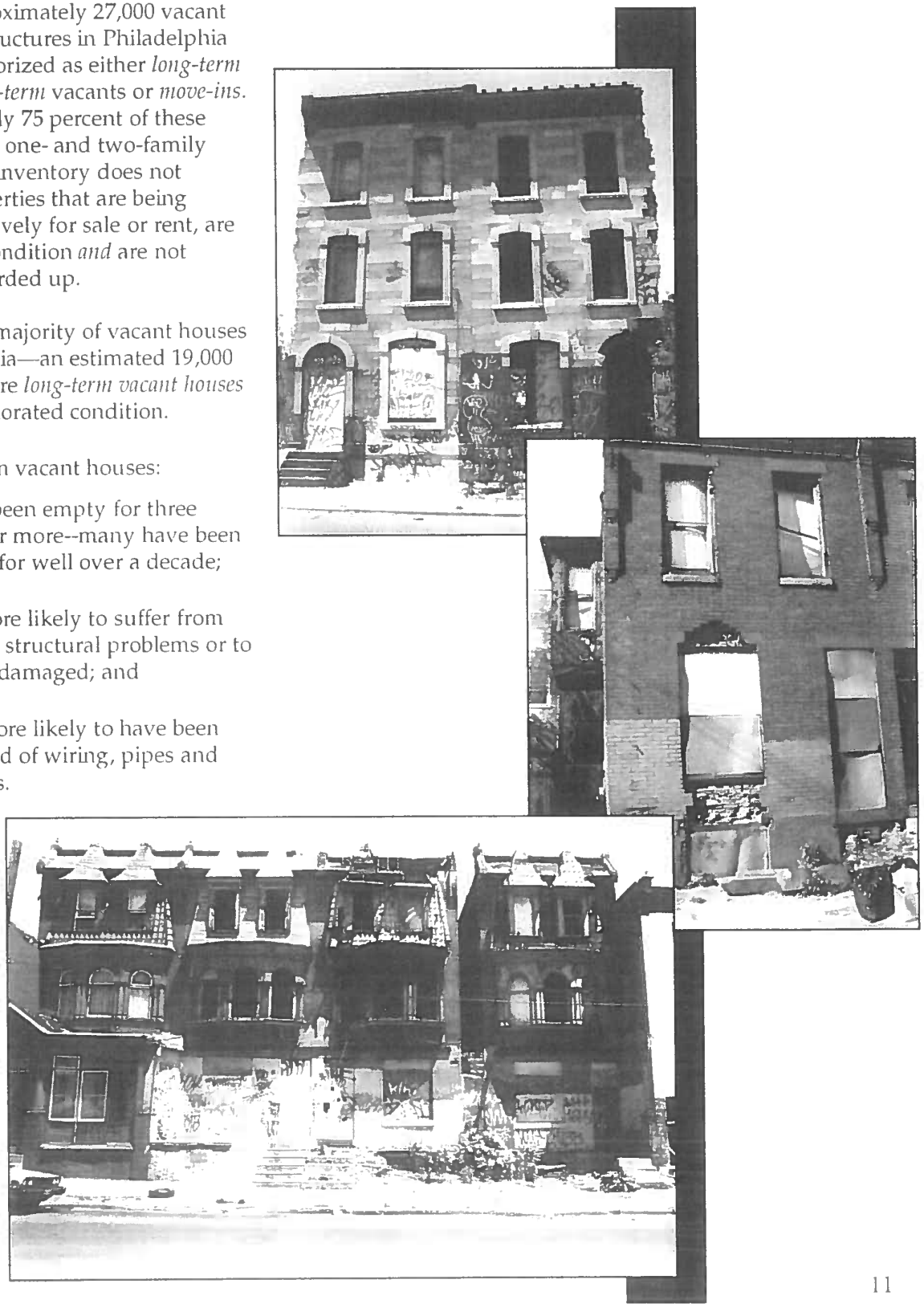
Philadelphia's Vacant Structure Inventory

The approximately 27,000 vacant residential structures in Philadelphia may be categorized as either *long-term* vacants, *short-term* vacants or *move-ins*. Approximately 75 percent of these structures are one- and two-family houses. This inventory does not include properties that are being marketed actively for sale or rent, are in move-in condition *and* are not sealed or boarded up.

The vast majority of vacant houses in Philadelphia—an estimated 19,000 structures—are *long-term vacant houses* in very deteriorated condition.

Long-term vacant houses:

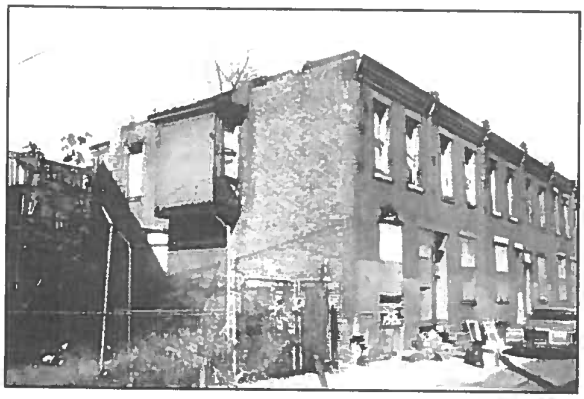
- Have been empty for three years or more--many have been empty for well over a decade;
- Are more likely to suffer from serious structural problems or to be fire-damaged; and
- Are more likely to have been stripped of wiring, pipes and fixtures.



The greatest concentration of long-term vacant houses is within North Central Philadelphia, east and west of Broad Street.

West York Street

North 29th Street



Substantial numbers of these houses are very severely deteriorated and are located on blocks containing other vacant structures and lots.

Many other long-term vacant houses are located in South Philadelphia below South Street, in West Philadelphia neighborhoods such as Mantua, Belmont and Mill Creek and in Southwest Philadelphia.

Saybrook Street

Chester Avenue

Catherine Street

Most City-owned vacant properties are long-term vacant houses acquired during the 1970s and 1980s but never funded for rehabilitation. Because Sheriff Sale was the primary means of acquisition during that period, most of these houses took three or more years to acquire, and many changed from short-term, reasonably sound vacant houses to severely deteriorated long-term vacants while being moved through Sheriff Sale or waiting through the subsequent "right of redemption" period.

Due to their seriously deteriorated condition, long-term vacant houses require "gut" rehabilitation involving extensive interior demolition and subsequent replacement of basic structure and major systems, along with replacement or substantial repair of windows and doors, stairs, walls and flooring.

The development cost per unit to rehabilitate a long-term vacant house or an apartment unit in a long-term vacant structure is $70,000 to $150,000 per unit or more.

Homestart house, Mantua, West Philadelphia
Cost: $71,000 per unit (developer overhead not included).

Brentwood I, Parkside Avenue Development
Cost: $143,000 per unit.

The estimated total cost of rehabilitating all 19,000 long-term vacant units in Philadelphia, at an average cost of $110,000 per unit, is:

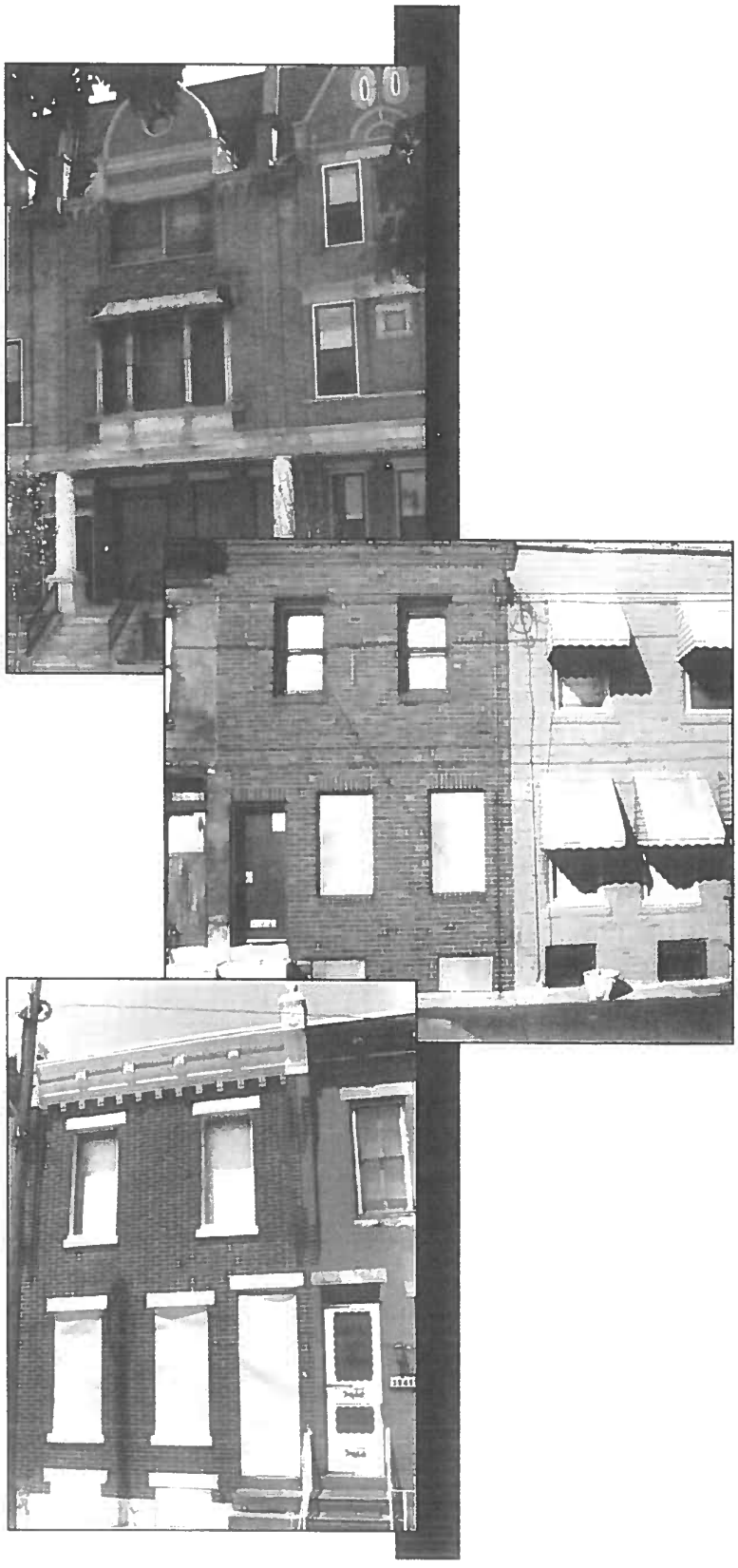
19,000 X $110,000 = $2,090,000,000

This amount is about 69 times as large as the "Housing Production" portion of the fiscal 1997 Community Development Block Grant (CDBG) budget, the part of the budget that provides development subsidy for long-term vacant structure rehabilitation and for new housing construction on vacant land.

Short-term vacant houses are far fewer in number—an estimated 6,000 of the 27,000 vacant structures city-wide—and are more widely dispersed around Philadelphia.

Short-term vacant houses:

- Have been empty for less than three years;



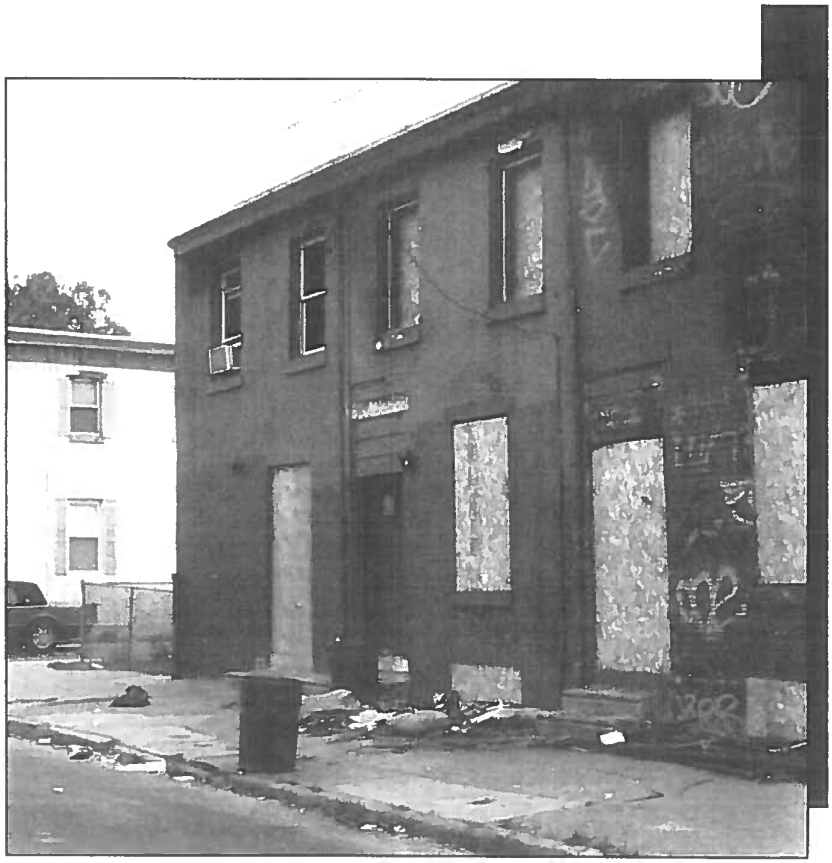
- Are structurally sound, usually with roofs intact and no fire damage; and

- Are more likely to have been sealed (perhaps by the owner) and less likely to have been vandalized.

A significant number of short-term vacant structures are located in "conservation" neighborhoods, which are more stable and less blighted than areas traditionally targeted for substantial commitments of Community Development program resources. These conservation neighborhoods include communities such as

- Frankford
- West Oak Lane; and
- Cobbs Creek

Many short-term vacants appear to be investor-owned (including speculator-owned) properties that were not well-maintained and fell into disrepair; mortgage foreclosures that could not be resold quickly after foreclosure; and houses belonging to the estates of recently deceased elderly people with no known relatives.



Rehabilitated property, interior

Rehabilitated property, exterior

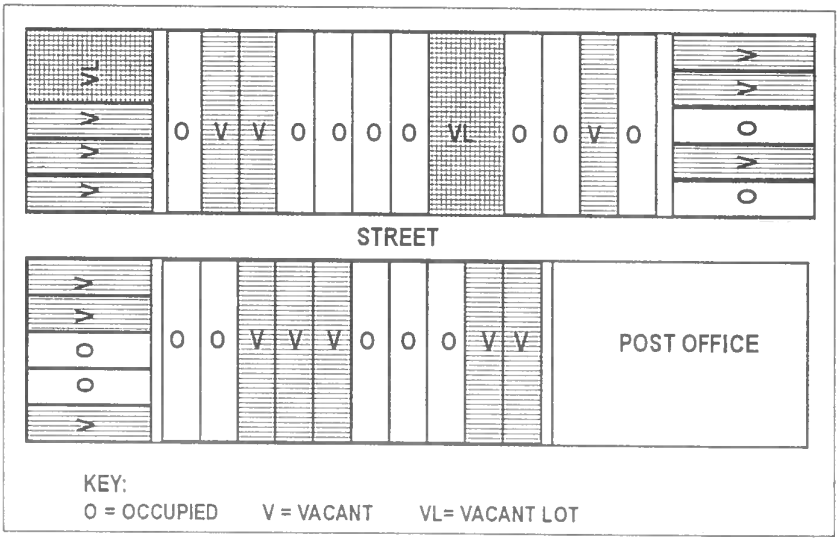
Short-term vacants can be rehabilitated using a "*repair*" rather than "*replacement*" approach. Such an approach involves little or no interior demolition, repair and upgrading of major systems where possible and retention of walls, flooring, stairs, doors and windows where feasible.

The development cost per unit to rehabilitate a short-term vacant house or an apartment unit in a short-term vacant structure is under $70,000 per unit.

Rehab Budget/Sales Housing
Northwest Philadelphia
Resources for Human Development

$25,200	Acquisition	$49,000	Sales Price
29,000	Construction	17,200	Development Subsidy
8,500	RHD Admininistration		
3,500	Other Program Costs		
$66,200	Total Development Budget	$66,200	Total Sources of Funds

Although rehab cost is much lower for short-term vacants, many of these houses are located on blocks which also contain long-term vacants. Under these circumstances, it usually makes sense to treat the long-term vacants as well, through demolition (and vacant lot improvement where possible) or more expensive gut rehab. When the latter occurs, the average cost per unit to "save" the block can increase substantially.



Site Plan, North Philadelphia

The estimated total cost of rehabilitating all 6,000 short-term vacant units in Philadelphia, at an average cost of $45,000 per unit, is:

6,000 X $45,000 = $270,000,000

This amount is about nine times as large as the "Housing Production" portion of the fiscal 1997 CDBG budget.

Vacant houses in *move-in* condition, representing up to 2,000 properties in the total vacant structure inventory, are widely dispersed around Philadelphia, mostly in stable neighborhoods outside traditional CDBG target areas.

Move-ins:

- have been empty for less than one year;
- require few or no Code-related improvements; and
- have working systems requiring upgrade or repair rather than replacement.

Many move-in vacants are U.S. Department of Housing and Urban Development (HUD) and Veterans Administration (VA) foreclosures and bank foreclosures.

Move-in vacants can often be improved for under $10,000 and sold or rented at market rates without need for public subsidy.

HUD HOMES FOR SALE.

For less. For everyone. But for a limited time only. The listing below contains a large selection of properties that are reasonably priced – some even eligible for financing. Just pick up the phone and **call your real estate agent/broker for details.** And get it all for less.

NEW LISTINGS

The following properties are available for a sealed bid period which expires JULY 11TH, 1995 at 4:00 PM

AVAILABLE FOR OWNER-OCCUPANT PRIORITY

(INVESTOR OFFERS WILL ONLY BE CONSIDERED IF NO OWNER-OCCUPANT BIDS ARE ACCEPTED)

AS IS/ALL CASH

CASE NUMBER	LOCATION		LIST PRICE	BDRM	NOTES
071-050531	NEW CASTLE	DE	39,400	3	
441-431663	ALLENTOWN	PA	19,600	5	
441-146882	CHESTER	PA	8,000	3	30-DAY SETTLEMENT
441-405296	CHESTER	PA	11,500	3	
441-342939	COLWYN	PA	19,900	2	
441-343013	FACTORYVILLE	PA	17,000	4	NOT ZONED DUPLEX
441-209959	PHILA	PA	7,500	3	30-DAY SETTLEMENT
441-980106	PHILA	PA	15,000	4	
441-282930	PHILA	PA	18,000	6	STRUCTUAL DAMAGE
441-305503	PHILA	PA	16,000	3	203K
441-242872	PHILA	PA	27,900	3	OCCUPIED
441-225673	PHILA	PA	12,500	3	
441-398929	PHILA	PA	34,000	3	
441-384900	PHILA	PA	13,900	4	
441-137411	PHILA	PA	12,500	3	OCCUPIED-$500 BONUS
441-388471	READING	PA	21,000	3	
441-393438	READING	PA	15,500	5	
441-348775	YORK	PA	12,000	3	
441-329057	YORK	PA	9,000	4	

FHA FINANCING AVAILABLE

CASE NUMBER	LOCATION		LIST PRICE	BDRM	NOTES
071-055644	CLAYTON	DE	47,000	3	
071-060840	LAUREL	DE	53,000	3	
071-056555	NEWARK	DE	55,000	3	
071-054064	NEWARK	DE	78,000	3	
071-056560	NEWARK	DE	60,000	3	
441-408397	ENOLA	PA	35,000	3	203K
441-446100	PHILA	PA	44,000	5	FHA
441-278857	PHILA	PA	15,500	3	203K
441-360187	POTTSTOWN	PA	45,000	3	203K
441-350473	READING	PA	38,000	4	203K
441-376243	READING	PA	24,000	5	
441-421286	READING	PA	53,500	3	
441-396800	READING	PA	17,000	3	203K
441-270472	STATE COLLEGE	PA	93,000	4	OCCUPIED-$500 BONUS

AVAILABLE FOR GENERAL PUBLIC

AS IS/ALL CASH

CASE NUMBER	LOCATION		LIST PRICE	BDRM	NOTES
441-310061	CHESTER	PA	22,500	4	
441-371196	CHESTER	PA	11,700	3	203K
441-321728	PHILA	PA	33,000	5	FIRE DAMAGED
441-335418	PHILA	PA	12,600	2	
441-169476	PHILA	PA	2,500	3	30 DAY SETTLEMENT
441-314943	PHILA	PA	13,500	3	
441-280217	PHILA	PA	28,400	3	FIRE DAMAGED
441-980103	PHILA	PA	9,000	3	30-DAY SETTLEMENT
441-336084	PHILA	PA	12,600	3	
441-338964	PHILA	PA	11,700	3	
441-255179	READING	PA	10,800	5	
441-444597	YEADON	PA	20,400	1	$120 MO CONDO FEE

NEW LISTINGS

FHA FINANCING AVAILABLE

CASE NUMBER	LOCATION		LIST PRICE	BDRM	NOTES
400582	PHILA	PA	43,200	3	203K
304432	PHILA	PA	32,900	3	203K

EXTENDED LISTINGS

AVAILABLE TO THE GENERAL PUBLIC

AS IS/ALL CASH

CASE NUMBER	LOCATION		LIST PRICE	BDRM	NOTES
390560	BRISTOL	PA	64,000	3	203K
344198	CATASAUQUA	PA	24,250	3	
330680	CHESTER	PA	29,300	4	
409813	CHESTER	PA	39,900	3	
310701	CHESTER	PA	8,700	2	30-DAY SETTLEMENT
332856	PHILA	PA	6,500	2	30-DAY SETTLEMENT
413635	PHILA	PA	48,000	3	
341669	PHILA	PA	13,500	2	
380743	PHILA	PA	22,500	3	203K

IMPORTANT INFORMATION

erties are offered for sale AS IS and may contain code violations for which HUD is not responsible • Offers MUST be submitted by a ed real estate professional of your choice • HUD reserves the right to reject any and all offers and to waive any informality or larity in any offer • HUD assumes no liability for errors. All properties are subject to sale withdrawal or cancellation without notice

NOTICE REGARDING LEAD-BASED PAINT

• PROPERTIES LOCATED OUTSIDE THE CITY OF PHILADELPHIA These properties may contain lead based paint Prior to settlement HUD will abate any cracked, peeling or chipping paint. The treatment may alter the appearance of the property. • PROPERTIES LOCATED IN THE CITY OF PHILADELPHIA These properties may contain lead based paint which must be removed prior to occupancy. Owner occupants may choose to have HUD remove the lead based paint prior to settlement or remove it themselves after settlement. Investors must agree as a condition of sale to remove the lead based paint themselves after settlement. Investors and owner occupants choosing to remove lead based paint themselves after settlement must provide to HUD at settlement an escrow of $1500. This escrow will be returned to the purchaser following the removal of the lead-based paint. Your real estate professional will provide you with additional information in this regard.

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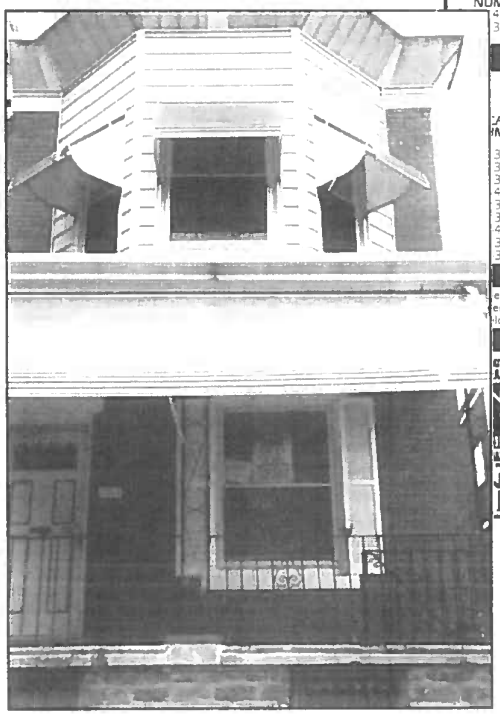
HUD advertisement



HUD vacant house in move-in condition, Germantown

Older Philadelphia neighborhoods contain many occupied houses which are likely to become part of Philadelphia's *future* vacant structure inventory.

These properties include houses which:

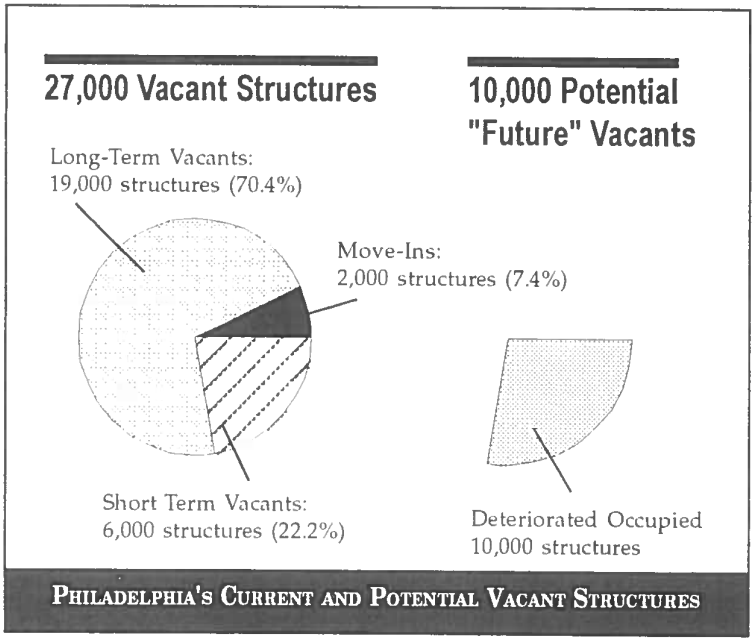
- Are over 100 years old;
- Require major structural work and/or major systems replacements (exceeding $35,000);
- Are occupied by lower-income residents who cannot afford financing; and
- May be located on blocks with significant vacancy problems.

Cornwall Street

Many of these occupied houses will require $35,000 or more in rehabilitation funding once they become vacant.

As with short-term vacants, any rehabilitation of these deteriorated occupied properties should be accompanied by treatment of other vacant structures on the same block; the latter are often long-term vacant houses.

Staff of the Philadelphia Housing Development Corporation (PHDC) Home Improvement Programs for owner-occupied houses have found that one house of every three inspected for these programs is so seriously deteriorated that the cost of rehabilitation substantially exceeds public subsidy available. There are probably 10,000 or more houses in such condition in older Philadelphia neighborhoods—10,000 or more potential additions to the city's vacant structure inventory during the next decade.



PHILADELPHIA'S CURRENT AND POTENTIAL VACANT STRUCTURES

PART THREE

HIGH COSTS, LIMITED RESOURCES

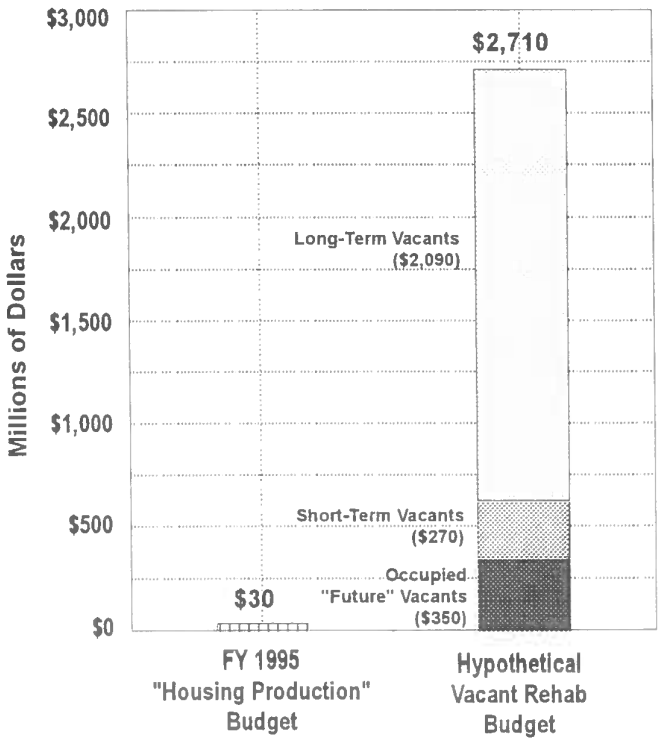
If the estimates in the preceding section are assumed to be accurate, then a hypothetical consolidated vacant structure rehabilitation budget for the entire city would consist of the following elements:

Vacant Structure Rehabilitation Budget

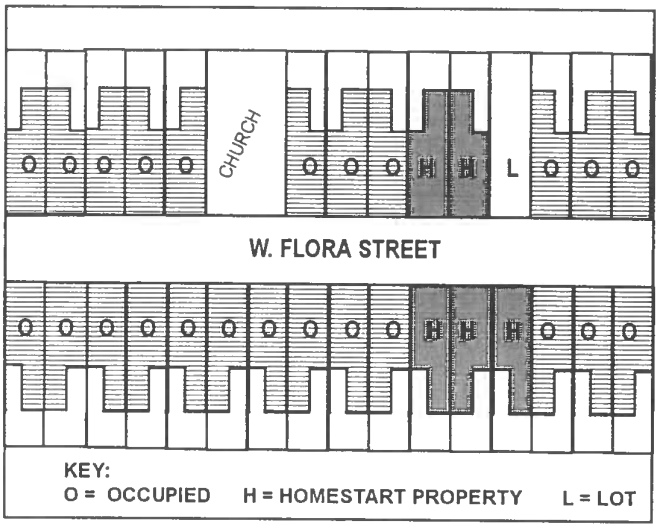
Long-Term:	19,000 units	@ $110,000	=	$2,090,000,000
Short-Term:	6,000 units	@ $45,000	=	$270,000,000
Move-Ins:	No public subsidy			
Occupied/ Future Vacants:	10,000 units	@ $35,000	=	$350,000,000
Total:	**35,000 units**		=	**$2,710,000,000**

Planning for vacant structure rehabilitation at this scale is infeasible, not only because the total budget dwarfs available resources, but also because, given the reality of Philadelphia's population decline, this approach would not attract a significant number of *new* residents but would instead draw *current* residents from older housing units into the newly rehabilitated housing--creating thousands of *new* vacancies.

This hypothetical budget does illustrate the disparity between vacant house rehabilitation costs and available resources. Even if as much as half the budget were funded through "leveraged" money from non-City sources, the total cost to the City of addressing all vacant structure needs would be $1.355 billion—about 25 times the "Housing Production" portion of the fiscal 1995 budget. In other words, even if *all* CDBG production funds were devoted to vacant rehab this year, only 1/25 of total citywide need could be addressed.



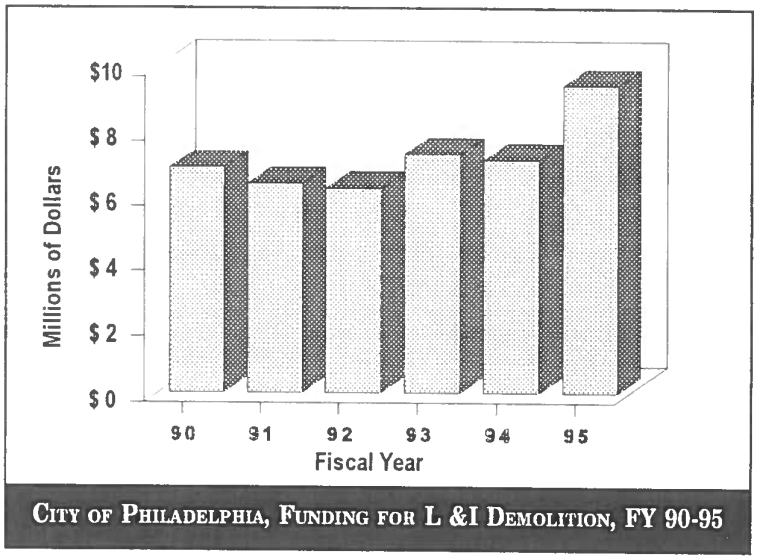
Pursuing the opposite extreme--demolition of all substandard vacant properties--is also infeasible. Many vacant houses are located on blocks with a substantial number of occupied structures. On these blocks, rehabilitation, even at high cost, could stabilize existing occupancy and prevent future abandonment.



Site plan, Homestart block

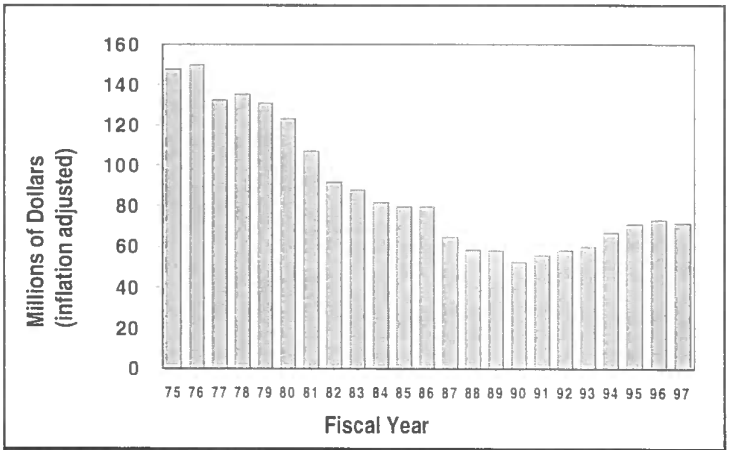
The challenge to Philadelphia and other older urban areas is to find the right combination of actions, including demolition, preservation and housing production (i.e., new housing construction on vacant lots and substantial rehabilitation of long-term vacant houses) — that reduces danger and deterioration and promotes stability and reinvestment.

Recent substantial increases in the City's demolition budget are an important part of the right combination for Philadelphia neighborhoods. The need for more demolition, however, still greatly outweighs the resources available.



CITY OF PHILADELPHIA, FUNDING FOR L &I DEMOLITION, FY 90-95

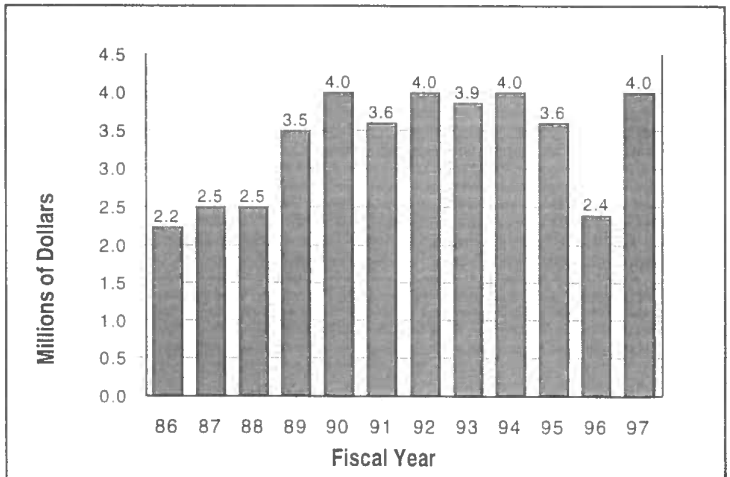
Declining federal funding for Philadelphia's CDBG program has reduced the amount available for vacant property rehabilitation and new construction on vacant lots.



CITY OF PHILADELPHIA,CDBG BUDGET, FY 75-97

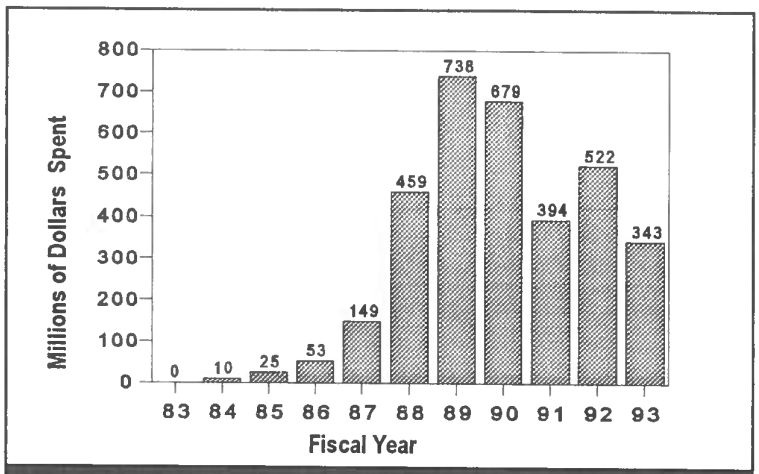
State funding, through the Pennsylvania Department of Community Affairs (DCA) Housing and Community Development program, is a valued resource; but the level of funding available is not enough to make a significant impact on vacant property problems in Philadelphia neighborhoods.

Other states were able to provide more funding to their large cities during the periods in which urban housing vacancy began to emerge as a significant problem.



PENNSYLVANIA HOUSING FUNDING TO PHILADELPHIA

Some cities have made substantial investments of local general funds to develop vacant property. Massive funding commitments by New York City over a decade made possible the transformation of the South Bronx from an urban wasteland into an attractive new community.

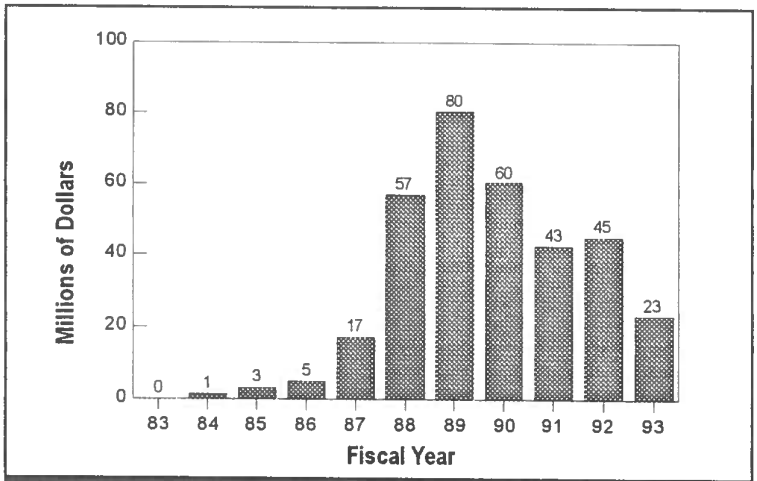


NYC Housing Support: FY 1983-93

Source: NYC Dept. of Housing Preservation and Development, 1994

A comparable level of commitment from the City of Philadelphia would have been as shown at right. Actual funding during this period was minimal due to Philadelphia's fiscal crisis (Note: Philadelphia, unlike New York, now has a budget surplus).

FY '95 and '96 funding from Mayor Rendell's Economic Stimulus Program will provide new City general fund support for two housing initiatives: the Philadelphia Interfaith Action (PIA) new construction sales housing venture at 46th and Market Streets and the Philadelphia Bankers Development Initiative (PBDI) financing plan for vacant house rehabilitation. This support is the first use of City general funds for housing in many years.



Philadelphia Housing Support, If Proportional to NYC: FY 1983-93

Source: Based on budget data from the City of Philadelphia, *Supplemental Report of Revenues and Obligations*, 1994

PART FOUR

MORE BAD NEWS...

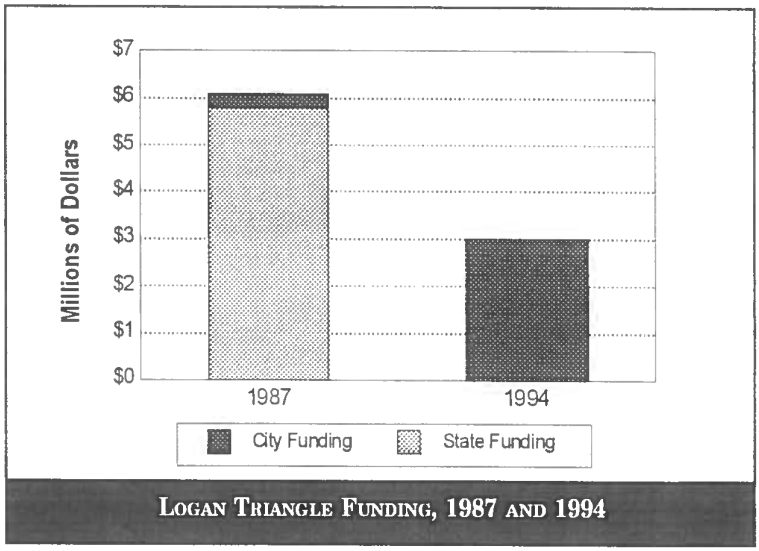
The really bad news about vacant residential property in Philadelphia is that there are no simple, straightforward solutions which can be implemented at once to produce dramatic changes.

Although Philadelphia's declining employment trend actually reversed itself to produce a modest gain in jobs in 1994, opportunities for massive new investment and corresponding major gains in employment are very limited. A reversal of the population loss which has occurred over the past four decades is not anticipated to occur. If this is the case, market values in older Philadelphia neighborhoods will not rise to a level sufficient to make rehabilitation and sale of long-term vacant houses feasible without substantial public subsidy.

Some public actions proposed in recent years to address vacant property issues on a large scale are not workable in today's environment.

PROPOSAL: The City should seek more funding by calling for a "Marshall Plan" for America's cities or by declaring some Philadelphia neighborhoods a "disaster area."

Unfortunately, there is no realistic prospect of substantial new state or federal funding for Philadelphia neighborhoods in the foreseeable future. Elected officials representing Philadelphia and other cities are currently doing as much as possible to stop threatened cutbacks in aid to cities. Even the state and federal funds previously available for neighborhoods in crisis are no longer accessible, as the recent history of funding for Logan Triangle acquisition and relocation illustrates.



LOGAN TRIANGLE FUNDING, 1987 AND 1994

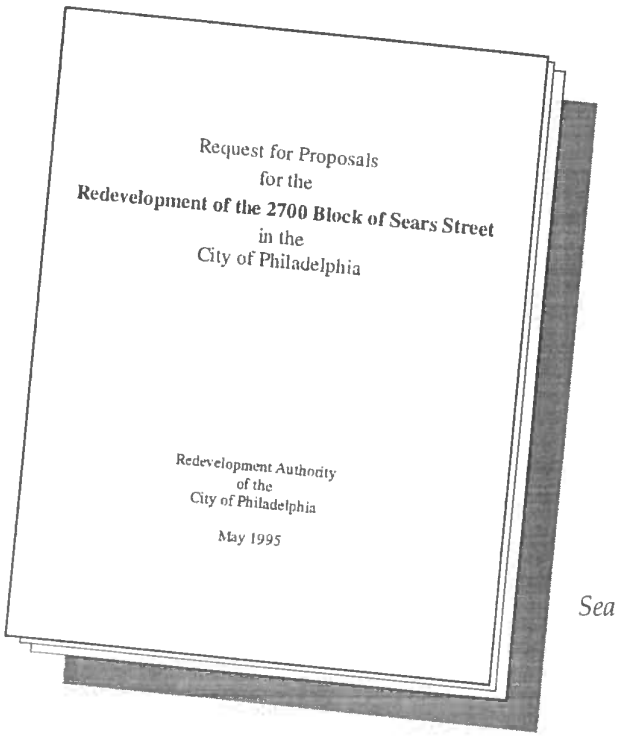
PROPOSAL: The City should put up vacant houses for sale through licensed real estate brokers.

This approach is not feasible because most vacant houses require public subsidy (usually exceeding $20,000 for rental units and $40,000 for sales/homeowner units) if full rehabilitation is to be achieved. An open offering of vacant houses would generate a flood of requests for City subsidy funds and would probably encourage speculator purchases.

The characteristics of the RDA-owned Sears Street houses shown on this page illustrate why this approach would not be effective. Like most publicly owned vacant properties, these houses are long-term vacants requiring—in this case—about $85,000 per unit to rehabilitate. A private marketing of the Sears Street houses without subsidy would be likely to attract only unrealistic proposals, such as a previously received unsolicited proposal to develop vacant houses in a comparable area, then sell them for $100,000 each!

The Sears Street houses were marketed through a competitive Request For Proposals (RFP) issued by the RDA. The RFP offered both the houses and CDBG development subsidy funds to the developer with the best proposal. This approach enables the RDA to choose the best among competing proposals and, by providing subsidy funds along with the properties, ensure that development becomes a reality. Because the number of vacant houses that can be marketed in this way is limited by CDBG budget constraints, this approach is used only for a relatively small number of vacant properties located in priority areas.

2700 block of Sears Street



Sears Street RFP

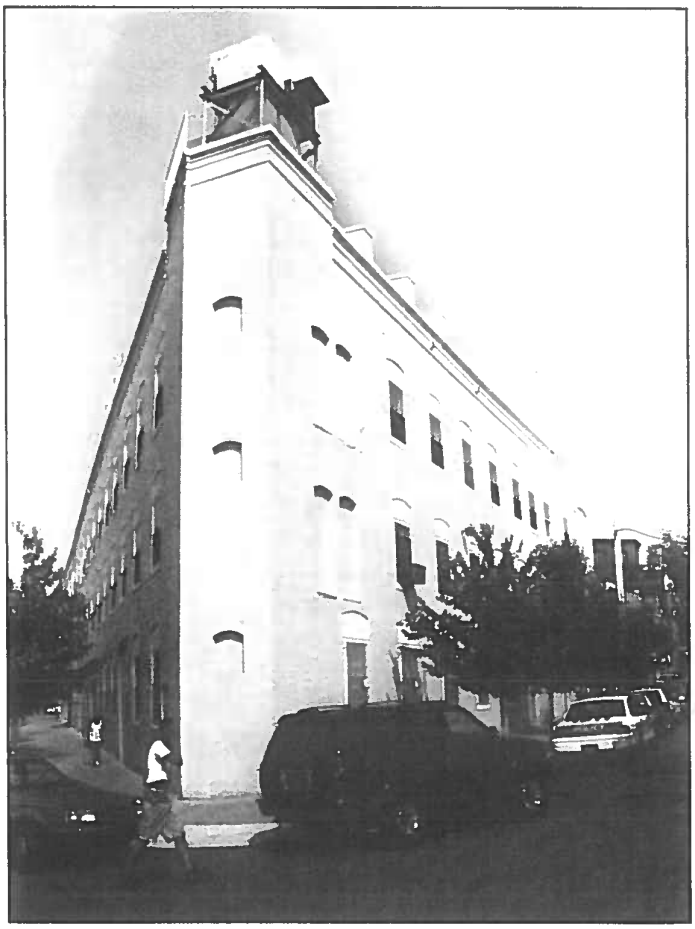
For "move-in" vacants, not owned by the City, no City intervention in the private real estate market is necessary. In addition, any interested person can pursue acquisition of any privately owned, tax-delinquent vacant house by depositing $800 to initiate the Sheriff Sale process.

PROPOSAL: The City should give vacant houses away to homeless people, with grants and technical assistance, to provide housing for people currently on the streets or in shelters.

Homeless people need both housing and services--ranging from drug or alcohol treatment, health care and child care to literacy, education and job training. Vacant house rehabilitation can be part of a program to help homeless people move to self-sufficiency--but only when the program is managed by a capable organization such as One Day At A Time or supported with technical services from an experienced group such as the Greater Philadelphia Urban Affairs Coalition.

Giving away vacant, deteriorated houses to homeless people without a program of supportive services would produce little or no substantial rehabilitation and would result in abandonment. Even an accompanying program of technical assistance and grant funding--which would require an increase in CDBG administrative staff--would not provide sufficient benefit to homeless people without support services. These services would be difficult to deliver to people living in houses dispersed throughout Philadelphia neighborhoods.

To provide housing and services to homeless people ready to leave shelter facilities, OHCD supports housing development ventures by capable transitional and permanent housing sponsors such as People's Emergency Center.



People's Emergency Center

OHCD works closely with these organizations to combine CDBG "bricks and mortar" development funding with operating funds obtained from other sources to produce fully supported housing units.

PROPOSAL: The City should acquire vacant blocks of land in North Philadelphia and develop these areas with new construction housing, taking advantage of economies of scale.

As described in Part Three, the City's housing budget is not yet large enough to support new construction and/or substantial rehabilitation of more than several hundred units per year.

More important, this proposal does not take into account the fact that there are no cleared, publicly owned, environmentally "clean" unoccupied blocks in North Philadelphia or anywhere else in the city. Assembling a block of cleared land for housing development involves substantial investment in property acquisition, residential and/or commercial relocation, demolition and environmental remediation.

Although the PIA West Philadelphia venture is producing new housing at relatively low construction cost, prior public investment in land acquisition and site preparation required for the PIA venture generated substantial additional cost per unit. Delivering a cleared West Philadelphia site to PIA meant, among other activities, helping fund the relocation of a school bus parking lot, constructing a replacement parking area for the Urban Education facility and removing underground storage tanks at substantial expense. These activities alone cost the City $10,025 per unit *before* construction start.

Although new housing should be developed on vacant land as part of the City's overall strategy (subject to the limitations described above), development sites need to be selected with care to ensure greatest economic benefit at the neighborhood level.

PIA West Philadelphia
Acquisition and Site Preparation Costs

Bus Parking Lot Relocation	$1,232,000
Urban Education Replacement Parking Development	210,000
Storage Tank Removal and Other Environmental Remediation	162,000
Total	$1,604,000
Cost of Above Activities per Unit of Housing Development:	**$10,025 per unit**

The final sections of this paper propose a combination of strategies that work together to address vacant property problems, preserve or produce housing and provide greater benefit to Philadelphians.

PART FIVE

...AND THE GOOD NEWS

The good news for Philadelphia is that we now have an unprecedented opportunity to reduce abandonment and address the threat of future housing vacancy at relatively low cost to the City's CDBG program.

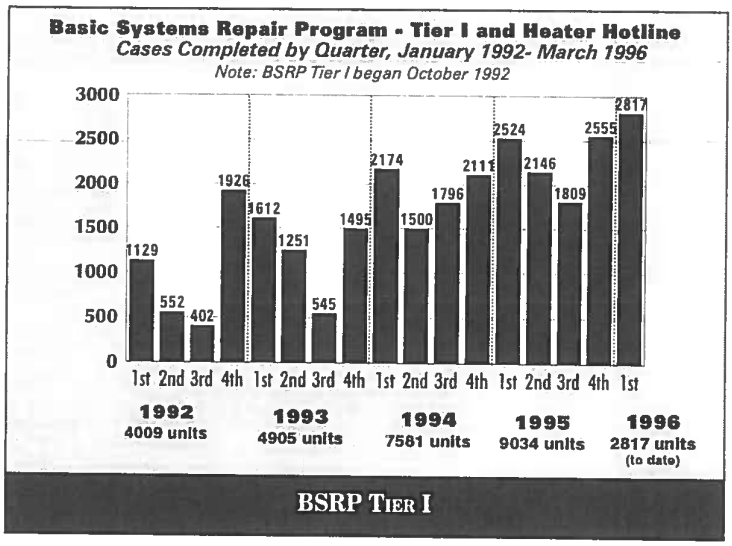
The City's approach, developed during 1992-1994, includes five elements:

- **Repairing existing occupied housing;**
- **Promoting for-sale housing;**
- **Financing moderate-cost rehabilitation;**
- **Planning strategically to target other public funding; and**
- **Re-tenanting vacant public housing inventory.**

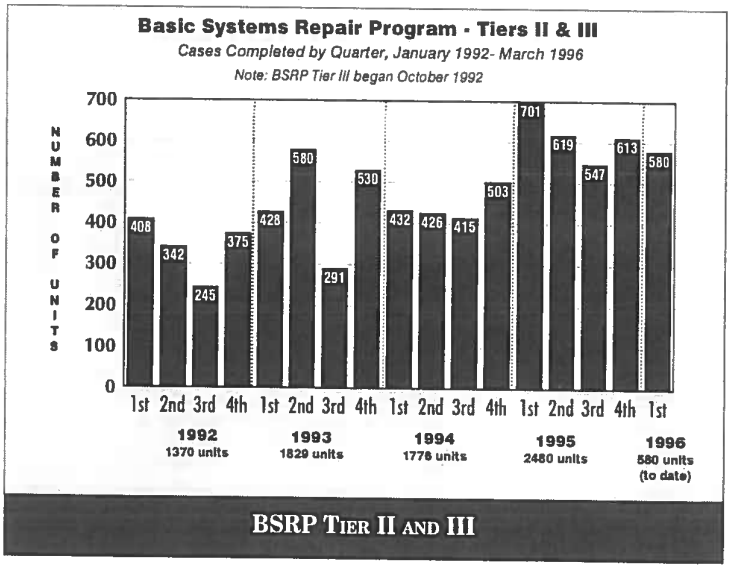
Repairing Existing Occupied Housing

Repairing existing owner-occupied housing to help people remain in their homes is a key vacancy prevention strategy. For the first time in the history of the CDBG program, the City, through PHDC, has a fully staffed, high-performance home repair unit.

Beginning in 1992, when PHDC repair programs began to operate on a year-round basis, production increased substantially. For "Tier I" basic systems repair (heater repair/replacement and other relatively low-cost improvements), the average cost per unit of service is about $800.



The more comprehensive Tiers II and III repair programs have been increasingly productive in recent years.



Upgrading Philadelphia's existing occupied housing stock and helping people afford to continue living in their homes substantially reduces the threat of future vacancy and the cost of future housing rehabilitation.

Promoting For-Sale Housing

Philadelphia already has an inventory of decent, affordable housing that could be accessible to many low- and moderate-income residents: the inventory of single-family housing for sale on the private market. Although the overall market for single-family home sales in Philadelphia has been weak during recent years, a strong, steady demand for first-time homeownership has emerged in many Philadelphia neighborhoods.

To address this demand and prevent the deterioration and potential abandonment of housing currently for sale, OHCD has substantially increased CDBG funding support for housing counseling, including pre-purchase counseling at the neighborhood level.

GERMANTOWN COURIER • Wednesday, February 22, 1995

Better service for Northwest

Housing office opens locally

By SHARON BENDER
Editor

Buying a home is one realization of the American dream for many. But for families with low and moderate incomes, that dream is often deferred or forgotten.

Now, thanks to the Philadelphia 500 program, city residents who may have thought they could never qualify for a mortgage are becoming first-time homeowners.

First-time homebuyers who receive free pre-purchase housing counseling through this program become eligible for up to $1,000 toward closing costs and other benefits when they purchase their home.

The grants are available through the city's Office of Housing and Community Development (OHCD), which administers the federally-funded program.

Until now, Northwest residents who wanted to take advantage of this program had to seek housing counseling services at one of 26 sites across the city, the closest being Northwest Counseling Services at Broad and Logan.

But the recent approval of a $23,400 seven-mont[illegible] grant [illegible] OH[illegible] to [illegible] Mt. A[illegible] [illegible] the purchase of a home anywhere in the city.

The program is good for homebuyers and good for the city, Bass says. "Everybody wants to become a homeowner — it's investing in yourself, buying into your future. And it helps neighborhood stability," she says.

Al Thorell, treasurer of the Mt. Airy Village Development Corporation, says this is the first grant MAVDC has received from OHCD.

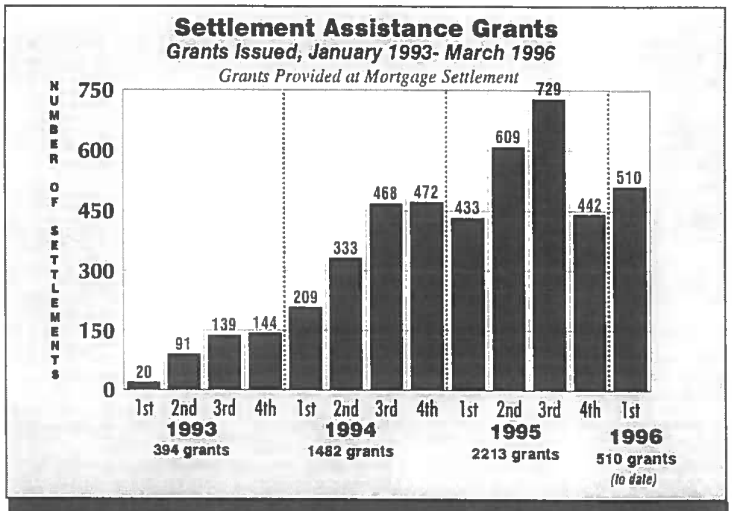
MAVDC is a volunteer nonprofit organization whose membership is comprised of the executive boards of East and West Mt. Airy Neighbors. Since its incorporation in 1981, MAVDC has focused primarily on commercial or mixed residential and commercial development along Germantown Avenue in Mt. Airy. Now the organization is moving toward affordable residential housing development in the community, Thorell says. Bass is MAVDC's first employee.

"This (new counseling service) is a spin-off of discussions that occurred between East Mt. Airy N[illegible]bors and West Mt. Airy [illegible] [illegible] [illegible] [illegible] [illegible]

Source: Germantown Courier
Reprinted with permission

Every household that completes pre-purchase counseling through an OHCD-funded agency receives a $1,000 settlement assistance grant to offset financing fees and other closing costs. Settlement assistance grant program performance has far exceeded projected results.

Through this program, the threat of housing vacancy is reduced and affordable housing is provided to lower-income households at minimal cost to the City. OHCD's program is now providing counseling for up to 25 percent of all homebuyers in the Philadelphia single-family market.



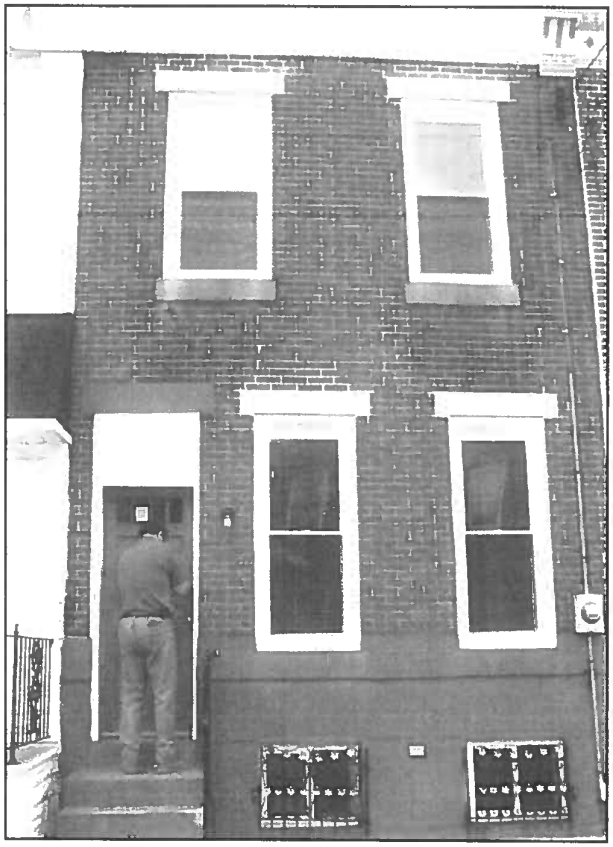
SETTLEMENT ASSISTANCE GRANTS

Financing Moderate-Cost Rehabilitation

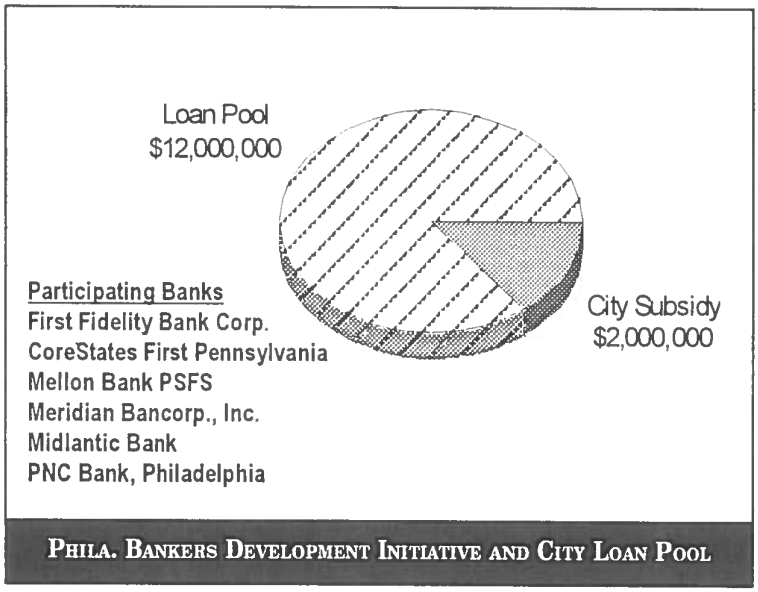
To reduce the future cost of housing vacancy, the City needs to take steps to influence the disposition of Philadelphia's short-term vacant inventory. As described in Part Two, this inventory consists of an estimated 6,000 houses which can be rehabilitated for less than $70,000 per unit. Rather than allow this inventory to deteriorate further to the point where moderate rehabilitation becomes infeasible, the City should intervene wherever possible to rehabilitate and restore these houses to occupancy at relatively low cost.

This strategy is being advanced through two programs which opened in 1994-95. The Homeownership Rehabilitation Program, designed by a team of City housing agency staff in coordination with representatives of community development corporations and non-profit organizations, provides up to $25,000 per unit in City subsidy to be combined with private financing to rehabilitate a single-family home. New Kensington CDC completed the first two houses financed through this initiative in early 1995, and 37 additional units are currently being packaged.

PBDI, developed by a consortium of six local banks in coordination with OHCD and RDA, offers a similar financing combination, drawing on a $12-million bank loan pool. Because the City subsidy for PBDI is provided by an allocation of general funds through the Economic Stimulus Program, PBDI can finance homebuyers with incomes of up to 100 percent of median. In this way, the program can reach homebuyers not eligible for CDBG assistance because their incomes exceed federal income eligibility standards.



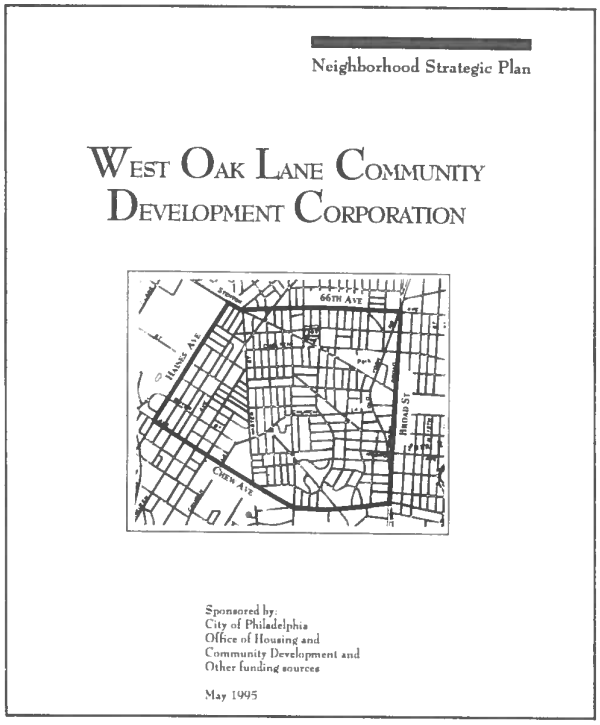
Belgrade Street Rehab by New Kensington CDC; Cost: $37,845



PHILA. BANKERS DEVELOPMENT INITIATIVE AND CITY LOAN POOL

Planning Strategically to Target Other Public Funding

Decisions about higher-cost housing rehabilitation, demolition and new construction need to be made at the neighborhood level, by community residents working in coordination with City agencies. In *Neighborhood Strategic Plans* prepared by community development corporations with OHCD support and published in May 1995, decisions of this kind are documented for 15 CDC service areas.


Neighborhood Strategic Plan

WEST OAK LANE COMMUNITY DEVELOPMENT CORPORATION

Sponsored by:
City of Philadelphia
Office of Housing and
Community Development and
Other funding sources

May 1995

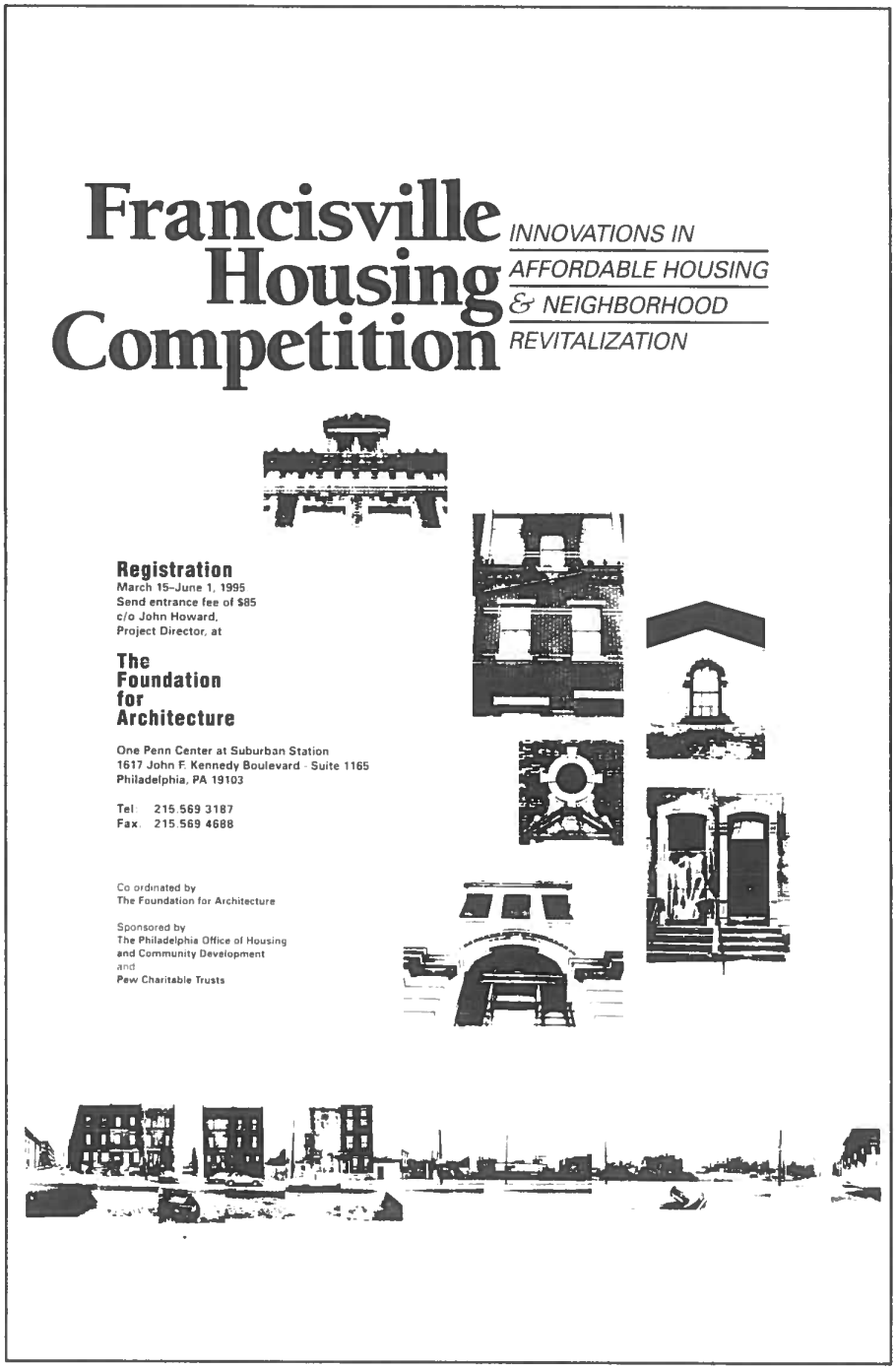
To prepare the *Strategic Plans* and to monitor housing vacancy, demolitions and other activity, OHCD has set up computer work stations with Geographic Information System (GIS) computerized mapping capability at several neighborhood organization offices.

No other city in the United States has a neighborhood planning capability approaching that established in Philadelphia through this combination of strategic planning and neighborhood-based GIS capacity.

GIS-generated map published in New Kensington Neighborhood Strategic Plan

To stimulate creative thinking about affordable housing design in urban neighborhoods, OHCD, the Foundation for Architecture and Francisville CDC launched the Francisville Housing Competition, an architectural design competition involving two sites in the Ridge Avenue area west of Broad Street. The competition challenges architects to show how attractively designed low-rise public housing, CDBG-financed affordable housing and "market-rate" housing can be developed and improved on two parcels currently containing a mixture of vacant houses and lots, occupied houses and neighborhood businesses.

This design competition, the first of its kind in the United States, will help government and neighborhood interests decide how to make best use of funding to address vacancy in older neighborhoods that have a comparable mix of vacancy and occupancy.



Re-tenanting Vacant Public Housing Inventory

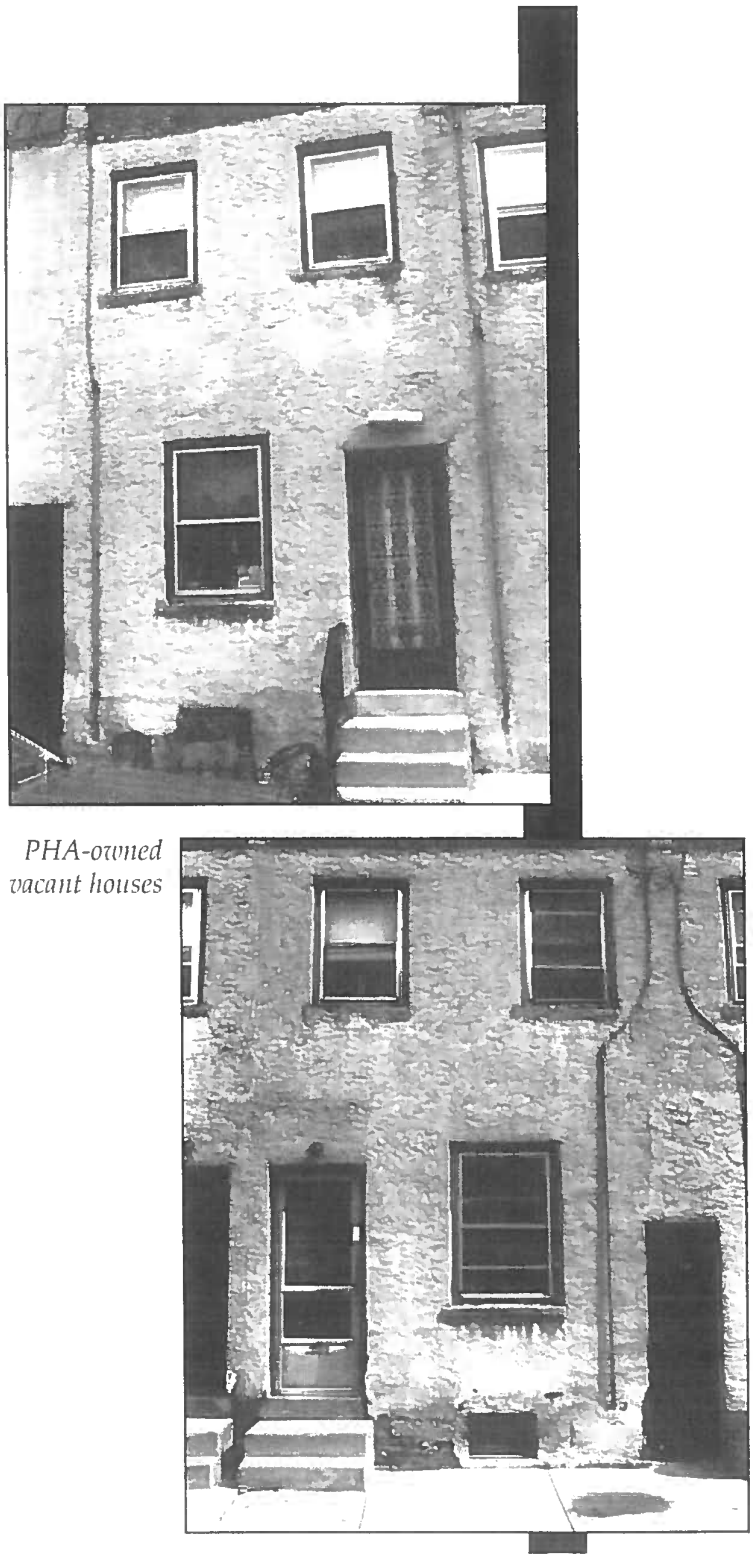
The most valuable vacant houses in Philadelphia are those owned by the Philadelphia Housing Authority (PHA), because:

- PHA has substantial HUD funding of its own to pay for the rehabilitation of these properties; and

- Once these houses are rehabilitated, PHA can draw on HUD funding now available to subsidize the rents of the families which move in.

For this reason, every vacant PHA house represents a lost opportunity for Philadelphia to use available federal funds to provide another family with affordable housing.

Recognizing the importance of this potential value to Philadelphia, PHA since 1993 has made significant progress in rehabilitating vacant scattered-site houses in Philadelphia neighborhoods. The Apartment Rehabilitation Team (ART) rehab approach, involving building trades members working in coordination with public housing resident trainees, has resulted in the rehabilitation of 221 previously vacant units.



PHA-owned vacant houses

In 1994, the City and PHA executed an intergovernmental agreement, the first of its kind in the nation, which enabled PHA to obtain assistance from City housing agencies in contracting for capital improvements to PHA inventory. In the same year, the Pennsylvania Department of Community Affairs (DCA) awarded Philadelphia $1 million to support PHDC rehabilitation of PHA houses in two Eastern North Philadelphia CDC service areas.

PHA houses rehabilitated by PHDC on 2300 block of North 7th Street

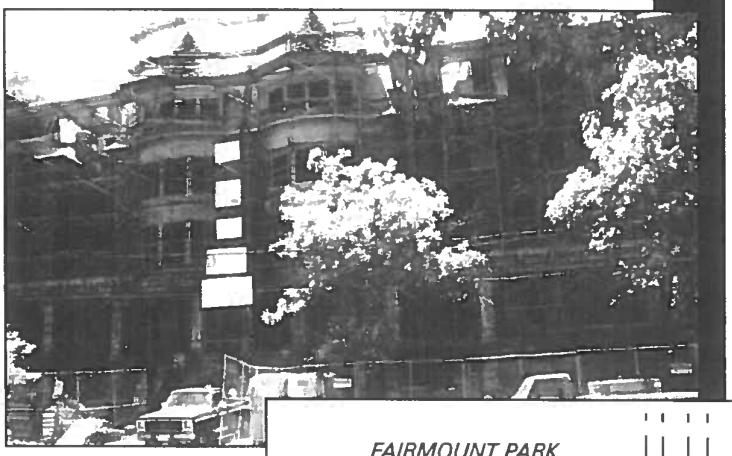
Since 1993, PHA development staff have worked consistently in coordination with City agencies and neighborhood organizations to ensure that PHA rehabilitation funds are targeted first to priority neighborhood locations.

PART SIX

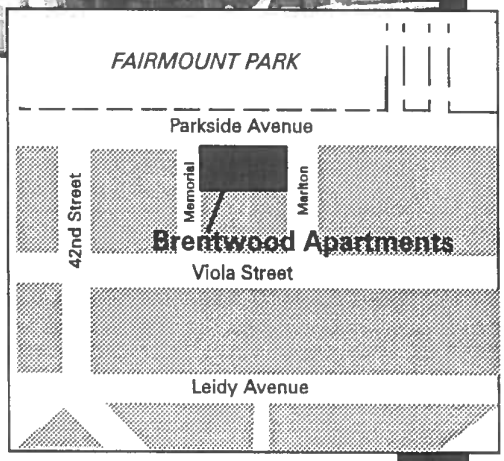
REDEFINING DEVELOPMENT COST CONTROL

New housing development on vacant lots or rehabilitation of long-term vacants requires substantial investment: $70,000 to $150,000 per unit or more--a per-unit cost significantly higher than the median price of a ready-to-occupy house for sale in the Philadelphia real estate market.

The City supports higher-cost rehabilitation, rather than demolition, of vacant structures under circumstances where substantial investment is felt to be justified in order to strengthen a location that has important strategic value to a neighborhood. For example, The Brentwood Apartments on Parkside Avenue, being restored at high development cost, serves as a gateway and protective barrier for a low-rise residential neighborhood behind the Avenue. If the Brentwood had been demolished, it is very likely that this neighborhood would have experienced an increase in security problems, housing deterioration and subsequent vacancy and abandonment.



Brentwood, Phase II, under construction

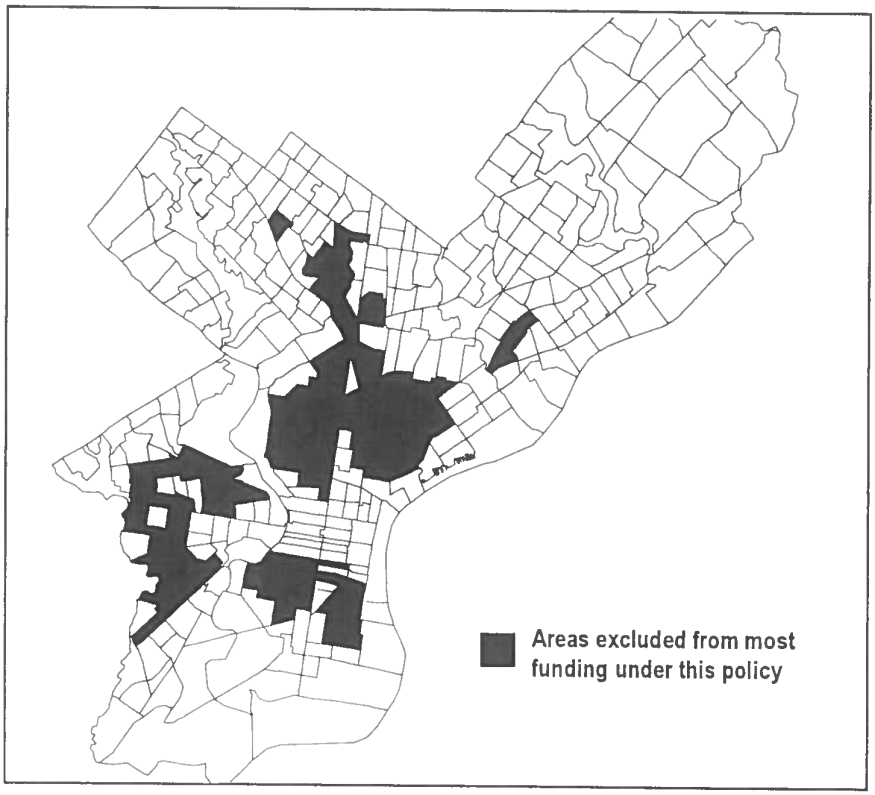


Parkside Avenue site plan

The Diamond Street Corridor area in North Central Philadelphia, a high development cost zone, is the backbone of a strategically located older residential community in an area of high public and institutional investment.

New construction, Diamond Street Corridor area

The simplest response to affordable housing development cost concerns--an across-the-board policy setting an absolute limit on development cost--could mean the abandonment of CDBG-funded development in older neighborhoods. For example, a policy prohibiting CDBG funding of development for which per-unit cost exceeds $60,000 would mean the end of most or all affordable housing development in the areas shown at right.



Results of a "$60,000 ceiling" cost containment policy

One unfortunate reality of the present is the fact that Philadelphia cannot lower development costs through new construction using manufactured/modular housing, because the City does not have a large enough housing budget to support new construction at scale and obtain discounts associated with high-volume contracting and purchasing. Even the larger-scale Philadelphia Interfaith and West Poplar ventures are much smaller than New York City affordable housing development in the South Bronx and elsewhere, supported with substantial state and local funding.

Without economies of scale made possible through higher-volume development, modular/manufactured housing is not necessarily more economical than high-cost rehabilitation.

Selected Rental Housing Ventures, 1994-95

Name	No./Type of Units	Total Development Cost Per Unit *
Lower Germantown II	33 New and Rehab	$132,680
Sarah Allen II	36 New and Rehab	$119,843
Jardines del Borinquen I	45 New Construction	$122,117
Hestonville	24 Rehab	$112,692
Aldofina Villanueva II	30 New Construction	$97,368
Tasker Village	28 New Construction	$96,193
Mansion Court	31 Rehab	$93,618
Fairmount Apartments	33 Rehab	$85,801

** Development cost does not include acquisition cost, if any, and operating reserves*

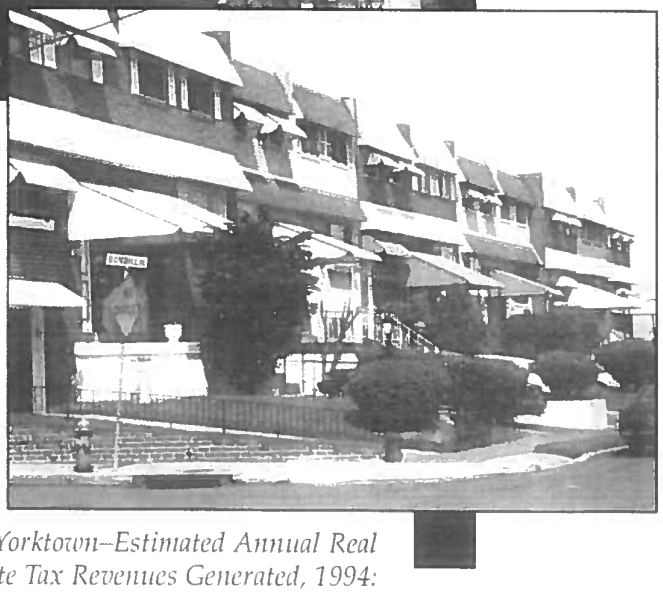
Because housing production is such a visible activity (compared, for example, to most housing preservation activities which take place indoors and do not change neighborhood streetscapes), development cost control is scrutinized more closely than other significant housing program issues. Policies relating to subsidized housing for lower-income people seem to be more often evaluated and criticized than traditional housing entitlements which provide greater benefit to higher-income people.

Sales price: $1.5 million. Value of mortgage interest deduction on $1.2 million mortgage for taxpayer in highest income bracket: $361,340 after 10 years; $519,266 after 15 years.

Heavily subsidized economic development ventures are not always subjected to the same level of scrutiny as affordable housing development...

Pennsylvania Convention Center– Development Cost: $37.3 million per acre

...even though investment in affordable housing can generate significant value to the City as a whole in addition to providing benefit to a neighborhood.



Yorktown–Estimated Annual Real Estate Tax Revenues Generated, 1994: $879,000

Most of the activities recommended in this paper achieve cost containment through the use of *program standards* that are applied in the same way to every unit of performance.

Cost containment for housing production activities, however, depends not only on the application of program standards (example: limiting professional services fee to a fixed percentage of total budget) but also on a *project evaluation* process, in which City agency staff carefully analyze the details of each development venture to identify cost reduction opportunities. Some 1994-1995 examples of development cost reductions resulting from RDA project evaluation include the following.

- For one rental venture, RDA staff required a reduction in the developer's fee proposed, which exceeded underwriting guidelines by $184,760. However, the developer's next budget submission showed a construction management fee for the same dollar amount. When challenged, the developer could not justify this item, and the extra cost was denied.

- A developer was initially awarded $500,000 in CDBG funds to acquire land and buildings for another rental venture. The RDA's appraiser evaluated the property and reviewed the environmental assessment, which identified a substantial asbestos problem. This new information allowed RDA to renegotiate the cost of the property with the owner, lowering the price to $350,000. This reduction, plus a transfer tax savings of $14,000, lowered public subsidy by $164,000.

- After examining PIA West Philadelphia site preparation costs and reviewing development activity elsewhere in Philadelphia, RDA Executive Director Noel Eisenstat found that excavated dirt from the PIA venture could be sold to another development venture for clean fill, saving approximately $75,000 in budgeted pre-construction costs.

The chart on the facing page shows cost-per-unit levels and identifies the basis for cost control for each of the activities described in this paper.

- **Housing Preservation and Vacancy Prevention** activities—the PHDC repair programs and OHCD-funded housing counseling/settlement assistance for first-time homebuyers — address occupied housing or for-sale housing through program activities that are open year-round and deliver service at a relatively low cost per unit. Cost control is achieved through the uniform application of program standards. For example, no household receives a settlement assistance grant exceeding $1,000.

- **Public Housing Preservation,** the rehabilitation of vacant scattered-site PHA units (mostly long-term vacants, due to the relatively low level of PHA vacancy reduction activity prior to 1993) is identified as a "preservation" activity category because rehabilitation of these housing units preserves and restores to use the HUD operating subsidies specifically associated with public housing. The per-unit cost of PHA scattered-site rehab is generally high because most PHA scattered-site units are long-term vacants. Cost control is achieved through the application of HUD and PHA program standards. HUD regulations governing public housing rehabilitation are more rigid than those associated with the CDBG program, and this relative inflexibility restricts opportunities for

PHA planning, design and construction staff to be creative in promoting cost control and appropriate investment of funds.

• **Housing Production Activities,** the last two categories on the chart, include the two moderate rehabilitation financing programs introduced in 1994-1995, as well as higher-cost rehabilitation or new construction funded through Requests For Proposals and detailed project evaluation. Cost control for the moderate-rehabilitation programs is most often achieved through the application of program standards; both programs publish rehabilitation specifications which emphasize retention and repair over higher-cost replacement wherever possible. In contrast, proposals received for higher-cost rehabilitation and new construction can document a variety of construction approaches, based on developer goals, site characteristics, community preferences and applicable historical or environmental regulations.

HOUSING ACTIVITIES AND ASSOCIATED FUNDING, COST AND COST CONTROL FACTORS

Activity Category	Program	Property Type	Public Funding Availability	Cost Per Unit	Cost Control Source
Housing Preservation/ Vacancy Prevention	Basic Systems Repair	Occupied Houses	Year-Round	Low	Program Standards
	Housing Counseling/ Settlement Assistance	For Sale Houses (no rehab needed)			
Public Housing Preservation	PHA Scattered-Site Rehabilitation	Long Term and Short-Term Vacant Houses	Year-Round (Subject to HUD funding availability)	High	Program Standards
Housing Production/ Moderate Rehabilitation	Homeownership Rehabilitaton Program & PBDI	Short-Term Vacant Houses	Year-Round	Moderate	Program Standards; Some Project Evaluation
Housing Production/ Higher-Cost Rehabilitation and New Construction	Higher Cost Rehabilitation	Long-Term Vacant Houses	Annual or Semiannual (RFP)	High	Program Standards; Substantial Project Evaluation
	New Construction	Vacant Lots			

Since 1992, OHCD has supported the following actions to reduce the development cost of CDBG-funded housing production. The City Council of Philadelphia has played an invaluable role in providing the policy and budget authorizations required to implement these program actions as elements of a coherent citywide policy.

- Discontinued the practice of identifying development subsidy amounts for ventures awarded CDBG funding until RDA staff has completed full project review, recommended cost-saving measures, if any, and brought to satisfactory conclusion any negotiation of these measures.

- Supported the staffing of the RDA with an experienced housing director, architect and cost estimator. With this strengthened staffing, the RDA has substantially improved capability to handle development project review and underwriting issues.

- Restricted developer fees to 10 percent of total project budget.

- Strengthened coordinated project review with Pennsylvania Housing Finance Agency (PHFA) staff, to ensure that the City and PHFA are working together to hold down public subsidy and to minimize the possibility of overcharging or double-charging of project costs.

- Maintained year-round funding for repair programs. Designed and opened one moderate-rehabilitation financing program (Homeownership Rehabilitation Program) and provided funding and design support for a second (PBDI).

Activities currently under way to promote cost control include:

- Revising specifications for PHDC Homestart Program to specify lower-cost treatment options wherever possible;

- Supporting a housing production cost review being undertaken by the Philadelphia Development Partnership (PDP) Housing Production and Cost Control Committee; and

- Implementing the new city/state bridge loan financing program to reduce construction interest costs for tax-credit rental development, generating savings to support increased rental production for Philadelphia.

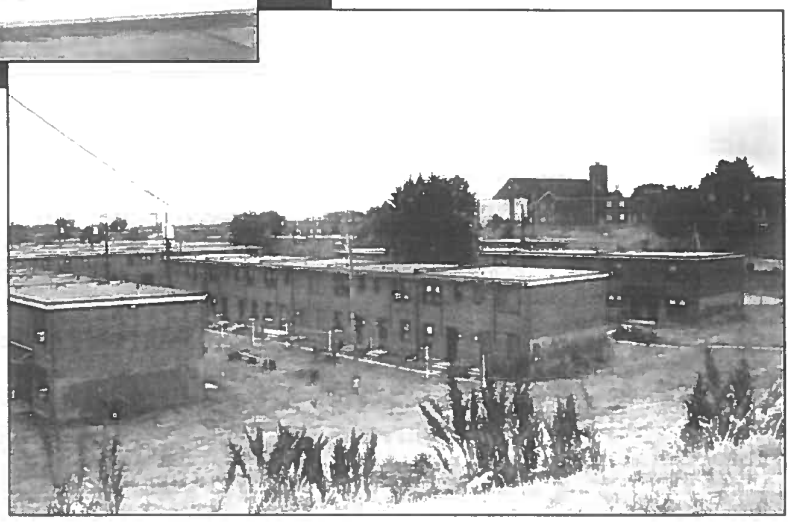
City housing agency staff and others have participated in an as-yet unresolved discussion of the possibility of developing a standard specification for all CDBG new construction houses as a way of reducing costs. Such a specification would probably eliminate special features that enhance current CDBG-funded development, but also increase development cost.

Los Balcones, new construction by Norris Square Civic Association

Would the establishment of such a standard enable the City to produce more well-designed housing at lower cost?

Rental townhouses on the 2200 block of North 13th Street by Michaels Development

Or would this approach encourage "project"-style housing design?



During the coming months, this discussion is likely to be influenced by evaluation of the Philadelphia Interfaith and Poplar Nehemiah designs and by the results of the Francisville Design Competition.

PART SEVEN

THE WAY TO REINVESTMENT

OHCD's Approach

Based on past experience and an evaluation of the vacant property issues described in the preceding parts of this paper, OHCD's approach to these issues consists of the following elements:

Advancing neighborhood planning to get community members involved in decision-making about vacant property-related issues such as demolition, promotion of for-sale housing, targeting occupied blocks for repair, identifying short-term vacants for moderate-cost rehabilitation and recommending improvement and/or disposition plans for public housing inventory.

Promoting the for-sale housing market through housing counseling and settlement assistance to advance homeownership and reduce the threat of future abandonment of houses currently for sale.

Supporting a year-round emergency grant program to prevent housing abandonment by enabling current homeowners to deal with housing emergencies and remain living in their homes. The current PHDC Tier I and II repair programs serve about 10,000 homeowners annually.

Advancing special needs production to support vacant property development by capable special needs providers.

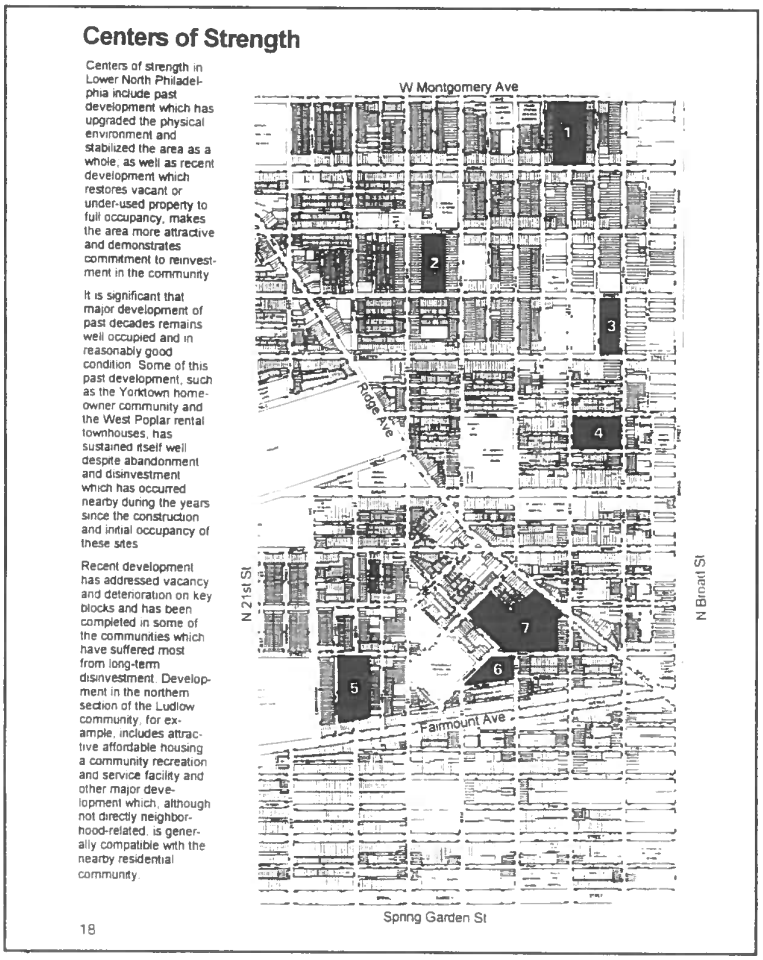
Mayor Rendell at the grand opening of Bait-UL-Taubah, 1900 block Carpenter Street

Capturing Philadelphia's short-term vacant house inventory by funding year-round moderate-rehabilitation financing programs, including the Homeownership Rehabilitation Program and PBDI.

Improving Philadelphia's public housing system by continuing to suppport PHDC rehabilitation of PHA scattered-site houses and by making available housing counseling services for public housing residents ready to pursue homeownership opportunities.

Funding higher-cost housing production in strategically important locations identified through neighborhood plans or City policy. For example, OHCD's *Home in North Philadelphia* reinvestment strategy for Lower North Central Philadelphia (between Spring Garden Street and Montgomery Avenue from 5th Street to 21st Street) calls for building out from geographic "centers of strength," created by prior investment, with primary emphasis on development of new sales housing coordinated with public housing rehabilitation and new construction.

Using City general funds wherever possible to promote moderate/middle-income homeownership through ventures such as the PIA West Philadelphia sales housing development and the citywide PBDI financing program, both of which are accessible to homebuyers with incomes up to 100 percent of median.



Source: "HOME in North Philadelphia," 1993

Measures of Performance

In past years, City housing performance has too often been evaluated only in terms of the *number of units produced* and the *cost per unit of production*. Usually this evaluation is limited to consideration of new housing construction or long-term vacant rehabilitation only. These measures of performance, by themselves, are misleading because they do not take into account many other elements of a comprehensive strategy to address vacant property issues through a combined prevention/treatment approach.

For example, producing more units of long-term vacant rehabilitation is not necessarily a desirable goal if investment in this higher-cost production reduces funding needed for year-round prevention programs.

The City's policy—or any alternative proposed to current City policy—needs to be evaluated in terms of the extent to which the policy:

- **Employs neighborhood planning as the basis for investment of public funds, particularly funding of new housing construction or higher-cost rehabilitation;**
- **Promotes the for-sale housing market through an accessible, well-managed housing counseling/ settlement assistance grant program;**
- **Maintains high-performance home repair programs operating on a year-round basis;**
- **Employs City resources to reduce public housing vacancy, promote replacement housing development and provide housing counseling services to public housing residents;**
- **Promotes rehabilitation of short-term vacant houses through moderate-rehabilitation financing programs operating on a year-round basis;**
- **Uses a substantial portion of available development subsidy funds to increase production of transitional and permanent housing for homeless people and others with specialized housing and service needs; and**
- **Uses available housing resources to promote moderate- and middle-income homeownership in Philadelphia neighborhoods.**

The Strategic Advantages of Philadelphia Neighborhoods

The coming years are a time of new opportunity--the opportunity to influence substantial reinvestment and economic growth in Philadelphia neighborhoods. A realistic, well-designed vacant property strategy can play a critical role in guiding new investment to neighborhoods in every area of the city.

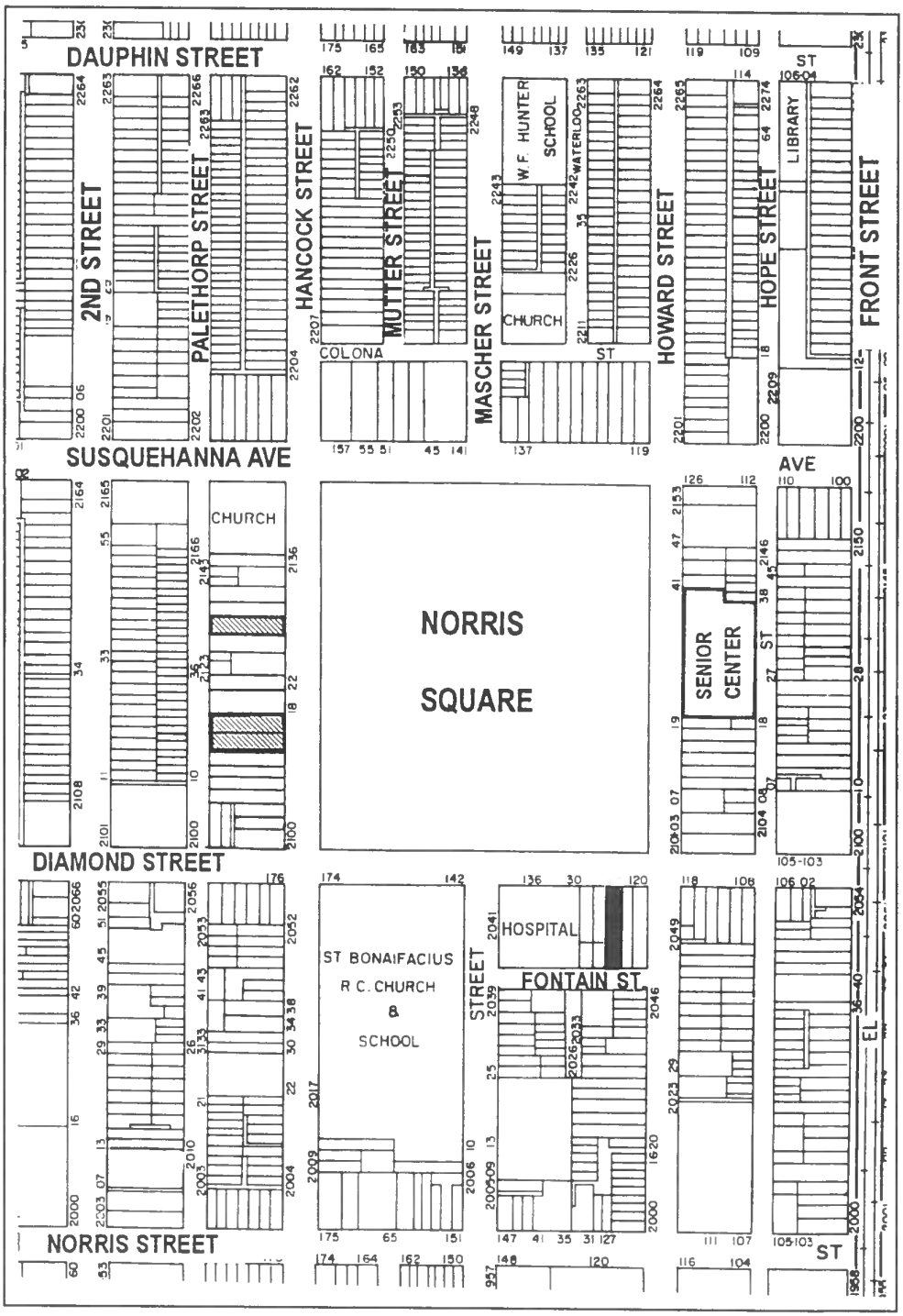
The approach presented in this paper can produce effective results for Philadelphia neighborhoods because it:

- Relies on existing low-cost, high-performance methods of preventing and treating housing vacancy;
- Can be implemented in any Philadelphia neighborhood with a significant vacant property problem, and is not restricted to "target areas";
- Uses existing funds cost-effectively and specifies appropriate uses for any available additional funding; and
- Does not require the development of another new program, the creation of a new agency or the hiring of additional administrative staff.

Many Philadelphia neighborhoods contain attractive, affordable housing with access to transportation, recreation, service facilities and jobs. The city's public housing and public school systems are currently more accessible and more accountable to communities than they have been in many years, due to recent new leadership and progressive structural and programmatic changes. Although Philadelphia neighborhoods still struggle to address serious problems--including crime, drug abuse and unemployment--many Philadelphia community organizations and their institutional and corporate supporters are better organized and better positioned to address these problems than ever before.

A large number of suburban areas, particularly those which grew rapidly during the past three decades, lack one or more of four positive qualities that are present in many Philadelphia neighborhoods.

- An appealing physical plan which integrates housing, open space, schools, churches and institutions to create an attractive, cohesive environment. Norris Square (shown on facing page) is an example of a Philadelphia neighborhood which offers these characteristics.
- A pedestrian orientation, with neighborhood services and facilities located within walking distance.
- A higher density of residential development, creating a setting which makes it easier for neighbors to get acquainted, help one another and organize themselves when needed.
- A network of neighborhood-based institutions, including churches, settlement houses, senior centers and community organizations, some of which are recognized as having the best capability in the region to address critical social problems of the 1990s, including homelessness, drug and alcohol abuse and children and youth service needs.



Section of Norris Square neighborhood

Legend:

- Norris Square Civic Association
- CDC offices (124 W. Diamond St.)
- Houses Rehabilitated by Norris Square Civic Association (2114, 2116 & 2118 N. Hancock St.)

This decade has brought a growing public recognition that no area in the region is problem-free, as more suburban communities have begun to experience social tensions and human service needs previously associated with cities only. Urban neighborhoods—even urban neighborhoods with some significant problems—can attract families and businesses if there is evidence that:

- There is a realistic plan—whether published or implicit—for dealing with community problems and promoting improvement;
- Community members—at a minimum, an active core group of community members supported by the community at large—are organizing to address problems and advance improvement; and
- Investment and improvement—even at a modest scale, through activities such as ongoing real estate sales, home repair programs and moderate-rehabilitation projects—are under way throughout the year.

A vacant property plan and the promotion of local housing resources can help bring new investment to neighborhoods across Philadelphia. During the coming years OHCD plans to use the housing approach described in this paper to help communities pursue the reinvestment opportunities of the 1990s, based on the unique strategic advantages of Philadelphia neighborhoods.

YouthBuild, South Philadelphia, Spring 1995