CONFERENCE ON VACANT LAND

by Edward J. Dodson, Cherry Hill, NJ

The economic health and future of Pennsylvania's cities and towns was the subject of a day-long conference held on December 4, 2002 across the Susquehanna River from the state capitol. The conference was organized by John Krome of the Fels Institute of Government and co-sponsored by the Pennsylvania Department of Community and Economic Development and 10,000 Friends of Pennsylvania.

I participated as a representative of my employer, delivering a brief presentation describing an initiative that began during the 1980s in New York City to construct residential housing (condominiums, townhomes and some 2- and 3-unit properties) in areas where private sector development had disappeared. In these sections of the city, large sections of land had to be cleared of vacant and uninhabitable buildings. Under consideration was whether the same strategies would work for Pennsylvania's cities and towns, or whether the case of New York City is unique.

As most people are aware, large sections of New York City experienced disinvestment and abandonment beginning during the 1970s, along with a reduction in population of over 800,000 people. These trends have markedly reversed. Immigration is one reason. Another is that the city has allocated funding to support the construction or rehabilitation of over 150,000 housing units since the mid-1980s. Nearly 38,000 units previously in city ownership were rehabilitated and sold to private owners.

The program I spoke about, called the "New Homes Program," has generated 17,000 newly-constructed housing units in parts of the city where the land had come into city ownership and, therefore, once cleared, could be brought into development without adding significantly to overall project costs. Across the city, nearly 8 percent of the land area categorized as building lots remains vacant. I have not been able to determine what percentage of this land continues to be held by the city, but the amount is falling. Soon there will be little opportunity for the city to contribute land for housing development. The construction of new "affordable" housing units will then require public subsidies for land acquisition. Pennsylvania communities are, in many cases, a long way from having to face this particular problem, a subject which the conference attempted to address.

Pennsylvania's economic base in manufacturing has been replaced by employment in the service- and technology-based sectors. Although the overall population of the state grew by only 3.2 percent between 1990-2000, many rural areas experienced a much faster growth rate because of the continuous outward movement of people from the major cities, such as Philadelphia and Pittsburgh. Also, 10 of the state's 42 rural counties lost population. A serious concern of many speakers was how to bring development - and population - back into the cities and towns and stem the process of (continued on page 5)
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sprawl that diverts infrastructure spending to support low-density land uses. Jeremy Nowak, President of the Philadelphia-based Reinvestment Fund (www.tfund.com) presented the findings of his research on what has happened in the Philadelphia region over the last few decades. The process of abandonment continues in some parts of the city, and there are huge challenges the city faces in gaining control of vacant properties and getting land in a position for redevelopment. Funding is only one of those challenges.

One encouraging sign is that developers are once again looking to cities and towns for investment opportunities because suburban residents are coming out in great numbers to oppose the construction of more housing, more shopping centers and the side-effects - more automobile congestion on the roadways. Pat Smith, who directs Philadelphia's "Neighborhood Transformation Initiative" described the priorities established by the city: removing blight and improving the quality of public services brought to the neighborhoods as essential steps to create a positive atmosphere for private investment. GroundSwell readers may recall a report I made on Philadelphia highlighting the fact that urban farming was in some sections now the highest and best use of land within the city limits. Given the scale of the abandonment problem in Philadelphia, growing food crops and other plants for profit may be a rather long-term interm use in certain neighborhoods.

Another strategy being employed for redevelopment is the use of Tax Increment Financings (TIFs). This tool allows a city to issue bonds to raise funds to subsidize development (including, often, site acquisition), with payment of interest on the bonds coming in whole or in part by property taxes on the specific development. The developer or some third party may, in some cases, be required to guarantee payment of interest to the bondholders in the event the property tax revenues are insufficient.

As a result of discussions with John Kromer early in the planning process for this conference, he agreed that the agenda ought to include a discussion of the property tax and the potential benefits of shifting to a two-rate structure. I recommended that he invite Josh Vincent, director of the Henry George Foundation of America to participate in the conference. Josh accepted this invitation and conducted a breakout session on "The Land Tax and Vacant Property Development," which was well-attended. In addition to increasing the level of awareness among elected officials that a growing list of Pennsylvania communities are implementing the two-rate approach, participation in conferences of this type help to establish credibility within the planning and public policy communities.

Finally, Governor-elect Ed Rendell (the former mayor of Philadelphia) made an appearance to acknowledge the importance of the conference and to affirm his commitment to all Pennsylvania communities. One of our challenges in Pennsylvania is to reach the new Governor (and/or his key advisors) and convince him to become an advocate for land value taxation and thereby bring the influence of state government into the equation. Working with John Kromer on what was an enormously successful conference was, from my perspective, an excellent first step. Let's see what the year 2003 brings.

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LVT PRESENTED AT CONFERENCE ON VACANT LAND

by Joshua Vincent, Philadelphia, PA

On December 4, 2002 the land value tax message was driven home in two sessions at a conference on vacant land held in Harrisburg, PA. One session featured LVT in Pennsylvania and was presented by Joshua Vincent. A power point presentation led the audience from the idea of LVT to actual application in such cities as Altoona and Philadelphia.

In attendance were public policy wonks, and at least two state representatives (Dwight Evans and Mike Horshay of Philadelphia) and about a dozen state legislative staffers.

The session was full, and all 65 prepared packets on LVT were taken. Although there were two speakers, LVT took up the lion's share of questions. The discussion was still going on, when we were ordered to quit for the luncheon speaker!

(Josh Vincent is president of the Center for the Study of Economics and also president of the Henry George Foundation of America. See http://www.urbantools.net website. He may be emailed at joshuavincent@msn.com)