Redeveloping Commercial Vacant Properties in Legacy Cities

A Guidebook to Linking Property Reuse and Economic Revitalization

Marianne Eppig and Lavea Brachman
On the cover: downtown Detroit © Lundgren Photography
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Marianne Eppig and Lavea Brachman
Greater Ohio Policy Center
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The Greater Ohio Policy Center, in partnership with the German Marshall Fund of the United States and the Center for Community Progress, has developed this document, Redeveloping Commercial Vacant Properties in Legacy Cities: A Guidebook to Linking Property Reuse and Economic Revitalization, as a project of the German Marshall Fund’s Cities in Transition (CIT) initiative. CIT is a three-year project to build a network of policymakers, practitioners, and civic leaders in five older industrial cities: Detroit and Flint, Michigan; Cleveland and Youngstown, Ohio; and Pittsburgh, Pennsylvania. The idea for the guidebook grew out of discussions with network participants who identified redeveloping and reusing commercial vacant properties as a critical challenge in their cities.

This guidebook supports the transition of vacant commercial properties to productive reuse and strategically links this reuse to local and regional economic regrowth in legacy cities. The tools and strategies throughout the guidebook are intended for use by practitioners, policymakers and leaders at local and state levels. Community development organizations, municipal planning and economic development officials, Main Street program and commercial district managers, Business Improvement Districts, chambers of commerce, and land banks may find the tools particularly useful for commercial revitalization efforts. While the tools, strategies, and policy recommendations are particularly relevant for legacy cities and their communities, they are also applicable to all cities and regions that seek to reuse commercial vacant properties with the purpose of enhancing community stability and economic development.
This guidebook is designed as a “How To” manual for local leaders, identifying practices and policies that take advantage of the link between available commercial properties and needed economic re-growth strategies.

In the wake of the mortgage foreclosure crisis and the long-term abandonment of older industrial cities and their regions, communities and neighborhoods are increasingly burdened with vacant and abandoned properties. These properties can have blighting influences on their neighborhoods, decreasing surrounding property values and increasing the amount of municipal funds required to address the crime and arson that often follow unoccupied spaces. Organizations and municipalities are now more systematically addressing vacant residential properties. However, this is the first comprehensive guidebook for the redevelopment of commercial vacant properties, which are equally prevalent — especially throughout older industrial regions.

Commercial vacant properties in legacy cities present both unique challenges and promise. Commercial vacant properties are vacant properties that are zoned for or that have recently hosted commercial or retail uses — in other words, non-residential buildings or land intended to generate a profit. Downtown storefronts and offices, mixed-use properties along neighborhood Main Streets, malls, strip malls, big box stores, and warehouses are all examples of commercial properties.

The productive reuse of commercial vacant properties is a complex process, because new uses are tied to local market demand as well as to the larger changing macro-economic forces affecting entire neighborhoods, cities, and regions. In many older industrial cities and regions, a lack of economic or population growth, combined with sprawling development, has contributed to property abandonment and weakened inner city
markets. However, the tide of these development patterns may be changing as people are increasingly interested in returning to cities and their metropolitan areas.

In response to this shifting demand, communities in legacy cities and throughout the country are transforming once defunct commercial spaces into vibrant, thriving places again. Big box stores are being reused as schools, medical centers, libraries, court houses, museums, and recreation centers. Strip malls are being redeveloped and relandscaped to be more pedestrian-oriented and inviting. Warehouses are being retrofitted as business incubator, gallery, and event space. Neighborhood Main Streets and downtown business districts are beginning to repopulate and revitalize with renewed energy. This guidebook aggregates insights gained from these and other endeavors to provide guidance for diverse commercial revitalization efforts.

Ultimately, targeting key commercial properties for redevelopment helps surrounding communities achieve greater stability. Neighborhood commercial districts can signal the health and stability of a community to the market and can influence the composition and economic circumstances of the neighborhood. In legacy city markets, commercial properties are also a critical component of job creation and business development efforts that need to be part of an overall approach to revitalization. Over time, as commercial revitalization efforts attract developers and businesses to commercial properties and their districts, local economies can grow and neighborhoods can stabilize. While not all commercial properties and districts can or should be redeveloped, this guidebook provides strategies and techniques for targeting viable commercial properties for redevelopment and attracting the private sector back to legacy city markets.

How to Use this Guidebook
This guidebook is designed to match the overall process of project planning, real estate redevelopment, and property reuse, but it does not need to be used in chronological order. The tools and strategies provided here can be used by local leaders and practitioners no matter where they are in the process of commercial property redevelopment, from data gathering to business district management, or from real estate acquisition and redevelopment to tenant attraction and support.

The guidebook is divided into the following eight parts, which fit the overall process of commercial property redevelopment and reuse:

Part I: Understanding Commercial Vacant Properties
Part I provides an overview of commercial property vacancy. It covers the nature of commercial vacancy and the conditions leading to it, as well as the advantages of redeveloping these properties. Also included is a commercial property typology, which describes the broad archetypes of commercial real estate. This typology is intended to aid practitioners in identifying the typical age, location, and market of commercial property types, which sets the stage for a productive reuse. The section concludes with a summary of common barriers to commercial vacant property redevelopment, and how the tools provided in this guidebook can help overcome these challenges.

Part II: Laying the Foundation for Commercial Vacant Property Redevelopment
Laying the foundation for commercial revitalization usually involves the initial steps of determining the ownership of targeted properties, planning, and coalition building. Part II provides an overview of how to find property information and use early warning systems.
plan for uses that are likely to succeed, and develop critical partnerships around organized commercial revitalization programs. Part II also provides frameworks for redevelopment at three different scales that can be implemented independently or together: at the neighborhood, commercial district, and single property levels.

**Part III: Conducting a Market Analysis**
Part III offers information on how to identify market constraints and opportunities around commercial properties and districts. It includes a market typology that establishes market types and suggests redevelopment strategies for business districts within each of those markets. Part III also covers methods for analyzing a market, including information on how to determine whether there is market demand for future property uses.

**Part IV: Navigating Legal Challenges to Reclaiming Commercial Vacant Properties**
It is almost always better, when possible, for the public sector to motivate private owners to reuse vacant properties than for the public sector to intervene directly by acquiring and then trying to dispose of the property. However, sometimes properties lack a clear owner and public control may be necessary to return a property to productive reuse. Part IV provides legal tools and strategies for motivating productive reuse of commercial vacant properties by private owners and the means for gaining control of a site when an existing owner will not reuse an abandoned commercial property. It concludes with a note on property disposition for public entities that acquire properties.

**Part V: Overcoming Financial Gaps**
Since the costs of commercial vacant property demolition, clean-up, and redevelopment can be prohibitively high, established and creative financing sources are necessary — especially in weaker markets and legacy cities. Various sources of capital from the private, public, and non-profit sectors are described in Part V and
a full list of funding sources and descriptions of how they can be used is in Appendix 1.

Part VI: Identifying Property Reuse Options
Part VI provides guidance on how to select an appropriate commercial vacant property reuse. A flow chart offers direction on how to select a reuse that matches the unique circumstances of the commercial vacant property and the resources available. Part VI also offers descriptions of a variety of long-term and temporary reuse alternatives. The options for reuse are categorized according to three broad redevelopment strategies: renovation, adaptive reuse, and conversion from single-use to mixed-use. Part VI also includes a review of interim steps and temporary uses that can be employed on properties that do not have immediate redevelopment potential.

Part VII: Retaining and Attracting Business Tenants
Part VII lays out specific methods for retaining and attracting business tenants for commercial properties and districts. The combination of commercial property redevelopment and long-term business support programs may increase the potential for successful commercial revitalization.

Part VIII: Managing a Commercial District
Ongoing management of a commercial district increases the likelihood of the successful reuse of the properties within it. Part VIII covers specific strategies for managing commercial districts over time, including models for district management — such as Main Street programs and Business Improvement Districts — to support the reuse of individual commercial properties.

Each section of this guidebook is dedicated to assisting local communities with the revitalization of commercial properties and districts in legacy cities. The tools and strategies throughout may be employed by the public and non-profit sectors to leverage and support private property redevelopment and reuse, ultimately helping to rebuild markets. While particularly valuable in legacy cities, these techniques are broadly applicable and, in many cases, widely used. Applying these tools to the redevelopment and productive reuse of targeted commercial vacant properties may have transformative effects for the places that need them most.
By understanding the dynamics of commercial property vacancy, local leaders and practitioners will be better able to develop strategies for the productive reuse of commercial real estate.

Commercial properties exhibit a unique set of challenges that call for unique solutions. Commercial vacant properties are unoccupied properties that are zoned for or have recently contained commercial or retail uses. They are non-residential buildings or land intended to generate a profit, either from capital gain or from rental income. These properties can include a single type of use — like big box stores, malls, or strip malls — or a variety of uses, such as mixed-use development with storefronts on the ground level and residential or office space on the upper levels.

This section provides an overview of commercial property vacancy. It covers the nature of commercial vacancy and the conditions leading to it, as well as the advantages of redeveloping these properties. Also included is a commercial property typology, which describes the broad archetypes of commercial real estate. This typology is intended to aid practitioners in the identification of the typical age, location, and market of commercial property types, which sets the stage for determining a productive reuse. The section concludes with a summary of common barriers to commercial vacant property redevelopment, and how the tools provided in this guidebook can help address these challenges.

**The Nature and Causes of Commercial Vacancy**

Successful commercial property reuse depends on understanding the nature and causes of commercial real estate vacancy. Commercial vacancy comes in many different forms, such as:

- A commercial space or storefront that is vacant for a relatively short amount of time within an otherwise occupied building;

- A commercial building that is underutilized, with only a few of its spaces occupied by paying tenants;

- A commercial building experiencing long-term abandonment; or
• A building or space that is abandoned but not entirely vacant, as illegal uses often make their way into overlooked areas.

Commercial property abandonment in legacy cities is usually a result of larger economic and demographic shifts. In many older industrial cities and regions, a lack of economic or population growth, combined with sprawling development, has contributed to property abandonment and weakened inner city markets. The scope of commercial property vacancy in the older industrial cities of Detroit, Cleveland, Pittsburgh, Flint, and Youngstown, for instance, is vast. The number of commercial vacant properties throughout the counties of these five cities is extraordinarily high, with vacancy rates ranging from around 32 to 42 percent (Table 1).

To put vacancy numbers and rates in these legacy cities in perspective, they were compared to those of the counties of the five largest cities in the United States (Table 2). The average commercial vacancy rate of the counties of legacy cities is around 5 percent higher than the average commercial vacancy rate of the counties with the five largest U.S. cities. Although commercial property vacancy is worse in older industrial cities, it is a national problem.

Overall changes in consumer preferences and purchasing power, as well as shifts in business trends, have also contributed to an increase in commercial vacancy nationwide. The recent economic recession, combined with a rise in online shopping, has reduced the amount of shopping at physical stores. When a property owner loses rent-paying tenants or cannot afford to fix up a deteriorating building, and decides that the financial losses of continuing to maintain the property exceed the potential benefits, abandoning the property may seem to be a reasonable alternative. Property abandonment can also be a consequence of legal disputes and bankruptcy.

In some cases, businesses move to different locations and the company will continue to pay the mortgage on the vacated property so that competitors do not move into the space, which is how many big box companies operate.1 Big box companies will often

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Table 1: Commercial Vacancy at the County Level for Legacy Cities

<table>
<thead>
<tr>
<th>County (City, State)</th>
<th>Total Vacant Commercial Addresses</th>
<th>Percent Commercial Vacancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wayne County (Detroit, Michigan)</td>
<td>29,276</td>
<td>41.5</td>
</tr>
<tr>
<td>Genesee County (Flint, Michigan)</td>
<td>6,216</td>
<td>39.9</td>
</tr>
<tr>
<td>Cuyahoga County (Cleveland, Ohio)</td>
<td>24,303</td>
<td>38.8</td>
</tr>
<tr>
<td>Mahoning County (Youngstown, Ohio)</td>
<td>4,197</td>
<td>37.5</td>
</tr>
<tr>
<td>Allegheny County (Pittsburgh, Pennsylvania)</td>
<td>17,836</td>
<td>31.7</td>
</tr>
</tbody>
</table>

Data collected on the fourth quarter of fiscal year 2012.


Table 2: Commercial Vacancy at the County Level for the Five Most Populated U.S. Cities

<table>
<thead>
<tr>
<th>County (City, State)</th>
<th>Total Vacant Commercial Addresses</th>
<th>Percent Commercial Vacancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York County (Manhattan, New York)</td>
<td>35,869</td>
<td>26.8</td>
</tr>
<tr>
<td>Los Angeles County (Los Angeles, California)</td>
<td>160,332</td>
<td>34.9</td>
</tr>
<tr>
<td>Cook County (Chicago, Illinois)</td>
<td>84,869</td>
<td>37.9</td>
</tr>
<tr>
<td>Harris County (Houston, Texas)</td>
<td>73,090</td>
<td>35.5</td>
</tr>
<tr>
<td>Philadelphia County (Philadelphia, Pennsylvania)</td>
<td>17,585</td>
<td>29.2</td>
</tr>
</tbody>
</table>

Data collected on the fourth quarter of fiscal year 2012.


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expand to larger buildings near the original property because it is considered cheaper to build a new store than to interrupt business at the old building in order to renovate. Many big box buildings are never torn down, and the company’s lease on the land often lasts for decades or even centuries.

Overall, location, physical condition, and market demand all have a significant impact on the viability of a commercial property and its occupancy. Specific conditions that can lead to vacancy and abandonment include:

- Surrounding circumstances such as poor infrastructure, weak market demand, or a distressed neighborhood;
- Uses that contribute to negative perceptions and blight; or
- Physical deterioration, contamination, or obsolescence.²

Understanding the dynamics of commercial property vacancy and abandonment allows for identification of early warning signs (see page 16), prevention of vacancy and abandonment, and development of strategies for the productive reuse of those that are vacant.

Leveraging the Advantages of Commercial Vacant Properties

The Competitive Advantage of Redeveloping Commercial Vacant Properties

Commercial vacant properties have multiple advantages that can be leveraged for successful revitalization. Existing buildings, especially those that are historic and architecturally significant, can contribute a unique character to a commercial use or district that attracts residents, visitors, and investors to the area. While land costs and rental rates of commercial vacant properties may be relatively low in weak market areas, the condition of the real estate and the high costs associated with its reuse may deter investors. However, in many instances, practitioners focused on Main Street redevelopment have found it less expensive and more expedient to rehabilitate existing building stock than to build new.

One developer found that reusing buildings generated between 10 to 12 percent savings over building new. Additionally, federal, state, and local incentives, such as New Market Tax Credits and Historic Preservation Tax Incentives (for more information, see page 45), can help to balance the costs of commercial redevelopment. If there is greater value in the land than in the commercial structure, the building can be demolished and construction can start.

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4 Ibid.
from scratch, usually with easily accessible existing infrastructure.

Commercial vacant properties are also often positioned in strategic locations, close to key transportation infrastructure and other businesses and institutions that can draw customers. Commercial vacant properties that are near the city center or located in walkable neighborhoods retain additional advantages, such as high density and foot traffic. Revitalizing and reusing commercial vacant properties also provides opportunities to rebuild local and regional economies by strengthening market demand in weaker market areas.

**The Public Benefits of Commercial Vacant Property Redevelopment**

Commercial vacant property revitalization generates numerous benefits. The reuse and renewal of commercial vacant properties can encourage the clean-up and reuse of contaminated properties in areas with existing infrastructure and municipal services, while helping to foster compact development patterns. These properties provide the raw materials for more sustainable development that reduces the expansion of paved surfaces, which contribute to damaging rainwater runoff, and improves air quality by promoting compact neighborhoods and alternative modes of transportation that reduce miles driven and associated emissions. Also, commercial vacant properties can help promote economic and community development by housing new and growing businesses and generating jobs. A healthy commercial district has the potential to increase the quality of life in the surrounding neighborhood through improved access to goods and services, greater social and political connectivity, and increased property values.

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Figure 10

*Euclid Square Mall, Euclid, Ohio. Various churches and religious congregations currently use the spaces inside the mall.*

Source: Mike Kalasnik
### Table 3: Commercial Property Typology

<table>
<thead>
<tr>
<th>Category</th>
<th>Community Type and Period</th>
<th>Physical Form</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scattered neighborhood commercial</td>
<td>Residential neighborhoods built in 1920s or earlier</td>
<td>Individual storefronts located within residential blocks, or small clusters of storefronts or other commercial buildings at intersections.</td>
<td>Residents of adjacent city blocks.</td>
</tr>
<tr>
<td>Neighborhood Main Street</td>
<td>Residential neighborhoods built in 1920s or earlier</td>
<td>One- to four-story buildings with ground floor or multiple floor commercial use, typically forming a street wall along arterial streets in urban neighborhoods or small towns, containing neighborhood-serving retail stores and services. Development form is linear, with few commercial facilities off main street. Parking is limited to on-street parking or some parking behind stores.</td>
<td>Residents of surrounding neighborhood with limited additional market from vehicular traffic.</td>
</tr>
<tr>
<td>Destination Main Street</td>
<td>Residential neighborhoods built in 1920s or earlier</td>
<td>Physical form similar to neighborhood main streets, but mix of retail and services is more varied and usually more oriented to upscale consumers, and likely to include clusters of specialized uses such as ethnic restaurants, entertainment venues, or antique stores.</td>
<td>Residents of surrounding neighborhood and/or residents of metro (for specialized or destination facilities). Some may draw from wider regions.</td>
</tr>
<tr>
<td>Downtown (Central Business District or CBD)</td>
<td>Cities with downtown core laid out in 1920s or earlier</td>
<td>Historically intense, continuous street wall, except where interrupted by demolition or urban renewal since 1950s, and including high-rise (elevator) buildings. Buildings mostly constructed for retail/service use on ground floor and office use on upper floors, but include single purpose buildings for government use, department stores and entertainment venues. Traditionally excluded residential uses. Development form typically includes multiple commercial streets forming defined district. Parking includes on-street and off-street, including parking garages.</td>
<td>Prior to 1970s, CBDs were principal venue for major retail shopping and services for metro. While some retain central functions today, many no longer function as important retail centers, although they continue to serve as government centers and, in some cases, have been revived as largely residential mixed-use areas.</td>
</tr>
<tr>
<td>Suburban strip</td>
<td>Suburban development principally in 1950s and 1960s</td>
<td>Free standing mostly one-story commercial buildings, usually set behind parking lots along suburban arterial roads. Some contain major anchor stores, but many limited to small stores, service providers, and professional offices.</td>
<td>Residents of surrounding suburban communities and commuters.</td>
</tr>
<tr>
<td>Suburban mall</td>
<td>Suburban development beginning in 1960s but principally in 1970s and 1980s</td>
<td>Freestanding large usually two-story complexes in single ownership constructed along arterial roads often at/near interchanges with limited-access highways. Containing multiple stores and often enclosed, generally centered on anchor stores. Often enclosed and oriented internally, and generally surrounded by parking lots.</td>
<td>Economically diverse residents of surrounding region.</td>
</tr>
<tr>
<td>Lifestyle center</td>
<td>Suburban development beginning in 1980s</td>
<td>Freestanding one- or two-story open air complexes constructed along arterial roads contain a mix of retail with restaurants and leisure activities generally oriented to upscale consumers, and more elaborately designed and landscaped than typical suburban strips or malls.</td>
<td>Predominately upscale residents of surrounding region.</td>
</tr>
<tr>
<td>Big box center</td>
<td>Suburban development beginning in 1980s</td>
<td>Large individual stores or clusters of large stores, dominated by major chains such as Walmart or Staples, oriented to large volume shopping, and constructed along arterial roads.</td>
<td>Economically diverse residents of surrounding region.</td>
</tr>
</tbody>
</table>
A Typology of Commercial Properties

Commercial vacant properties of all kinds are scattered across the landscape of legacy cities. The diverse types, conditions, and characteristics of commercial vacant properties can complicate decisions regarding their reuse. This section provides an overview of the different categories of commercial properties, including descriptions, typical ages, locations, and markets to help reduce this complexity and clarify the opportunities and constraints involved in redevelopment.

In Table 3, the properties are divided into eight main types of commercial properties as a framework for thinking about redevelopment. From the downtown central business district to neighborhood and destination Main Streets, and from scattered neighborhood commercial to suburban strip centers and malls, lifestyle and big box centers, these are the archetypes of commercial areas throughout older industrial cities and regions.

Each archetype reflects a different period in the history of U.S. urban and suburban development, which has implications for age and condition, a typical physical form and building structure, and a common market that it serves. In the development of a commercial revitalization plan, understanding these basic characteristics is vital to formulating an appropriate reuse strategy.

Table 4: Matching Tools and Strategies to Common Challenges in Commercial Property Redevelopment

<table>
<thead>
<tr>
<th>Common Challenges</th>
<th>Where to Find Tools and Strategies in the Guidebook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor building conditions</td>
<td>Part II has a section on tools for gathering property information, such as condition. If a building is in poor condition, this should be considered as part of an informed decision about the investments required for the property. Part VI contains options for property reuse, which take property condition into account.</td>
</tr>
<tr>
<td>Complicated property title</td>
<td>Part II has a section on tools for gathering property information, such as title and ownership. If a property has a clouded title, this should be considered as part of an informed decision about property redevelopment. Some methods of acquisition, explained in Part IV, can clear titles.</td>
</tr>
<tr>
<td>Weak market demand</td>
<td>Part III covers methods for analyzing the market, including determining market demand for reuses. Part III also includes strategies for revitalizing different types of markets.</td>
</tr>
<tr>
<td>Poor customer and investor perceptions of the neighborhood</td>
<td>Part III covers methods for analyzing the market, including determining market demand for commercial uses and perceptions of the area. Part VIII offers guidance on managing commercial district revitalization, which can help to improve perceptions of the area.</td>
</tr>
<tr>
<td>Uncooperative or absentee property owners</td>
<td>Part IV includes strategies for motivating private owners to reuse of commercial vacant properties and strategies for gaining control of a site.</td>
</tr>
<tr>
<td>Limited access to capital</td>
<td>Part V provides information on sources of capital for commercial redevelopment.</td>
</tr>
<tr>
<td>Limited capacity and quality of businesses</td>
<td>Part VII includes details on supporting and attracting businesses.</td>
</tr>
</tbody>
</table>

Common Challenges to Commercial Vacant Property Redevelopment

While having an understanding of commercial property types can help with the formulation of a reuse strategy, the implementation of that strategy requires knowledge about the distinctive characteristics of the targeted property and its context, as well as the common challenges that arise in completing that kind of commercial redevelopment.

Common barriers to commercial vacant property redevelopment include:

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8 This chart was developed by GOPC in conjunction with Alan Mallach to introduce a new typology of commercial properties.
- Poor building conditions;
- Complicated property title;
- Weak market demand for commercial uses;
- Poor customer and investor perceptions of neighborhoods;
- Uncooperative or absentee property owners;
- Difficulty gaining site control;
- Limited capacity and quality of businesses within the surrounding commercial district; and
- Limited access to capital.

This guidebook describes tools and strategies that are available to address each of these common challenges to commercial revitalization (Table 4).

Figure 11

Chantry Square shopping center, a vacant strip mall in Columbus, Ohio.

source: Nicholas Eckhart
Laying the foundation for commercial revitalization usually involves the initial steps of determining the ownership of targeted properties, planning, and coalition building. This section provides an overview of how to find property information and use early warning systems, plan for uses that are likely to succeed, and develop critical partnerships around organized commercial revitalization programs.

While it makes a great deal of sense to undertake commercial real estate redevelopment projects in coordination with broader business district and neighborhood revitalization efforts, the resources to undertake large-scale planning and redevelopment efforts may not be available. For this reason, this section also provides frameworks for redevelopment at three different scales that can be implemented independently or together: at the neighborhood, commercial district, and single property levels. Regardless of the scope of the project, properties, districts, and neighborhoods exist within interconnected markets. Efforts to revitalize commercial vacant properties need to account for this reality to be successful.

Property Information and Early Warning Systems
Practitioners need information about properties and their ownership to develop an effective strategy for dealing with vacant and abandoned commercial real estate, or to prevent vacancy in the first place. In particular, municipal officials, neighborhood organizations and CDCs, potential property buyers, developers, lenders, and business owners need to be able to access up-to-date information about commercial vacant properties in order to work with existing property owners or to acquire and reuse properties.

Until recently, gaining access to good data was time-consuming and expensive, but the number of information sources has expanded within a relatively short period of time.

Determining Property Ownership
Since the property owner is legally responsible for keeping the property up to city code, contacting the owner should be a first step to improving property maintenance, reporting a security concern, expressing interest in purchasing the property, finding out the owner’s intentions for the property, and
offering to help the owner put the property back into active reuse.

Especially in the current environment of high foreclosure rates and property speculation, determining property ownership can be challenging. The maze of ownership can involve property owners, lenders, servicers, real estate firms, and investors. Adding to the complexity, properties sometimes change hands quickly, with some owners holding title for only a few days. Local governments try to keep ownership records current, but since it is such a difficult task, it may be helpful to cross-reference multiple sources to get the most accurate information on property ownership. Table 5 includes an example of the various data sources.

<table>
<thead>
<tr>
<th>Data Source</th>
<th>Description</th>
<th>Cost</th>
<th>Information Available</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wayne County Treasurer Property Tax Administration System</td>
<td>This system lets homeowners pay taxes electronically. In addition, it provides access for third parties to information regarding a specific property.</td>
<td>Free</td>
<td>Tax payer name, amount of delinquent taxes, years of delinquent taxes, Wayne County tax status</td>
<td><a href="http://www.wayne-county.com/pta/default.asp">www.wayne-county.com/pta/default.asp</a></td>
</tr>
<tr>
<td>State of Michigan’s Online Business Entity Search</td>
<td>This website provides access to information on the formation of corporate entities and businesses.</td>
<td>Free</td>
<td>Business identification number, local business agent’s name, date business formed, copy of the application and filed documents, mailing office address, number of shares</td>
<td><a href="http://www.dleg.state.mi.us/bcs_corp/sr_corp.asp">www.dleg.state.mi.us/bcs_corp/sr_corp.asp</a></td>
</tr>
<tr>
<td>City of Detroit’s Online Property Tax Information System</td>
<td>This system lets homeowners pay taxes electronically. In addition, it provides access for third parties to information regarding a specific property.</td>
<td>Free to view your own property; all others require payment.</td>
<td>Free: owner name, parcel ID; Paid: tax information, land information, sales information, building information</td>
<td>is.bsasoftware.com/bsa.is/default.aspx</td>
</tr>
<tr>
<td>Wayne County’s Online Register of Deeds System</td>
<td>This system provides documentation of all recorded actions related to real estate ownership in Wayne County.</td>
<td>Cost determined by “On-Demand User” or “Commercial User”</td>
<td>Owner name, ownership history, document type, dates transactions recorded, images of documents (e.g., liens, affidavits, mortgages, judgments of foreclosure)</td>
<td><a href="http://www.wayne-countylandrecords.com/">www.wayne-countylandrecords.com/</a></td>
</tr>
<tr>
<td>Title Search</td>
<td>A title search results in a “title commitment” that lists the property owners, other interests in the property, and delinquent taxes. Title commitments must be performed when a party is considering property acquisition. Title commitments may also be useful when other sources do not provide accurate ownership information.</td>
<td>Title commitments typically range from around $150 to $200. Some local title companies will offer lower prices to non-profit organizations.</td>
<td>Owner name, ownership history, document type, dates transactions recorded, images of documents (e.g., liens, affidavits, mortgages, judgments of foreclosure)</td>
<td>N/A</td>
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</table>
that could be consulted for property information from Detroit, Michigan.9

A number of resources are available to help determine ownership and other information relevant to commercial properties. At the local level, information about individual properties can be accessed through the city or county auditor’s, treasurer’s, and recorder’s offices. Occasionally, a municipality will maintain a local inventory of commercial vacant properties, as does the Fire Department of Sandusky, Ohio. Commercial real estate professionals may also be a valuable resource for finding information about available commercial

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properties. For information about the number of vacant business addresses within an area, the U.S. Postal Service provides a national dataset. State Historic Preservation Offices provide information on designated historic structures. Public agencies at various levels of government should work together further to aggregate and update valuable information on commercial vacant properties.

**Information Systems**

Property information systems track information about properties within a defined geographical area. The contents of information systems vary depending on the resources and data available. Information on properties can be combined with neighborhood information such as census data, real estate market trends, and crime statistics, which can help with planning and development. Taxation, code enforcement, and public safety agencies can contribute valuable data to such a system.

In recent years, public, academic, and non-profit organizations have begun to collect, organize, analyze, and present information in new ways, lowering the cost and time required to attain data. Public agencies and local institutions, such as universities or research centers, can partner to set up and maintain a database of information about vacant properties. NEOCANDO is a nationally recognized example of a publicly accessible property information system that is managed by a local university in Northeast Ohio. The widespread use of computerized data sources and information systems make it possible for practically any community to create and maintain a property information system.

**Figure 14: GIS Map of the Number of Vacant Commercial Properties in the Census Tracts of Wayne County, Michigan.**

Data collected on the fourth quarter of 2012 by the U.S. Postal Service. Data includes vacant and no-stat business addresses.

Datum: NAD 1983
Early Warning Systems

Neighborhood associations, non-profits, and CDCs may need to monitor some properties closely to prevent abandonment. The identification of early warning signs of problematic properties and uses that could lead to increased vacancy is imperative for commercial district maintenance and revitalization.

A quality information system can provide information about individual properties to help identify early signs of problem properties and uses that could hinder the progress of commercial revitalization. Such a system could flag factors or combinations of factors such as:

- Repeated code violations associated with a particular property;
- Criminal activity associated with a particular property;
- Accumulation of liens on a property; or
- Increasing number of tax-delinquent properties in a particular area.

The Minneapolis Neighborhood Information System (MNIS), developed by Neighborhood Planning for Community Revitalization (NPCR), integrates both property and community information. For the information system to be effective as an early warning system, factors that are flagged should trigger specific interventions. Relevant and timely information should be provided to the individuals and entities responsible for taking action.

A data-based system should be combined with observation — of declining maintenance or changes in the type of business activity in the building, for instance — as well as with ongoing conversations with business owners, community leaders, and area residents. Those who live and work in the area can identify more subtle factors than may be immediately apparent in a data system.

Planning for Commercial Revitalization

Local and city-wide plans can provide key stakeholders with a roadmap for navigating the redevelopment process in the context of market realities and community goals. Resource-strapped legacy cities, which are much less likely to have relevant up-to-date plans, may find innovative resources and methods to support creation of these plans. Using both federal and local resources, Flint, Michigan, recently developed a new long-range master plan, replacing an city plan that had not been updated in over 50 years. Youngstown, Ohio contracts out much of its planning to Youngstown Neighborhood Development Corporation, a local CDC.

While city planning is typically led by city officials, non-profit organizations, such as CDCs, have often been involved in the development of community-based neighborhood plans. A plan can provide a clear direction, balance market forces and community objectives, build support for a vision, and give credibility to an effort.

There are numerous ways to develop plans; for more information on methods, see Resources Box 4. Plans — including strategies, activities, and budgets — should be ambitious but realistic in terms of financial and technical capacity, and in terms of feasibility under local market conditions.

Resource 4
Planning Methods

For more information on general planning methods, see the Community Planning Handbook, which is available online at: www.communityplanning.net. Developed in the United Kingdom, this website provides information on the principles, methods, scenarios and case studies related to community planning, in addition to templates and forms for implementation.

For planning efforts specific to commercial revitalization, see LISC’s “Commercial Revitalization Planning Guide: A Toolkit for Community Based Organizations.” It offers resources that can help communities plan commercial corridor revitalization programs. It is available at www.lisc.org/content/publication/detail/6100.

See templates 5-7 for LISC’s charts that can assist with the planning process, including a Business and Building Observation Form, a Stakeholder Outreach Form, and a Community Identity Exercise, respectively.
Depending on the scope of the project and the resources available, planning for commercial revitalization can take place at a variety of scales. The following planning approaches should coincide with the specific goals of the commercial redevelopment, whether it is at the neighborhood, commercial district, or property scale.

While explained separately, these approaches can be implemented individually or together, incrementally or even simultaneously. For example, in healthy markets, it makes sense to target a single vacant property for redevelopment. In tipping point neighborhoods, however, it would make more sense to target a property for redevelopment in the context of a larger business district revitalization effort that is itself included as part of a comprehensive neighborhood plan. In other words, these strategies can and should work together.

**Comprehensive Neighborhood Plan**

Ideally, commercial redevelopment should connect with neighborhood and city plans, as well as economic development goals. Comprehensive neighborhood planning is likely to
be most helpful for tipping point, at-risk, and distressed neighborhoods. Emerging and healthy markets, however, can also benefit from neighborhood planning, especially if residents aspire to a new vision for the area.

City and neighborhood plans can provide a framework through which to evaluate commercial property reuse alternatives. When thinking about options for property reuse, consider the long-term vision and policy goals for the area, the preferences of neighborhood residents, present and future market demand for various uses, public sector costs for uses and availability of resources, and developer interest in specific uses for the property. The amount of weight given to each consideration will vary according to the project and its goals. Broad stakeholder participation in the creation of shared goals and a vision and plan for a commercial district and neighborhood can help to build consensus and support for projects that are in line with the plan.

**Commercial District Strategy**

Commercial vacant property redevelopment, especially in legacy cities, is more likely to be successful if it is a component of a larger commercial district strategy. A commercial district is an area in which the primary land use is commercial activity. Many neighborhoods contain a commercial or business district, which is often located along a main transportation corridor. District-wide plans and revitalization strategies are particularly important in emerging, tipping point, and at-risk business districts because they can give confidence to private developers and business owners that their investments will be supported by the surrounding area.

The boundaries of a commercial district may be defined by municipal zoning or planning, but for commercial district revitalization, the focus should be centered on areas of market viability and nodes of activity. Key intersections or major transit stops can serve as the core of redevelopment, which should be a place with a unique point of reference, pedestrian traffic, and visibility. Often, districts require rezoning to match desired uses. The creation of corridor-specific zoning ordi-

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12 Ibid. 267.
13 Correspondence with Donovan Rypkema. 6/21/13.
District-wide coordination is needed to enable activities such as the creation of design guidelines, an improvement plan for public infrastructure and spaces, and the organization of special events and marketing to promote the district. Effective coordination of revitalization activities throughout a commercial district can benefit from broad buy-in to a shared vision and plan. Business associations, Business Improvement Districts (BIDs), Main Street programs, and centralized retail management can help to organize business owners and acquire special permits for events, additional security, and funding for neighborhood beautification. The benefits of acting together help businesses strengthen the financial health of the district, in addition to their own. For more information on managing a commercial district, see page 75.

**Targeting Individual Properties**

Local leaders must think strategically about the redevelopment of commercial vacant properties. Due to the large scale of commercial vacancy, the limited amount of resources available, and the high costs of demolition, cleanup, and rehabilitation, investments should be strategically targeted in areas and properties that have the potential to make an economic comeback.

The property’s context is a strong indicator of its ability to make a comeback. If a property is redeveloped in a distressed or at-risk area with high vacancy, there is a possibility the investment will be lost as it is swallowed by surrounding blight. In contrast, resources can be used strategically to redevelop vacant and abandoned commercial properties in healthy, emerging, and tipping point areas in order to preserve and expand pockets of stability around community assets, as well as to catalyze further development in the area.

A property can be strategic due to a combination of factors, such as location, market demand, structure, and historic value. Properties can be targeted for their presence within an area targeted for preservation or revitalization activities, such as in historic districts or neighborhood gateways, or for their adjacency to ongoing or planned redevelopment or reuse projects. Properties are also often selected for redevelopment based on their disproportionate impact on the properties around them, whether positive or negative. A market analysis can be used to appropriately identify properties for strategic investment. Locations and buildings should be evaluated with regard to their market potential in order to find the best opportunities for reuse. Choosing the right reuse for the property and the location can be a catalyst for the area’s overall economic and community development.

Focusing on the redevelopment and reuse of a single property can catalyze further development around it. Redevelopment of a site or building for use by an anchor store or institution that draws people to the area can help to energize the local economy. While large national franchises such as grocery stores, pharmacies, and department stores are often identified as anchor stores, local independent stores that are financially stable and non-profit institutions such as museums, theaters, and libraries can also serve as anchors for their neighborhoods if they attract significant numbers of people to an area. Investments in anchor institutions can have positive multiplier effects for their communities in terms of further investments, development, employment, and consumer spending.

**Partnering for Action**

Before beginning the process of commercial revitalization and reuse, practitioners should assess the capacity of the organizations involved, as well as local property and business owners, to take effective action for successful outcomes. While non-profit and public sector organizations may have limited capacity to cover the entire process of commercial property redevelopment, in addition to business attraction and support, a network of organizations can extend the available resources and capacity. Commercial revitalization efforts can benefit from engaging local businesses, residents, property owners, non-profit organizations, city departments, and financial institutions. Governments at

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15 Seidman, 2005, supra. 8.

16 Correspondence with Mark Barbash, 6/24/13.

17 Jacobus, Rick and Maureen Hickley. “Commercial Revitalization Planning Guide: A Toolkit for Community-Based Organizations.” Local...
Good Practice 2

Over-the-Rhine in Cincinnati, Ohio

Over-the-Rhine, a historic district in Cincinnati famous for its Italianate architecture and proximity to the city center, was one of the most poverty-stricken neighborhoods in the country during the beginning of the 21st century. The rate of poverty reached 58 percent and unemployment came just over 25 percent. The City of Cincinnati partnered with local private corporations in 2003 to form the Cincinnati Center City Development Corporation (3CDC), a non-profit that could lead the revitalization of the area. 3CDC has focused on acquiring and rehabilitating abandoned properties within a 110 square block area of Over-the-Rhine. As of 2012, around 98 percent of the 186 renovated residential units in Over-the-Rhine were sold and 90 percent of the completed commercial space was leased. Additionally, the restoration of Washington Park has helped the neighborhood turn around after decades of disinvestment. Since 2004, over $717 million has been invested in redevelopment and new construction projects in downtown Cincinnati and Over-the-Rhine.

3CDC goes through five steps to redevelop and reuse commercial and mixed-use spaces in Over-the-Rhine:

- Identify buildings and vacant property in target areas with potential for positive future redevelopment;
- Purchase buildings and vacant property for future redevelopment, ensuring the property is maintained and does not suffer further deterioration before redevelopment can begin;
- Identify potential developments that complement the condition, size, and history of the building as well of the needs of the community;
- Develop, in cooperation with the City of Cincinnati, a viable funding structure to finance the renovation project; and
- Engage qualified development team to ensure that the quality of the redevelopment meets 3CDC standards, is completed on time and on budget and successfully marketed for sale or lease.

Throughout the process of property redevelopment, 3CDC serves as the developer or master developer, asset manager, and lender/fund manager for Over-the-Rhine. While a developer handles the actual construction for the redevelopment projects, 3CDC — as master developer — manages the overall project and provides strategic direction for each phase of the redevelopment. Sales and leasing of redeveloped property allows for loan repayment, which provides additional opportunities for finance of future development. Once a redevelopment project is complete, 3CDC is charged with the task of maintaining and programming the developed area. 3CDC programs hundreds of events annually, attracting thousands of people to Washington Park in Over-the-Rhine.
various levels and national organizations, such as the National Main Street Center, can also offer support to local efforts. Cross-sector coordination among multiple organizations can leverage and expand existing capacity for commercial redevelopment projects and maximize the impact of investments.

Restoring buildings without an ongoing strategy for the commercial district is often insufficient to generate lasting change, which is why many communities have launched organized commercial revitalization programs. Commercial revitalization programs usually involve a lead organization — such as a business association or a local non-profit — coordinating a coalition of stakeholders that work together toward a common vision for an improved commercial district. Common activities of commercial revitalization programs, such as Main Street programs or Business Improvement Districts, include storefront improvement, real estate development, crime prevention, business support, business attraction, community festivals, marketing, and streetscape improvements. Individual activities have greater impact when they reinforce one another as part of a coordinated strategy tailored to the location. For more information on the various models of commercial revitalization and management programs, see page 76.

The Over-the-Rhine neighborhood in Cincinnati, Ohio is a nationally recognized model of successful commercial district revitalization. As described in Good Practice 2, the Cincinnati Center City Development Corporation (3CDC) worked collaboratively with the City of Cincinnati and a variety of private corporations to lead the revitalization of this once-distressed neighborhood.

Initiatives Support Corporation. 2006. 7.
18 Seidman, 2005, supra. 5.
19 Jacobus and Hickley, supra. 7.
20 Ibid. 7.
21 Ibid. 7-8.
22 Ibid. 7.
Part III: Conducting a Market Analysis

Location, location, location,” holds true as the single most determining factor of value for commercial real estate, which is one reason that redeveloping vacant properties in legacy cities can be so difficult. A commercial vacant property in Detroit, for instance, may remain abandoned for years before it is ultimately torn down, while a similar property in Los Angeles may quickly attract a willing investor. In some areas, there may be little or no market demand for a commercial property in any condition, and in others, there may be demand, but not at levels that motivate developers to invest the amount of money necessary to restore a deteriorated or vacant property to usable condition. With strategic interventions based on a keen understanding of the market, the public sector may be able to create more favorable environments for private sector investment and commercial property redevelopment.

This section offers information on how to identify market constraints and opportunities around commercial properties and districts. It includes a market typology that establishes market types and suggests redevelopment strategies for business districts within each of those markets. The section also covers methods for analyzing a market, including information on how to determine whether there is enough market demand for future property uses to drive redevelopment.

Why Market Analysis is Important

Market assessment is a valuable tool for determining the market constraints and opportunities for developing new and expanded commercial uses. Market analyses provide users with the information to evaluate locations and properties based on characteristics related to the surrounding business area and market demand. With the information gained from market analyses, decision-makers can determine the best possibilities for successful
reuse, maximizing the “match” between reuse and location.

Choosing an appropriate and sustainable property reuse for the location is important to the neighborhood’s overall economic development. A property reuse that is suitable for the site and its surroundings, aligns with long-term plans for the area, and is informed by current and projected market dynamics is more likely to strengthen local assets and improve the surrounding area physically, socially, and economically over time. It is also important to recognize that although new uses of vacant properties can influence market dynamics, existing and future market conditions significantly affect what is possible for the neighborhood or the commercial district.

**Market Types & Strategies**

Table 6 identifies market types and redevelopment strategies for business districts in those markets. This market typology is intended to help practitioners distinguish market conditions and investment potential in legacy cities, but it can be applied in other areas as well. The strategies noted in Table 6 are further elaborated upon throughout this guidebook.

**Methods for Analyzing the Market**

Due to the high volume of commercial vacant properties in older industrial cities and regions, local governments and institutions must target resources into commercial properties and areas that have market viability, or at least potential viability, so that their investments are not lost. Market analysis is the primary method to determine whether the market will support an intended commercial real estate reuse.

While market data is increasingly accessible and affordable, it can be difficult to select relevant data and interpret it accurately. For this reason, many communities hire consultants to conduct market research for them. Whether community stakeholders employ a consultant to do this work or gather the data directly, they should have a basic understanding of the data and how it can be used in order to make appropriate decisions based on the information at their disposal.

This section explains the process of market analysis and provides tools and recommendations for undertaking one and analyzing the results. Before beginning a market analysis, it can save time and effort to find and read previous market studies, if any are available. The first step of any market analysis is to define the area that will be studied. The next steps are to gather and interpret relevant data for the defined area. Information is also provided on employing consultants and using the market analysis for the best results.

**Defining the Trade Area**

The first step to conducting a market analysis is determining the boundaries of the trade area. A trade area is the geographic area within which most of the customers of the businesses of interest live or work. Examples of trade areas (called “Market” in the table) for various commercial property types are noted in Table 3 on page 10. The trade area should correspond with the scope of the project — with a single commercial property, district, or neighborhood at its core — but it should be noted that trade areas are not confined by jurisdictional boundaries.

Trade areas differ dramatically in size depending on the business or district at its center. Businesses that have a larger trade area are those for which people will travel farther for their products or services. The trade area of a commercial district is the aggregate of the various trade areas of the businesses within it. While neighborhood retail districts may have a trade area between 0.5 miles and 3 miles in diameter, serving anywhere between 3,000 to 30,000 people, larger business districts with more stores and retail square footage tend to have larger trade areas.

23  Ibid. 192.
25  Ibid.
26  Ibid. 37-38.
Redeveloping Commercial Vacant Properties in Legacy Cities

larger trade areas than those that focus on “convenience goods,” such as groceries, which generally meet the needs of those who live or work nearby. It is important to remember that the population density of the trade area is just as significant as its geographic size.

While the best way to identify a trade area is to survey customers in the district, this is rarely done, except for large projects, due to the expense of conducting surveys. As a result, many market researchers use estimates based on other similar areas.

Gathering Market Data

Once the trade area has been determined, the next step is to gather information about the trade area that is relevant to the goals of the market analysis. A plethora of data that can be useful for understanding business markets is available for free from government agen-

Table 6: Market Types and Strategies

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<th>Market Type</th>
<th>Description</th>
<th>Strategies</th>
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<tbody>
<tr>
<td>Healthy</td>
<td>Healthy markets are generally attractive areas with high owner-occupancy rates, high property values, and low vacancy and abandonment rates. Property prices are high enough to motivate private investment and prevent deterioration, resulting in reasonably well maintained properties. Business districts in healthy markets are typically well-occupied and frequented. In the recent economic recession, however, even otherwise healthy markets have suffered to some extent. Market loss may result in some vacancies. In this type of area, though, market forces typically resolve vacancy and abandonment issues. Property values will generally drop less than in other market types and vacant properties will likely be purchased quickly and maintained.</td>
<td>In healthy markets, there is little need for public intervention, except to provide quality public services and facilities, such as infrastructure and parks, to ensure that these areas do not degrade over time.</td>
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<td>Emerging</td>
<td>Emerging markets have homeownership and vacancy rates that are similar to those of healthy markets, but they tend to have lower property values and scattered vacant properties and deterioration. A business district in this market is relatively stable and growing, but has not yet reached market strength and may still be distressed in some areas. Demand in emerging markets may not be fully recognized by typical commercial developers. Vacant buildings in the district may be in need of beautification and updates.</td>
<td>Emerging markets can benefit from targeted interventions, including purchasing strategic vacant properties, code enforcement, and selective demolition. Other strategies to promote and facilitate the healthy functioning of the market include: • Building upon the nodes of strength within the market. • Offering business development and assistance services. • Repurposing vacant commercial buildings with improved retail and service selections. • Increasing the density of the district through selective demolition and the development of mixed-use buildings along main transportation corridors. • Managing the district by intervening swiftly at early signs of blight. • Promoting the district as a destination area that can attract customers from outside the immediate area.</td>
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cies such as the U.S. Census Bureau. Since compiling and comparing data from different sources can be time intensive and complicated, many market researchers download data reports from private companies, such as ESRI and Claritas, that aggregate data from a variety of sources for specified geographic areas and topics.

Both ESRI and Claritas, two of the most popular market data companies, allow the user to define a custom area, such as a trade area or neighborhood, and download reports of data about the population and businesses within that area. ESRI’s “Business Analyst” product, for example, provides reports and maps that can assist clients with market analysis, trade area identification, and customer segmentation.27

In addition to using quantitative data, it is important for those conducting a market analysis to gather qualitative information about the study area in order to best understand the area and what is needed for a successful revitalization strategy. Standard market data may not capture market nuances, especially for markets within legacy cities. For instance, the data may be at too large a scale to be useful for a small commercial area or neighborhood Main Street. Also, the trade area may be weak compared to a similar trade area in different city, but in comparison to other markets in

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<th>Market Type</th>
<th>Description</th>
<th>Strategies</th>
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<td>Tipping Point</td>
<td>Tipping point markets are still viable to some extent, with moderate property values and homeownership rates, but are visibly under threat from high vacancy rates. Tipping point neighborhoods are common in legacy cities and inner-ring suburbs. In these areas, previously high homeownership rates may be declining, abandoned properties may be appearing on otherwise sound blocks, and property maintenance may be slipping. A business district in this market has multiple viable businesses. Buildings in this market may be in rough condition and in need of improvements. The number of vacant and abandoned buildings is increasing throughout the market.</td>
<td>Tipping point neighborhoods require targeted strategies to reverse decline and strengthen the remaining fabric of the area so that market demand returns to the area. Reinvestment may be most effective in the form of small-scale infill redevelopment, rather than large-scale construction. Successful efforts may include removing blighted properties, motivating existing building owners to improve their properties and encouraging others to move into the neighborhood. Such small-scale strategies on scattered properties may not attract developer interest, but may be highly cost-effective for property reinvestment. Effective strategies for revitalizing a business district in a tipping point neighborhood include: • Focusing on preservation of the business district’s strengths and strategically adding to them. • Selectively acquiring, demolishing or rehabilitating, and re-selling vacant and abandoned buildings. • Targeting infill development and infrastructure improvements around nodes of activity, while avoiding disruption of existing businesses during redevelopment activities as much as possible. • Providing local business with financial and technical assistance. • Rapidly responding to signs of physical or economic deterioration and introducing building preservation programs. • Retaining affordable residential and commercial spaces to avoid rapid gentrification.</td>
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### Market Type Description Strategies

#### At Risk

- Neighborhoods in at-risk markets have often seen considerable disinvestment and decline over multiple years or decades. In these areas, the building stock is significantly deteriorating and there are dense concentrations of vacant and abandoned properties. Markets that are at risk are on the cusp of distress and they tend to draw attention because they could threaten nearby market stability.

- While property abandonment and deterioration is widespread in these markets, there may also be assets and pockets of strength that can serve as the core for redevelopment. Market demand is generally not strong enough to reuse all of the vacant buildings within this type of area.

- At-risk areas are unlikely to become viable marketplaces again without substantial assistance. Large-scale redevelopment or sustained, cumulative revitalization efforts are needed over a long period of time to make at-risk areas more desirable. Effective assistance will often include efforts that are concentrated in a small target area, and then radiate from that area into the surrounding neighborhood. Strategies usually involve demolition of vacant and uninhabitable properties as well as strategic rehabilitation, infill development, streetscaping, and infrastructure improvements.

- Portions of the business district may need to be given up as resources are focused on the target area. Buildings and businesses may need to be consolidated around nodes of relative strength in the target area. Viable businesses can be moved to better buildings or locations within the business district or neighborhood. Vacant and abandoned buildings can be strategically demolished and repurposed for civic uses, such as a community park. Redevelopment efforts in at-risk markets could also include a “re-branding” — giving the area a new identity as a marketing strategy — which may help to change negative perceptions of the neighborhood.

#### Distressed

- Distressed markets are the areas that have seen the most decline. Decades of disinvestment have turned these markets into ghost towns. Vacant and abandoned properties are everywhere and at least 70 percent are blighted. Only a few of the buildings are occupied, some of which may be by illegal occupants. There may not be enough of the business district left to save.

- Distressed areas typically require a major transformation to attract needed investments. If there are areas within the distressed market that have some commercial reuse potential, such as those that are adjacent to a stronger market, strategies for revitalization in those areas can include demolishing failing structures and assembling large tracts of land for redevelopment. A few of the original properties can sometimes be saved and contribute local character to the new development. These strategies make sense in areas where there is a critical mass of properties that are in reasonably good condition and where adjacent neighborhoods have stronger markets that need to be protected or that are also being revitalized.

- Occasionally, entire blocks or even neighborhoods in distressed markets must be demolished and redeveloped with a new plan. In areas that lack market demand for commercial uses, the business district may be better utilized as residential and civic space, such as apartments or a park. In worst case scenarios, the business district may need to be abandoned. Vacant land can be land banked for future redevelopment or used as parks, green space, or even urban farmland. These strategies are often used in areas where few of the properties are salvageable and there is little to no market demand.
its region, it may be relatively strong. Understanding the neighborhoods being studied and their contexts is critical for gaining useful information from a market analysis.

Surveying customers, potential customers, merchants, and employers in the commercial district is an effective method for gathering valuable qualitative information.28 Directly surveying customers in the business district can provide information about their preferences and what they would like to see in the district. While data can only inform what has been in the trade area, people can explain what they want in the future for the area. Organizations often employ consultants or seek volunteers from a local university to help them design and conduct surveys.

Other methods for gathering qualitative market data include “windshield tours” or walking surveys of the study area and working with local market experts. Driving or walking throughout the area of interest is an effective means of validating or correcting quantitative market research and gaining a more complete understanding the area. Observations of block-to-block changes should be noted to ensure that they are reflected in the market analysis.29 It is also a good idea to spend time in the field with local market experts to confirm that the quantitative market data corresponds with what a knowledgeable observer would see in the study area.30 First-hand experience with the study area and the people who live, work, and shop there can provide a more complete picture of what is really happening in the business district, providing hints for effective business attraction and development opportunities.

**Analyzing the Data**

Market data should be analyzed according to the goals of the redevelopment project. The data can be used to define key customer segments in the area and understand their preferences, estimate spending potential for different goods and services, analyze the economic niche of a business or district, and make informed decisions about future development opportunities.

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28 Jacobus and Hickley, supra. 48.
and assess competition. Accurate analysis of market data is crucial for correctly identifying market assets and gaps and opportunities, which are the seeds for developing customized strategies that help to rebuild the market.

Local assets in a business district could be anything from anchor institutions that draw customers to the district to growing businesses, customers who have unmet demand, or buildings that have great redevelopment potential. Beyond identifying local assets, analysts should assess the extent to which they are assets in order to assist local decision making and the targeting of limited resources. The strength of an asset will be related to its position in the market, and how it presents or occupies market gaps and opportunities.

Recognizing market gaps and opportunities in products and services is related to understanding market demand and supply. Comparing total spending by local customers (demand) to the total sales of local businesses (supply) by industry can help to identify market gaps. A market gap can be identified when local customers spend more on a product or service than is supplied locally. For instance, if local residents are traveling out of the area to purchase groceries, then the absence of a local grocery store can be seen as a market gap, and potentially an opportunity. Market opportunities are all about the possibility of meeting unsatisfied market demand. Unmet needs, or opportunities, within a community can be identified by surveying customers, locating market inefficiencies (such as market leakage or oversupply), or noticing a product or service that is provided in another market, but that is not offered locally.

The best prospects for meeting market needs can be identified by conducting a customer analysis, a competitor analysis, and an industry and regulatory landscape analysis. A customer analysis seeks to answer the question: who are the customers and what do they want to buy? A customer analysis can be done by conducting surveys or analyzing data on consumer characteristics, preferences and spending patterns. A competitor analysis examines the businesses that are in the market and what they are supplying for customers. A competitor analysis can entail looking into details about businesses and their industry type, location, size, products, services, sales, and employment. An industry and regulatory analysis assesses the status of the industry and regulatory landscape of the products and services. Once the need is identified, along with the competition, industry context, and regulatory constraints, the best prospects for property reuses can be tailored for the marketplace.

Crime rates, transportation access, and other neighborhood characteristics can have strong influences on the market. They can also serve as intervention points at which public entities can have a positive impact on the market. It is well known that both businesses and consumers desire to be in easily accessible business districts with low crime rates. By taking account of and addressing transportation and crime, public and private entities can work to create areas that attract private investment.

In some areas more than others, it is important to understand the potential downfalls of certain datasets. For instance, it is well understood that the census tends to undercount low-income and minority populations more than others, meaning that population, income, and spending estimates will understate the economic strength of these communities.31 Also, while many market analysts and retailers use average household spending as a

31 Jacobus and Hickley, supra. 40.
ESRI’s “Business Analyst” Indicators

Demographics
- **Population**: Such as age, sex, race, labor force, employment by industry and occupation, educational attainment, and marital status.
- **Households**: Such as total households, total family households, and average household size.
- **Income**: Such as household income, per capita income, age by income, disposable income, and net worth.
- **Housing**: Such as home value, owner-occupied units, renter-occupied units, and vacant units.

Lifestyles
- **Population**: Such as age, sex, education, employment, and marital status.
- **Households**: Such as household type (single person or family), income, relationships (single or multi-generational), and owner/renter status.
- **Housing**: Such as home value or rent, type of housing (single family, apartment, or townhouse), seasonal status, and owner costs relative to income.

Consumer
- **Consumer Spending**: This report includes details about the products and services that consumers are buying. The data shows the amount that households spend for products and services as compared to national figures.
- **Market Potential**: This report measures the probable demand for products or services in an area as compared to national averages. The data in this report informs users about the products and services that consumers desire and the civic attitudes they have.
- **Retail Marketplace**: This report compares total estimated spending by local customers (demand) to the total estimated sales of local businesses (supply) by industry within an area. The measures of supply and demand within this report reveal retail opportunities and allow businesses and practitioners to understand whether existing merchandise is meeting consumer demand and if local customers are shopping elsewhere.

Business
- **Business Locations and Business Summary**: This report offers detailed information about businesses in the designated area by location and industry. The data in this report reveals business opportunities by industry type, location, business size, sales volume, and employee statistics.
- **Banking**: This report provides details about banks and their locations, as well as the banking potential of an area.
- **Crime Indexes**: This report contains statistics about major categories of personal and property crime, which can significantly affect communities and businesses.
- **Shopping Centers**: This report contains statistics for nearly 7,000 major U.S. shopping centers with 225,000 or more square feet of gross leasable area.
- **Traffic Counts**: This report tracks peak and low traffic volume by the number of vehicles that cross a certain point of a street location.

From ESRI’s “Business Analyst.” For more information on these datasets and how to use them, visit: www.esri.com/data/esri_data.
key variable in market analysis, this may not be indicative of total spending in the area. Densely populated areas, such as those around downtown Central Business Districts, may have higher total spending but lower average spending than areas that are not as densely populated, such as suburban areas with scattered neighborhood commercial establishments.

Some market analysts use spatial and statistical cluster analysis of market data to identify conditions that can either support or undermine market growth. Using mapping software, such as GIS, can help to visually locate where the data indicate conditions that are favorable for investment and redevelopment, or where interventions are needed. Matching the geographic pattern of conditions to the market types provided on page 25 can be useful for determining which strategies to implement in specific locations.

Employing Consultants
Although decision-makers should have an understanding of how the marketplace functions and the ways in which they can influence it, they do not need to become experts in market analysis. Consultants and specialized personnel — in some cases, local universities or research centers — can help conduct market analyses and feasibility assessments. Key staff should be able to understand the information provided by experts to make rational decisions based on that information.

To get the best outcomes from the market analysis, it is important to determine and clearly communicate the needs for and intended uses of the information to the consultant. Without identifying the needs and uses of the information up front, the information you end up receiving, perhaps at considerable cost, may not be useful to the district’s niche or redevelopment strategies. Whenever feasible, one should work with a consultant who has experience with the type of district or area being studied. The consultant should help the program apply the study’s findings to come up with overall strategies for commercial district revitalization.

Using the Market Analysis
Ultimately, every commercial redevelopment project will succeed or fail on the basis of its ability to tap market demand. While no market analysis can predict success or failure with certainty, understanding the market and getting the best possible handle on any project’s probability of success is critically important.

A market analysis can help those who use it to gain a deeper understanding of local market conditions and, as a result, develop strategies likely to lead to successful redevelopment. The information in a market analysis can define existing economic niches and businesses that must be retained to continue attracting customers to the area, and may identify underserved markets that should be targeted for reinvestment.

Ultimately, an accurate and useful market analysis can be used to identify where and how to invest limited resources. With market analyses:

- Public entities, such as municipal governments, can better prescribe interventions and incentives to influence the market.
- Public planners can improve strategies to rebuild at-risk and tipping point markets.
- Community-based organizations can further develop staff understanding of and capacity to address local market dynamics.
- Private corporations can identify locations for development that will lead to a return on their investment.

Decision-makers should use market analyses to identify and capitalize on local assets for commercial and community revitalization. Since public resources are scarce and they alone cannot create a market where one does

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32 Ibid. 43.
33 Mallach, supra. 196.
not exist, they must be used to build upon local nodes of strength, such as successful businesses, major transportation hubs, community parks or environmental amenities, or large institutions with a commitment to the community, such as hospitals or universities. Practitioners can build the local market by promoting its identified assets to new potential customers such as workers at nearby employers, citywide and regional residents, and even tourists. Commercial property redevelopment efforts can also be targeted around local assets, in order to maximize their potential. For more strategies to address specific market types, see page 25.

For the market analysis to have the greatest impact, it must be disseminated and interpreted to decision-makers who can use it as a resource. The findings of the market analysis can be circulated through a series of presentations, meetings, fact sheets, and articles so that they can be used by local organizations and businesses for merchandising, marketing, and advertising. New technologies, such as an interactive website or online app, could be used to make the findings widely available and easily downloadable. Prospective users of the findings include community leaders and planners, developers, and business and property owners and brokers.

The results of the market analysis should be delivered to these stakeholders in meaningful and exciting ways, with content distilled to reflect the particular needs of the user. Private and public sector leaders may be interested in how the findings will help them bring in additional sales, make the business district a destination, support the types of niches that might thrive, and develop opportunities that can encourage activity throughout the day.35 For the best outcomes, practitioners should help people interpret and use the market analysis findings correctly to foster more informed decision-making. With access to and understanding of market data, community advocates and leaders can launch marketing programs, retain and expand businesses, recruit businesses, launch redevelopment projects, brand the business district, and create new synergies across sectors.

When possible, it is almost always better to motivate private owners to reuse vacant properties than for the public sector to intervene directly by acquiring and then trying to dispose of the property. However, sometimes properties lack a clear owner and public control of commercial vacant properties may be necessary to return the property to productive reuse. This section provides legal tools and strategies for motivating productive reuse of commercial vacant properties by private owners and means for gaining control of a site when an existing owner will not reuse an abandoned commercial property. It concludes with a note on property disposition for public entities that acquire properties.

It is important to note that property owners sometimes want to maintain and reuse vacant properties but lack the information or resources necessary to successfully revitalize their property. Such owners can benefit from technical assistance on how to compare costs and potential returns from a property investment, how to go about rehabilitating a building, how to finance the rehabilitation, how to locate reliable contractors, or how to attract quality tenants. Assistance can also help commercial vacant property owners take advantage of any incentives offered by the city. If they have the relevant skills, matching local community development organizations with property owners in need of assistance can be an effective strategy for the rehabilitation of individual properties.

Spurring Productive Reuse of Commercial Vacant Properties by Private Owners

Incentivizing private owners to reuse vacant properties is always the best option, but it can be difficult, especially in weak market areas where the return on their investment may not be immediately apparent. Although some owners may have a plan to reuse or hold properties, many owners do not. Some owners, especially speculators, may have little attachment to the property — limiting public leverage over the use of the property. There are, however, methods municipalities and public agencies can use to motivate owners to
reuse their properties, which should include carrots as well as sticks, in other words, incentives as well as regulatory pressures. Public sector funding and financial incentives, which can be motivators for private redevelop-ment, are addressed on page 46. This section includes details on legal tools for motivating owners to reuse their vacant properties.

**Code Enforcement**

Code enforcement for commercial vacant properties is essential for commercial revitalization and blight prevention, especially in at-risk, tipping point, and emerging markets. Code enforcement consists of local governments’ procedures for compelling property owners to comply with maintenance standards for existing buildings, and where necessary, stepping in to correct violations and abate nuisance conditions.\(^{37}\) It can be used to penalize property owners who fail to meet minimum standards, with the purpose of minimizing property deterioration. Code enforcement is often the “stick” that can make incentives for property maintenance and use (“carrots”) more effective, both of which are important for the property and neighboring properties. On the other hand, if owners of properties in weak economic environments are pressed to improve their properties though code enforcement, they may end up deciding that it makes more sense to abandon their properties rather than comply with city orders. Enforcement strategies should be carried out with the goal of helping property owners comply with enforcement orders so that buildings can remain in use. This can be started by explaining to property owners what the municipality’s requirements are and why they are imposed. A “get acquainted” visit between the code enforcement official and a new property owner or commercial tenant can help foster compliance over time.

Provisions of local codes differ for commercial properties depending on their use. Each building has an occupancy classification, which is related to the use of the property and the applicable building codes. Building occupancy classifications, such as Business, Mercantile, Storage and Factory, all have different code requirements. The International Building Code is the most commonly used building code in the United States, but states have the power to draft customized building codes and the majority of states assign that power to local governments. In addition, individual business districts may have other specific requirements — based on overlay zoning or historic district designation, for example — that apply to the properties within them, typically necessitating higher standards of development. For practitioners, local planning departments will have information on codes and requirements that apply to specific properties and districts.

Code enforcement must be strategically targeted since there will never be sufficient officials and resources to inspect every property in the city on a regular basis, with systematic follow-up to ensure that violations are remediated.\(^{38}\) Code enforcement can be effectively targeted by geographic area, building characteristics or ownership, or nature of violation.\(^{39}\) Municipalities will often select specific neighborhoods, such as those designated for revitalization, for systematic enforcement efforts that are integrated into a larger improvement strategy.\(^{40}\) Neighborhood targeting is far more effective when it is done with the engagement of other city departments, such as police and public works, as well as residents, CDCs and neighborhood organizations.\(^{41}\) Enforcement strategies can also target properties that are at the greatest risk of deterioration and abandonment by linking enforcement to a municipal property information system and flagging properties that meet set thresholds of tax delinquency, unpaid utility bills, nuisance or criminal complaints, and tenant complaints.\(^{42}\) Connecting code enforcement with a property information system also allows public officials to track the results of enforcement efforts. Regardless of the specific criteria chosen for targeting code enforcement resources, it is critical that they are not arbitrary or discriminatory and that they further broader public policy goals, such as neighborhood revitalization.

\(^{37}\) Ibid. 40.
\(^{38}\) Mallach, supra. 41.
\(^{39}\) Ibid. 41.
\(^{40}\) Ibid. 41.
\(^{41}\) Ibid. 42.
\(^{42}\) Ibid. 43.
Vacant Property Registration Ordinances

Many municipalities use a Vacant Property Registration Ordinance (VPRO) as a critical component of their vacant property strategies because it allows them to establish clear standards of responsibility for property owners. A VPRO requires that vacant property owners register as the party responsible for the property and maintain their property to standards set by the local community. It is important that the ordinance, which is passed by the local government, applies to all vacant properties within the jurisdiction, including both residential and commercial vacant properties.

There are various approaches to vacant property registration. Some municipalities require property owners to register their property when it has been vacant for a specific length of time, while others require registration at the time of an event, such as the start of a foreclosure action.\(^{43}\) Registration related to foreclosure usually is tied to a mandatory inspection of the property, which can result in fines for unremediated violations. VPROs should require registration renewal every year, timely notice to the municipality of changes in any pertinent information, and registration fees. Overall, registration requirements are a valuable tool for holding property owners accountable for their properties and for imposing a monetary cost on the ownership of a vacant property that reflects the cost to the municipality of dealing with those vacant properties.

The City of Cincinnati’s Vacant Foreclosed Residential Property Registration, for example, requires that property owners within its pilot neighborhoods register foreclosed and vacant properties and pay a registration fee of $500 per building within ten days of filing a foreclosure action. The VPRO includes:

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requirements for property maintenance and point of sale inspection, in addition to an exception to point of sale requirements and a reduced registration fee when a fire and burglar alarm is installed and maintained on the property. Registered properties are entered into a database and information about the properties and a map of their locations are publicly available on the city’s website.

Holding Lenders Accountable
In cities with high foreclosure rates, many problem properties are owned by banks (also referred to as real estate owned or REO properties). Many properties that go through foreclosure — particularly in states where the period from initial foreclosure filing to sheriff’s sale is measured in years — remain in limbo without ownership for a significant period of time before the title is transferred to the lender. Without tenants, these properties are at serious risk of deterioration. While properties owned by banks and lenders are subject to code enforcement, there could be a lack of accountability for the maintenance of properties prior to the passing of title during the foreclosure process.

New Jersey recently passed a law that legally requires lenders initiating foreclosure to maintain the property if it is abandoned by its owner at any time after the initial foreclosure filing, even before they take title. Such measures, although they may be resisted initially by lenders, will enable them to recover more value from these properties when they take title, and it is in their best financial interest to do so. In some states, local governments can impose maintenance obligations on lenders under their home rule powers, but in others, state law may be needed to enable municipalities to hold lenders accountable for the condition of the properties they are foreclosing.

Nuisance Abatement
When a property owner fails to correct a violation, the municipality can step in to remediate the conditions through nuisance abatement. A vacant property can be considered a nuisance, which is a legal term, when its condition or use endangers life, health, or safety; is offensive to others; or interferes with neighbors’ use or enjoyment of their property. State laws determine the circumstances and procedures under which a municipality can enter properties where nuisance conditions exist to correct, or abate, the condition

![Figure 24](image-url)

A vacant commercial building in Youngstown.
source: Greg Habermann

Resource 8
A Vacant Property Registration Ordinance
An ordinance should include:

- A clear definition of which properties and which parties must register;
- The registration requirements and procedures, including the information required of the owner or lienholder;
- The registration fee structure;
- The obligations of the owner, with respect to maintaining the property; and
- The penalties for failing to register in timely fashion.

From the Center for Community Progress Building American Cities Toolkit

Template 1
The City of Painesville Vacant Property Registration Form
See Template 1 for the City of Painesville’s Vacant Property/Building Registration Form. The city’s ordinance requires property owners to register properties that have been vacant in excess of 90 days.

Template 2
Fulton County Vacant Property Registration Ordinance
See Template 4 for Fulton County’s model language for their Vacant Property Registration Ordinance.
creating the nuisance. Nuisance abatement can include demolition and sometimes restoration of blighted and structurally unsound buildings, as well as actions such as lawn maintenance and trash removal. State law defines acceptable methods of cost recovery. In nearly all cases, municipalities can place a lien on the property to recover the cost of abating the nuisance, but the priority of that lien — whether it comes ahead of outstanding mortgages and other liens — varies from state to state.44 Some states also allow the municipality to come directly after the owner to recover its costs. If state law does not provide for full cost recovery, amendments should be made to the law.

Nuisance abatement has the potential to lead to unintended consequences. Some state laws allow the owner to vacate the building, as opposed to repairing it, to abate a nuisance — resulting in property abandonment.45 Another issue is that nuisance abatement can only extend to the nuisance that is the basis of the complaint or code violation, as opposed to comprehensive property improvement.

Nuisance ordinances generally do not include the power to compel owners to rehabilitate their properties, especially if there is a less expensive way to remove the nuisance, such as demolition, even if property rehabilitation would be preferable for the neighborhood.46 State laws will usually permit the owner to address the nuisance in the manner they consider least burdensome, unless the property has historic designation. Another option that may be more appropriate for addressing property rehabilitation while keeping the property in use is receivership (see the following section for more information on receivership).

Municipalities with a high number of vacant properties can use nuisance abatement strategically to address problem properties and stabilize surrounding areas. Targeting blighted properties in tipping point and emerging markets and leveraging the resources and activities of the municipality, CDCs, developers and others is a good way to use nuisance abatement strategically. To be strategic, the public officer must take an active role in identifying and initiating the abatement process against problem properties, rather than simply responding to complaints. The use of a property information system to track the status of properties that are subject to nuisance abatement orders is helpful for developing an ongoing method for strategic and efficient nuisance abatement in target areas. The municipality should have access to financial resources and capable contractors

44 Mallach, supra. 150.
45 Ibid. 46.
46 Ibid. 156.
Vacant Property Receivership

Vacant property receivership is a powerful tool for taking temporary control of vacant properties from a property owner who has failed to correct a violation to rehabilitate and place the property back into productive use. Provisions of receivership (also called possession or conservatorship) are different in each state, but the process of receivership typically begins with a public nuisance lawsuit, in which a court orders the property owner to resolve specific problems creating the public nuisance. If the owner does not comply, then an organization with the capacity to resolve the problems can apply to the court to be appointed the receiver of the vacant property for the purpose of correcting code violations on behalf of the owner.\textsuperscript{47}

Appointed receivers gain control over the property and may be able to borrow money to rehabilitate, or occasionally demolish, the property and then place a lien against the property for the amount borrowed. The lien often takes priority over all other liens, excluding municipal liens. If the property owner does not repay the receiver for their expenses, the receiver can foreclose on the lien and gain control of the property. Even without using receivership, having it as an available tool can help courts persuade owners to resolve code violations themselves.

Due to the high resource demands of vacant property receivership, it may be most effective to use this tool strategically. A strategic approach to receivership may be to target multiple properties within a commercial district rather than scattered individual buildings.\textsuperscript{48} Such an approach may be more likely to motivate vacant property owners within the targeted area to improve the buildings rather than risk getting pulled into the receivership process. The circumstances in which vacant property receivership tends to work best are ones in which the receiver can at least cover the costs of their efforts. Typically, the more day-to-day operation is required at the property — such as at a hotel — the more appropriate a receiver will be. In weak market areas where the return on investment may be limited, it makes sense to engage in receiver-

\textbf{Resource 10}

\textbf{Pursue Receivership Carefully}

Receivership represents a serious commitment, and should be pursued carefully. Key questions to ask before embarking on receivership are:

\begin{itemize}
  \item \textit{Does state law permit vacant property receivership?} While many states do, either specifically or implicitly, many do not. Some courts may entertain a receivership petition even without explicit state law, but it is far better to be guided by a strong state statute as in Massachusetts or Pennsylvania.
  \item \textit{Is the building a realistic candidate for receivership?} Can the building be rehabilitated, and is rehabilitation economically feasible in light of the market and the available public and private resources?
  \item \textit{Does state law give the receivers lien priority status over other liens?} If the receiver’s lien is not a priority lien, it may be difficult to borrow funds for the rehabilitation, and it may be difficult to recover the costs of receivership.
  \item \textit{Does state law provide adequate means for either recovering receivership costs or getting the property into responsible hands after rehabilitation?} The city should be sure that it has a sound exit strategy at the end of the process.
\end{itemize}

From Center for Community Progress Building American Cities Toolkit

\textsuperscript{47} Ibid. 49 and 158.
\textsuperscript{48} Ibid. 165.
ship only if the resources would be spent on the property anyway or if the court agrees that a business tenant should remain in operation during legal proceedings. Communities and public sector entities can help receivers restore properties by allocating other sources of funding, such as Community Development Block Grant (see page 48) money, to provide low- or no-interest loans to cover receivership expenses.

Gaining Control of a Commercial Vacant Property

In targeted commercial areas, gaining control of commercial vacant properties for reuse may be necessary for neighborhood and even citywide economic development. Property acquisition can be used to further the basic revitalization strategies of restoring a strategic site or a historic or architecturally valuable building; assembling multiple properties for the redevelopment of a larger area; and rehabilitating scattered problem properties as part of a district-wide revival. A city or non-governmental organization should never expend its own resources to acquire properties, however, if it can motivate a private property owner to rehabilitate the property.

When motivating private reuse of a property is not possible, effective strategies for property acquisition might involve partnerships between the city and neighborhood-based organizations, depending on the skill sets and capacity of both. Ideally, the effective use of the municipality’s legal powers and resources, with the technical expertise of CDCs or developers, can lead to faster and more cost-effective property acquisition than unilateral action by any single entity. Such partnerships can be especially helpful since a city’s legal ability to gain control of a vacant property varies between states. Ultimately, the selection

49 Mallach, supra. 86.
50 Ibid. 86.
51 Ibid. 87.
52 Ibid.

Figure 26

Underutilized mixed-use properties.
source: Mary Crandall

Template 3
Receivership Process Flow Chart
The process by which vacant property receivership operates under Ohio statute is shown in Template 9.
While the acquisition of property can be as simple as purchasing it from its current owner, gaining control of vacant commercial properties is not always an easy task. Private owners may be unwilling to sell, or the owner may be unknown or absent. It is not uncommon for a commercial real estate company to own a commercial building, while another corporation or limited liability company (LLC) owns the lease on the building and someone else entirely, such as a local individual, owns the land. Additionally, many important properties may never become available through tax foreclosure, and if they do, the tax foreclosure process can be slow, which often does not work well with development timeframes.54

Other means by which commercial vacant properties can be acquired by governmental and non-governmental entities include land banking, voluntary conveyances, purchase of liens, eminent domain, and occasionally receivership.55 These methods — except for receivership, which is covered in the prior section — are further explained throughout this section. Due to the high costs of acquiring, rehabilitating, and maintaining commercial vacant properties, organizations seeking to gain control of these properties should ensure that they have the necessary capacity and that the property is worth the resources.

**Tax Foreclosure**

Tax foreclosure, the process by which local government takes title to property for which the owners have failed to pay property taxes or other financial obligations to the municipality, school district, or county, is usually the most essential tool for property acquisition by a municipality, especially in legacy cities. It is relatively common in weak markets for the owners of abandoned properties to stop paying property taxes, leaving a substantial number of properties subject to tax foreclosure. Since the municipality does not actually pay for the property in this process, aside from transaction costs, foreclosure is often less expensive than most other methods of property acquisition for the municipality. It should be noted, however, that the municipality may not be able to keep the property since it will go to sheriff’s sale (see page 41), where other buyers are able to purchase the property. Municipal control over the process varies between states.

During the tax foreclosure process, the lien resulting from the owner’s failure to pay property taxes and other government charges has priority over all private liens. As a result, when an entity properly forecloses on that lien, all private liens, including mortgages, are extinguished, so the property becomes free and clear of liens.

Depending on state law, there are two different procedures by which tax foreclosure can take place. In a single enforcement proceeding, the municipality holds a sale of the properties that are tax delinquent (see page 41 for information on a sheriff’s sale) and the successful bidder gains the title to the property. In a

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53 Ibid.

54 Ibid. 86.

55 Ibid. 88.
two-step proceeding, the municipality holds a sale of the tax liens on the property (see Table 7 for information on purchasing liens), which gives the successful bidder the right to foreclose on the property through a separate proceeding. Over half of the states in the U.S. use the two-step process.56

While tax foreclosure is an important tool for acquisition, it is not without issues:

- The process can extend for a long period of time. It is rare for a municipality to gain title through tax foreclosure in less than 18 months from when the owner stopped paying taxes. In some jurisdictions, it can take more than five years. The length of time involved often depends on state statutes.

- If a municipality fails to give appropriate notice to each party holding a legally protected interest in the property, the title will not be insurable and will not be accepted by responsible buyers.

- The entities that have the power to foreclose on a property differs by location, and conflicts may arise related to overlapping jurisdictions.

- Non-governmental buyers of tax foreclosed properties and liens may be — and frequently are — irresponsible and absentee owners. Attracted by the below-market-value cost of the lien or title, they may gain ownership of a property speculatively, blocking other efforts to produc-

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Table 7: Primary Methods Of Property Acquisition

<table>
<thead>
<tr>
<th>Method</th>
<th>Method Circumstances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voluntary conveyances</td>
<td>A transaction in which the property owner willingly sells the property for market value, at bargain sale, or at nominal costs such as $1.00. Voluntary conveyance should be used if possible, since it is usually relatively quick and involves low transaction costs. If an owner wants to be relieved of responsibility for an abandoned property, they may be willing to donate their property to the city or a community-based organization and in exchange they can deduct the value of the property from their federal income tax obligations.</td>
</tr>
<tr>
<td>Purchasing liens</td>
<td>Local governments and community development organizations can purchase liens on an abandoned property and then foreclose on them to acquire the property. The liens could be municipal liens held by third parties or non-governmental liens, such as mortgages. While this method allows for the acquisition of properties at below market value costs, it can be legally complicated. Legal assistance from an attorney with experience in this specialized area of law is advised for the use of this method of property acquisition.</td>
</tr>
<tr>
<td>Short sale</td>
<td>Owners who owe more on their mortgage than the market value of the property can avoid foreclosure by getting approval from the lender to sell the property at short sale. Through a short sale, the lender agrees to accept less than the full amount owed on the mortgage in satisfaction of the debt. Purchasing a property through short sale is similar to a traditional purchase, although the terms of the purchase agreement are subject to the mortgage lender's approval. The lender may take several months to respond to short sale offers, making the process lengthier than a traditional purchase.</td>
</tr>
<tr>
<td>Sheriff’s sale</td>
<td>A sheriff’s sale is a public auction of property held by the sheriff following a court order to seize and sell the property to cover payments owed and a public notice of the sale. Mortgage foreclosures, tax liens, and tax sales are the three types of sales that take place at these auctions. The highest bidder is required to pay 10 percent of the bid at the auction, and the remainder is owed to the sheriff’s office within 30 days of the auction. If the amount due is not paid, the property will be auctioned at the next sheriff’s sale.</td>
</tr>
<tr>
<td>Bankruptcy sale</td>
<td>A bankruptcy sale is an auction of bankrupt property at two-thirds of its appraised value. The federal bankruptcy court’s order removes encumbrances from the title of the property and moves them to the proceeds of the bankruptcy sale. The advantages of purchasing a property through bankruptcy sale include the clean property title, the potential of acquiring the property at below market value cost, and the speed at which the bankruptcy transaction is closed.</td>
</tr>
</tbody>
</table>

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56 Ibid. 76.
tively reuse the property. For this reason, selling tax liens in bulk is almost always a bad idea that should be avoided.

Land Banking
Land banks can play an important role in the revitalization of older industrial cities with high rates of vacancy. A land bank is a public authority created to efficiently hold, manage, and develop tax-foreclosed and other vacant or neglected property. Municipalities can engage in land banking, even in the absence of a formal land bank authority. Land banks can acquire and aggregate tax foreclosed properties, remove any liens on the properties, and then sell them for reuse, often at lower-than-market prices. It should be noted, however, that due to the high cost of maintaining commercial properties and the low probability of quick resale, many land banks do not take commercial buildings.

Nonetheless, there are several land banks that have taken on commercial properties for the purpose of local economic development. Some of the county land banks in Ohio that have experience with commercial vacant properties include those of Hamilton County, Lucas County, Mahoning County, and Montgomery County. While, in general, the county land banks have not tackled a high number of commercial properties, many of those that have been addressed have had a great impact. The land bank in Hamilton County, for instance, has made two prior shopping malls redevelopment-ready. The Lucas County land bank prioritizes commercial vacant properties for which they have an identified end user, and the land bank in Montgomery County worked with the city of Dayton to help a developer gain control of three abandoned commercial properties: the former Dayton Electro Plate Inc., Rita Construction, and the MPT Real Estate buildings.

In order to take control of commercial and industrial properties in strategic locations, the city of Cleveland created the Cleveland Industrial-Commercial Land Bank, which currently holds title to three large industrial properties. Although commercial and industrial properties are difficult and costly to hold, having a land bank that works with the Department of Economic Development, such as the Cleveland Industrial-Commercial Land Bank, could help municipalities to connect private developers to strategically located commercial properties.

Acquiring Commercial Vacant Property
Acquiring property is the surest way to gain absolute control over the site. Commercial properties, however, often have complex ownership histories and may have unresolved financial obligations. Even when properties have gone through foreclosure, in many states, the process results in defective and uninsurable titles. While most foreclosure processes remove liens and judgments, if the county or city provides defective notice, the liens may still exist. When the targeted property does not have a clear title, the city or another appropriate entity must take steps to obtain a clear title, which is when the title to the property is free and clear of encumbrances, such as mortgages, loans, and liens on a property. What those steps are should be determined in consultation with an attorney familiar with jurisdictional laws.

Table 7 offers explanations of the primary ways to purchase commercial vacant properties.

Eminent Domain
Eminent domain refers to the power of local government to take property from its owner for a public purpose, such as traditional governmental functions and redevelopment of blighted areas. The municipality that takes a property through eminent domain must pay the owner fair market price for the property. The use of eminent domain is governed by state statutes, which include detailed procedures that have often been elaborated upon by state court decisions. The procedures must be followed carefully to avoid the risk of invalidating the process. Municipalities seeking to use eminent domain must understand the conditions under which eminent domain can be used, the procedures that must be followed, and the basis on which compensation will be determined.

Several states and the District of Columbia have enacted statutes that allow for spot blight eminent domain, which gives municipalities

57 Ibid. 91.
58 Ibid. 89.
the power to use eminent domain to take blighted properties regardless of whether they are part of a broader redevelopment area or not. Spot blight eminent domain is useful for targeting blighted properties that are scattered within a viable neighborhood.59

In general, municipalities have been less eager to use eminent domain since state courts have issued more restrictive rulings following the U.S. Supreme Court decision in *Kelo v. City of New London*, 545 U.S. 469 (2005), which allowed municipalities broad discretion in the use of eminent domain.60 Several state courts — including the Ohio Supreme Court — have narrowed that discretion. While cities are generally reluctant to use it, eminent domain is a powerful tool for gaining control of problem properties.

**A Note on Property Disposition**

Municipalities seldom acquire properties for their own use. Generally, municipalities hold property temporarily before conveying it to an entity that will reuse it. The process by which the local government disposes of property it acquires is as important as the process by which it obtains them.

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59 Ibid.  
60 Ibid.
Part V: Overcoming Financial Gaps

The cost of demolishing, cleaning up, and redeveloping commercial vacant properties can be prohibitively high. Established and creative financing sources will be necessary to undertake each of these activities in the future, especially in weaker markets and legacy cities. Various sources of capital are available from both the private and public sector, but the best opportunities for financing commercial development projects will come from layering multiple sources of revenue from both sectors.

This section provides an overview of funding sources by sector that are available to public and/or private entities. The description of each funding source will explain who is able to access the funding and what it can be used for in general. While some sources are available to fund organizations working on commercial revitalization efforts, others can be used to directly finance redevelopment transactions. A full list of funding sources and descriptions of how they can be used is available in Appendix 1.

Private Sector Sources

Although the economic downturn has significantly limited access to capital, private sector lenders and investors still play a key role in real estate and business development. Further private sector investment is necessary for commercial vacant property redevelopment and reuse to succeed.

Banks

Throughout the slow economic recovery, more stringent lending criteria have made it difficult to finance commercial vacant property redevelopment, especially in weak market areas and legacy cities. Even developers with strong credit and a track record of success are finding it challenging to access financing. To stimulate lending, the federal Community Reinvestment Act (CRA) requires federally insured financial institutions to help meet the lending needs of borrowers in all segments of their communities, including low- and moderate-income neighborhoods. Despite this law, lending for real estate development in weak market areas is minimal. If other funding sources are committed to the redevelopment project, however, it may be easier to gain access to conventional loan capital.

There are a number of different types of financing that developers may seek for commercial redevelopment projects. The use of any of these types of financing requires skill with layering multiple financial sources.

Bridge financing: Bridge financing, also known as interim or gap financing, is short-term loan capital used primarily in commercial real

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61 Marchionda, supra.
62 Morgan, supra. 20.
with longer-term capital, public subsidies, or contract receivables. Bridge loans are commonly more expensive than longer-term financing due to the additional risk of the loan.

**Acquisition and rehabilitation financing**: Loans used for acquisition and rehabilitation costs are usually available for terms of around 1-2 years and are repaid when the property is sold or leased. Acquisition and rehabilitation loans can often be converted to longer-term acquisition and hold loans upon the completion of property rehabilitation.

**Acquisition and hold financing**: This less common type of financing, also known as permanent financing, allows a developer to acquire and rehabilitate a property that can be used as rental property. The longer term of the loan allows the developer to arrange long-term financing sources, which could include public subsidies, and to repay the loan when the property is refinanced or sold. It is not uncommon for a developer to attain a permanent loan only after construction is complete, at which time the loan can be used to pay back prior costs and loans.

**Real Estate Investment Trusts**

Real Estate Investment Trusts (REITs) are companies that own and, in most cases, operate income-producing commercial real estate or related assets, such as commercial real estate mortgages or loans. REITs are usually publicly traded and they buy and develop properties primarily to operate them as part of their investment portfolio. Congress created REITs in 1960 to allow average investors to invest in large-scale commercial properties through the purchase of equity. To qualify as a REIT, a company must have the majority of its assets and income tied to real estate investment and must distribute at least 90 percent of its taxable income to its shareholders annually.

**Investment Funds**

An investment fund is a supply of capital belonging to numerous investors that is invested collectively, while each investor retains ownership and control of their shares. The primary advantage of an investment fund is that it can make greater investments than the individual investors could on their own. There are not many investment funds that invest in commercial real estate redevelopment. Fundrise.com is an online investment fund through which individuals can make investments in real estate redevelopment. Investment funds could be used increasingly to finance commercial redevelopment projects, with profit generating from property sales or leases.

**Local Corporate Sponsorships**

A corporate sponsorship is the financial payment by a business to a non-profit to cover all or some of the costs associated with a project or program in exchange for recognition. Corporations may have their logos and brand names displayed alongside that of the organization undertaking the project or program, with specific mention that the corporation has provided funding. Many corporations actively support commercial revitalization efforts through donations of money, services and equipment. The conditions of the sponsorship and the use of financial or in-kind contributions should be determined with the corporation.

Attaining corporate sponsorship may be most likely for a commercial revitalization project when the corporation has a stake in the revitalization. Large corporations with headquarters or branches in or near the commercial district, city, or region may be more willing to provide financial or technical assistance to redevelopment efforts. While multi-year financial support from a local corporation can be a windfall for a non-profit involved in commercial and neighborhood redevelopment, high dependence on a single funding source is a vulnerable financial position since that funding may not continue over the long-term. Gaining corporate sponsorship as part of a longer-term public-private partnership may serve the needs of commercial district for a longer period of time.

**Public Sector Sources**

With the current challenges of gaining private sector financing for development, developers are increasingly looking to the public sector...
The restoration of the 1920s-era Capitol Theatre is a cornerstone of the revitalized Gordon Square Arts District in Cleveland’s Detroit Shoreway neighborhood.

source: Gregory Willson

Figure 29


source: Ohio Office of Redevelopment

The auditorium of the Capitol Theatre after renovation by Marous Brothers Construction. Multiple funding sources were used to fund the redevelopment of the Capitol into an independent movie theater, including state capital funds.

source: Frank Salle Photography

for grants, loans, and tax incentives. The public sector could use these tools to help fill funding gaps in commercial redevelopment projects within weak markets, which the private sector often considers to be too risky to invest in without public support. Assisting for-profit and non-profit developers in accessing capital is one of the best ways the public sector can support neighborhood stabilization in weak market areas.

Public capital is typically used for civic purposes, such as infrastructure, parking, and other public amenities, but it is also often used to provide project financing.65 Property tax and sales tax increment financing mechanisms (for more information on TIFs, see page 50), fees on parking revenues, tax reserves, impact fees, and revenue from land sales and leases are among the funding sources for public investments. Public capital usually leverages private capital to increase the impact of the investments.

There are relatively few public sources of funding that are directly available to private entities for commercial vacant property redevelopment and reuse. For those that do exist, the associated grants and loans are often highly competitive. With many local governments strapped for cash, local tax incentives may also be hard to come by. For this reason, non-profit lenders, such as local Community Development Financial Institutions (CDFIs),

may become increasingly important to the funding of commercial revitalization projects. Beyond financial support, public programs that can reduce the uncertainties and costs of commercial property redevelopment — such as relief from third party liability or protection from public sector demands for additional clean-up of brownfields — are generally successful means of incentivizing private sector development.

**Federal & State Government**

Some federal and state programs are available to assist public, private and non-profit entities with the financing of commercial revitalization projects. While there are relatively few funding sources that are directly available for the redevelopment of commercial vacant properties, the following sources can be used throughout the process of commercial revitalization.

**New Markets Tax Credits (NMTCs):** New Markets Tax Credits are a strong financial tool for commercial revitalization projects in low-income communities. The NMTC program provides private investors with a federal tax credit for investments made in businesses or economic development projects within low-income communities, defined as census tracts where the individual poverty rate is at least 20 percent or where median family incomes are at or below 80 percent of the area median. Specifically, the investor receives a tax credit equal to 39 percent of the total Qualified Equity Investment (QEI) made in a certified Community Development Entity (CDE), and the credit is realized over a seven-year period. The process for obtaining a NMTC is generally complex and competitive, and administrative and legal costs associated with NMTCs typically require the project size to be around $2-5 million.

**Community Development Block Grant (CDBG) Section 108:** Although CDBG funds are seldom used for commercial revitalization, Section 108 is the loan guarantee provision of the CDBG program and it offers municipalities a source of financing for community development activities, such as large-scale physical development projects and economic development. Municipalities can borrow up to five times their annual CDBG allocation in Section 108 funds from HUD by pledging their future CDBG funding as security for the loan. All projects financed through the CDBG program must use 70 percent of the funds to benefit low- and moderate-income persons and must meet one of the CDBG objectives: a) principally benefit low- and moderate-income persons, b) assist in eliminating or preventing slums or blight, or c) assist with urgent community development needs.

**Small Business Administration (SBA):** Federal Small Business Administration (SBA) loans are effective tools for supporting small businesses, which is important for commercial revitalization projects and local economic development. SBA has expanded access to capital for small businesses and entrepreneurs in underserved communities with the SBA 7(a) Loan Program, which offers a streamlined application process for SBA 7(a) loans up to $250,000. The SBA 7(a) Loan Program provides a guarantee of up to 90 percent of a loan issued by a private lending institution to qualified small businesses. Funds can be used by small businesses in underserved communities for property acquisition, construction, inventory, and working capital.

**Economic Development Authorities:** Economic development authorities, also known as industrial development authorities, issue bonds to provide state and local funding to support

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Redeveloping Commercial Vacant Properties in Legacy Cities

business and commercial real estate development directly. The New Jersey Economic Development Authority, for example, provides loans and grants to public, private, and not-for-profit entities to finance real estate development projects, brownfield investigation and cleanup, and business growth in urban areas throughout the state. In many states, city or county economic development or industrial development authorities play a similar role. Economic development authorities can be an important resource for commercial revitalization projects in jurisdictions where they exist.

**Historic Preservation Tax Incentives**: Federal historic preservation tax credits are helpful for the rehabilitation of historic structures or buildings that lie within a historic district and can be layered with state historic preservation funding if it is available. Although more than 60 percent of states offer Historic Rehabilitation Tax Credits, grants and tax credits for historic preservation are increasingly limited at the state level.

**EPA Brownfields Program**: For commercial sites that are brownfields, the U.S. Environmental Protection Agency’s Brownfields Program provides direct funding for brownfields assessment, cleanup, revolving loans, and environmental job training. Many state EPAs also offer grants and loans for the expansion, redevelopment, or reuse of brownfields.

**Low Income Housing Tax Credits (LIHTCs)**: Low Income Housing Tax Credits, a dollar-for-dollar federal income tax credit for affordable housing investments, can be

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**Recommendation 1**

Pass statewide legislation for a program that authorizes tax credits for for-profit companies that invest in catalytic economic and infrastructure development projects undertaken by local governments and non-profit organizations. Fifteen states currently have similar programs. For a comparison of these programs, see ohiocdc.org/docs/LISCComparison.pdf

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Made in Akron, a pop-up store in Akron, Ohio, is an example of a relatively low-cost commercial property reuse.

*source: Mark Turnaukas*
used to support investments in commercial space when it is part of a mixed-use property containing residential units. This could be a valuable tax credit for developers of mixed-use properties.

**Economic Development Agencies:** State economic development agencies can provide funding for business training and financial assistance, business location and site selection assistance, and employee recruitment and training assistance. The more commercial revitalization efforts are linked to job creation and economic development, the more funding sources at the state level may become available. Overall, federal and state funding sources for commercial redevelopment and reuse are constrained and becoming ever more limited, but existing sources could be leveraged to support local commercial revitalization efforts and economic development.

**Recommendation 2**
Local municipalities should provide funding for commercial vacant property redevelopment in targeted neighborhood districts for economic development. Sources of funding that can lower the overall cost of commercial real estate redevelopment can help to keep these properties competitive with new construction on greenfields. Investments made to establish neighborhood capacity in affordable housing development could be extended to cover commercial district planning and revitalization. Another option is to create a Revolving Loan Fund to provide loans to commercial property and business development efforts.

**Recommendation 3**
Municipalities or CDCs can offer rent subsidies to prospective business tenants of commercial properties that decline over time. Incentivizing occupancy of commercial vacant properties can bring activity to commercial districts, which can benefit the local economy and community. Often, a critical mass of investment is required before normal market functions can resume. Rent subsidies can keep commercial space affordable for small businesses.

**Local Government**
Local governments have several financial tools at their disposal that can be used to support and incentivize commercial property redevelopment and reuse.

**Tax Increment Financing (TIF):** TIFs use expected gains from property taxes as a subsidy to finance current development and improvement projects, which is paid back with the project revenue. TIFs are typically used in an underdeveloped area, such as a business district, or occasionally on a large single property.

**Tax abatement:** Municipalities use property tax abatement programs to incentivize private developers and companies to develop in designated areas.

**General Fund:** Municipalities can use tax dollars from the General Fund, or from a Special Fund that is established for a specific purpose, for public improvements, public facilities, area management, and technical assistance.

Municipalities will often use a variety of these tools within a designated area, such as an Enterprise Zone, to motivate the private sector to develop in weaker market areas.

**Revolving Loan Fund (RLF):** Revolving Loan Funds (RLFs), which can be established and run by a municipality or a non-profit, can also be a source of funding for commercial revitalization efforts. A Revolving Loan Fund is a self-replenishing pool of money from which loans are made to provide gap financing for development or the expansion of small businesses. Payments on the principal and the interest of existing loans are used by RLF to issue new loans. Loans are targeted to development projects or small businesses that have had difficulty accessing regular credit markets. The loans can be used in combination with more conventional sources to fund activities such as acquisition of land and buildings, new construction, facade and building renovation, landscape and property improvements, machinery and equipment, and operations.

The Urban Development Fund of the Urban Redevelopment Authority of Pittsburgh is an example of an operational Revolving Loan Fund that provides gap financing for the acquisition of land and buildings, construction and rehabilitation, and soft costs related to development. Successful RLFs, such as the Urban Development Fund, must have
access to a flexible source of capital and issue loans at market rates. Since RLFs are a public investment instrument, loans are expected to result in public goods such as local economic development and community revitalization. Borrowers must address performance measures that are established by the loan administrator, which might include measures like private investment relative to public investment and benefits to low- and moderate-income residents.

**Non-Profit Sector Sources**

*Community Development Financial Institutions*

Community Development Financial Institutions (CDFIs) are non-profit financial institutions that provide financial and technical services to low- and moderate-income groups in underserved markets. CDFIs are certified by the U.S. Treasury and can access federal funding from the CDFI fund. CDFI funds can be used for a variety of purposes, including business development, commercial real estate development, financial services, and internal capacity building. Many CDFIs are designated SBA lenders and offer business assistance and development programs. Some are also CDCs that can provide services for real estate development. National funding of CDFI may be one of the best ways that the federal government can contribute to local commercial revitalization efforts.

*Foundations*

Foundations can provide funding to projects and non-profit organizations that align with their mission. Each foundation has specific requirements for the use of its grants and attaining grants can be highly competitive. Some foundations offer multi-year commitments to help launch community and economic development projects and programs.
Choosing a reuse that matches the structure, location and condition of a commercial vacant property is not always easy. This section provides guidance on how to select an appropriate commercial vacant property reuse, as well as an overview of a variety of long-term and temporary reuse alternatives. The options for reuse are categorized according to three broad redevelopment strategies: renovation, adaptive reuse, and conversion from single-use to mixed-use. This section concludes with a review of interim steps and temporary uses that can be employed on properties that do not have immediate redevelopment potential.

Menu of Redevelopment and Reuse Options

Figure 31 offers direction on how to select a reuse that matches the unique circumstances of the commercial vacant property and the resources available. The major factors that should go into a decision on reuse include whether there is market demand for the planned reuse, in addition to the location, structure, and condition of the property. Other key factors include the cost and funding of the redevelopment, the historical or architectural significance of the structure, the environmental condition of the site, and the long-term plans for the surrounding area. Weighing the overall costs and benefits of a commercial redevelopment project is important to making a reuse selection that can lead to the necessary return on investment for both the investors and the surrounding area.

How to use Figure 31:

1. Begin by assessing the listed decision factors to evaluate whether a commercial property should be redeveloped.
2. If, after assessing the decision factors, it is decided that the property should be redeveloped in the near term, the property’s unique characteristics should be matched to a specific reuse. The menu of reuse alternatives beginning on page 55 can be referenced for specific reuse ideas.
3. If, on the other hand, it is decided that the property should not be redeveloped in the near term based on the primary decision factors, then the property’s development potential should be analyzed for future reuse. The next set of decision factors can help to decide whether the property has relatively strong (will be developed within five years) or weak (may be developed after five years) development potential. Interim steps are offered for properties depending on their potential for redevelopment within or after five years. Explanations of potential interim steps and temporary uses can be found on page 63.

Resource 13

Main Stages of the Development Process

Regardless of the reuse strategy that is selected, the general development process typically remains the same. While the order of activities within this development process may change depending on the project at hand, the following steps are almost always involved:

- Feasibility and acquisition
- Design and planning
- Approvals
- Financing
- Construction
- Marketing and leasing
- Operations and management

For more information on the process of development, see Professional Real Estate Development: The ULI Guide to the Business by Peiser, Frej, and Urban.

Selecting a productive reuse that fits the property and the resources available requires an understanding of what the market will support, as well as what the redevelopment process will involve. This section offers an overview of redevelopment and reuse options for commercial vacant properties. The main reuse strategies — renovation, adaptive reuse, and conversion from single-use to mixed-use — are described with details on implementation; however, further consultation with
SHOULD THE PROPERTY BE REDEVELOPED?

**Decision Factors:**
1. Location of the property
2. Structure and condition of the property
3. Market demand for the reuse
4. Architectural or historical significance of the property and district
5. Importance of the site to the community
6. Environmental contamination of property
7. Property ownership and title
8. Cost of redevelopment
9. Capacity of entities involved
10. Access to financial and technical resources
11. Short- and long-term plans for the area

**Yes:** redevelopment strategy

*NEXT QUESTION:*
What are the property's unique characteristics and how do they match specific redevelopment options?

**Menu of Redevelopment Options:**
1. Renovation
2. Adaptive reuse
3. Conversion to mixed-use

**No:**

*NEXT QUESTION:*
What is the property's future development potential?

**Decision Factors:**
1. What is the market strength of the area?
2. Who owns the property and does it have a clean title?
3. Is the property in an investment area?
4. Is the property close to anchor institutions?
5. Is the property close to a core development area?
6. Is the property targeted for demolition?
7. Does the property have environmental contamination?
8. Is funding committed to the project?

**interim steps**

**Strong Development Potential**
(Probable development within 0-5 years)

**Weak Development Potential**
(Probable development after 5 years)

**Menu of Options:**
1. Demolition
2. Environmental cleanup
3. Mothballing
4. Land assembly
5. Temporary use

**Menu of Options:**
1. Demolition and cleanup
2. Land bank
3. Land assembly
4. Sell
5. Greening strategies
professionals who have experience in the relevant fields of redevelopment is advised. The choice of a property reuse should align with the location, structure, and surrounding market of the commercial property. The target market of the new use could be local residents and employees, in which case the market of the surrounding neighborhood is exceedingly important, or it could be more regional. Destination uses, such as unique entertainment venues and food markets, can build local markets if they become popular by attracting the regional population to the area. For more information on how to conduct a market analysis and target market segments, see page 23.

**Recommendation 4**

Traditional building codes often deter the rehabilitation of older structures. To change this, states can adopt mandatory “rehabilitation codes” that establish flexible but clear requirements for renovators, separate from those for new construction. The New Jersey Subcode, for example, recognizes six kinds of projects involving existing buildings: repair, renovation, alteration, reconstruction, change of use, and addition.

For more information on rehabilitation codes, refer to Sara Galvan’s article, “Rehabilitating Rehab Through State Building Codes,” in the *Yale Law Journal.*

**Renovation**

Renovating a commercial vacant property for the same or similar use for which it was designed — such as office, retail, restaurant, or entertainment — can be an effective strategy for its redevelopment and reuse, as long as market demand exists for the tenant’s services.

Vacant retail space that sits along a Main Street with significant pedestrian and automotive traffic, for instance, can be refilled by more retail. Once a thorough market analysis shows that a reuse of a commercial vacant property can succeed, the degree of renovation should be the next decision factor.

*Figure 32*

The Arcade in Cleveland, Ohio, was originally constructed in 1890, added to the National Register of Historic Places, and completely renovated in 2001.

source: Erik Daniel Drost
Property renovation can range from superficial changes to extensive upgrades. The degree of renovation should largely be determined by the new use, the structure and condition of the building, and the design guidelines and codes of the location or development. Much of the existing infrastructure of strip malls, for example, can sometimes be retained while reorienting the property and its landscape as a pedestrian-friendly shopping center, as was done at the Lake Grove Village Plaza in Lake Oswego, Oregon. Renovation of older office buildings to desirable, contemporary office space in a Central Business District may entail restoration of the building’s historic façade and interior renovation to modern standards of design. Many businesses desire open floor plans for their office space, which works best in buildings with an existing open floor plan, since internal walls in older office buildings often contribute structural support. There are a variety of professionals who are essential to the completion of each phase of renovation: architects, landscape architects, contractors, suppliers, and preservationists.

If the building is a designated historic structure or located within a historic district, approval may be needed to make any changes to the exterior. Ask the local planning office.

The Secretary of Interior’s Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings provides standards and guidelines, as well as recommended methods for the renovation of historic buildings. In most cases, these standards are not required unless Historic Preservation Tax Incentives are used. The guidelines can be found online at: www.cr.nps.gov/hps/tps/standguide/index.htm

Other resources for historic preservation:
- The National Trust for Historic Preservation: www.preservationnation.org/
- The National Main Street Center, a subsidiary of the National Trust for Historic Preservation: www.preservationnation.org/main-street/

Adaptive Reuse

When older structures outlive their uses, they can often be converted for new ones through the process known as adaptive reuse. Adaptive reuse refers to adapting old structures for new purposes, such as reconfiguring an industrial mill for housing lofts. Commercial buildings are best repurposed in ways that leverage the existing assets of the structure and its surrounding area. Considering the businesses that are already popular in the area and then catering to current consumers can be an effective method for selecting a reuse that matches local market demand. For example, the presence of hotels in a commercial district could indicate the viability of stores that cater to tourists, like gift shops and spas. Alternatively, if a market analysis demonstrates the presence of a market gap (for details on how to conduct a market analysis, refer to page 23), choosing a reuse that fills that market gap may also be effective. Whether catering to existing customers or satisfying a market need, there must be market demand for the reuse for it to be successful.

Adaptive reuse is a transformative process that should be undertaken with an understanding of the unique features of the structure and how they can accommodate new

Resource 14

Resources for Historic Preservation
To determine whether the building is a designated historic structure on the local, state, or national level, or to find out if it is within an historic district, contact the local State Historic Preservation Office (SHPO). A directory of SHPOs can be found at nchshpo.org/find/index.htm

If the building is a locally designated historic structure, or in a historic district, local approval may be needed to make any changes to the exterior. Ask the local planning office.

The Secretary of Interior’s Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings provides standards and guidelines, as well as recommended methods for the renovation of historic buildings. In most cases, these standards are not required unless Historic Preservation Tax Incentives are used. The guidelines can be found online at: www.cr.nps.gov/hps/tps/standguide/index.htm

Other resources for historic preservation:
- The National Trust for Historic Preservation: www.preservationnation.org/
- The National Main Street Center, a subsidiary of the National Trust for Historic Preservation: www.preservationnation.org/main-street/
uses. Alterations and additions that leverage and highlight the building’s original design and character can make a structure highly attractive to both tenants and customers.

Modifications involved in the adaptive reuse of a commercial building generally include the removal of structures particular to previous tenants, such as dressing rooms or a kitchen, and the construction of those that are needed for the new tenant. The original location of the utilities, such as electrical outlets, water pipes and air vents, can sometimes be used to save money on the remodeling of the building if they are compatible with the new uses.

Adaptive reuse of historic sites may require additional standards and approvals for the redevelopment. In hiring the architect and contractor for an adaptive reuse project, it is important to seek out professionals who have experience in the type of conversion being undertaken.

With any commercial property redevelopment, local and county regulations, codes, and building restrictions for the specific property reuse must be followed closely. Repurposing a structure is significantly easier when little or no rezoning is required, but if it is needed — such as in the conversion from commercial to residential — local zoning officers can provide information about the rezoning process and how to apply.

Provided below are ideas for repurposing commercial vacant properties.

**Office space:** Renovation to office space could be minimal or extensive depending on the new tenant and the condition and structure of the building. If a company or incubator desires an office with an open floor plan, for instance, warehouse or big box conversion could be relatively inexpensive. The Sharp Project in Manchester, England, for example, is a refurbished warehouse that offers flexible and affordable office, production, and event space for entrepreneurs. Redevelopment to office space could be particularly attractive to future tenants if there are desirable activities and developments in the surrounding area, such as in a healthy, emerging, or tipping point Central Business District or along a Main Street.

**Retail space:** Many different types of buildings can successfully be converted for retail, since it usually does not require much specialized infrastructure. Retail space is often most successful in areas with ample pedestrian and automotive traffic, such as healthy, emerging, or tipping point Main Streets, Central Business Districts, and lifestyle centers. Retail stores that are located in walkable neighborhoods and that have attractive storefronts and signage tend to be popular destinations.

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**Figure 33**

Programming in Mashpee Commons in Cape Cod.

source: CapeLawyer.com
Retail can focus on “convenience goods,” such as groceries or pharmaceutical products that cater to local residents, or “comparison goods,” like electronics or furniture, that draw people to the area for comparison shopping. Often, convenience and comparison retail require different floor plates. With the steady increase in online shopping, it has become more important for brick and mortar shops to offer a positive experience to shoppers that will entice them to shop there and return. A positive shopping experience may include a greater mix of uses, walkable development, and vibrant public spaces and amenities (for more information on mixed-use development, see page 60). Mashpee Commons in Cape Cod is an example of a retrofitted retail area that has focused on creating a positive shopping experience through its mixed-use, walkable design.

**Grocery stores:** Grocery stores are often in high demand in tipping point neighborhoods with dense or growing residential populations, typically because these stores are located far away and are inaccessible to the residents. The costs of this type of redevelopment from a warehouse or big box are often minimal. Antillana Supermarket, for example, renovated a former warehouse storage space in the Bronx for around $1 million.

**Restaurant space:** The transformation of a commercial space into a restaurant, bar, or café is often subject to rigorous local regulations and codes, and usually requires the installation of specialized equipment. Food service buildings are subject to inspections by the local building office, health department, and licensing office, as required by local and county governments. If the building does not have the infrastructure and utilities — including adequate electric and water capabilities — to support new equipment, the systems will need to be updated as necessary. It should be noted that once a space is converted to a food service use, it is difficult to use it for another purpose afterwards due to the additional infrastructure and equipment. Like retail, restaurants are more likely to be successful in areas with high visibility and traffic, such as healthy, emerging, or tipping point market Central Business Districts, Main Streets, strip malls, lifestyle centers, and even scattered neighborhood commercial proper-

**Figure 34**

The redeveloped Maryland Institute College of Art (MICA) building in the Station North Arts and Entertainment District of Baltimore.

source: Graham Coreil-Allen
ties along main arterials. Long Branch, New Jersey, is advancing plans to convert a vacant warehouse into a restaurant and beer garden, called Whitechapel. Despite often higher costs, restaurants are attractive options for adaptive reuse because they can often succeed in tipping point areas where conventional retail may not be as viable.

**Residential space**: Using a commercial structure for a residential use can be an attractive option for building a local market and providing increased housing options. Converting a commercial structure for residential use may require rezoning. Local zoning officials can provide information about the rezoning process and how to apply. It may be relatively expensive to add the accommodations necessary for comfortable residential use and to comply with residential building standards and requirements. Commercial structures that can be particularly well-suited for conversion to residential uses like lofts and apartments include old factory buildings, prior office buildings, and mixed-use buildings in Central Business Districts and along Main Streets in healthy, emerging and tipping point markets. As an example, University Town Center in Hyattsville, Maryland, is a mixed-use infill development of an office park that now includes luxury condominiums and student housing, as well as public space and amenities.

**Artist space**: Artists are often pioneers in transitional areas and can provide a transformative and stabilizing market force. Gallery, studio, and live-work spaces for artists are often well-suited for commercial vacant properties, such as old industrial buildings and warehouses, since the character of the structure can be attractive to artists and their patrons. While minimal renovations may be necessary to use a commercial structure for gallery or studio space, live/work space may require rezoning and more significant renovations. The Station North Arts and Entertainment District in Baltimore is a recently revitalized arts and entertainment district in which vacant properties have been converted to artist and design studios, ultimately leading to resurgence in investments in the area.

**Rental event space**: Event spaces may require minimal internal structure and could be particularly successful if the space is located in a downtown district or along a Main Street near bars and clubs in healthy, emerging, and tipping point markets. Further, the commercial structure’s aesthetic and unique features, like those of older industrial, mixed-use, and warehouse buildings, can be seen as attractive to younger crowds. The historic Smith Bros’ Hardware building in Columbus, Ohio, was converted into Dock580, a catering and event venue that is highly popular due to the character of the building. Rental of event space may require special permitting by the local municipality. If the event space includes a kitchen or entertainment venue, more infrastructure and fit-out may be required, which will increase the costs of adaptive reuse.

**Entertainment venue**: Redevelopment of commercial vacant properties as entertainment venues can be successful in areas where people feel safe to go at night, such as those in healthy, emerging, and tipping point markets. Movie theaters and drive-ins, musical and theatrical performance space, skating parks, dance studios, and stages can be viable reuse options that attract visitors to an area. It should be noted that for some entertainment uses, amplified sound or amusement devices may require a permit from the municipality. In some cases, the municipality is involved in the redevelopment, as is the case in St. Paul,
where the city plans to renovate and reopen the historic Palace Theatre as a music venue. The property and target market types should match the specific kind of entertainment, such as a downtown warehouse for a live performance venue or a scattered neighborhood commercial property for a drive-in.

**Market or culinary destination:** Markets, like food markets and bazaars, require little in terms of permanent structures and can become local or regional destinations. To create a culinary destination, a large commercial property, such as a warehouse, big box or mall, could be divided to include food and culinary vendors, cooking class space, restaurants, and public areas. A warehouse could be transformed into a dining area for local food trucks that congregate in an adjacent parking lot, as Dinin’ Hall has done in Columbus, Ohio. Several vacant Wal-Marts have been transformed into Peddler’s Mall flea markets in Kentucky. Markets and culinary destinations in general can have a transformative effect on tipping point and at-risk markets, and can add to the vibrancy of healthy and emerging markets.

**Community space:** Commercial properties of all sorts can be converted into community gathering spaces, such as schools, places of worship, museums, libraries, satellite hospital locations, performance spaces, recreational centers, or parks in any market type. Structures on the property can either be renovated and reused or demolished in the development of the community space. If successful, these types of uses can attract visitors to the area and spur development in adjacent parcels. Several examples of adaptive reuse of big box buildings into community spaces include the Centralia Senior Resource Center in Wisconsin Rapids, Wisconsin; the Spam Museum in Austin, Minnesota; and the Lebanon-Laclede County Library in Lebanon, Missouri. Successful adaptive reuse to community space requires a stable, long-term, and financially sound non-commercial end user, such as local government or a hospital.

**Conversion from Single-Use to Mixed-Use**

Mixed-use development has once again become a global trend in real estate development. The term “mixed-use” covers a broad array of development types, but what they
have in common is that they contain more than one interrelated use — such as residential, office, retail, entertainment, and civic space — in one location. Mixed-use developments also often provide pedestrian and bicycle connections within the development and to surrounding areas. In the early 20th century, government zoning regulations began to separate different uses, such as manufacturing and residential areas. Following World War II in the United States, the separation of land uses by municipal zoning regulations became so extreme that different land uses could not be near one another. Over time, the separation of land uses became the norm and mixed-use zoning became the exception. However, in recent years, people have come to recognize that the historic mixture of uses, particularly in urban centers, gives those areas a vitality and economic strength that does not come about through single use development. With this, mixed-use development has grown in popularity. Redeveloping a single-use commercial vacant property to accommodate a mix of uses can be time-intensive, especially because changes to zoning may be necessary. Mixed-use zoning can be accomplished through different types of zoning districts: Planned Unit Developments (PUD), overlay zones, and "by right" (permitted use) zoning. The choice of zoning method should be determined in accordance with the goals, timeframe, and context of the development. PUD zoning is usually applied to a single, usually large, site. The property owner must submit an application for the PUD to the local planning department with a detailed development plan and map.

Resource 16
The Benefits of Mixed-Use Development

- Allows for greater housing variety and density
- Reduces distances between housing, workplaces, retail businesses, and other destinations
- Encourages more compact development
- Strengthens neighborhood character
- Promotes pedestrian and bicycle friendly environments

From American Planning Association, “Planning and Community Health Research Center: Mixed Use Development”

Resource 17
Checklist for Mixed-Use Planning

- Are the uses complementary?
- Are the uses linked by sidewalks or paved paths?
- Are they within convenient walking distance of each other?
- Are the walking routes short and direct?
- Do the buildings themselves fit in and complement each other?
- Do the uses create activity at different times of the day?
- Is parking kept out of the pedestrian’s path of travel?
- Do the uses support each other economically?

For more details about how to implement mixed-use development from the public sector perspective, see The Atlanta Regional Commission’s “Quality Growth Toolkit: Mixed-use Development.”
If changes to the PUD are desired after its approval, a site plan or zoning amendment may be required. Overlay zones are added on top of property zoning, allowing for further restriction or flexibility of development in the designated area. Local government planning staff, as opposed to a property owner, usually initiate the creation of overlay zones. In contrast, “by right” zoning replaces the old zoning of properties, and can allow a mix of uses in subsequent developments. An alternative to rezoning is to amend existing “by right” zoning districts to permit mixed-use development on properties in the district. Overall, PUDs and overlay districts may be quicker or easier to get approved than rezoning for mixed-use developments, especially in areas that are unfamiliar with mixed-use.70 Once an area becomes familiar with mixed-use development and its benefits, new and updated zoning codes could allow for the rise of this form of development.

Plans for the site that demonstrate how the proposed development and use will meet code requirements should be prepared by a licensed professional and submitted to the municipality for review. Permitting, inspections, and fees are often part of changing the occupancy status of a property, which occurs when a building changes from a single occupancy classification (in this case, most likely Business, Mercantile, Storage, or Factory) to a mixed-use occupancy classification (such as Business and Residential). Occupancy classifications are related to the use of the property and the building codes that apply, and every building is given an occupancy classification when it is built. Meeting all the relevant code requirements may not be an easy task for a new mixed-use development, but the return on investment may make the efforts worthwhile.

Transforming one or multiple single-use commercial properties into a mixed-use development can entail extensive renovation, but it can also introduce significant resource

70 Ibid.
efficiencies. Renovations to the property should be made with close consideration of the future occupants, the interaction between different uses, the necessary infrastructure to support multiple uses, and the interplay with the surrounding area. In terms of infrastructure improvements, mixed-use developments can make efficient use of transportation, parking, and water and sewer systems when done well.\(^{71}\) This is because different uses are active during different times of the day and week. For example, retail needs parking during the morning and evening, offices need parking during the day, restaurants and entertainment venues need parking in the evening and on the weekends, and residential uses need overnight parking. When all of these uses share parking spaces, the total amount of necessary parking space is substantially reduced.\(^{72}\) To fully realize the benefits of mixed-use development, a high level of connectivity between uses and the surrounding area is necessary.\(^{73}\) Many mixed-use developments include pedestrian and bicycle pathways that are separate from automobile traffic and parking to accomplish this connectivity, in addition to attractive public spaces and streetscapes. Overall, the uses that are chosen for a mixed-use development should be complementary and interconnected.

Mixed-use developments are becoming popular in a variety of contexts. Many existing mixed-use spaces are redeveloped and reused in Central Business Districts and along Main Streets, and newly constructed mixed-use developments are popping up in suburban lifestyle centers. Increasingly, large industrial sites, old office buildings, big box stores, strip malls, and even malls are being converted into mixed-use, walkable developments in downtown and suburban areas. Belmar Center in Lakewood, Colorado, for example, is a redeveloped regional mall that is now a bustling mixed-use development in a suburb of Denver. For smaller, more scattered commercial properties, assembling multiple properties can be beneficial for mixed-use development. The addition or reuse of mixed-use developments can enhance tipping point neighborhoods or build upon healthy and emerging markets.

**Interim Steps**

When immediate redevelopment of commercial vacant property is not likely or possible, interim strategies can be used to prepare it for future redevelopment or sale. Some interim strategies include demolition, environmental cleanup, mothballing, land banking, land assembly, greening strategies, and temporary uses. This section briefly covers some of these strategies. For more information on land banking, see page 42. Ideas for temporary uses and greening strategies are covered in the following section. Some interim activities, such as demolition and brownfield cleanup, may require public intervention and resources, particularly in the weak market areas of legacy cities where large-scale commercial vacancy exists.

**Demolition:** Since there is far greater supply than demand of commercial vacant properties, local authorities will need to demolish many commercial vacant properties throughout older industrial cities to prevent further blight. Due to the high costs of demo-
lition and the large scale of vacancy in many older industrial cities, demolition should be strategically targeted in areas that can make a comeback once blighted properties are removed, such as at-risk, tipping point, emerging, and healthy markets. Demolition of blighted buildings can enhance the future redevelopment potential of property.

**Brownfield cleanup:** State and federal regulations require many commercial properties that are brownfields, particularly in older industrial cities, to be remediated. The U.S. EPA defines brownfields as “real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant.”

Brownfields are contaminated sites that often require cleanup before the site can be reused. Due to the additional costs, liabilities, and uncertainties associated with addressing the environmental issues of brownfield sites, municipalities and private developers are often reluctant to engage in the development of these properties, unless there is a specific project planned for the site and an entity is willing to pay for the cleanup. Public-private partnerships, or at least public incentives for private development, are typically needed to effectively reuse brownfields.

**Land assembly:** Public and private entities can assemble multiple adjacent vacant properties in strategic locations for future development at a larger scale. Land banks and some non-profits are well positioned to assemble large tracts of land, which often makes them more attractive for future use. The Trust for Public Land, for example, is a national non-profit that assembles vacant land for future use as green space and park land.

**Property stabilization and encapsulation:** For a building that cannot be reused or rehabilitated immediately, stabilizing and encapsulating it (sometimes called mothballing) so that it does not further deteriorate can be an effective method for preserving it for future redevelopment. In addition to preventing unauthorized entry into the vacant property, building stabilization should involve ensuring that the structure and roof are intact and free of water leaks. Stabilization activities should be undertaken soon after the property is abandoned, when there is little, if any, physical damage to undo. Property stabilization and encapsulation can be expensive and are not long-term solutions, but they can be viable interim strategies for maintaining targeted properties for future sale or reuse.

**Temporary Uses**

For commercial vacant properties that do not currently command market demand but that have longer-term reuse potential, temporary uses — especially those that can lead to longer-term uses — can help localities to foster local vitality and generate activity in otherwise dead spaces. Business and non-profit incubators, workforce training, “pop-up” stores, and other temporary uses can attract people and businesses to an area, and demonstrate the potential for the commercial space. While temporary uses vary in cost and infrastructure needs, a major rehabilitation for a temporary use is not recommended. Buildings that are safe and ready to use are ideal for temporary uses.

Below is a list of ideas for temporary uses that can assist with the re-activation of commercial vacant properties. Table 8 compares the relative time and financial commitments required for each use.

**Business or non-profit incubator space and resource center:** Incubator space provides start-up businesses with space to run their business. Within an incubator environment, entrepreneurs are provided guidance to grow their business. They typically pay a monthly fee to rent the space, which can range from a few hundred to a few thousand dollars per month depending on the resources and location of the incubator.

**Workforce training:** Vacant commercial spaces can be reused, generally with minimal renovations, for workforce training programs. Public agencies, non-profit organizations, and universities can use the space to teach job skills and provide job placement services for adults. The Department of Labor’s Employment and Training Administration (ETA), in addition to other federal and state grants, fund the workforce training programs.
Rental office space for traveling business people: Companies and often hotels are offering traveling business professionals access to a temporary office for the day to meet clients and conduct business away from their home office. Commercial properties could be rented out for the same purpose. For example, Regus, a rental company, rents offices monthly from $19-$49 in the Las Vegas region.

Pop-up stores and events: Pop-up uses quickly transform a vacant space into a shop, gallery, or event space that can be taken down just as swiftly. Pop-up uses have been growing in popularity in both rural and urban areas, such as Project Pop Up in Pittsburgh. Rental prices for the pop-up use differ depending on the location. Some commercial districts partner with pop-up stores to generate increased pedestrian traffic.

Art display, gallery, and live-work space for artists: Art exhibits, galleries, and live-work spaces for artists are often well-suited for commercial vacant properties since the character of the structure can be attractive to artists and their patrons. Many artists travel often to sell their work, which can make temporary live-work space more convenient for them than properties with longer-term leases. Chicago Arts Resource (CAR), a rental company for live/work residences, offers 90 day apartments or permanent apartments around Chicago to artists looking for a place to live and work.

Community garden or low-maintenance plantings: Community gardens are generally low cost ways of maintaining vacant plots of land. Public participation is a key to success of community gardens because work is often done on a volunteer basis. Funding is often available through local foundations or through a municipality’s general funds.

Pocket park: Pocket parks are typically created in urban locations over one or two lots. Various gas stations in inner-city neighborhoods, for example, have been converted into pocket parks. Pocket parks act as neighborhood parks for surrounding residents and offer a tranquil location for getting away from life in the city. The Trust for Public Land provides assistance with public and private funding for the development of mini-parks,
Farmers' markets: Farmers’ markets invite people to congregate at centralized locations and experience foods that are grown nearby. The development of markets can be expensive if a building is renovated or built; however, it is often free to host farmers’ markets in public places.

Food vendors and food trucks: Food trucks are popping up all over the country as a convenient way of tasting new foods. Reusing a commercial space as a convening space for food trucks or other temporary food vendors can be relatively affordable reuse of property since few renovations may need to take place.

Performance space: Using commercial vacant properties as performance space for theater, dance, or music concerts, for instance, could draw visitors to the area. The price of admission may not be enough to cover extensive renovation costs, meaning that other funding sources will likely be required.

Campaign office: During elections, politicians often use a multitude of campaign offices in major cities across each state to run local events and garner support. Although these offices are temporary, their use generates local activity.

In order to house a temporary use in a vacant commercial space, it may be necessary to obtain a temporary use permit from the local municipality, which can allow uses that the zoning ordinance currently prohibits. Public

Table 8: Temporary Uses

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<thead>
<tr>
<th>Time</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Short</td>
<td>Community garden and low-maintenance plantings; Pop-up stores and events; Art display or gallery</td>
</tr>
<tr>
<td>Medium</td>
<td>Food vendors and food trucks; farmers’ market; Performance space; Rental office space; campaign office</td>
</tr>
<tr>
<td>Long</td>
<td>Pocket park; Workforce training; Business or non-profit incubator space; live-work space for artists</td>
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Good Practice 4

Project Pop Up in Pittsburgh, Pennsylvania
To curb the negative effects of vacant storefronts in the downtown business district, the City of Pittsburgh Department of City Planning, Urban Redevelopment Authority (URA), and Pittsburgh Downtown Partnership launched a pop-up program for temporary art and innovative entrepreneurial projects. Projects received $10,000 for startup costs (provided by the URA and local foundations) and one year of free rent. Projects were selected by a jury of experts and local stakeholders based on submitted applications. The ten projects helped to enhance downtown for one year. Six months after the close of the project, three of the ten projects were sustainable enough to stay indefinitely.

Key Components of Success:

• Before anything else began, properties were thoroughly vetted considering code violations and any other reasons that the storefront may have remained vacant.
• Prior to considering a storefront, they obtained an memorandum of understanding from the property owner.
• Tenants received business planning advice and support from the URA regarding loans, business plans and models, and available subsidies.
• Property owners and projects were allowed to work out a short, mid, or long-term lease arrangement at any point throughout the program AND both parties agreed to a 30-day vacation notice at any time.
• Insurance must be procured either by the individual project and provide coverage to the property owner, or an umbrella policy must be purchased by one of the partners overseeing the program. The former is simpler, although potentially a cost-barrier for individual projects.

Dinin’ Hall, by Tim Lai Architect, is a warehouse in Columbus, Ohio, that has been converted into a dining area for those who frequent the scheduled food trucks parked outside.
source: Tim Lai Architect

A temporary campaign office in Bryan, Ohio.
source: OZinOH/Flickr

Project Pop Up in Pittsburgh, Pennsylvania enables entrepreneurial projects and temporary art installations, such as this Robot Repair Shop, to fill vacant storefronts in the downtown business district for at least one year with free rent and $10,000 for startup costs.
source: H. Culligan
agencies and non-profits will need to work with property owners and the project lead for the temporary use — which may include a formal agreement or lease — to encourage temporary use of the space. These uses can attract people to tipping point and at-risk commercial corridors, resulting in patrons’ spending money in local businesses in the commercial district. Cities and foundations can use grants to subsidize the space for a temporary use, and if the use becomes financially viable over time, it could transition to a long-term use, eventually paying market rent for the space.
Part VII: Retaining and Attracting Business Tenants

So far, this guidebook has provided a range of strategies and tools for the process of redeveloping commercial vacant properties. Commercial revitalization, however, requires the productive reuse of redeveloped spaces. This section lays out specific methods for retaining and attracting business tenants. The combination of commercial property redevelopment and long-term business support programs may increase the potential for successful commercial revitalization.

Business Development
A crucial component of a commercial revitalization program is the provision of technical support and access to capital for existing businesses, with the goal of retaining and growing businesses in the commercial district. In particular, small businesses often need support in order to effectively manage their operations, serve customer needs, and respond to competition from other businesses.  

Successful business development programs generally provide three main services: training and technical assistance, access to capital, and peer-based assistance and advocacy.

Technical Assistance
Basic training and technical assistance can focus on many different areas, including support with attaining city licenses and permits, design assistance for structural improvements, advice on merchandising and marketing, and business plan development.

Figure 44
The exterior of the Midtown Global Market, which was a vacant Sears building redeveloped by the Neighborhood Development Center into a public market and business incubator for local entrepreneurs in St. Paul, Minneapolis.

source: Andelie Freyja Annabel
and problem-solving. Services can also be offered to aid immigrant entrepreneurs in the navigation of language and cultural differences. Assisting the startup and growth of local entrepreneurs and small businesses can help stabilize the commercial district and provide jobs for residents.

**Access to Capital**

Businesses need access to capital to start and grow their operations. While some small businesses and entrepreneurs simply lack formal banking relationships and knowledge about how to secure loans, for many, the problem is bigger. In the current economic climate, many businesses cannot qualify for bank loans, even from banks where they have maintained accounts for years.

In order to expand their access to capital, local public and non-profit entities can assist businesses in need of financing with finding affordable financing options, financial planning and budgeting, credit enhancement, and help with securing loans. Business development programs tend to have greater success if they include ongoing mentoring and coaching both before and after lending. Some programs provide these services directly, while others partner with economic development organizations that can help the businesses secure loan packaging services and alternative credit sources.

**Peer-Based Assistance and Advocacy**

Fostering peer-based assistance and advocacy for local businesses can help them locate needed expertise and advice, and can strengthen their collective power to advocate.
for the district. It may make sense to establish a business association where one does not exist if there is a critical mass of interested businesses (see “Business associations” on page 80). Regular networking and informational events can help to foster greater business interaction and communication, which could build a foundation for collective action. Workshops allow for peer-to-peer learning when they include time for businesses to share experiences around common issues, and they can bring to light needs for organizing and planning. Partnerships with professionals that specialize in areas relevant to local businesses can help to provide more specialized training, technical assistance, and information.80 Referrals to specialized professionals and service providers through referral networks and trade associations can also help provide more specialized knowledge.

Overall, the provision of ongoing training and technical assistance at times and locations that are convenient for local businesses will help to strengthen their competitiveness, as well as that of the commercial district. One-on-one assistance and coaching that is available at the place of business outside of normal business hours can be highly effective over time.81 These services can be provided by business development staff at a non-profit, city or state agency. Investments of these kinds can help create financial stability for the businesses that receive the services, and ultimately, for the commercial district as a whole.

80 Morgan, supra. 17.
81 Seidman, 2004, supra. 33.

Attracting New Economic Uses

The creation of a desirable and viable business mix within a commercial district or development often includes the elimination of undesirable uses and the attraction of new, more desirable uses. Definitions of “undesirable” and “attractive” uses vary depending upon the context, market demand, and needs of the neighborhood.

Removing Undesirable Uses

Removing adverse uses or severely distressed properties that hinder revitalization, investment, and new economic activity should be an economic development priority. Preventing new uses that would hurt a district’s image, conflict with its vision, or undercut improvement efforts should also be priorities. Convincing existing property owners to take action against blight or illegal uses within their buildings should be the first step. Community pressure alongside an offer of technical and financial assistance can work to convince an owner to change tenants, change development plans, or sell to a new owner. If the owner is unwilling to take action or if the property is abandoned, the tools noted above for incentivizing productive reuse (page 33) or for gaining site control (page 39) can be implemented, after which new uses can be attracted.

Attracting New Desirable Uses

Strategies for attracting new businesses to vacant commercial spaces should focus on targeting the types of businesses that are needed and appropriate for the commercial district given its current economic conditions and vision for the future. It is important to assess the viability of the market for the types of businesses envisioned and build from real market opportunities. Successful strategies can be based on meeting unmet convenience shopping needs, such as bringing a grocery store to a “food desert,” or attracting stores within existing retail niches.82 Achieving the right business mix between chain stores and locally owned businesses is important for continuing to attract customers and for local economic development.

Practitioners should identify target categories of potential owners or businesses that the

82 Seidman, 2005, 7.
Good Practice 5

Neighborhood Development Center in St. Paul, Minnesota

The Neighborhood Development Center (NDC) in St. Paul, Minnesota, is a certified community development financial institution (CDFI) that works in low-income communities to support entrepreneurs in the development of successful businesses that serve the local community and economy. What makes NDC unique is that, in addition to providing business training for entrepreneurs, it offers small business financing, on-going business coaching, and real estate services. NDC staff work with entrepreneurs and small businesses to target vacant commercial properties for reuse. The center then works to redevelop the blighted commercial building, abandoned land, or brownfield for the intended businesses. To date, NDC has rehabbed six buildings that have been used to house business incubators, public markets, and commercial development space.

One example of NDC’s work in the redevelopment of commercial space is the Midtown Global Market (MGM). In 2006, NDC and several partner organizations transformed a vacant Sears building into the Midtown Global Market, which is a public market and business incubator. The market hosts 50 entrepreneurs from the surrounding neighborhoods — many of which are also trained and financed by NDC — and features fresh produce, specialty groceries, and products from around the world. According to NDC’s reports, the market has created more than 200 jobs and attracts more than 1.2 million visitors every year. The market has generated over $41 million in sales since it opened, returning approximately $1.9 million in sales tax to the community.

Going forward, NDC and partner organization Hope Community aspire to generate additional funds for commercial redevelopment and business support through what they call the Mission-Driven Commercial Real Estate Fund. The organizations are currently working to raise $2 million to build the fund, which is intended to support small business technical assistance, tenant improvements, tenant financing, six-month partial rent subsidies, capital replacement and repair reserves, long-term debt reduction, and marketing assistance. By assisting with filling the gap in resources for low-income and minority businesses and commercial development projects, NDC allows the entrepreneurs to focus on growing their businesses, reducing long-term debt and investing more in their operations. So far, NDC’s support has contributed to the creation of 120 small businesses and hundreds of jobs, and returns close to $4 million annually to the neighborhood economies.

The entrepreneur of Holy Land runs one of the 50 businesses in the Midtown Global Market.

source: visitlakestreet/Flickr
Resource 19

Traditional Methods of Business Recruitment

- Preparing business recruitment packages with demographic and income data, listings or available space, and information about the revitalization agenda and accomplishments.
- Identifying stores that fit target niches and provide desired goods and services.
- Contacting these stores to convince them to consider locating in the district.

City hopes to attract, especially those that are already within the region. Strategies then need to be developed to attract the identified targets to the commercial property or area — by convincing them that the neighborhood or development is the right fit for them and occasionally by providing incentives. Since each community is unique, strategies must be well-grounded in local assets and constraints. Strategies for attracting firms should account for the varying needs of the firms and the type of property that would best suit those needs. Manufacturing firms, for instance, may need large affordable properties, while retailers need a direct relationship to consumers. In the case of attracting retailers to vacant commercial space, market analyses should pay special attention to residential and transportation trends of the area. Most chains have specific criteria for their locations listed on their websites. Knowing these criteria can be helpful for attracting independent businesses as well; for instance, if a business district has a location that could meet Starbucks’ criteria, it would probably meet the needs of most independent coffee shops as well. Information from market analyses can be used to help attract firms to an area by elaborating on the fit between the location and the firm’s needs (see “Methods of Analyzing the Market” on page 24).

Beyond the traditional methods of business recruitment, there are many ways to attract a business to a commercial district. Informal networking and matching prospective businesses to property owners with vacant space can be quite effective. Holding business recruitment fairs or growing businesses from incubators can work. Assisting businesses with securing city permits or financial capital can also be effective. Financing property renovations through a building improvement fund can help to recruit businesses to areas where buildings are in poor condition or are in need of reconfiguration to address modern business space needs. Publicizing the availability of incentives is usually an effective strategy for business recruitment.

The use of business attraction goals and strategies can aid the process of identifying appropriate tenants for commercial vacant spaces. By attracting businesses that are open at different times of day, for instance, such as a coffee shop, retail stores, and a movie theater or concert venue, areas can attract visitors and shoppers 24/7, enhancing the financial stability of the area. Achieving the right tenant mix and quality will give an area a unique character and allow it to compete successfully with other commercial locations.

Linking commercial real estate redevelopment with local business development and support can help to fuel local economic growth. Public sector and non-profit practitioners in legacy cities can and should work to create a favorable environment for private investment in commercial vacant property redevelopment, especially since they cannot address the large scale of commercial vacancy alone.

83 Ibid.
84 Ibid. 36.
Ongoing management of a commercial district increases the likelihood of the successful reuse of the properties within it. Commercial properties and their uses are significantly affected by their context, and coordination between property and business owners in a commercial district around endeavors such as the creation of district design guidelines, improvement of public infrastructure and space, and promotion, can enhance the prospects of economic prosperity for both the district and its occupants.

This section covers specific strategies for managing commercial districts over time to support the reuse of individual commercial properties. It explains elements of successful district management as well as a variety of district management models.

Elements of Successful District Management

There are several key elements to the effective coordination of a commercial revitalization program (for more information on commercial revitalization programs, see page 22). Successful commercial revitalization programs focus resources on a specific location over the long-term. Shorter-term efforts may produce some quick results, but are unlikely to spur lasting economic or social success.

Efforts to improve and promote a commercial district for the mutual benefit of its member businesses could include:

- Promotion and marketing
- Beautification
- Cleanliness and safety
- Business retention and recruitment
- Coordination of business and property hours
- Signage
- Façade and storefront improvements

Figure 47

The business district along Vine Street in the Over-the-Rhine neighborhood of Cincinnati, Ohio is a nationally recognized model of successful commercial district revitalization.

source: the.urbanophile/Flickr
These individual activities can reinforce one another as part of a coordinated commercial revitalization program tailored to the specific needs and aspirations of the district. Marketing and promotion of the district can be a good starting point for areas with existing businesses because they can be started relatively quickly and at low cost, and can become central to improving the area's image over time. Market analysis can help to inform marketing activities, which can include the creation of an overall district image, community events that promote the area, and retail promotions for local merchants. Events and festivals can contribute to the development of a neighborhood identity. Commercial real estate redevelopment, code enforcement, and crime prevention can also be integrated early on into the revitalization program by synchronizing public agencies and investors.

Active participation of stakeholders such as property owners, businesses, and residents can make organization around revitalization activities truly effective. To accomplish this, ongoing communication is needed to inform stakeholders of progress, garner support, and remind people of the district plans and priorities. Through communication and organization, it is important that stakeholders collaborate to move the commercial district toward a shared vision of success.

**District Management Models**

A lead organization is typically necessary to help organize business and property owners manage the commercial district over time. Business owners who are collectively organized also benefit from greater leverage with city staff, politicians, and investors. Businesses and property owners are better able to strengthen the financial health of the district,

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**Recommendation 6**

Ensure that zoning supports the vision of the business district. Often, districts require rezoning to match desired uses. The creation of corridor-specific zoning ordinances with explicit design guidelines can help to make desired development, such as increased densities and mixed-use design, the standard as opposed to the exception.
as well as their own financial prospects, by acting together.

There are various models of commercial district management that can be effective conduits of commercial revitalization programs. Main Street programs, Business Improvement Districts (BIDs), business associations, CDCs, and Economic Development Corporations (EDCs) can all serve as organizers of commercial district initiatives. Each of these management models is described below. Table 9 explains the circumstances in which to use each model.

**Main Street Programs**

Main Street is a business district revitalization program that the National Trust for Historic Preservation established in 1980 to focus on four main strategies: design, promotion, economic restructuring, and organization. The National Main Street Center leads a network of more than 1,200 state, regional, and local programs that are rebuilding older commercial districts around the country. The majority of these programs focus on the downtown business districts of smaller cities. The Main Street model consists of committees of local merchants, property owners, residents, and other stakeholders coordinating activities and long-term strategies for business district revitalization. Funding for Main Street program operations is provided by municipal, foundation, and individual grants, while projects are usually funded by the city and local business owners.

The Main Street program is an established district management strategy that can result in substantial reinvestment in older business districts over time. Main Street practitioners have access to national resources for information, training, and technical assistance. The greatest strengths of Main Street programs tend to be in programming events, such as festivals, food and art fairs, and farmers markets, for district promotion, and in or ga-
nizing business and property owners to work

with municipalities to take action on façade
improvement and streetscape design proj-

ects. The economic restructuring element
of the Main Street approach and the lack of
access to real estate development have been
its greatest challenges. Main Street programs
are mostly volunteer-driven, which means
that they often lack the capacity to imple-
ment large scale redevelopment efforts and
to support and develop local businesses. How-
ever, Main Street programs work well in
the coordination of existing business owners
to accomplish the goals of district promotion
and design.

Business Improvement Districts
Business Improvement Districts (BIDs), also
known as special assessment districts, are one
of the best methods to sustain a revitalization

<table>
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<th>Table 9: District Management Models</th>
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<tr>
<td><strong>Model</strong></td>
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<tr>
<td><strong>Main Street Program</strong></td>
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<td><strong>Business Improvement District</strong></td>
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<td><strong>Business Associations</strong></td>
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<td><strong>Community Development Corporations</strong></td>
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<tr>
<td><strong>Economic Development Corporations</strong></td>
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91 Morgan, supra. 12.
92 Ibid. 26-27.
93 Ibid. 12.
BIDs can be effective at enhancing the business and physical environment and at engaging businesses in the revitalization process, although they can be difficult to institute.95 Both retailers and offices are needed to help fund the BID — retailers usually cannot fund it alone. Also, the owners and tenants need to be able to afford the incremental tax increase, so this may not be as viable an option in weak market neighbor-

94 Jacobus and Hickley, supra. 86.
95 Beynard and Pawlukiewicz, supra. 17.
hoods. Further, the surcharge needs to bring in enough funding to justify the effort; this can happen in downtowns, but it may not work as well in small neighborhood commercial districts. Even in stronger commercial districts, it can be difficult to convince businesses and property owners to voluntarily tax themselves.

Many successful BIDs, such as the Georgetown Business Improvement District and the Downtown Cleveland Alliance, were launched by local business owners who recognized the need in the surrounding business district for their help. By promoting the economic benefits of district improvement, BIDs around the country have been able to gain support.

**Business Associations**

Business associations are membership organizations that promote the business interests of their members. By joining together, companies can establish a strong local presence to effectively further their shared interests. These associations can provide services such as lobbying, information gathering, business support and attraction, and setting business district design guidelines. Small businesses may also benefit from association membership that gives them access to education, peer contact, and networking opportunities. Business associations can and should provide the means to engage in commercial district revitalization and management, especially when that is in the mutual interests of the member businesses.

**Community Development Corporations**

Community development corporations (CDCs) are non-profit, community-based organizations that are incorporated to provide services and capital for the local redevelopment of housing and commercial property. CDCs usually serve a specific geographic location, such as a neighborhood or town, and they tend to focus on serving lower-income areas and residents. Several CDCs, such as the Detroit Shoreway Community Development Organization and the Cincinnati Center City Development Corporation, have already gained significant momentum and success in

*Figure 52*

The recently revitalized Short North in Columbus, Ohio has benefited from the ongoing support of the Short North Business Association, which attracts businesses to the commercial district, establishes district design guidelines, and promotes the area with programming.

*source: Susan Smith*
commercial real estate restoration and business development.

More CDCs could engage in commercial revitalization activities by building upon their competencies for commercial real estate development, business training and assistance programs, and financial support or referral services for property owners and business tenants. Gaining the technical skills and capacity to provide these services takes time and operational funding for hiring or training employees. CDCs may find it necessary to acquire certifications to qualify for access to funding sources such as New Markets Tax Credits (NMTC), Community Development Financial Institution (CDFI) funds, and Small Business Administration (SBA) lending (see Appendix 1 for descriptions of each funding source). It may also be possible to partner with certified CDFIs that work in the same area to gain the needed capacity to support local commercial revitalization.

Good Practice 6

Detroit Shoreway Community Development Organization in Cleveland, Ohio

The Detroit Shoreway neighborhood of Cleveland, Ohio, is a national example of community revitalization around a redeveloped commercial corridor. Detroit Shoreway has been on the rebound since the 1990s, and more housing has been built or rehabilitated there than in any other neighborhood of Cleveland since 2004. The Detroit Shoreway Community Development Organization (DSCDO) partnered with the recently redeveloped Cleveland Public Theatre and Near West Theatre on the creation of a strategic plan to redevelop Detroit Avenue from West 54th to West 76th Streets. They rebranded the area as the Gordon Square Arts District, which has attracted over 42 new businesses, including galleries, boutiques, restaurants, coffee shops, and wine bars, and over $750 million in neighborhood investments.

DSCDO hosted a “Best Business Plan” competition (see Template 3) to attract local retail businesses to the vacant storefronts in the Gordon Square Arts District. Contestants who submitted winning business plans were provided with incentives to move to the district. For first place, the winning business won free rent for a year; second place provided six months of free rent; third place, three months. In addition, Cleveland City Council member Matt Zone and the Charter One Foundation Growing Communities initiative offered grants up to $5,000 to help winning businesses cover build out and start-up costs. Through the contest, DSCDO was looking for innovative local businesses with demonstrated financial stability and a solid business plan to locate in the Gordon Square Arts District.

Other DSCDO programs that contribute to the successful revitalization of the Detroit Shoreway commercial corridor include the Storefront Renovation Program (SRP) and the Neighborhood Retail Assistance Program (NRAP). The SRP provides technical, design and financial assistance to commercial property owners with retail storefronts in the Detroit Shoreway neighborhood for exterior rehabilitation. The program offers a 40 percent rebate of up to $25,000 to the property owner after the completion of construction according to design standards and labor/wage requirements. The NRAP program offers grant and loan assistance up to $40,000 to small retail businesses for façade improvement projects that upgrade the appearance of the storefront and the retail district. Funded projects include landscaping, lighting, and signage enhancements. By providing financial and technical assistance to façade improvement projects, the DSCDO has been able to improve the competitiveness of the retail businesses in the Detroit Shoreway neighborhood, as well as the community’s economic vitality, vibrancy, and image.
Economic Development Corporations

Although definitions differ, an Economic Development Corporation (EDC) is usually a non-profit organization that engages in activities to improve the economic environment of a specific region, county or municipality. EDCs are typically overseen by a board of directors consisting of representatives from the business sector, state and local government, and the public. EDCs can enhance and promote a city’s central business district, provide low-interest loans to new and expanding businesses, and plan local development. EDCs can be funded through multiple channels, such as contributions from participating businesses and local governments, loan and service payments, and sale taxes that are designated for that purpose.

EDCs are often formed to benefit specific public and private entities. The groups that successfully incorporate an EDC are well-positioned to institutionalize their values within the organization. Since this is the case, it is important to ensure that the people involved in the creation of the organization have an interest in the economic revitalization of the designated area and can agree to a shared vision.

Commercial vacant properties serve as a vital link to economic development in legacy cities. Revitalized commercial properties are, in essence, spaces where business growth and job creation can take place. These spaces can and should be reused to build local markets.
Conclusion: Building the Market

The tools and strategies for revitalizing markets are included throughout this guidebook. While the guidebook is intended to support local leaders and practitioners in the commercial property redevelopment process, bringing commercial vacant properties back into productive reuse and supporting their tenants are important components to building market demand in legacy cities and their districts.

In legacy cities, commercial real estate redevelopment is typically more successful when it is part of a broader, long-term business district revitalization strategy. District-wide plans and strategies can help to coordinate local businesses and property owners around common goals and can build their confidence in the future of the area, prompting them to make investments that strengthen the district.

In many cases, commercial areas are reinventing their purpose based on shifting demographic, spatial, and economic trends. Millennials and empty nesters are increasingly demanding urban, walkable development, and legacy cities need to take capitalize on this trend by redeveloping in ways that attract and retain these and other populations. Reinvesting in the business districts of legacy cities to take advantage of this renewed interest in urban areas could generate a virtuous cycle of demand and community revival.

To generate demand for commercial properties and their uses in legacy cities, targeting existing demand within the region can be a good starting point. For instance, local governments and community based organizations can concentrate efforts on attracting residents, businesses, and consumers from the surrounding region — primarily by convincing them that the neighborhood or development is the right fit for them. Since each community is unique, strategies must be well grounded in local assets.

Developing desirable buildings, communities, and districts is fundamental to igniting interest and investment in legacy city markets. Enhancing properties so that people want to and can afford to reside in them, creating strong standards for redevelopment, and making revitalization efforts visible, manageable, and marketable are all strong strategies for harnessing local demand in legacy cities.

The key to market building is to begin at a scale that is targeted and doable, but that can lead to longer term transformations. Legacy cities have significant assets, including beautiful old buildings and affordable land, which should be leveraged to catalyze and respond to local demand. Regardless of where the redevelopment process begins, activities should be strategic and targeted to maximize the impact of available resources.

If commercial vacant properties teach us anything, it is that our built environment lasts. Our physical developments define the way we live and the way in which future generations will live. Every opportunity to redevelop our built environment is an opportunity to redefine what could be.
# Appendix 1: Funding Mechanisms

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Administration</th>
<th>Description</th>
<th>Usage</th>
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<tbody>
<tr>
<td><strong>Private Sources</strong></td>
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<tr>
<td>Bank loans</td>
<td>Private banks</td>
<td>Many private banks offer commercial real estate lending, which provides companies with financing for any or all phases of development, from land acquisition through construction, for both owner-occupied and investment properties. The Community Reinvestment Act (CRA) requires banks to meet lending needs in low- and moderate-income neighborhoods.</td>
<td>Interest rates and term lengths for paying back loans differ on a case-by-case basis.</td>
</tr>
<tr>
<td>Corporate sponsorships</td>
<td>Private corporations</td>
<td>A corporate sponsorship is the financial payment by a business to a non-profit to cover all or some of the costs associated with a project or program in exchange for recognition. Corporations may have their logos and brand names displayed alongside that of the organization undertaking the project or program, with specific mention that the corporation has provided funding. Many corporations actively support commercial revitalization efforts through donations of money, services, and equipment.</td>
<td>The use of financial or technical assistance should be determined with the corporation.</td>
</tr>
<tr>
<td>Capital investment</td>
<td>Investment funds</td>
<td>An investment fund is a supply of capital belonging to numerous investors that is invested collectively, while each investor retains ownership and control of their shares.</td>
<td>Capital investment could be used increasingly to finance commercial redevelopment projects, with profit generating from property sales or leases.</td>
</tr>
<tr>
<td>Real Estate Investment Trust capital</td>
<td>Real Estate Investment Trusts</td>
<td>Real Estate Investment Trusts (REITs) are companies that own and, in most cases, operate income-producing commercial real estate or related assets, such as commercial real estate mortgages or loans. To qualify as a REIT, a company must have the majority of its assets and income tied to real estate investment and must distribute at least 90 percent of its taxable income to its shareholders annually.</td>
<td>REITs are usually publicly traded and they buy and develop properties primarily to operate them as part of their investment portfolio.</td>
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<td>Funding Source</td>
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<tr>
<td>Private-public partnerships</td>
<td>Public and private institutions</td>
<td>A government service or private business venture that is funded and operated through a partnership between government and one or more private sector companies. Local organizations with a stake in the redevelopment are more likely to be willing to dedicate resources to the project than national institutions.</td>
<td>Details of the use of funds are specific to the partnership.</td>
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</table>

**Federal Government Sources**

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<thead>
<tr>
<th>Funding Source</th>
<th>Administration</th>
<th>Description</th>
<th>Usage</th>
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<tbody>
<tr>
<td>New Markets Tax Credits (NMTC)</td>
<td>Allocated by the U.S. Treasury through the Community Development Financial Institution (CDFI) Fund</td>
<td>NMTC are federal income tax credits for equity investors in community development entities (CDEs) who invest in projects in low-income communities. The process for obtaining NMTC is complex and competitive. Administrative and legal costs associated with NMTC typically require the project size to be around $2-5 million.</td>
<td>Community development entities (CDEs) can use NMTC to make loans or equity investments in any qualified low-income community business. NMTC are used to finance debt or equity investments in businesses or in real estate projects, and investments in other CDEs.</td>
</tr>
<tr>
<td>SBA 7(a) Loan Program</td>
<td>Small Business Administration (SBA)</td>
<td>The SBA 7(a) Loan Program provides a guarantee of up to 90 percent of a loan issued by a private lending institution to qualified small businesses with special requirements.</td>
<td>Funds can be used by small businesses for property acquisition, construction, inventory, and working capital.</td>
</tr>
<tr>
<td>Small Loan Advantage and Community Advantage 7(a) Loan Initiatives</td>
<td>SBA</td>
<td>SBA has expanded access to capital for small businesses and entrepreneurs in underserved communities with this program, which offers a streamlined application process for SBA 7(a) loans up to $250,000. The Small Loan Advantage is structured to encourage larger existing SBA lenders to make loans of smaller amounts to benefit businesses in underserved markets. Community Advantage allows community-based, mission-oriented lenders to make SBA 7(a) loans of up to $250,000 with the regular 7(a) government guarantee.</td>
<td>Funds can be used by small businesses in underserved communities for property acquisition, construction, inventory and working capital.</td>
</tr>
<tr>
<td>CDC/SBA 504 Loan Program</td>
<td>SBA</td>
<td>CDC/SBA 504 loan program provides small businesses with long-term, fixed-rate financing to acquire assets for expansion or modernization.</td>
<td>A project using this program is typically structured with a senior loan from a local private lender for 50 percent of the project cost, a junior loan for 40 percent of the project cost from the certified development company (backed 100 percent by SBA), and 10 percent equity from the borrower.</td>
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<tr>
<td>SBA Microloan Program</td>
<td>SBA</td>
<td>SBA Microloan Program provides small short-term loans to small businesses. The maximum loan amount is $50,000.</td>
<td>Small businesses can use the loan for working capital, inventory and supplies, furniture and fixtures, and machinery and equipment.</td>
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<tr>
<td>Small Business Investment Company</td>
<td>SBA</td>
<td>SBICs are privately owned and managed equity investment companies that provide venture capital for startup and growth of small businesses.</td>
<td>The SBA does not invest directly but licenses these companies. The SBIC debentures are pooled and sold in public markets in the form of an SBA guaranteed certificate.</td>
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<tr>
<td>Small Business Development Centers</td>
<td>SBA</td>
<td>SBDCs are typically partnerships between the SBA and colleges/universities to provide educational services for small business owners and aspiring entrepreneurs.</td>
<td>Services include business planning and financial assistance; enhancing and obtaining credit; marketing plan development; assistance with production, organization, engineering, and technical issues; and feasibility study development.</td>
</tr>
<tr>
<td>Federal Historic Preservation Tax</td>
<td>National Park</td>
<td>The Federal Historic Preservation Tax Incentives program offers tax credits to encourage private sector investment in the rehabilitation and reuse of historic buildings. A 20 percent income tax credit is available for the rehabilitation of historic, income-producing buildings. A 10 percent tax credit program is also available for the rehabilitation of non-historic buildings placed in service before 1936. The rehabilitation projects must be approved by the National Park Service and follow the Secretary of the Interior's Standards for Rehabilitation. State historic preservation offices administer the federal income tax credits.</td>
<td>These programs can assist in the rehabilitation of historic commercial buildings and infrastructure in historic neighborhoods. Specifically, they can be used to offset the owner's federal tax liability or transferred to a tax credit investor in exchange for additional equity capital that can be utilized for long-term financing of the project.</td>
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<td>Tax Incentives</td>
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<tr>
<td>National Trust Preservation Funds (NTPF)</td>
<td>National Trust for Historic Preservation</td>
<td>The National Trust Preservation Fund is used to provide matching grants for planning activities and educational efforts focused on preservation. Building and construction activities are ineligible. Grants generally start at $2,500 and range up to $5,000. The selection process is very competitive. Only Forum or Main Street level members of the National Trust are eligible to apply for funding from the National Trust Preservation Fund. Public agencies, 501(c) (3), and other non-profit organizations are eligible.</td>
<td>Matching grant funds may be used to obtain professional expertise in areas such as architecture, preservation planning, and real estate development, as well as to provide preservation education activities to the public.</td>
</tr>
<tr>
<td>National Trust Community Investment Corporation (NTCIC) Equity Investments</td>
<td>NTCIC, a for-profit subsidiary of the National Trust for Historic Preservation</td>
<td>The NTCIC makes equity investments in real estate projects that qualify for federal and state historic tax credits, Low-Income Housing Tax Credits, New Market Tax Credits, and solar tax credits. By syndicating these tax credits, the NTCIC provides equity to local governments, non-profit sponsors, and for-profit developers in amounts as little as $1 million.</td>
<td>NTCIC invests in development projects of at least $6 million in total development costs and that generate at least $1 million in tax credit equity. The Small Deal Fund for equity investment is used for smaller development projects. Eligible development projects have included office buildings, mixed-use properties, multi-family loft housing, museums, theaters, and community service facilities.</td>
</tr>
<tr>
<td>Community Development Block Grant (CDBG) Section 108 loan funds</td>
<td>Department of Housing and Urban Development (HUD)</td>
<td>Section 108 is the loan guarantee provision of the CDBG program and it offers municipalities a source of financing for community development activities, such as large-scale physical development projects and economic development. Any of the activities financed through the CDBG program must use 70 percent of the funds to benefit low- and moderate-income persons and must meet one of the following three national objectives: a) principally benefit low- and moderate-income persons, b) assist in eliminating or preventing slums or blight, or c) assist with community development needs having a particular urgency. Loans may be for terms up to 20 years.</td>
<td>Section 108 loan financing can be used for 1) real property acquisition; 2) rehabilitation of property owned by the applicant public entity; 3) special economic development activities under the CDBG program; 4) interest payments on the guaranteed loan and issuance costs of public offering; 5) acquisition, construction, reconstruction, rehabilitation, or installation of public facilities; 6) debt service reserves for repayment of the Section 108 loan; and 7) other related activities, including demolition and clearance, relocation, payment of interest, and insurance costs.</td>
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<td>Funding Source</td>
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<tr>
<td>Community Renewal Initiative (CRI)</td>
<td>HUD</td>
<td>A HUD initiative that makes funds available to eligible businesses in EZs and Renewal Communities. After completing a strategic planning process, local communities may apply for funding. The Empowerment Zone designations generally expired at the end of 2011. However, the American Taxpayer Relief Act of 2012, signed into law by U.S. President Barack Obama on January 2, 2013, provided for an extension of the Empowerment Zone designations until December 31, 2013.</td>
<td>The incentives are intended to encourage businesses to open, expand and hire local residents.</td>
</tr>
<tr>
<td>Bank Enterprise Awards Program (BEA)</td>
<td>Department of the Treasury</td>
<td>The BEA provides financial incentives to depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) that make investments in CDFIs, increasing lending, investment, and service activities within economically distressed communities.</td>
<td>CDFI-related activities can include equity investments, equity-like loans, grants, and technical assistance. Community financing can include small business loans and commercial real estate loans.</td>
</tr>
<tr>
<td>Community Development Financial Institutions (CDFI)</td>
<td>Department of the Treasury</td>
<td>The Community Development Financial Institutions Fund, or CDFI Fund, is a program within the U.S. Department of the Treasury that awards money and tax credits to community-based organizations that work in low-income urban and rural communities. The purpose of the CDFI Program is to use federal resources to invest in CDFIs and to build their capacity to serve low-income people and communities that lack access to affordable financial products and services. CDFIs can be community development credit unions, community development banks, or other community-based loan funds. Funds are allocated by the U.S. Treasury on a competitive basis and require matching funds from other sources.</td>
<td>CDFI funds can be used for many purposes, including business equity and debt, affordable housing projects, and commercial real estate development, financial services, and internal capacity building.</td>
</tr>
<tr>
<td>Low Income Housing Tax Credits (LIHTC)</td>
<td>Internal Revenue Service (IRS)</td>
<td>LIHTC is an annual tax credit (a dollar for dollar reduction in the taxpayer's federal taxes) earned in the initial ten years following when units are placed in service assuming program requirements are met.</td>
<td>In mixed-use developments, it can be used on the residential portions and, depending on the size and scale of the development, it can significantly support the commercial retail portions.</td>
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<tr>
<td>Funding Source</td>
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<tr>
<td>U.S. EPA Brownfields</td>
<td>U.S. Environmental Protection Agency</td>
<td>EPA's Brownfields Program provides direct funding for brownfields assessment and cleanup, as well as revolving loans and environmental job training.</td>
<td>Brownfields Assessment Grants provide funding for brownfield inventories, planning, environmental assessments, and community outreach. Brownfields Revolving Loan Fund Grants provide funding to capitalize loans that are used to clean up brownfields. Brownfields Job Training Grants provide environmental training for residents of communities with brownfields. Brownfields Cleanup Grants provide direct funding for cleanup activities at certain properties with planned green space, recreational, or other non-profit uses.</td>
</tr>
<tr>
<td>State Government Sources</td>
<td>State Environmental Protection Agencies</td>
<td>Grants and revolving loan funds for the expansion, redevelopment, or reuse of real property that may be complicated by the presence of a hazardous substance or contaminant.</td>
<td>Used to prevent, assess, safely clean up, and sustainably reuse brownfields.</td>
</tr>
<tr>
<td>Economic Development</td>
<td>State Economic Development Agencies</td>
<td>State governments have economic development agencies dedicated to assisting new and established businesses.</td>
<td>Economic development funding could be used for business startup advice, training and resources; financial assistance with loans, grants, and tax-exempt bonds; business location and site selection assistance; and employee recruitment and training assistance.</td>
</tr>
<tr>
<td>State Historic</td>
<td>State Historic Preservation Commissions; Internal Revenue Service and State Governments</td>
<td>State credits can be piggybacked onto the federal credits. More than 60 percent of states offer State Rehabilitation Tax Credits.</td>
<td>In states where historic tax credits are offered (the percentage of which is different depending on the state), they provide for the rehabilitation expenses to owners and lessees of historically significant buildings and they can be added to federal credits.</td>
</tr>
<tr>
<td>Property Tax Abatement Programs</td>
<td>County or Municipality</td>
<td>Property tax abatement programs allow property owners to defer property taxes levied on improvements or phase in payment of property taxes over a designated period.</td>
<td>Property tax abatements are available to private developers and companies. Abatements reduce the amount of property taxes paid on a piece of real estate in order to incentivize development in distressed areas.</td>
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<tr>
<td>Funding Source</td>
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<tr>
<td>The General Fund</td>
<td>Cities or Municipalities</td>
<td>Taxes are the primary source of income for the General Fund. Some cities establish a Special Fund in which funds from the General Fund are designated for a specific purpose.</td>
<td>Funding from the General Fund can be applied to area management, public improvements, public facilities, technical assistance, and possibly promotions.</td>
</tr>
<tr>
<td>Revolving Loan Fund</td>
<td>City and county revolving loan funds</td>
<td>A Revolving Loan Fund (RLF) is a self-replenishing pool of money from which loans are made to provide gap financing for development or the expansion of small businesses. Payments on the principal and the interest of existing loans are used by RLF to issue new loans. Loans are targeted to development projects or small businesses that have had difficulty accessing regular credit markets.</td>
<td>The loans can be used in combination with more conventional sources to fund activities such as acquisition of land and buildings, new construction, facade and building renovation, landscape and property improvements, machinery and equipment, and operations.</td>
</tr>
<tr>
<td>Bonds</td>
<td>Cities or Municipalities</td>
<td>The issuance and sale of tax-exempt and taxable municipal revenue bonds can be used to provide below market interest rate loans to capital projects.</td>
<td>In some cases, proceeds from the sale of these securities are loaned to borrowers and may be used to finance, refinance, and reimburse costs of acquiring, constructing, restoring, rehabilitating, expanding, improving, equipping, and furnishing real property, and related and subordinate facilities.</td>
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<table>
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<th>Other Sources</th>
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<tr>
<td>Improvement Districts</td>
<td>Business improvement districts (BID), Business Improvement Areas (BIA), Business Revitalization Zones (BRZ), Community Improvement Districts (CID), Special Services Areas (SSA), or Special Improvement Districts (SID)</td>
<td>An improvement district is a defined area within which businesses agree to pay an additional tax assessment fee in order to fund projects within the district's boundaries. The BID is often funded primarily through the levy but can also draw on other public and private funding streams.</td>
<td>With the funding, improvement districts provide services to the area, such as cleaning streets, providing security, making capital improvements, construction of pedestrian and streetscape enhancements, and marketing the area.</td>
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<td>Funding Source</td>
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<td>Foundation grants</td>
<td>Private Philanthropic Foundations</td>
<td>Foundations can provide funding to projects and non-profit organizations that align with their mission. Some foundations offer multi-year commitments to help launch revitalization efforts. Such grants tend to be highly competitive.</td>
<td>Grants may be used to support community and economic development activities, projects, and programs. Each foundation has specific requirements for the use of its grants.</td>
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</tr>
<tr>
<td>Crowd-funding</td>
<td>Usually internet websites, such as Fundrise.com</td>
<td>Crowd-funding (alternately crowd financing, equity crowd-funding, crowd-sourced fundraising) is the collective effort of individuals who network and pool their money, usually via the Internet, to support efforts initiated by other people or organizations. Fundrise applies the crowd-funding method to real estate investment, allowing a large number of individuals to pool their money and invest in a single project through the Internet.</td>
<td>Individuals can choose real estate investments that best fit their preferences, including property type and location, risk tolerance, and return profile. The entire investment process can be completed online, including signing legal documents and securely transferring funds. Developers can raise money directly from the Fundrise community.</td>
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<tr>
<td>Event income</td>
<td>Sponsoring Organization; Volunteers</td>
<td>Fundraising events can be expensive and should be researched before implemented to ensure that they will be profitable. Create a detailed business plan and set specific goals.</td>
<td>Funding raised through events could be applied to area management, public improvements, public facilities, and technical assistance.</td>
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</tbody>
</table>
## Appendix 2: Templates

### Template 1

**Vacant Property/Building Registration Form**

All vacant properties/buildings must register with the City of Painesville Community Development Department in accordance with the Painesville Codified Ordinance - Section 157. Tenants and property owners shall register their vacant properties/buildings under this section. Temporary exemptions for property owners are available. Please complete this form for each vacant property/building that is being marketed for rent or may be approved upon written request.

### Section I: Property Owner Information

<table>
<thead>
<tr>
<th>City</th>
<th>State</th>
<th>Zip Code</th>
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</table>

### Section II: Designated Agent of Contact Person

<table>
<thead>
<tr>
<th>Street Address</th>
<th>City</th>
<th>State</th>
<th>Zip Code</th>
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</table>

### Section III: Vacant Property/Building Information

<table>
<thead>
<tr>
<th>Street Address</th>
<th>City</th>
<th>State</th>
<th>Zip Code</th>
</tr>
</thead>
<tbody>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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*Template 1 is a form for registering vacant properties or buildings in Painesville, Ohio. It requires property owners to provide their contact information and the details of the vacant property being marketed for rent or approval.*
Section III: Vacant Building Plan (Required)

I hereby submit a plan of (Please Circle): Demolition | Secure Vacancy | Rehabilitation:

________________________________________

________________________________________

Section IV: Proof of Insurance (Required)

If submitting a plan of demolition, please also provide proof of holding in escrow with the City of Painesville the amount of $10,000 for a residential property or $75,000 for a commercial property. Escrow funds will be released upon completion of the submitted plan. Use additional paper to outline further details pertaining to your plan.

Escrow for Demolition: Yes ____________ No ____________

Section V: Fees (Required)

Please make checks payable to City of Painesville. The vacant property registration payment included with this form pertains to the current year of vacancy and is (Please Circle):

Residential: $200-1st yr | $400-2nd yr | $800-3rd yr | $1,600-4th yr | $3,200-5th yr or later
Commercial: $400-1st yr | $800-2nd yr | $1,600-3rd yr | $3,200-4th yr | $6,400-5th yr or later

I _____________________________, hereby request to register the vacant property/building listed above and acknowledge that the information above is complete and accurate. I have read and understand Ordinance 11-11 for owning a vacant property in the City of Painesville and agree to comply with these requirements. In accordance with this Ordinance, I agree to notify any future owner of this vacant building registration.

________________________________________/ 
Applicant’s Signature Date

Subscribed and duly sworn before me according to the law, by the above named applicant this day ________________ in the City of ________________.

Notary Signature: ___________________________
<table>
<thead>
<tr>
<th>Survey Question</th>
<th>Codes</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parcel ID Number</td>
<td>PID</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Survey Date</td>
<td>Date</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Survey Time</td>
<td>Time</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Structure</td>
<td>Structure</td>
<td>0 = no structure, 1 = structure</td>
</tr>
<tr>
<td>Is there a structure on the lot?</td>
<td>Structure</td>
<td>0 = no structure, 1 = structure</td>
</tr>
<tr>
<td>For lots with structure:</td>
<td>Structure</td>
<td>0 = no structure, 1 = structure</td>
</tr>
<tr>
<td>What is the condition of the structure?</td>
<td>S_Condition</td>
<td>1 = good, 2 = fair, 3 = poor, 4 = structurally deficient</td>
</tr>
<tr>
<td>What is the condition of the windows?</td>
<td>Windows</td>
<td>1 = intact, 2 = minor sagging, 3 = major damage</td>
</tr>
<tr>
<td>What is the condition of the roof?</td>
<td>Roof</td>
<td>1 = intact, 2 = minor sagging, 3 = major damage</td>
</tr>
<tr>
<td>Does the structure have fire damage?</td>
<td>Fire</td>
<td>1 = no fire damage, 2 = exterior cosmetic fire damage, 3 = exterior structural and/or interior fire damage</td>
</tr>
<tr>
<td>Is the structure vacant?</td>
<td>Vacant</td>
<td>0 = no, 1 = yes, 2 = unsure</td>
</tr>
<tr>
<td>What is the condition of the parking lot?</td>
<td>P_Condition</td>
<td>1 = paved with minor cracking, 2 = paved with major cracking but not missing sections, 3 = paved with missing sections, 4 = not paved</td>
</tr>
<tr>
<td>How many parking spaces are present on the lot?</td>
<td>P_Quantity</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>What is the location of the majority of the parking on the lot?</td>
<td>P_Location</td>
<td>1 = in front of structure, 2 = behind structure, 3 = adjacent to structure</td>
</tr>
<tr>
<td>Is street parking available?</td>
<td>P_Street</td>
<td>0 = no, 1 = yes</td>
</tr>
<tr>
<td>What is the condition of the sidewalks?</td>
<td>Sidewalk</td>
<td>1 = sidewalks present, even and/or have major cracks, no missing sections; 2 = sidewalks present, uneven and/or have major cracks, 3 = sidewalks present with missing sections; 4 = no sidewalks present</td>
</tr>
<tr>
<td>Number of pedestrians walking by property (dozens)?</td>
<td>Pedestrians</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>How would you describe the amount of vehicular traffic?</td>
<td>Traffic</td>
<td>1 = light traffic, 2 = moderate traffic, 3 = heavy traffic</td>
</tr>
<tr>
<td>Is a bus stop within 100 yards present?</td>
<td>Bus</td>
<td>0 = no, 1 = yes</td>
</tr>
<tr>
<td>Is detached signage present on the lot?</td>
<td>Signage</td>
<td>1 = detached signage present, 2 = detached and partially broken signage present, 3 = detached signage with structural damage present</td>
</tr>
<tr>
<td>Question</td>
<td>Code</td>
<td>Response</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>---------</td>
<td>------------------------------------</td>
</tr>
<tr>
<td>How many entrances to the structure are present?</td>
<td>E_Quantity</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>How many entrances are on the street-side of the structure?</td>
<td>E_StreetQ</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Is landscaping present on the lot?</td>
<td>Landscaping</td>
<td>1 = maintained landscaping prevalent on lot, 2 = some maintained landscaping visible, 3 = unmaintained landscaping visible, 4 = landscaping not visible</td>
</tr>
<tr>
<td>When facing the structure from the street, what is the condition of the structure to its left? *</td>
<td>LS_Condition</td>
<td>1 = good, 2 = fair, 3 = poor, 4 = structurally deficient, vl – vacant lot</td>
</tr>
<tr>
<td>When facing the structure from the street, what is the condition of the structure to its right? *</td>
<td>RS_Condition</td>
<td>1 = good, 2 = fair, 3 = poor, 4 = structurally deficient, vl – vacant lot</td>
</tr>
<tr>
<td>How many pictures did you take at this site?</td>
<td>Num_Pics</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Please describe any unique features and/or amenities on this site.</td>
<td>Notes</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>
Completing YOUR Neighborhood Inventory
PROPERTY RATING KEY
1= Good
2= Fair
3= Poor
4= Substandard
VL= Vacant Lot

1 = Good – Building appears structurally sound and well maintained.
- Roof is in good shape; no peeling, cracking, or missing shingles and no repairs needed
- Foundation is in good shape; no cracking or leaning of house
- Porch and steps are attached and straight
- No broken or boarded windows
- Siding, trim, and gutters intact and aligned
- No or minor peeling of paint
- No fire damage

2 = Fair – The building appears structurally sound with minor repairs necessary.
- Roof may have missing, peeling, or cracking shingles and minor sagging
- Foundation is in good shape; no cracking or leaning of house

3 = Poor – The structure may not be structurally sound, and may need major repairs.
- Roof may have missing, peeling, or cracking shingles and sagging. No holes or breaks are visible. Tarp may be visible.
- Foundation may have cracking and the house may be leaning
- Porch and steps may be leaning and detached from house
- Windows may be broken with or without boards
- Siding, trim, and gutters may be missing or in need of repair
- Painting may be needed
- No fire damage

4 = Sub-standard – The structure is unsafe, unsound, and repair is not feasible.
- Roof may be in total disrepair with sagging, openings, and may be collapsed
- Foundation may have cracking and the house may be leaning
- Holes and openings in the walls may be present
- Porch and steps may be leaning, detached from house, or collapsed
- C/P (cut and plug) tags
- Windows may be broken with or without boards
- Siding, trim, and gutters may be missing or in need of repair
- Painting may be needed
- More than minor exterior fire damage
- Basement only; burned-down house

Vacant Lot (VL) – No structure or remnant of structure on site.
*Groups may add notes to their maps of other problems they notice such as: streetlights that are broken or do not work, problems with the roadways such as potholes, sidewalks in bad shape, trees in need of removal. Feel free to write these problems directly on the map.
Overview

Detroit Shoreway Community Development Organization (DSCDO) is committed to enhancing the Gordon Square Arts District (GSAD) by supporting and recruiting retail businesses that meet the needs of residents and attract visitors. As part of the continued arts and culture based economic development of Gordon Square, DSCDO is conducting a Best Business Plan Competition to attract independent retail start-up businesses. Awards for the top three business plans are as follows:

- First place will receive one year of free rent (maximum value of $10,000)
- Second place will receive six months of free rent (maximum value of $5,000)
- Third place will receive three months of free rent (maximum value of $2,500)

Thanks to the support of Cleveland Councilman Matt Zone and the Charter One Growing Communities initiative, grants are available to assist the winning businesses with build out and start-up costs, up to $5,000. Charter One supports urban revitalization and small business development through its signature neighborhood initiative.

In addition to receiving a term of free rent, the following financial resources are available to businesses that locate within the Gordon Square Arts District:

- **Storefront Renovation Program**
  The Storefront Renovation Program (SRP) offers technical, design and financial assistance to improve the façade of commercial properties. The SRP offers a 40% rebate (up to $25,000) to the property owner upon completion of construction per design standards and labor-wage requirements.

- **Neighborhood Retail Assistance Program**
  The Neighborhood Retail Assistance program (NRAP) is structured to provide grant and loan assistance (up to $40,000) for interior or exterior improvements.

- **Economic and Community Development Institute**
  The Economic and Community Development Institute's Small Business Loan Program provides loans in amounts up to $100,000 to start-up, newly-established, or growing microenterprises in Central, Southwest and Northeast Ohio. Under this program, the Institute is able to make loans to low and moderate income entrepreneurs, or to those with insufficient credit histories to qualify for a loan through a traditional financial institution.
**Entry Requirements**

- Cover letter (250 words or less) outlining why your business is a good fit for Gordon Square
- Applicants must submit a business plan
- Independent retail and personal service businesses are encouraged to apply
- Restaurants, bars and night life establishments are not eligible

**Selection Criteria**

- Feasibility of business plan. Specifically:
  - Financing plan and commitments
  - Marketing plan
  - Understanding of market
  - Past retail/business experience, if any
- Winners are selected at the sole discretion of DSCDO
- Winners must agree to set up an escrow account and pay a predetermined amount of monthly rent into the account by the 4th month of occupancy. This reserve fund can be used to pay for rent at the expiration of the free term.

**Timeline**

- Applications will be accepted through June 29, 2012
- Winners will be selected and notified by July 13, 2012
- Target open date for the winning businesses is September 14, 2012

**Application Instructions**

Please submit five (5) copies of all application materials to:

Detroit Shoreway Community Development Organization  
Attn: Nick Fedor  
The Gordon Square Arcade  
6516 Detroit Avenue, Suite 1  
Cleveland, OH 44102

Applications are due no later than 5pm on Friday, June 29, 2012.

Questions regarding the Best Business Plan Competition should be directed to Nick Fedor at 216-961-4242 ext. 261 or nfedor@dscdo.org.
Template 4: Fulton County Vacant Property Registration Ordinance

ARTICLE VI. REGISTRATION OF ABANDONED OR VACANT BUILDINGS

Sec. 14-281. Definitions.
Sec. 14-282. Notification requirements.
Sec. 14-283. Signs.

Sec. 14-281. Definitions.

The following words and phrases, when used in this article, shall have the following meanings:

_Abandoned or vacant building_ shall mean:

(1) A building, the ownership responsibilities of which have been surrendered or relinquished, whether intentionally or by failure to occupy and maintain such property;

(2) A building for which the owner cannot be identified or located by delivery of certified mail at the last known or registered address, which persistently or repeatedly becomes unprotected or unsecured or, which is or has been occupied by unauthorized persons;

(3) A building which is empty or remains empty and is not continuously maintained, for 21 consecutive days or longer by occupants having custody or legal right of entry to the property; or

(4) A building which exhibits dilapidated walls, roofs, doors or windows which will fail to prevent the entry of a trespasser.

_Building_ shall mean any structure with a roof, designed or built for the support, enclosure, shelter, or protection of persons, animals, chattels, or property of any kind.

_Certificate of building closure_ shall mean a certificate issued by the director to the owner of an abandoned or vacant building upon compliance with the provisions of section 14-282.

_Director_ shall mean the director of the department of environment and community development, or his or her designee.

_Owner_ shall mean the holder of the title to property in fee simple and every mortgagee of record.

(Ord. No. 10-0498, 5-5-10)

Sec. 14-282. Notification requirements.

(e) Any owner who knows or reasonably should know that a building they own is or will become an abandoned or vacant building, or any owner who intends...
to abandon or vacate a building they own shall:

1. File an “abandoned and vacant building certificate application” on a form prescribed by the director setting forth the following: the name, address and contact information of the building owner; the location of the building; the length of time the building has been abandoned or vacant; the estimated length of time the building will remain abandoned or vacant; and the nature of the contents, if any, of the building;

2. Remove from the building, in accordance with applicable local, state and federal laws, any hazardous materials; as such term is defined in section 26-76, located inside or on the premises;

3. Secure all windows and door openings and ensure that the building is secured from all unauthorized entry continuously, or provide 24-hour onsite security;

4. Post “No Trespassing” signs on the property;

5. Provide the director with the name, local address, and telephone number of a responsible person who can be contacted in case of emergency. The owner shall cause the name and contact number of the responsible person to be marked on the front of the building;

6. As may be required by the director, maintain liability insurance on the building in a form and amount satisfactory to the director, or post a cash bond of not less than $5,000.00 to secure the continued maintenance of the building throughout its vacancy; and

7. Pay the appropriate certification fee or renewal fee as set by the board of commissioners and as hereafter amended.

(b) Upon satisfactory compliance with the provisions of subsection (a) above, the director shall issue a certificate of building closure. Said certificate shall be valid for a period not to exceed 12 months from the date of issuance. Said certificate may be renewed for a period not to exceed 12 months at the discretion of the director subject to continued compliance with this article and the payment of the appropriate renewal fee. Under no circumstances shall a certificate of building closure or any extension thereof exceed 12 months in duration from the date of issuance.

(Ord. No. 10-0498, 5-5-10)

Sec. 14-283. Signs.

When required by the director pursuant to this article, signs shall be applied on the front of the building in a location visible from the street, and elsewhere as the director may require. Signs shall not be placed over doors, windows, or other openings. Such signs shall state the date of posting the signs, and the most recent date of inspection by the director.

(Ord. No. 10-0498, 5-5-10)


(a) Failure to comply with any provision in this article shall be punishable by a fine of up to $1,000.00. Each day of violation shall constitute a separate offense.

(b) No owner of an abandoned or vacant building with a current certificate of building closure shall allow said building to become or remain unsecured or dangerous to the public. If it appears that any such building so certified is unsecured or presents a danger to the public, the director shall send written notification to the owner requiring the owner to promptly secure or cause the building to be secured. If, after notice, the owner fails to secure the building, the director shall immediately proceed to claim the bond held pursuant to section 14-282(a)(6), if any, and may enter the premises and cause the building to be inspected and secured using said proceeds.

(c) The director, upon being informed of the existence of an abandoned or vacant building without a certificate of building closure, shall cause notice to issue to the owner of the status of the building and shall order said person to immediately obtain a certificate of building closure.

(d) All unsecured abandoned and vacant buildings shall be immediately referred to the director for a determination as to whether said building constitutes a
public nuisance that should be abated pursuant to article V of chapter 14.

(Ord. No. 10-0498, 5-5-10)


Notices required by this article shall be served service shall be perfected by certified mail or statutory overnight delivery, return receipt requested, to the most recent address of the addressee shown in the county tax records or real estate records of the clerk of the superior court.

(Ord. No. 10-0498, 5-5-10)
Template 5: LISC Business and Building Observation Form

**Businesses:**
Are there any new businesses or expansions in the district?

<table>
<thead>
<tr>
<th>NAME</th>
<th>OPENING DATE</th>
<th>BUSINESS TYPE</th>
<th># FULL TIME JOBS</th>
<th># PART TIME JOBS</th>
<th>RENT/ MONTH</th>
<th>N: NEW E: EXPANDED</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

Are any businesses closing or planning to close?

<table>
<thead>
<tr>
<th>NAME</th>
<th>CLOSING DATE</th>
<th>BUSINESS TYPE</th>
<th># FULL TIME JOBS</th>
<th># PART TIME JOBS</th>
<th>RENT/ MONTH</th>
<th>REASON FOR CLOSURE</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

Do any businesses need technical assistance?

<table>
<thead>
<tr>
<th>NAME</th>
<th>DATE OF CONVERSATION</th>
<th>LANGUAGE SPOKEN</th>
<th>TYPE OF ASSISTANCE DESIRED</th>
<th>REFERRED TO</th>
<th>DATE OF REFERRAL</th>
<th>OUTCOME</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

Notes: Please log issues that were brought up during your conversations with merchants and residents

<table>
<thead>
<tr>
<th>CONVERSATION TOPIC</th>
<th>CONTACT (BUSINESS, NAME, PHONE NUMBER)</th>
<th>DATE</th>
<th>NEXT STEPS</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>
### Physical Changes

<table>
<thead>
<tr>
<th>NAME OF BUILDING OR BUSINESS</th>
<th>ADDRESS</th>
<th>TYPE</th>
<th>NEW/REHAB</th>
<th># SQ.FT.</th>
<th>INITIATED BY</th>
<th>PRIVATE FUNDING SOURCE</th>
<th>$ AMOUNT</th>
<th>PUBLIC FUNDING SOURCE</th>
<th>$ AMOUNT</th>
<th>TOTAL COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Completed:</td>
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</tbody>
</table>

In Progress:

<table>
<thead>
<tr>
<th>NAME OF BUILDING OR BUSINESS</th>
<th>ADDRESS</th>
<th>TYPE</th>
<th>NEW/REHAB</th>
<th># SQ.FT.</th>
<th>INITIATED BY</th>
<th>PRIVATE FUNDING SOURCE</th>
<th>$ AMOUNT</th>
<th>PUBLIC FUNDING SOURCE</th>
<th>$ AMOUNT</th>
<th>TOTAL COST</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

**Key**

- Type: Facades: F
- Streetscape: S
- Green Space: G
- Commercial Space: CL
- Community Space: CS
- New/Rehab: Rehab: R
- New Construction: NC
- Initiated by: Property Owner: PO
- Tenant: T

Additional Notes:

source: LISC's “Commercial Revitalization Planning Guide: A Toolkit for Community Based Organizations”
Template 6: LISC Stakeholder Outreach Form

[Include short introduction about your revitalization efforts and goals]

**What are the most pressing issues to address in this business district?** Please rank your top 3.

- [ ] Public safety
- [ ] Merchants keep limited hours
- [ ] Neighborhood reputation
- [ ] Lack of cleanliness along corridor
- [ ] Pedestrian safety
- [ ] Storefront appearance
- [ ] Availability/quality of goods & services
- [ ] Lack of parking
- [ ] Lack of foot traffic
- [ ] Other:

---

**Would you be interested in helping to improve the area by attending community meetings or working on projects related to commercial revitalization?**

- [ ] Y
- [ ] N

**Contact Information**

**Name:**

**Organization (if any):**

**Email:**

**Phone:**

**Address:**

---

**Are there other groups or individuals you would recommend we talk to about potential interest in participating in the commercial revitalization program?**

---

*Please provide any additional comments or thoughts on the reverse side.*
**Template 7: LISC Community Identity Exercise**

<table>
<thead>
<tr>
<th>1. Please list one word or phrase that describes why this neighborhood is unique or different from other neighborhoods:</th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>2. What types of businesses is this district most known for?</td>
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<td></td>
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</tr>
<tr>
<td>3. Please list 3 images, including existing icons or neighborhood identifiers, that come to mind when you think of this shopping district:</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>4. If the area had a slogan, what would it be?</td>
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</tr>
<tr>
<td>5. Are there particular aspects of this district that should be emphasized or avoided?</td>
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<td></td>
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<tr>
<td>6. Choose some words or a phrase that describe your current shopping experiences here.</td>
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<tr>
<td>7. Are there any shopping districts in the region that you particularly like?</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>District Name</td>
<td>Things you like about this district:</td>
<td>Would this be appropriate for our district?</td>
<td>Y/N</td>
<td></td>
<td></td>
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<tr>
<td>8. Overall what do you think makes a neighborhood business district attractive?</td>
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</tbody>
</table>

source: LISC’s “Commercial Revitalization Planning Guide: A Toolkit for Community Based Organizations”
VACANT COMMERCIAL STRUCTURES TAX CREDIT APPLICATION FORM
The City of Frederick, Maryland

In order for applicants to receive a vacant commercial structures tax credit, they must apply before May 1st for the tax credit to appear on the following Fiscal Year’s tax bill (mailed July 1). Please submit this form to the State Department of Assessments and Taxation, 5310 Spectrum Drive, Suite E, Frederick, MD 21703.

<table>
<thead>
<tr>
<th>I. APPLICANT</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Applicant: ___________________________ Phone: ___________________________</td>
<td></td>
</tr>
<tr>
<td>Address: ___________________________________ Property Address: ___________________________</td>
<td></td>
</tr>
<tr>
<td>Square footage of Rehabilitated Area: ________ Total Square footage of Property: ___________________________</td>
<td></td>
</tr>
<tr>
<td>Vacant Square footage of Property: __________ Date Vacated: ___________________________</td>
<td></td>
</tr>
<tr>
<td>Zoning of Property: _________________________ Date of Original Building Construction: ____________</td>
<td></td>
</tr>
<tr>
<td>Date Rehabilitation Project Began: __________ Date Rehabilitation Project Completed: ____________</td>
<td></td>
</tr>
</tbody>
</table>

Are pedestrian and vehicular connections to adjacent commercial properties provided? _____ Y _____ N (if no, please attach documentation from the City of Frederick Planning Department determining that such connections were not feasible).

I hereby make oath that I am the present owner of the above property, that the subject property for which this tax credit application is submitted meets all of the requirements of the Charter of the City of Frederick Article VII, Section 111-F and that this certification and the above information is true and correct.

Signature of Applicant ___________________________ Date ____________

<table>
<thead>
<tr>
<th>II. STATE DEPARTMENT OF ASSESSMENTS AND TAXATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>First full year the improvements were added to the assessment roll: ___________________________</td>
</tr>
<tr>
<td>Increase in assessment attributable to reconstruction and improvement of property in the above revitalization district: ________</td>
</tr>
<tr>
<td>$ ___________________________ Account No. ___________________________</td>
</tr>
<tr>
<td>Supervisor of Assessments ___________________________ Date ____________</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>III. CITY OF FREDERICK</th>
</tr>
</thead>
<tbody>
<tr>
<td>I certify that the above property is located within the City of Frederick, Frederick County, Maryland and that the project meets the requirements of the Charter of the City of Frederick Article VII, Section 111-F.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fiscal Year of Tax Credit</th>
<th>Assessment Increase</th>
<th>Tax Rate</th>
<th>% of Exemption</th>
<th>Amount of Exemption</th>
</tr>
</thead>
<tbody>
<tr>
<td>_________________________</td>
<td>___________________</td>
<td>________</td>
<td>_______</td>
<td>$ __________</td>
</tr>
</tbody>
</table>

Director, Economic Development ________ Date ________ Mayor, City of Frederick ________ Date ________

* THIS IS THE _______ YEAR THE APPLICANT HAS APPLIED FOR THE TAX CREDIT. 
Template 9: Receivership Process in Ohio

Type of Building
- Residential, mixed use, or potentially residential.

Hearing
- Court must hold hearing no sooner than 28 days after notice is served.
- Filing of building or non-suit may be decided immediately.

Nuisance Building
- Manage or maintain any premises.
- Structural safety, unsanitary.
- Fire hazard, dangerous to human life, or no safe exit.
- Hazard to health, welfare, or safety.

Receivership Process

1. Who May File
- Municipal corporation, township, municipal or housing nonprofit.

2. Where to File
- Court of Common Pleas, Municipal Court with a Housing Division.

3. Serve Notice
- Owner or agent must receive notice of the complaint and hearing date.

4. First Chance to Abate
- The party requesting an order to abate the nuisance.
- The recipient must have an opportunity to abate the nuisance.
- The recipient must demonstrate ability to promptly address the nuisance.

5. Receiver
- The receiver must provide financial and construction plan.
- The receiver must be able to take control of the building and abate the nuisance.

6. Eligible Receivers
- A receiver may be a non-profit corporation, bank, or any other qualified property manager.

7. Receiver’s Plan
- The receiver must provide an equitable financial and construction plan.
- The receiver must have the ability to take control of the building and abate the nuisance.

8. Serve Notice
- The receiver must serve notice on all parties notifying them of sale hearing date.

9. Sale Proceeds
- The proceeds must be distributed to the receiver.
- All costs must be paid by the receiver.

10. Title
- The title must be taken by the buyer.
- The buyer must pay all costs and address all lien issues.
Greater Ohio Policy Center (GOPC) would like to thank those who have contributed their valuable support and feedback throughout the development of this guidebook. This guidebook is a product of the Cities in Transition Initiative of the German Marshall Fund of the United States, which received generous support from the Surdna and Kresge Foundations. The Center for Community Progress also provided support for the guidebook’s development.

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  Youngstown Neighborhood Development Center

- Robert Brown
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  Cleveland City Planning Commission

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  CZB

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  Center for Community Progress

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  Cleveland-Marshall College of Law

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  Brookings Institute

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  Developer
  NYO Property Group

- Robert Rubinstein
  Executive Director
  Urban Redevelopment Authority of Pittsburgh

- Julia Ryan
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Marianne Eppig is the manager of research and communications of the Greater Ohio Policy Center. She conducts original quantitative and qualitative research and analysis for Greater Ohio Policy Center’s publications, outreach, and policy work. She is also the author of the blog *Renovating the Rust Belt* and editor of the book *13 Ideas for Rust Belt Cities* that will be published in 2014. Eppig holds a bachelor’s from Dartmouth College and master’s degrees in city and regional planning and public policy and management from The Ohio State University.

Lavea Brachman is the executive director of the Greater Ohio Policy Center. She has been a fellow of the German Marshall Fund of the United States, a non-resident senior fellow at the Brookings Institution, and a visiting fellow at the Lincoln Institute of Land Policy. She is the co-author of *Ohio Cities at a Turning Point: Finding the Way Forward*, published by the Brookings Institution, and *Regenerating America’s Legacy Cities*, published by the Lincoln Institute of Land Policy. She holds a bachelor’s degree from Harvard College, a law degree from The University of Chicago Law School, and a master’s in city planning from Massachusetts Institute of Technology.

About Greater Ohio Policy Center
Greater Ohio Policy Center (GOPC), a non-profit, non-partisan organization based in Columbus and operating statewide, develops and advances policies and practices that value our urban cores and metropolitan regions as economic drivers and preserve Ohio’s open space and farmland. Through education, research, and outreach, GOPC strives to create a political and policy climate receptive to new economic and governmental structures that advance sustainable development and economic growth.

About The German Marshall Fund Of The United States
The German Marshall Fund of the United States (GMF) strengthens transatlantic cooperation on regional, national, and global challenges and opportunities in the spirit of the Marshall Plan. GMF does this by supporting individuals and institutions working in the transatlantic sphere, by convening leaders and members of the policy and business communities, by contributing research and analysis on transatlantic topics, and by providing exchange opportunities to foster renewed commitment to the transatlantic relationship. In addition to its headquarters in Washington, DC, GMF has offices in Berlin, Paris, Brussels, Belgrade, Ankara, Bucharest, Warsaw, and Tunis. GMF also has smaller representations in Bratislava, Turin, and Stockholm.

About the Center for Community Progress
The Center for Community Progress exists to help meet the growing need in the United States’ cities and towns for effective, sustainable solutions to turn vacant, abandoned, and problem properties into vibrant places.