
BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

Housing Abandonment: A National Problem Needing New Approaches

The critical problem of housing abandonment in the United States requires a national strategy of social, economic, and physical implications to alleviate the situation.

New ideas should be tried to combat neighborhood decay, the threat of fire damage, and breeding places for crime.

The Department of Housing and Urban Development is making several efforts to eliminate the problem, and in this report GAO also has recommendations.



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COMPTROLLER GENERAL OF THE UNITED STATES
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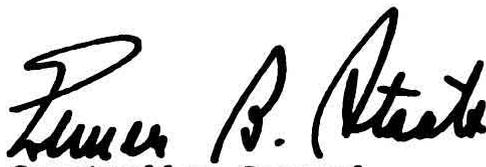
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To the President of the Senate and the
Speaker of the House of Representatives

This report discusses the housing abandonment problem in the United States. Specifically, we examined the housing abandonment process, its causes and ramifications, extent of the problem nationwide, and efforts of major cities to reduce their inventories of abandoned houses. The report contains several recommendations to the Secretary of Housing and Urban Development designed to make community efforts more effective in dealing with housing abandonment.

We made this review because of increasing public and congressional expressions of concern over housing abandonment and because information on the extent of the problem nationwide was lacking. We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

Copies of this report are being sent to the Director, Office of Management and Budget, and the Secretary of Housing and Urban Development.


Comptroller General
of the United States

D I G E S T

The critical problem of housing abandonment lacks a specific program or policy and has no overall strategy to combat it. (See pp. 5 and 50.)

Questionnaire responses from 149 major cities showed that:

- 113 cities have housing abandonment problems to some degree. (See p. 8)
- Many cities have no statistical information on the extent of their abandonment problems. (See p. 8.)
- No singly accepted definition of the term "housing abandonment" exists. (See pp. 1 and 52.)
- In most cities, the vast majority of abandoned houses are privately owned. (See p. 9.)
- No single cause can be blamed for housing abandonment, although physical deterioration and absentee ownership were the most frequently cited and seriously perceived causes. (See p. 9.)
- Various strategies are used to combat abandonment, and while some cities claim success, most do not. (See p. 11.)

Many city programs aimed at reducing existing inventories of abandoned housing are funded with community development block grants administered by the Department of Housing and Urban Development. For the 6-year period to end in fiscal year 1980, about \$20 billion was authorized for basic block grants and supplemental assistance; and primary emphasis seemed to be directed toward redevelopment activities and neighborhood preservation, development, and growth. These activities could affect the prevention and reduction of abandoned housing. (See pp. 5 and 50.)

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In fiscal year 1978, another \$1.2 billion was authorized through fiscal year 1980 for an urban development action grant program to aid severely distressed cities and urban counties. (See p. 6.)

Three cities reviewed in detail--Philadelphia, Pennsylvania; St. Louis, Missouri; and Detroit, Michigan--have used block grant funds to reduce existing abandonment. St. Louis and Detroit have made little progress, and Philadelphia had a 24-percent improvement during a 2 1/2-year period. Philadelphia's inventory of 21,000 abandoned housing units is much larger than the inventories of St. Louis and Detroit, which total 2,700 and 11,700 units, respectively. (See p. 14.)

Between January 1975 and June 1977, Philadelphia eliminated about 5,600 abandoned structures at a cost of about \$24.3 million. Demolitions accounted for about 3,900 of these structures. The remaining units were eliminated through several rehabilitation programs, including urban homesteading. Additionally, an undetermined number of abandoned structures were eliminated through private activities, such as privately funded rehabilitation and demolition. (See p. 14.)

However, new abandonments continue to occur because programs are not being applied systematically. Instead, treatment activities have been scattered throughout neighborhoods experiencing abandonment in differing degrees of severity. Finally, the cities have not always maintained current data on the location and extent of their abandoned housing. (See p. 14.)

Urban experts have proposed various strategies as possible approaches to the problem, including:

- Testing the feasibility of cooperatives, condominiums, and ownership by community organizations or public agencies.
- Allocating the largest percentage of limited resources available to upgrade areas where deterioration is just beginning and providing minimal assistance to the best and worst neighborhoods.

- Training young city residents and the unemployed in construction trades and hiring them to repair and rebuild abandoned houses in central city areas.
- Reducing and restructuring property taxes in central city areas to increase investment attractiveness and reward, rather than penalize through higher taxes owners who improve their properties. (See pp. 51 and 52.)

RECOMMENDATIONS

To determine the extent of the national housing abandonment problem and to establish a basis for dealing with the problem, the Secretary of Housing and Urban Development should:

- Develop and disseminate to all communities receiving block grant funds an overall strategy guide for reducing abandoned housing inventories and preventing further abandonment. Such a guide should formulate a standard definition of the term "housing abandonment" and emphasize the need for cities to (1) classify neighborhoods by stages of change, (2) identify various program combinations and approaches which could be used in different stages, and (3) establish specific plans with neighborhood goals and objectives for reducing abandoned housing inventories.
- Require communities receiving community development block grants to recognize, through their housing assistance plans, the extent and location of their abandoned housing and implement specific strategies for reducing serious problems.
- Provide additional financial incentives by way of the new Urban Development Action Grant Program to communities that demonstrate the capacity, need, and desire to minimize their abandonment problems. (See p 61.)

AGENCY COMMENTS

In commenting on this report, the Department of Housing and Urban Development agreed that it has the responsibility to help cities develop strategies to meet their present needs and future potential. The Department replied that the (1) problem of abandonment is tied to

the economic changes taking place in the United States, (2) cities will have to change to take account of the new social and economic realities, and (3) it is now considering additional ways of highlighting these issues through conferences, workshops, and publications.

The Department also said that there is a need on the Federal or local level to take over houses which are about to be abandoned; once vacated, they are rapidly vandalized and any remaining value is lost. The Department disagreed, however, with GAO's proposals concerning housing abandonment. GAO believes its recommendations, which focus on the abandonment process, need to be implemented to make Federal and local neighborhood revitalization efforts more effective. (See p. 63.)

CITY COMMENTS

The sections of the report pertaining to their respective cities were provided to Philadelphia, Detroit and St. Louis for comments. Officials from Philadelphia and Detroit provided GAO with their oral comments which were incorporated in the report as considered appropriate. St. Louis did not comment on the report.

C o n t e n t s

		<u>Page</u>
DIGEST		i
CHAPTER		
1	INTRODUCTION	1
	Housing abandonment	1
	Causes of housing abandonment	2
	Stages of neighborhood change	3
	Federal role in housing abandonment	5
2	HOUSING ABANDONMENT IS A NATIONAL PROBLEM	8
	Extent of problem in the United States	8
	Factors contributing to housing abandonment in major cities	9
	Efforts of major cities to reduce abandonment	11
	Conclusions	13
3	EFFORTS TO REDUCE ABANDONMENT IN THREE CITIES	14
	Philadelphia	14
	St. Louis	30
	Detroit	42
	HUD property disposals have had limited impact in reducing abandonment	46
	Conclusions	48
4	MORE NEEDS TO BE DONE TO COMBAT HOUSING ABANDONMENT	49
	HUD should give higher priority to housing abandonment	50
	Accurate and reliable information needed on housing abandonment	52
	Conclusions	54
	Agency comments and our evaluation	56
	City comments	60
	Recommendations	61
5	SCOPE OF REVIEW	62
APPENDIX		
I	Letter dated May 12, 1978, from Assistant Secretary, Department of Housing and Urban Development	63
II	Cities responding to the housing abandonment questionnaire	67

APPENDIX		Page
III	Cities not responding to the housing abandonment questionnaire	70
IV	Cities with housing abandonment problems (per questionnaire response)	72
V	Principal Department of Housing and Urban Development officials responsible for activities discussed in this report	75

ABBREVIATIONS

GAO	General Accounting Office
HAP	housing assistance plan
HUD	Housing and Urban Development

CHAPTER 1

INTRODUCTION

HOUSING ABANDONMENT

There is no precise definition of housing abandonment. Typically, the phrase refers to vacant, vandalized buildings whose owners have seemingly walked away from their investments. However, abandonment has been defined in many other ways. For example, one study defined an abandoned building as

" * * * a residential structure which the owner, through active or passive action, has removed from the housing stock for no apparent alternative profitable reason and for which no succeeding land use occurs." 1/

Another study defined an abandoned structure as one which is vacant and derelict or, more specifically, an unoccupied building which is either (1) vandalized, (2) boarded, (3) deteriorated, (4) dilapidated, or (5) has unmaintained grounds. 2/

Cities throughout the United States have defined abandoned housing in various ways. Some of the more frequently used definitions described abandoned structures as those which are

- tax delinquent,
- vacant on a year-round basis,
- not receiving utilities,
- not being maintained,
- boarded up, and/or
- open to casual entry.

1/George Sternlieb, et al., "Housing Abandonment in the Urban Core," American Institute of Planners Journal, Sept. 1974.

2/Linton, Miels and Coston, Inc., "A Study of the Problems of Abandoned Housing and Recommendations for Action by the Federal Government and Localities," Feb. 1971.

However it is defined, residential housing abandonment is a visual symbol of the urban ills of our society. Although housing abandonment is a relatively new phenomenon, occurring primarily in the past three decades, it has generated concern among those who have experienced or observed its impact on our Nation's cities.

One of the principal reasons for concern over abandoned housing is the devastating impact it has on individual neighborhoods. Abandoned structures act as a focal point of neighborhood decay and constitute a physical and psychological hazard to neighborhood residents. Abandoned structures pose the threat of fire damage to adjacent buildings. Research in Newark, New Jersey, indicates that one out of four of all major fires in the city starts in an abandoned building. Abandoned buildings are invaded by rats and other vermin, create dangerous conditions for neighborhood children, attract undesirable persons, and provide breeding places for crime.

Abandonment is also a critical problem because there is a shortage of adequate housing for the poor in America's central cities and because it is part of a socially destructive process that makes entire neighborhoods virtually uninhabitable. The negative impact on families and persons living in such neighborhoods is tragic and unmeasurable.

Generally, the market for properties in neighborhoods experiencing abandonment is extremely limited, resulting in declining property values and financial losses to property-owners. Additionally, creditors, such as taxing authorities and mortgagees, are discouraged from taking action because of the unlikelihood of satisfactorily disposing of such properties.

CAUSES OF HOUSING ABANDONMENT

Various studies have suggested that housing abandonment is a market phenomenon which is accelerated and exacerbated by poverty, racial tensions, rising crime, and poor neighborhood services.

While the problem of housing abandonment is a reflection of the decline of the private housing market in inner city core areas, the underlying causes of such neighborhood decay appear to be the end result of various social and economic forces that produced the population and housing changes which have taken place in urban America since the end of World War II.

The massive post-World War II migration of rural and unskilled people from the South to the Northeast and North Central cities was a national phenomenon whose impact was felt overwhelmingly by the central cities. This immigration was accompanied by an outmigration of the more affluent middle class families who began to take advantage of the new suburban lifestyles opened up, in part, by Federal programs. Although these families moved to suburban communities with their increased amenities, most breadwinners continued to commute to their jobs in the central city.

As the tax bases of central cities eroded, tax increases were needed to maintain public services. However, these higher inner city taxes, by the 1960s, increased the attractiveness of suburbia, and a socioeconomic stratification slowly emerged with the aged, young, old, poor, and minorities becoming increasingly concentrated in the older central cities. Service industries soon followed their affluent clientele, establishing suburban shopping centers and taking their jobs with them. The growing concentration of the poor and the alienated in central cities, crime, vandalism, higher taxes, and congestion caused manufacturing to leave central cities for suburban industrial parks with their quicker, easier access, reduced land costs and taxes, and greater security. Proportionately, more suburbanites had jobs outside the central city.

As America was "thinning out," the compacted factory city that was home for a nation of immigrants was no longer satisfactory for a nation of affluents who sought newer homes, larger yards, and more neighborhood facilities. Manufacturing and commercial establishments, once tied to the older central business district, found they could move easily to suburban locations. With the automobile, the truck, and cheap petroleum, America became mobile. This mobility exploded traditional urban forms, and America's inner cities began to decline as housing deteriorated and became abandoned.

STAGES OF NEIGHBORHOOD CHANGE

Housing abandonment stems mainly from the conditions which exist in inner city neighborhoods. Key indicators of these conditions include the concentration of low-income people who have achieved little or no upward mobility; the depreciated, high-density housing stock; prevalence of antisocial behavior; minimal public services; and poor housing market.

Abandonment is no respecter of neighborhood boundaries or of good housing within an affected area. It can spread quickly from older, dilapidated areas to areas with sound housing stock. One study has suggested that a neighborhood tipping point becomes visible when between 3 to 6 percent of its structures are finally abandoned--a point at which major external intervention (such as, Federal, State, and local government and private financial and technical assistance) would appear necessary to reverse the process. 1/

Physical abandonment is normally preceded by psychological and fiscal abandonment. However, neighborhood change is a process, not a series of isolated events. This process has several stages--each is different and each needs different treatment programs. The stages of neighborhood change can be classified as (1) healthy, (2) incipient decline, (3) clear decline, (4) accelerating decline, and (5) abandoned, and can be characterized in the following way.

- Healthy neighborhoods contain a homogeneous population in terms of race, income, education, and jobs; have a high percentage of owner-occupied housing; and a high quality level of public services.
- Incipient decline neighborhoods may have (1) older housing and may experience a decline in public services, (2) new residents coming into the neighborhood who have somewhat lower income and education levels and social status than previous residents; and (3) increasing population density.
- Clearly declining neighborhoods are occupied by low-to moderate-income families, many renters, many persons out of work or on welfare, little social cohesion, declining property maintenance and inadequate public services, many commercial building vacancies, and accelerating ethnic change.
- Accelerating decline neighborhoods are occupied almost entirely by low-income minority tenants, have very little owner occupancy, high rates of housing vacancy, decreasing population density, little or no construction, and poor property maintenance.

1/"National Survey of Housing Abandonment," Center for Community Change, National Urban League, Apr. 1971.

--Abandoned neighborhoods have high rates of abandonment, many vacant littered lots, inadequate municipal services, and trash-and garbage-strewn streets.

Few efforts to stem neighborhood decline and housing abandonment have been successful. Reasons for this lack of success are many and varied; some of the most important are the

- lack of a coordinated effort within cities, their neighborhoods, and the private sector in attacking the problem;
- lack of adequate funding or other resources;
- failure to recognize that the decline of neighborhoods is a total process with clearly definable stages;
- failure or inability to intervene early, at the preventative stage; and
- failure to recognize that neighborhoods are not independent of one another and that what happens to one neighborhood affects, and is affected by, what is happening in all other neighborhoods.

FEDERAL ROLE IN HOUSING ABANDONMENT

The Department of Housing and Urban Development (HUD) is the Federal agency primarily responsible for urban housing programs. The overall goal of HUD is to provide a decent home and suitable living environment for every citizen. However, HUD does not have a specific program for dealing with housing abandonment, nor has it developed an overall strategy for combating abandonment.

Through its community development block grants, HUD provides funds to help communities finance eligible community development programs. Authorized by title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301, Supp. IV 1974), these grants comprise HUD's chief "pot of money" program for eliminating slums, blight, and detrimental living conditions, among other eligible uses. It is not known how much of the block grants is being specifically directed to prevention and reduction of housing abandonment.

During the 3-year period--fiscal years 1975-77--\$8.6 billion was authorized for community development block grants. For the 3-year period--fiscal years 1978-80--another \$11.25 billion has been authorized for the basic block grant programs and supplemental assistance. Additionally, \$400 million for each of these 3 years has been authorized for a new urban development action grant program to help severely distressed cities and urban counties alleviate physical and economic deterioration through the reclamation of neighborhoods having excessive housing abandonment or deterioration and through community revitalization in areas with decreasing population or a declining tax base.

Until 1978 the Federal Government had not developed a national urban and regional policy. In this regard, on March 21, 1977, President Carter asked the Secretaries of Housing and Urban Development; Treasury; Commerce; Labor; Health, Education, and Welfare; and Transportation to combine their efforts to develop such a policy. Pursuant to Executive Order 11297 (Aug. 1966), the HUD Secretary was given the authority to convene an Urban and Regional Policy Group.

In January 1978 the President approved the following five policy objectives as part of the emerging urban and regional policy.

1. Meet emergency needs of communities and people in distress--particularly the job requirements of young unemployed persons in central cities.
2. Stabilize or strengthen the private sector economic base for all urban areas.
3. Make cities more livable by curbing the deterioration of capital infrastructure, improving and expanding housing stock, and better addressing street crime.
4. Improve the fiscal condition of urban areas to increase their competitive attractiveness.
5. Strengthen efforts to eliminate discrimination and encourage equal opportunity.

On March 27, 1978, the Congress received for its consideration the administration's proposals for a comprehensive national urban policy. The major proposals included

- improving the effectiveness of existing Federal programs by coordinating these programs, simplifying planning requirements, and reducing paperwork;
- providing employment opportunities to the long term unemployed and disadvantaged in cities;
- providing fiscal relief to the most hardpressed cities; and
- providing strong incentives to attract private investment to distressed communities.

According to the administration, new initiatives in its proposals would require \$4.4 billion in budget authority, \$1.7 billion in new tax incentives, and \$2.2 billion in guaranteed loan authority in fiscal year 1979.

It remains to be seen how much of the administration's urban policy proposals are funded and what impact they will have on housing abandonment in the United States.

The National Commission on Neighborhoods is addressing the problems, including housing abandonment, which are affecting cities throughout the Nation. The National Neighborhood Policy Act (Public Law 95-24, 91 Stat. 56) established the commission to make a comprehensive study of factors necessary for neighborhood revitalization. The Commission is to submit a report to the Congress and the President on the results of its study. It's first hearings were held in Baltimore, Maryland, in February 1978 and additional hearings in other cities are planned.

CHAPTER 2

HOUSING ABANDONMENT IS A NATIONAL PROBLEM

Because little housing abandonment information on a national scale was available, we sent a questionnaire to the 201 largest U.S. cities. The responses show that:

- Abandoned houses are a problem in many cities.
- Many cities have no statistical information on the extent of their abandoned housing.
- About half of the cities with a problem have devised strategies to deal with it.
- About one-third of the cities with strategies claim they are working.
- Most of the cities with strategies do not know whether or not their strategies are working.
- In most cases, the strategies involved programs dealing with physical improvements; few cities appear to be addressing the social causes of abandonment.

EXTENT OF PROBLEM IN THE UNITED STATES

Statistical data on the extent of the housing abandonment problem in the United States is not available from any single source, nor is such data available on a city-by-city basis. For example, 71 of the 149 respondents to our questionnaire said that they do not maintain statistical data on abandoned housing in their cities. Those that do maintain some data use varying definitions of housing abandonment, making an accurate assessment of the extent of the overall problem even in these cities impossible.

Nevertheless, housing abandonment appears to be a problem of varying degree and complexity in many cities of the United States. For instance, 113 of the 149 respondents replied that they have housing abandonment problems as follows:

<u>Extent of problem</u>	<u>Number of cities (note a)</u>
Major or substantial	26
Moderate	29
Small	<u>58</u>
Total	<u><u>113</u></u>

a/See app. IV.

Although cities acknowledging more serious problems (i.e. major, substantial, or moderate) are generally located in the Eastern and Midwestern United States, cities in other areas of the country show some signs of abandonment. For example, San Bernardino, California, and Orlando, Florida, both acknowledge a substantial abandonment problem, while Houston, Texas, and Tacoma, Washington, acknowledged moderate problems.

In most cities, the vast majority of abandoned houses are privately owned. Additionally, when abandonment occurs, it generally appears to follow a typical pattern of concentration. In this connection, questionnaire respondents provided the following data.

<u>Location of abandoned houses</u>	<u>Number of cities responding</u>
Concentrated in certain neighborhoods	52
Concentrated in some neighborhoods, scattered in other parts of city	41
Scattered throughout city	27

Available evidence indicates that housing abandonment is becoming a more serious problem across the Nation. For example, data compiled by a national research firm indicates that housing vacancies are on the rise in many U.S. cities. According to this firm, these vacancy rates are " * * * generally closely tied with deterioration, dilapidation and abandonment."

FACTORS CONTRIBUTING TO HOUSING ABANDONMENT IN MAJOR CITIES

No single reason can be blamed for housing abandonment. A combination of factors creates the problem--factors that are present in every stage of neighborhood decline but appear

more pronounced in a dying neighborhood's final stages. Many of these factors are probably symptoms rather than causes of neighborhood decline.

Respondents to the questionnaire cited 33 separate causes of abandonment in their cities. Some of these causes were perceived to be more serious than others, some were cited as occurring more frequently than others, and some were cited as occurring in various stages of neighborhood decline.

The causes perceived to be most serious were (1) physical deterioration of buildings, (2) absentee ownership by landlords, and (3) increasing cost of home operation and maintenance.

The most frequently cited cause was the physical deterioration of buildings. Of the 149 cities responding to the questionnaire, 99 believed this to be a cause of abandonment. Caused mainly by vandalism and physical aging, building deterioration creates a constant need for maintenance, results in financial losses, destroys owner and tenant incentives, and eventually leads to abandonment. As mentioned earlier, what is perceived as a cause may, instead, be a symptom. In this instance, vandalism could be causing the physical deterioration of buildings, and the likelihood of continued vandalism during repair of the structure may influence its abandonment. Thus, vandalism may be the cause of abandonment and physical deterioration may be the symptom.

Absentee ownership by landlords was cited as a cause of abandonment by 93 respondents. Because the absentee owner is immune to the pressures of a resident owner to maintain his property, decisions affecting the property are made solely on economic grounds.

Increasing cost of home operation and maintenance was attributed as a cause of abandonment by 91 of the respondents. Abandonment usually occurs at about the time that a property-owner starts to experience a loss because of (1) increasing maintenance costs, (2) high taxes and insurance costs, (3) increased vacancies, (4) tenant failure to pay rents, and (5) low tenant incomes which preclude rent increases.

Other causes cited by more than one-half of the 113 cities which considered housing abandonment a problem included:

<u>Cause</u>	<u>Number of respondents citing</u>
Increase of poverty level dwellers	82
Vandalism of homes	80
Lost financial confidence by lending institutions	77
Lack of effective property management capacity by local residents	75
Landlord-tenant problems	74
Rising crime rate	73
Rising unemployment	73
Inability to make mortgage payments	73
Families on fixed incomes	73
Racial transition in neighborhoods	69
Suburban development	69
Increased dependency on public assistance	68
Capital withdrawal by businessmen	64
Overcrowding in occupied units	63
Decline in property values	62
Rapid neighborhood turnover	62
Deteriorating neighborhood facilities	61
Increased city taxes	58

EFFORTS OF MAJOR CITIES TO REDUCE ABANDONMENT

Prior studies recognize that, to be effective, strategies to combat abandonment should deal with the physical, social, and economic forces contributing to the problem. However, in responding to our questionnaire, the strategies identified by cities primarily emphasized programs directed toward physical improvements in neighborhoods.

Of the 113 respondents who acknowledged the existence of a housing abandonment problem in their cities, 63 (55.8 percent) indicated that strategies have been developed to combat the problem. Only 20 of these 63 cities (31.7 percent) indicated that their strategies were working. About 38 percent of the cities responding had not developed a strategy. The following chart shows the questionnaire response with respect to the development of strategies to combat housing abandonment in problem cities.

<u>Response by cities with abandonment problems</u>	<u>Number of cities responding</u>	
Strategy developed:		
Working	20	
Not working as anticipated	3	
Unknown whether working or not	<u>40</u>	63
Strategy not developed		43
No response in questionnaire		<u>7</u>
Total		<u>113</u>

In addition, four cities that indicated they had no abandonment problems advised us that they have, nevertheless, implemented working strategies for combating abandonment.

Questionnaire responses for cities developing strategies showed the following programs to be most frequently used.

<u>Type of program used</u>	<u>Number of cities</u>
Rehabilitation loans and grants	67
Housing code enforcement	63
Demolition	56
Public facility improvements and services	29
Site improvements	23
Homeownership counseling	22

Analysis also showed that:

- Cities with working strategies generally attributed their success to housing rehabilitation, housing code enforcement, demolition, and/or site improvement programs.
- Cities with working strategies have generally been able to measure their success by a decreasing number of abandoned houses.
- Of the three cities with strategies that have not worked as anticipated, two cited funding insufficiencies as the reason, and the third cited increases in new housing which created a viable alternative to living in substandard housing.

--Cities unable to claim success with their strategies generally believed that it was too early to tell whether they were working or lacked criteria for gaging the success of these strategies.

--Cities that have not developed strategies generally stated that the problem is not severe enough even though some of these same cities responded in the questionnaire they had some abandonment problem.

CONCLUSIONS

Housing abandonment is a national problem. However, because detailed housing abandonment data is not available, the extent of the problem on a nationwide basis is not known.

Some cities have made efforts to overcome acknowledged problems--efforts which they claim have met with mixed success. Other cities have developed strategies to combat abandonment but have been unable to monitor the results of these strategies. And some cities have been unable or unwilling to even develop applicable strategies.

In any event, it appears evident that simplistic solutions and program approaches will not alter or reverse the complex set of physical, social, and economic forces contributing to housing abandonment. It appears even more evident, however, that little or no action by cities will, for the most part, result in continued urban decay.

CHAPTER 3

EFFORTS TO REDUCE ABANDONMENT

IN THREE CITIES

This chapter discusses efforts to solve housing abandonment by three cities--Philadelphia, Pennsylvania; St. Louis, Missouri; and Detroit, Michigan. All three are attempting to reduce their inventories of abandoned housing through programs such as demolition, housing rehabilitation, and urban homesteading. By far, demolitions have accounted for most city efforts aimed at reducing inventories.

Our review showed that St. Louis and Detroit have made little progress in reducing their inventories of abandoned houses. Philadelphia reduced its inventory of abandoned houses by 24 percent during a 2 1/2-year period. With a total inventory of about 21,000, Philadelphia has a much larger inventory than St. Louis (2,700) and Detroit (11,700).

The effectiveness of city efforts has been diminished by the new abandonments which continue to occur. In addition, the programs to reduce abandonment are not being applied systematically to neighborhoods experiencing the problem. Instead, treatment activities have been scattered throughout neighborhoods experiencing differing degrees of abandonment severity. Finally, the cities have not always maintained current data on the location and extent of their abandoned housing.

HUD's disposition of houses in its inventory has had limited impact on the abandoned housing problem. Except for Detroit, most abandoned houses are privately owned rather than HUD owned. Also, in Philadelphia many of the houses remained vacant after HUD disposed of them.

PHILADELPHIA

Located in the core of the east coast megalopolis, Philadelphia has a population of about 1.9 million persons--the fourth largest in the Nation--within its 130-square-mile area. Sometimes referred to as the "city of homes" because of its high homeownership rate, Philadelphia has been noted for the stability of its neighborhoods. However, Philadelphia is not without its urban problems. For instance:

- The city's population has steadily declined and by 1975 had reached its lowest level since 1920--a reflection of the national move to the suburbs.
- Many of the remaining population cannot support decent housing, and it is estimated that almost 164,000 households require some type of housing assistance.
- Neighborhood stability and desirability are being undermined by various social ills, such as crime and drug addiction.
- Large areas of the city are composed of predominantly aging and deteriorating housing, and an estimated 6.4 percent of the occupied units are considered to be in substandard condition.
- Over 21,000 of its 495,000 residential housing units were abandoned as of June 1977.

Extent of abandonment

In its response to our questionnaire Philadelphia stated that it considers housing abandonment to be a substantial problem.

Philadelphia considers a housing structure to be abandoned if it is vacant and lacks basic utility service. Many of these structures are vandalized and deteriorated, often dangerous, and have a negative impact on surrounding neighborhoods. While the largest number of vacant structures is in the city's most blighted areas, housing abandonment is also a problem in many so-called marginal areas.

The city's most recent physical inventories of abandoned housing showed the following.

<u>Date</u>	<u>Number of abandoned houses</u>		
	<u>Residential</u>	<u>Mixed residential-commercial</u>	<u>Total</u>
January 1975	25,901	2,128	28,029
June 1977	18,455	2,759	21,214

Analysis of this data showed that:

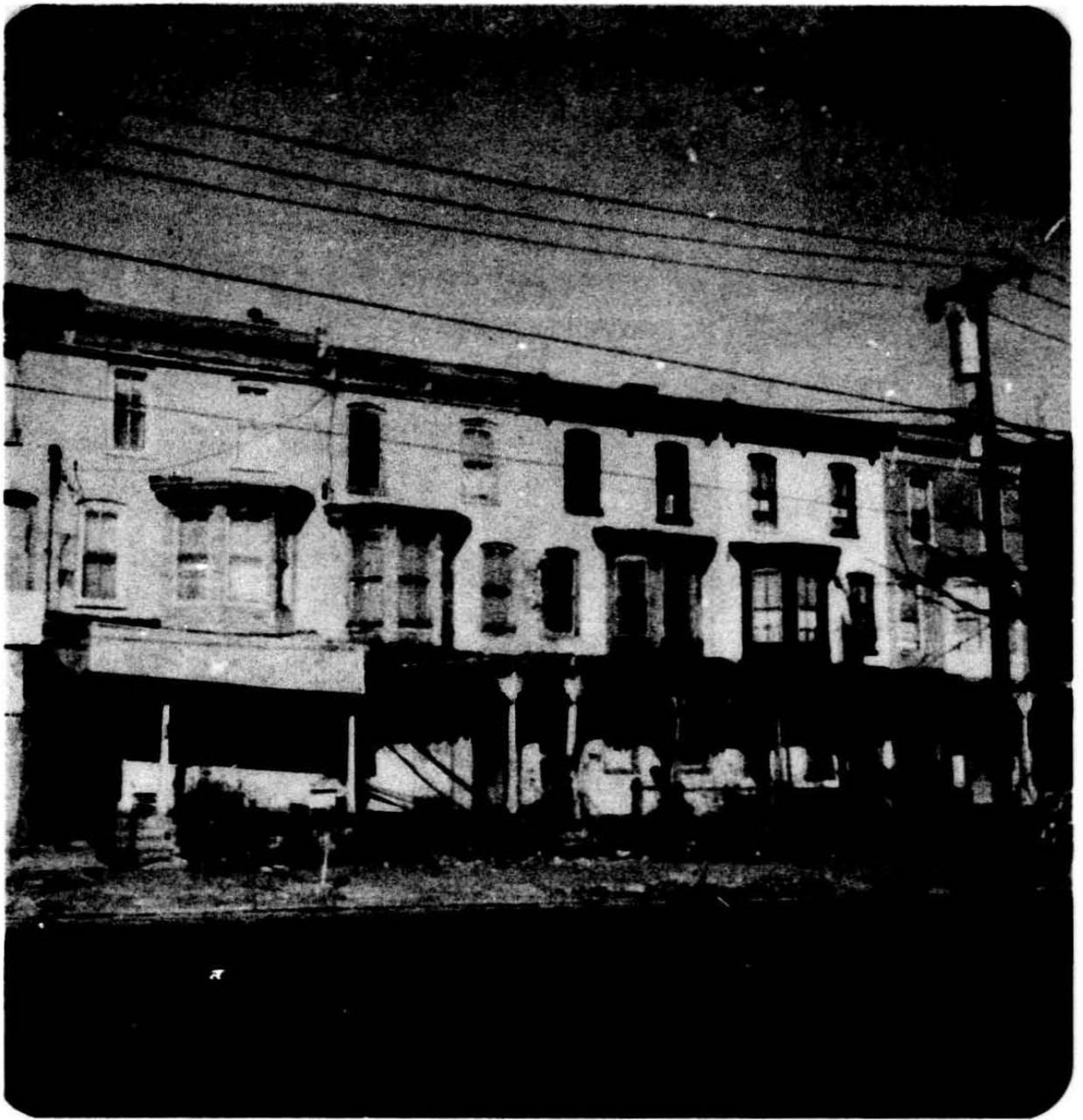
- The city had residential abandonment rates of 5.9 percent in January 1975 and 4.3 percent in June 1977, based on about 477,000 residential housing structures in January 1975 and about 495,000 structures in June 1977.

--Abandonment, for the most part, appears to be concentrated in areas surrounding the center of the city, although there is scattered abandonment in other areas.

--The abandoned houses are primarily privately owned (79 and 93 percent, respectively, in January 1975 and June 1977). City ownership was 6 and 4 percent, respectively, and Federal ownership was 15 and 3 percent.

The following photographs show some examples of abandoned housing structures that we observed in Philadelphia.









Cities can use specific typologies in order to more closely describe the conditions existing within specific neighborhoods. Philadelphia, for example, in applying for a housing abandonment demonstration project, developed a typology in 1973 for classifying neighborhoods within four categories of abandonment severity, as follows.

<u>Extent of abandonment</u>	<u>Level of abandonment severity</u>
Less than 2 percent of housing structures vacant	No problem
2 to 6 percent of structures vacant	Mild
Over 6 to 10 percent of structures vacant	Moderate
Over 10 percent of structures vacant	Severe

Because the project was not funded, the city never used its typology to classify city neighborhoods. Our application of the above criteria to the 365 designated census tracts in Philadelphia indicates that the following conditions of abandonment existed at the dates of the two inventories.

<u>Level of abandonment severity</u>	<u>Number of census tracts</u>	
	<u>January 1975</u>	<u>June 1977</u>
No problem	198	213
Mild	70	69
Moderate	24	26
Severe	<u>73</u>	<u>57</u>
Total	<u>365</u>	<u>365</u>

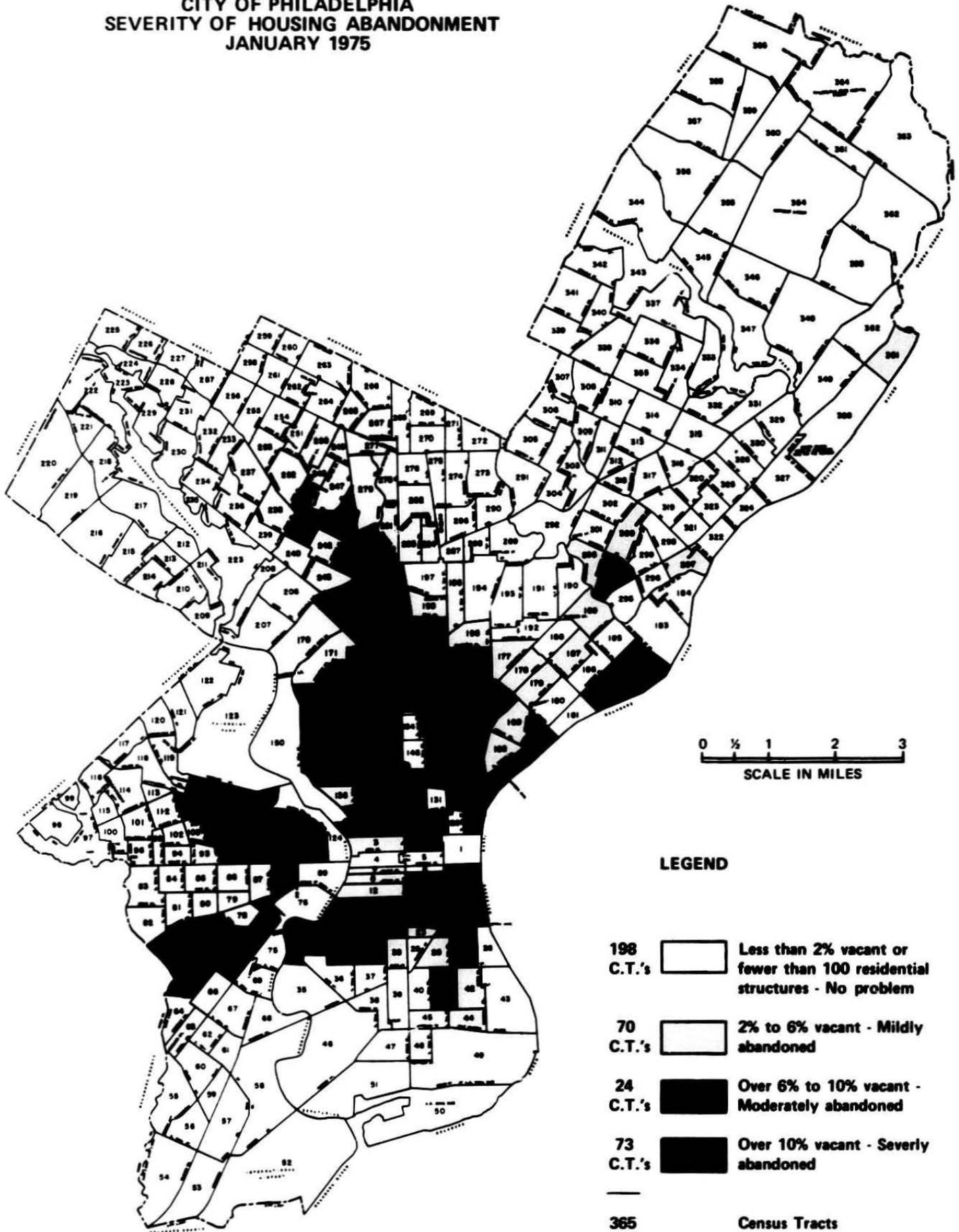
Almost 46 percent of the census tracts were experiencing abandonment problems in January 1975, although 310 of the 365 census tracts had one or more abandoned structures at this time. About 77 percent of the abandonment existed in the 97 moderately to severely abandoned tracts. These tracts contained about 29 percent of the city's housing stock in January 1975.

A physical inventory taken by the city between June 1, 1977, and July 15, 1977, showed a 24-percent decline in residential abandonment during the 2 1/2-year period from January 1975. At the completion of this inventory,

abandonment problems existed in 42 percent of the census tracts, and the number of tracts showing some abandonment dropped to 283. About 75 percent of the abandonment existed in the 83 moderately to severely abandoned census tracts. These tracts contained about 23 percent of the housing stock in the city at this time. Further evidence of Philadelphia's success in reducing its abandonment inventory during this period is the fact that 45 census tracts improved in their degree of abandonment severity, while only 4 tracts worsened.

The following maps show the severity of Philadelphia's abandonment problem in January 1975 and June 1977.

**CITY OF PHILADELPHIA
SEVERITY OF HOUSING ABANDONMENT
JANUARY 1975**

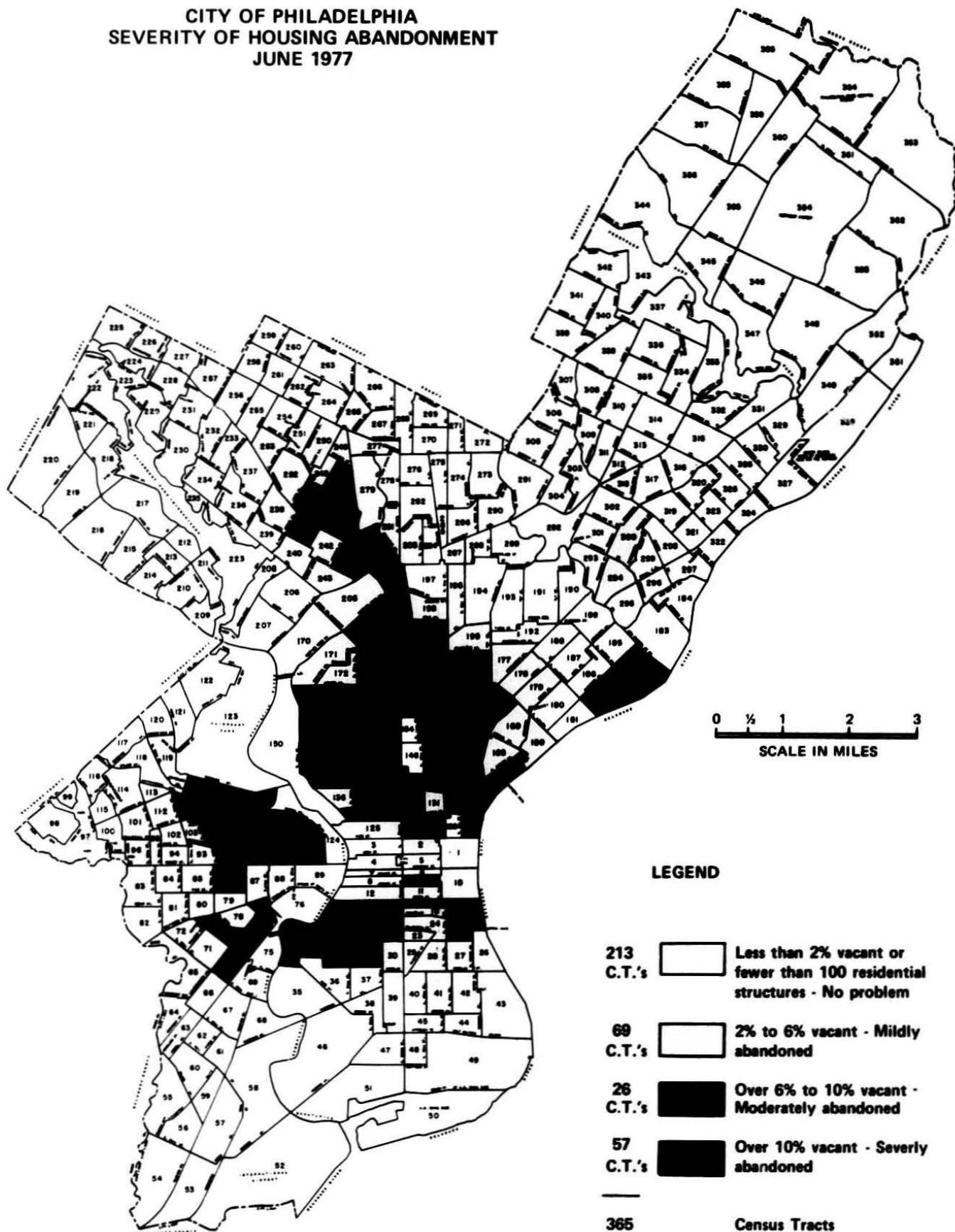


0 1/4 1 2 3
SCALE IN MILES

LEGEND

- 198 C.T.'s Less than 2% vacant or fewer than 100 residential structures - No problem
- 70 C.T.'s 2% to 6% vacant - Mildly abandoned
- 24 C.T.'s Over 6% to 10% vacant - Moderately abandoned
- 73 C.T.'s Over 10% vacant - Severely abandoned
- 365 Census Tracts

**CITY OF PHILADELPHIA
SEVERITY OF HOUSING ABANDONMENT
JUNE 1977**



0 1/4 1 2 3
SCALE IN MILES

LEGEND

- 213 C.T.'s Less than 2% vacant or fewer than 100 residential structures - No problem
- 69 C.T.'s 2% to 6% vacant - Mildly abandoned
- 26 C.T.'s Over 6% to 10% vacant - Moderately abandoned
- 57 C.T.'s Over 10% vacant - Severly abandoned
- 365 Census Tracts

Efforts to reduce existing abandonment

In responding to our questionnaire, Philadelphia advised us that a strategy for combating housing abandonment has been developed. Generally, this strategy puts priority on

- rebuilding severely blighted inner-city neighborhoods,
- stabilizing marginally blighted neighborhoods,
- maintaining and preserving existing housing stock, and
- providing housing opportunities for low-and moderate-income families.

Because no one program has proven to be singularly successful or cost effective in dealing with abandonment, Philadelphia has utilized different approaches for reducing the problem--approaches which deal with prevention of housing abandonment as well as treatment of existing abandonment.

Philadelphia's largest single source of funds for operating its housing programs are the community development block grants. These are supplemented by State and city funds. For the first 3 years of the block grant program, the city will receive about \$179 million, including about \$103 million which it budgeted for housing-related and neighborhood preservation activities, including programs to eliminate existing abandonment. About \$89.3 million of its block grant funds had been expended at June 30, 1977.

Between January 1975 and June 1977, Philadelphia's abandoned housing inventory declined by about 6,800 structures. City-sponsored programs eliminated about 5,600 abandoned housing structures at a cost of about \$24.3 million, and a private corporation sponsored a small program to rehabilitate and sell vacant properties in one area of the city.

According to the city, other reasons for the decline in abandonment include (1) private activities such as reoccupancy and demolition and (2) sales of HUD-owned properties. Although it is not possible to ascertain the precise impact of the private market and HUD sales in eliminating abandonment, it is significant to note that about 6,300 new abandonments occurred between the dates of the two physical inventories. Had these not occurred, progress in Philadelphia would have been much better.

The following chart describes the programs being used to reduce existing abandonment and their impact in Philadelphia from January 1975 to June 1977.

<u>Program</u>	<u>Description</u>	<u>Estimated number of abandoned houses eliminated</u>
Blight Demolition	<p>Generally directed toward severely abandoned neighborhoods, this city-State funded program demolished structures considered dangerous or a public nuisance at a cost of about \$5.4 million.</p> <p>About 91 percent of the houses demolished during this period were in areas with abandonment problems in January 1975--72 percent in severely abandoned neighborhoods.</p>	2,969
West Kensington Demolition	<p>Centered in one area of Philadelphia, this program demolished vacant structures considered dangerous or a public nuisance at a cost of about \$860,000.</p> <p>About 96 percent of the structures demolished were in severely abandoned areas in January 1975.</p>	797
Scattered Site Public Housing	<p>Properties acquired from HUD were totally rehabilitated and rented to low-income families. Costs for acquisition and rehabilitation totaled about \$9.3 million.</p>	461

<u>Program</u>	<u>Description</u>	<u>Estimated number of abandoned houses eliminated</u>
	<p>Rehabilitations were scattered throughout the city and no particular patterns were noted with respect to the type of neighborhoods involved in the program.</p>	
Gift Property	<p>The city acquires vacant properties by donation in lieu of collecting delinquent taxes. These properties are made available to individuals for rehabilitation, channeled to other city programs, or land-banked for future use.</p> <p>About \$52,000 was spent for administrative costs to transfer properties for rehabilitation.</p> <p>About 72 percent of these properties were in severely abandoned areas in January 1975 and 26 percent were in other problem areas.</p>	686
Local Public Agency Rehabilitation	<p>Vacant properties are acquired, totally rehabilitated, and sold to moderate-income families. About \$6 million was spent during the inventory period to do this.</p>	242

<u>Program</u>	<u>Description</u>	<u>Estimated number of abandoned houses eliminated</u>
	<p>Rehabilitation actions were performed in all types of problem neighborhoods, although severely abandoned areas received over 47 percent of the program activity and moderately abandoned neighborhoods about 36 percent of the activity.</p>	
<p>Acquisition for Demolition</p>	<p>Properties in urban renewal areas are acquired and demolished for future revitalization activities. About \$346,000 was spent during the inventory period to demolish these structures. Most demolitions took place in severely abandoned areas, although moderately abandoned and no-problem areas had about 33 percent of the actions.</p>	<p>162</p>
<p>Partial Rehabilitation</p>	<p>Directed mostly to mildly abandoned and no-problem areas, this program acquires vacant properties, partially rehabilitates them, and sells them.</p> <p>During the inventory period about \$1.8 million was spent to acquire and rehabilitate these properties.</p>	<p>146</p>
<p>Urban Homesteading</p>	<p>Vacant properties are acquired and, after vital repairs are made, transferred to individuals for a nominal fee in return for an agreement to rehabilitate and occupy the house.</p>	<p>130</p>

<u>Program</u>	<u>Description</u>	<u>Estimated number of abandoned houses eliminated</u>
Allegheny West Foundation	<p>Primarily directed toward mildly abandoned areas, the program cost about \$517,000 during the inventory period.</p> <p>Primarily sponsored by an area baking company, this program acquires vacant properties, totally rehabilitates them, and sells them.</p> <p>Taking advantage of tax credits allowed by the State of Pennsylvania for this type of investment, a foundation spokesman stated that the cost to his company is only \$1,050 for each \$10,000 invested in this mild to moderately abandoned area.</p> <p>A State representative advised us that this company is the only firm in Philadelphia to have taken advantage of these tax credit provisions.</p>	60
		<u>5,653</u>

Analysis of the census tracts in which efforts were made to reduce the abandoned housing stock showed a marked trend toward demolition in severely abandoned areas. Rehabilitation of vacant houses, however, appeared to be scattered throughout the city--a possible reflection of (1) the existence of abandoned structures in 310 of the city's 365 census tracts in January 1975 or (2) according to city officials, the availability of more easily acquired HUD-owned properties.

The following chart shows, by degree of abandonment severity, the percentage distribution throughout the city of demolition and rehabilitation actions for the eight city-sponsored programs during January 1975 to June 1977.

<u>Type of Program</u>	<u>Estimated number of actions between January 1975 and June 1977</u>	<u>Distribution of actions by degree of abandonment severity at January 1975</u>			
		<u>No problem</u>	<u>Mild</u>	<u>Moderate</u>	<u>Severe</u>
Demolition	3,928	7.6	9.5	6.3	76.6
Rehabilitation	1,665	10.9	24.7	18.6	45.8

-----percent)-----

Overall, actions were taken to reduce existing abandonment in 251 of the 365 census tracts during this period. Except that demolition actions were performed primarily in severely abandoned neighborhoods, the city appears to have used no clear pattern of treatment in reducing its existing abandoned housing inventory. However, it appears that the infusion of funds in a neighborhood can have some impact in stabilizing neighborhood decline. Our analysis showed that:

- The 15 census tracts receiving the most funds through the 8 city-sponsored programs ranged, in degree of abandonment severity, from no problem to severely abandoned in January 1975.
- Of the 15 census tracts, 10 remained at the same level of abandonment severity and 5 improved.
- Most of the other census tracts receiving funds remained at the same level of abandonment severity.

The following chart ranks the top 15 census tracts in terms of estimated funds received between January 1975 and June 1977 and shows the impact these funds had in reducing abandonment in these areas.

Census tract (note a)	Level of abandonment severity		Estimated total expenditures between Jan. 1, 1975, and June 30, 1977	Ranking in terms of expenditures
	Jan. 1975	June 1977		
70	Severe	Moderate	\$1,603,651	1
71	Moderate	Mild	1,516,039	2
246	Severe	Severe	1,502,474	3
109	Severe	Severe	1,061,071	4
163	Severe	Severe	811,530	5
164	Severe	Severe	710,027	6
205	Moderate	Mild	647,406	7
204	Moderate	Moderate	624,347	8
162	Severe	Severe	602,025	9
118	No problem	No problem	564,924	10
65	Moderate	Mild	534,201	11
33	Severe	Moderate	526,357	12
104	Moderate	Moderate	519,393	13
176	Severe	Severe	489,439	14
94	Mild	Mild	444,032	15

a/See maps of Philadelphia.

A city official estimated that it could cost Philadelphia more than \$300 million to eliminate all of its abandoned housing through demolition and rehabilitation programs. However, this official told us that the number of abandoned houses in Philadelphia can never be drastically reduced until better methods of acquiring vacant, privately owned properties are developed. Presently, it takes Philadelphia as much as 5 years to acquire title to privately owned, tax delinquent properties. In August 1975, Philadelphia had almost 16,000 vacant, tax delinquent properties.

ST. LOUIS

Situated in the heart of the Central United States, the city of St. Louis has a population of approximately 525,000 persons within its 61-square-mile area. St. Louis has the following urban problems:

- The city suffered a population loss of almost 332,000 persons between 1950 and 1975, leaving it with a disproportionate share of poor, old, and unemployed residents.

- Almost 30 percent of its housing units are in poor condition.
- Of its 101,210 housing structures, 2,738 were abandoned as of February 1977.
- 24,000 structures were demolished during the 12-year period ending in 1971.

Extent of abandonment

St. Louis stated in its response to our questionnaire that its housing abandonment problem is considered major. The city defines an abandoned house as one which is vacant, vandalized, and open to casual entry. Typical characteristics of these houses include broken doors and windows, demolished interior walls, and missing wiring and fixtures. The city also has an inventory of vacant houses which, while possibly vandalized, have been boarded up and secured to protect them for future rehabilitation. A city official stated that these houses are boarded and secured without anyone knowing if or when they will be rehabilitated.

The city's most recent inventories of vacant housing showed the following.

<u>Date</u>	<u>Number of vacant houses</u>		
	<u>Open to casual entry</u>	<u>Secured</u>	<u>Total</u>
August 1975	1,990	773	2,763
February 1977	1,077	1,661	2,738

Analysis of this data showed that:

- Approximately 3 percent of the housing structures were abandoned at the time of the inventories. In August 1975, St. Louis had 103,581 total housing structures, and in February 1977, it had 101,210 total structures.
- Most of the abandoned structures were located immediately south and north-northwest of the central business district in areas where much of the substandard housing is from 70 to 100 years old.
- Most of the abandoned houses were privately owned (about 77 and 82 percent, respectively, in August 1975 and February 1977). City ownership was 20 and 16 percent, respectively, and Federal ownership was about 3 and 2 percent, respectively.

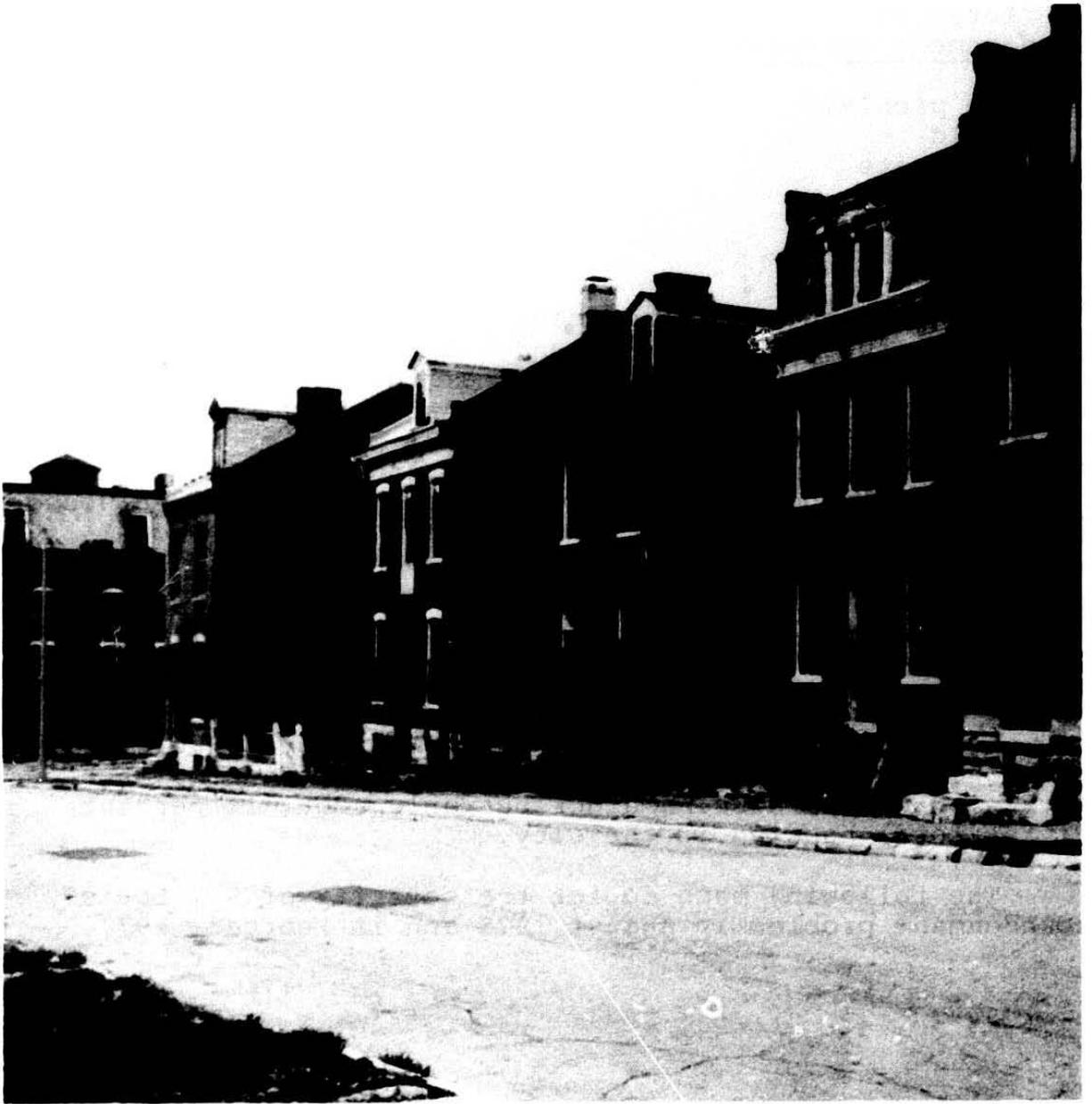
--After its August 1975 inventory, St. Louis changed its primary emphasis from demolition to boarding and securing of houses believed to be structurally sound and therefore salvageable.

The following photographs show some examples of abandonment that we observed in St. Louis.









We applied the same criteria we used for Philadelphia (see p. 20) to classify the severity of neighborhood abandonment in St. Louis. We found the following abandonment conditions in St. Louis' 70 defined neighborhoods at the dates of the two inventories.

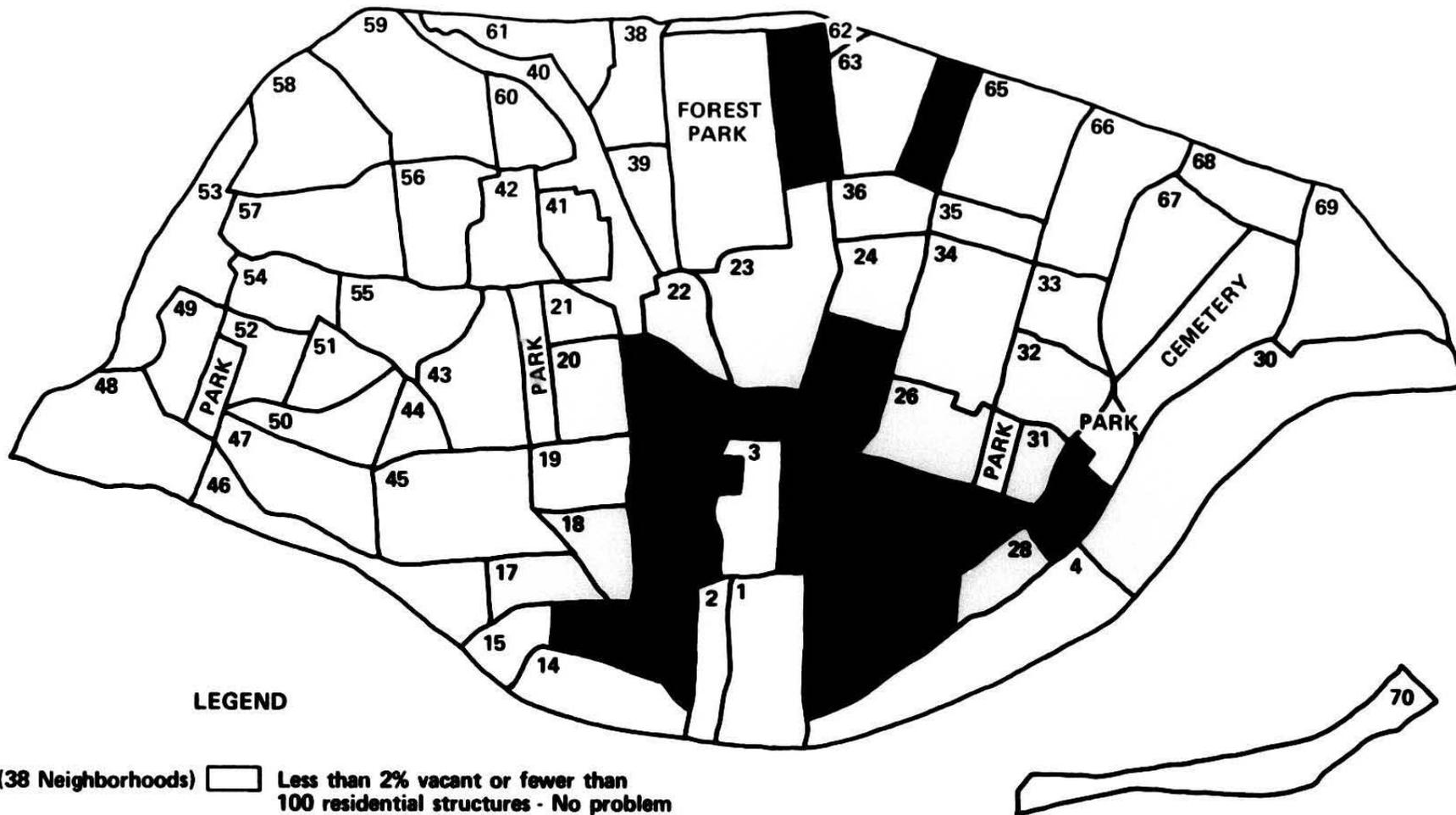
<u>Level of abandonment severity</u>	<u>Number of neighborhoods</u>	
	<u>August 1975</u>	<u>February 1977</u>
No problem	42	38
Mild	15	17
Moderate	3	5
Severe	<u>10</u>	<u>10</u>
Total	<u>70</u>	<u>70</u>

As shown above, abandonment in St. Louis worsened slightly between August 1975 and February 1977 in that there were four less "no-problem" areas at the date of the latest inventory. Additionally, about 46 percent of the neighborhoods were experiencing abandonment problems in February 1977--an increase from 40 percent in August 1975--and the number of neighborhoods having at least one abandoned house increased from 52 to 55. Overall, seven neighborhoods experienced a more severe degree of abandonment in February 1977 than in August 1975, while two neighborhoods had a reduced level of abandonment.

Our analysis also showed that most of the abandonment in St. Louis was concentrated in few neighborhoods. For example, the 15 neighborhoods having moderate to severe abandonment in February 1977 had about 56 percent of the city's abandoned housing stock but only about 11 percent of the total housing in the city.

The following maps depict the severity of St. Louis' abandonment problem in August 1975 and in February 1977.

CITY OF SAINT LOUIS, MISSOURI
 SEVERITY OF HOUSING ABANDONMENT
 FEBRUARY 1977



LEGEND

- (38 Neighborhoods) Less than 2% vacant or fewer than 100 residential structures - No problem
- (17 Neighborhoods) 2% to 6% vacant - Mildly abandoned
- (5 Neighborhoods) Over 6% to 10% vacant - Moderately abandoned
- (10 Neighborhoods) Over 10% vacant - Severly abandoned

Efforts to reduce existing abandonment

St. Louis noted in responding to our questionnaire that its strategy for combating housing abandonment is working because of (1) decreasing numbers of abandoned houses each year, (2) decreasing population losses in the city, (3) increasing numbers of structures being rehabilitated, and (4) increasing number of code violations that are being abated.

St. Louis' strategy primarily involves neighborhood betterment programs to improve streets, parks, sanitation services, and housing, among other things. The city designated about \$22 million of the \$43.7 million authorized for the first 3 years of the community development block grant program for neighborhood betterment and housing improvements, including programs to reduce existing inventories of abandoned houses. About \$17.7 million of its total block grant funds had been spent by February 28, 1977.

Between August 1975 and February 1977, St. Louis' inventory of abandoned houses decreased by 25 houses. During this period, the city operated or supported five programs, costing about \$1.6 million, which resulted in the reduction of its abandoned housing inventory. In addition, other programs for rehabilitating vacant houses were operated by a private developer and a neighborhood corporation. It appears from this data that the rate of new abandonment is continuing at about the same rate as the existing abandonment inventory is being reduced.

The following chart describes St. Louis' programs and their impact on abandoned houses between the August 1975 and February 1977 inventories.

<u>Program</u>	<u>Description</u>	<u>Number of abandoned houses eliminated</u>
Demolition	Houses considered unsafe and detrimental to the environment were demolished at a total cost of about \$1.26 million.	2,386

About 88 percent of the demolitions occurred in neighborhoods which had an abandonment problem in August 1975.

<u>Program</u>	<u>Description</u>	<u>Number of abandoned houses eliminated</u>
	<p>However, no particular demolition strategy was used in selecting neighborhoods for action, and no specific patterns were noted with respect to mild, moderate, or severely abandoned neighborhoods.</p>	
Urban Home-steading	<p>Houses are acquired by tax foreclosure, by donation or from HUD and are sold or leased to individuals who can rehabilitate and maintain the property. Between August 31, 1975, and February 28, 1977, 838 abandoned houses were acquired and 390 were sold or leased to urban homesteaders.</p> <p>About 96 percent of the properties acquired during this period were in neighborhoods with an abandonment problem in August 1975. Our analysis showed no particular pattern of acquisition as to type of problem neighborhood, however.</p>	390
Short term Rehabilitation Loan Guarantee	<p>This program guarantees payment to banks which make short term loans for housing rehabilitation.</p> <p>As of February 28, 1977, loans had been guaranteed for five abandoned houses, but work had only started on three. All five houses were in problem areas on August 31, 1975.</p>	3

<u>Program</u>	<u>Description</u>	<u>Number of abandoned houses eliminated</u>
Neighborhood Housing Services	This pilot neighborhood preservation program was involved in rehabilitating one abandoned house as of February 28, 1977.	1
Walnut Park-Mark Twain Community	Operating in a neighborhood that is experiencing mild abandonment, this program is assisted with block grant funds but operated by a community cooperative group. Its objective is to reclaim and market abandoned houses.	10
Private Development	With incentives provided by tax abatement provisions of Missouri State laws, private corporations are involved in housing rehabilitation activities in areas of high abandonment.	5
Neighborhood Corporation	Since 1966, this neighborhood corporation has rehabilitated 233 dwelling units and constructed 75 other units.	15
		<u>2,810</u>

Analysis of the neighborhoods in which efforts were made to reduce the abandoned housing stock showed no clear pattern of treatment in the city's housing strategy. However, as we found with Philadelphia, it appears that the infusion of funds into a neighborhood can help to stabilize it. Our analysis showed the following.

- The 15 neighborhoods receiving the most funds under the 5 city-operated or-supported programs in August 1975 ranged from no problem to severe abandonment.
- Of the 15 neighborhoods, 12 remained at the same level of abandonment severity, 2 improved, and 1 got worse.
- Most of the other neighborhoods receiving funds remained at the same level of abandonment severity.

The following chart ranks the top 15 neighborhoods in terms of estimated funds received between August 31, 1975, and February 28, 1977, and shows their abandonment classification.

Neighborhood (note a)	Level of abandonment severity		Estimated total expenditures between Aug 31, 1975, and Feb 28, 1977	Ranking in terms of expenditures
	1975	1977		
65	Moderate	Mild	\$115,050	1
7	Severe	Severe	109,090	2
8	Severe	Severe	106,250	3
6	Severe	Severe	100,380	4
25	Severe	Moderate	92,640	5
23	Mild	Mild	90,870	6
34	Mild	Mild	84,030	7
11	Severe	Severe	77,590	8
27	Severe	Severe	64,340	9
64	Moderate	Moderate	59,610	10
26	Mild	Mild	54,860	11
63	Mild	Mild	42,980	12
5	No Problem	Moderate	42,400	13
67	Mild	Mild	42,393	14
31	Mild	Mild	41,000	15

a/See maps of St. Louis.

A city official told us that he believes St. Louis could eliminate its existing abandonment problem at a cost of about \$49 million to \$56 million by

- demolishing about 50 percent of the current inventory and
- boarding and securing the remaining 50 percent until they can be rehabilitated.

However, the same official believed that securing the funds to do this would be a major problem.

DETROIT

Within its 140-square-mile area, Detroit had a population of about 1.33 million people in July 1975--a decrease of about 24 percent since 1950. This North Central U.S. city has suffered from the same urban ills as many other older, industrial cities, namely (1) high unemployment, (2) rising crime, (3) declining tax base and revenues, (4) inadequate public transportation, and (5) reduced city services.

Additionally, as in many older cities, Detroit has a housing crisis caused essentially by unemployment and poverty, outmigration to suburban communities, and a scarcity of legislative and economic resources.

As the city became poorer, much of its once excellent housing stock became progressively unsuitable and obsolete. Consequently, an estimated 30 percent of Detroit's housing is significantly deteriorated; an estimated 60,000 units are considered to be substandard; and housing abandonment is considered to be a substantial problem. As of August 1976, about 11,700 of its approximately 311,000 residential units were abandoned.

Extent of abandonment

Detroit defines an abandoned house as a structure which is vacant on a year-round basis and is either boarded up or open to casual entry.

The actual extent of abandonment in Detroit could not be determined with reasonable accuracy at the time of our review. Since the city made no periodic determinations of the number of abandoned structures, and no other reasonably accurate sources of data were found to exist, the best available abandonment data appeared to be estimates by the city's Community and Economic Development Department, as follows.

<u>Year</u>	<u>Estimated number of abandoned housing structures</u>
1972	7,148
1973	10,786
1974	11,212
1975	12,082
1976	11,681

Additional information obtained from city sources showed that:

- About 311,000 residential structures are located in the city; most are single family residences built before 1956.
- In August 1976, an estimated 66 percent of the vacant houses were HUD owned and 32 percent were privately owned. The city and the Veterans Administration owned the remaining 2 percent.

Detroit officials informed us in April 1978 that the city is developing a computerized tax roll system which will be able to identify abandoned structures. However, they had not worked out the specific details.

Efforts to reduce existing abandonment

Much of Detroit's housing strategy is directed toward conservation efforts to reclaim marginal neighborhoods before they fall into the advanced stage of decline marked by widespread abandonment. These efforts are highlighted by programs for (1) improving public works, (2) subsidizing home repair loans, (3) code enforcement and blight abatement, and (4) community organization. A city representative told us that Detroit's programs address individual factors in limited areas relating to abandonment but, because the causes are complex, it is difficult to isolate the effects of these programs. We were advised that early indications point to increased occupancy, reduction in blighting influences, and revitalized activities.

Detroit's primary source of funds for its housing programs are community development block grants. For the first 3 years of the block grant program, the city will receive about \$91.2 million, including about \$8.8 million which Detroit has earmarked for clearance, demolition, and rehabilitation. About \$25 million of these funds were expended at December 31, 1976.

The following describes the efforts which have been made to reduce the abandoned housing inventory in Detroit.

<u>Program</u>	<u>Description</u>
Northwest Detroit Housing Conservation Program	Initiated in October 1974, this program involves a cooperative effort by the city, the State, and HUD to regenerate one Detroit neighborhood. Through 1976, \$16 million had been committed to rehabilitate and sell 1,000 HUD-owned properties, improve public facilities and services, and renovate commercial areas.

Program

Description

By the end of 1976, 141 homes had been sold to homebuyers under this program.

Demolition

During calendar years 1975 and 1976, about 5,800 houses in Detroit were demolished because they were dangerous buildings, were part of urban redevelopment projects, or were considered beyond salvage.

About 3,000 demolitions were contracted directly by HUD at a cost of about \$4.3 million. Another 2,800 were performed by the city at a cost of about \$3.9 million.

Rehabilitation

The city of Detroit has no specific program for rehabilitating vacant housing. However, HUD conducted a citywide program of rehabilitating acquired properties, which cost about \$2.0 million for 312 homes in 1975 and 1976.

We identified about 6,250 specific reductions in Detroit's existing abandoned housing inventory during calendar years 1975 and 1976, including 5,800 demolitions. However, city estimates indicate that housing abandonment is not decreasing in relation to treatment actions. Accordingly, it appears that just as in St. Louis, new abandonment is occurring at about the same rate as existing inventories are being reduced.

A Detroit official advised us that the lengthy delays which have often been encountered in acquiring properties for demolition and rehabilitation have slowed the completion of many projects. These delays--which can take up to 2 years--are caused by owner reluctance to sell properties and resulting court actions.

City officials also stated that an overall plan for urban economic revitalization was developed in 1977 which is designed to restore Detroit's ability to compete successfully for the private investment needed to rebuild the city. Detroit officials believe that employment is the key to curing the ills of no-growth cities, such as Detroit. They stated that the city's plan focuses on industrial and commercial development, employment, and neighborhood revitalization.

HUD PROPERTY DISPOSALS HAVE HAD LIMITED
IMPACT IN REDUCING ABANDONMENT

HUD maintains an inventory of properties acquired through defaults of federally insured mortgages. While HUD does not formally recognize its acquired housing as "abandoned," the houses are generally vacant and located in neighborhoods experiencing abandonment. They are often vandalized and in need of repair, and they are not distinguishable from other abandoned houses in the area.

To facilitate the return of HUD-owned properties to private ownership and encourage repair and occupancy of the properties, HUD operates a property disposition program. The primary objective of this program is to reduce the inventory of acquired properties "***in such a manner as to ensure the maximum return to the mortgage insurance funds." To achieve this objective, HUD emphasizes cash sales of properties in an "as-is" condition. These sales can be to city governments for use in their programs or to private individuals or developers.

HUD's inventory of acquired housing is small compared to the thousands of abandoned houses owned by cities and their residents. Nevertheless, the transfer of HUD-owned properties to the housing market can affect the stability of neighborhoods where these properties are located. At December 31, 1976, HUD's nationwide inventory of acquired properties was 41,101. Approximately 53 percent of the properties had been in the inventory 13 or more months.

During the periods of evaluation, HUD disposed of acquired properties in Philadelphia, St. Louis, and Detroit, as shown by the following table.

<u>City</u>	<u>Number of HUD properties disposed of</u>	<u>Period in which disposed of</u>
St. Louis	489	Sept. 1, 1975, to Feb. 28, 1977
Detroit	7,381	Jan. 1, 1975, to Dec. 31, 1976
Philadelphia	4,531	Mar. 1, 1975, to Dec. 31, 1976

Our inspections of some of these properties showed that while HUD's property disposition program has had some impact in helping cities reduce their inventories of abandoned houses, these efforts in Philadelphia have not always led to reduced abandonment. HUD does not require recipients of properties to improve or occupy them and, as a result, many properties in Philadelphia remained vacant after disposition by HUD. The following table shows the results of our inspections.

<u>City</u>	<u>Properties inspected</u>	<u>Number of houses appearing vacant</u>	<u>Percent appearing vacant</u>
St. Louis	17	1	6
Detroit	83	8	10
Philadelphia	94	44	47

Additionally, a State study of HUD property disposals in one Detroit neighborhood found almost 48 percent of 200 randomly selected properties to be vacant as of January 28, 1977. Some of these properties had been offered for sale as early as February 1976. The study concluded that

"The HUD 'As Is' sales program does not address directly the problem of abandoned units in the target area; rather emphasis is on the changing of ownership (from HUD to private entities)."

A HUD headquarters official confirmed that HUD has no specific overall program for dealing with the abandonment problem.

Because such a large percentage of houses in Philadelphia remained vacant after disposition by HUD, we analyzed the data further. However, we found no discernible pattern to indicate why these properties remained vacant. For example:

- Of the 44 vacant properties, 36 were disposed of to private individuals, contractors, or private non-profit agencies; the remainder went to the city.
- Of the 20 properties in our sample which went to contractors, 13, or 65 percent, were vacant at the date of our inspections; 43 percent of the properties going to individuals were vacant; 42 percent of those going to the city were vacant; and 33 percent going to nonprofit agencies were vacant.
- Of the 44 vacant properties, 24 had been disposed of by HUD at least 1 year before our inspection.

CONCLUSIONS

St. Louis, Detroit, and Philadelphia are attempting to reduce their inventories of abandoned houses. Except for Philadelphia, however, little progress has been made. The effectiveness of the cities' efforts has been diminished by new abandonments that continue to occur. Furthermore, cities are not applying their programs systematically. Instead, treatment activities have been scattered throughout neighborhoods experiencing differing degrees of abandonment severity. In addition, the cities have not always maintained current data on the location and extent of their abandoned houses.

HUD's disposition of houses in its inventory has had limited impact on the abandoned housing problem. Except for Detroit, most abandoned houses are privately owned rather than HUD owned. Also, in Philadelphia and in at least one Detroit neighborhood, many of the houses remained vacant after HUD disposed of them.

CHAPTER 4
MORE NEEDS TO BE DONE TO COMBAT HOUSING ABANDONMENT

The search for effective strategies for dealing with housing abandonment should be more intensive and broad based. Not only must the physical problems in cities be dealt with, but other factors contributing to urban decline must be addressed. Development of a comprehensive urban strategy, however, is a complex task.

It is clear that a major problem facing the older central cities in recent decades has been their inability to compete successfully for the people and investments needed to maintain an adequate tax base to support needed services. Nationwide, population and employment have been growing in the suburbs and declining in the central cities, and the cities have been left with a disproportionate share of poor and marginal-income households. More significantly, there has been a general shift of population and development from the Northeast and North Central States to the South and West. These circumstances have led to a thinning out of the central cities and a simultaneous spreading out--or sprawl--of the metropolitan areas.

Because the causes of abandonment are rooted in these metropolitanwide population and employment shifts, any solutions to housing abandonment must recognize these factors. The current administration's commitment toward developing a national urban and regional policy could provide such a mechanism.

As a minimum, however, cities must better understand the nature and magnitude of their housing problems, and they should utilize their limited resources more prudently to more effectively deal with housing abandonment. Certain constraints on the effectiveness of any housing strategy will always exist (for example, income, unemployment, education, and crime). However, if cities can develop better strategies and implement them more effectively, current housing problems may be more manageable.

Many of the city programs directed to reducing the inventories of abandoned housing are being funded under the block grant program administered by HUD. Block grant recipients have wide latitude and flexibility in determining how their funds will be spent; therefore, HUD is quite limited in what it can do to help resolve the housing aban-

donment problem. HUD, however, can do more than it has. As the Federal agency responsible for urban housing programs, HUD should make the matter of housing abandonment a high priority in carrying out its statutory mandate to conserve existing housing in the United States. Although we believe that abandoned housing cannot be substantially reduced without a strong commitment by local government, HUD can provide urgently needed guidance to those cities willing to make the effort.

HUD SHOULD GIVE HIGHER PRIORITY TO HOUSING ABANDONMENT

HUD currently has no specific program for dealing with housing abandonment nor has it developed an overall plan or strategy for combating it.

HUD's main thrust in dealing with housing abandonment is through its community development block grant program. In testimony before the Senate Committee on Banking, Housing, and Urban Affairs on June 23, 1976, the former Secretary of Housing and Urban Development stated that the preservation and rehabilitation of existing housing and neighborhoods is an established goal of the block grant program. The Secretary further stated that block grants are the most important tool to support preservation activities. The current Secretary, on December 30, 1977, reaffirmed the preservation of existing neighborhoods as a Department goal. However, because communities determine their own spending priorities, HUD has not directed that funds be spent specifically to combat housing abandonment.

During the first 2 years of the community development block grant program--fiscal years 1975 and 1976--over 4,500 communities shared in the approximately \$5.3 billion available. A HUD analysis of the planned expenditures of a sample number of communities for those 2 years showed that the communities were planning to meet the legislative objectives of the Housing and Community Development Act of 1974 as follows:

<u>Objective of the act</u>	<u>Planned expenditures</u>	
	<u>1975</u>	<u>1976</u>
	(percent)	
Elimination of slums and blight	42.6	43.1
Elimination of detrimental conditions	5.6	5.6
Housing stock conservation and expansion	16.3	19.6
Improvement of community services	12.1	9.6
Better arrangement of activity centers (i.e., more rational land use)	21.3	21.0
Reduction of isolation of income groups	0.1	-
Historic preservation	0.9	1.0
Not identified	1.1	0.1

Although it is impossible to determine what portion of the planned expenditures was specifically directed to prevention and reduction of housing abandonment, community emphasis appears to be primarily directed toward (1) redevelopment-related activities, (2) neighborhood preservation, and (3) neighborhood development and growth. All of these activities could affect, in some way, the prevention and reduction of abandoned housing.

The information we obtained in response to our questionnaire and our detailed review in St. Louis, Philadelphia, and Detroit revealed that many cities with abandonment problems have not developed strategies to combat the problem or did not apply their programs in a systematic manner. We believe that HUD should develop and make available to all interested communities an overall strategy guide for reducing housing abandonment inventories. Such a guide should emphasize the need for cities to (1) classify neighborhoods by various stages of change (see p. 51), (2) identify various program combinations and approaches which could be used in the different stages, and (3) establish specific plans with neighborhood goals and objectives for reducing abandoned housing inventories.

Various strategies, some controversial, have been proposed by urban experts for combating housing abandonment. These alternatives may merit consideration as possible approaches to the abandonment problem. These strategies include:

- Taking strong measures to suspend further disinvestment in communities where the abandonment process is advanced. These measures could include a temporary moratorium on mortgage foreclosures.

- Testing the feasibility of new forms of ownership of central city housing, including cooperatives, condominiums, and ownership by community organizations or public agencies.
- Reducing and restructuring property taxes in central city areas to increase investment attractiveness and reward rather than penalize, through higher taxes, owners who improve their properties. Tax abatement and tax exemptions could be used in applying this strategy.
- Encouraging agreements between unions and contractors to rehabilitate vacant houses at wage rates below union scale. This strategy could increase employment and recycle a greater number of abandoned houses back to the housing market.
- Allocating the largest percentage of limited resources available to upgrade areas where deterioration is just beginning or is not very far advanced and providing minimal assistance only to the best and the worst neighborhoods. Application of this theory might save far more housing units per dollar spent than any other method of resource allocation.
- Expending resources to save some neighborhoods while encouraging the total abandonment of others. Applying this theory would, in effect, eliminate the scattering of limited resources equally among all neighborhoods to concentrate on saving only some neighborhoods.
- Training young people and the unemployed in the construction trades and employing them in repairing and rebuilding abandoned houses in central city areas.

ACCURATE AND RELIABLE INFORMATION NEEDED
ON HOUSING ABANDONMENT

Accurate and reliable information on housing abandonment is essential before a city can develop an effective strategy to deal with the problem. In this connection, HUD needs to take the dominant role in (1) formulating an acceptable definition of housing abandonment, (2) developing viable techniques for gathering information on the subject, and (3) implementing these techniques on a nationwide basis so that comparable data can be collected from all cities.

HUD's community development block grant program provides funds to communities to aid them in providing decent housing, a suitable living environment, and expanded economic opportunities for their residents. Among the eligible uses for these funds are activities related to the conservation and expansion of the Nation's housing stock.

One of the requirements which must be met in the application process for a block grant award is preparation of a housing assistance plan (HAP). The HAP must accurately

- survey the condition of housing stock in a community,
- assess the housing assistance needs of lower income persons,
- specify a realistic annual goal for the number of dwelling units or persons to be assisted, and
- indicate the general locations of housing units to be constructed or rehabilitated for lower income persons.

In surveying the condition of the housing stock in a community, HUD regulations require that communities identify the number of housing units in both standard and substandard conditions and the numbers of units that are occupied and vacant. However, HUD regulations do not define the terms "standard and substandard" or "occupied and vacant" nor do they provide a definition of housing abandonment or specifically require the reporting of housing abandonment statistics.

HUD representatives advised us that HAP is not intended to provide information on the extent of community housing abandonment problems. As a result, HUD does not maintain statistical data relating to the extent of the nationwide housing abandonment problem. A HUD representative told us that the primary reason HUD has never compiled abandoned housing statistics is because the term "abandonment" has never been universally defined, and thus any data gathered would not be compatible.

Housing abandonment has been defined in various ways by cities throughout the United States. For example:

- Indianapolis, Indiana, which has a substantial problem, defines abandoned housing in terms of condemned units.

- Washington, D.C., with a small problem, describes abandonment in terms of vacant, tax delinquent structures which are not receiving utilities.
- Los Angeles, California, in citing a small problem, defined its abandonment as units demolished.
- New York, New York, discussed its major abandonment problem simply in terms of vacant structures.
- Fort Worth, Texas, although citing no problem, defined abandonment as substandard structures.
- Warren, Michigan, with a moderate problem defines abandonment as structures which are not maintained.

As evident from these examples, comparable abandonment data cannot currently be obtained on a nationwide basis.

We believe that HAP could be used as a vehicle for collecting nationwide data on housing abandonment. In those instances where cities are receiving block grants to fund activities concerning housing abandonment or where housing abandonment is a problem, HUD should require the city to identify the extent and location of abandoned houses. In obtaining such information, it is essential that HUD develop a single, commonly accepted definition of the term "housing abandonment."

CONCLUSIONS

Housing strategies focusing entirely on physical solutions to urban problems cannot, by themselves, counteract the process of decline. Rather, the total environment must be addressed in terms of its social and economic implications, as well as its physical characteristics. A national strategy is needed that addresses all of these factors and is directed toward alleviating the Nation's housing abandonment problems.

We believe that leadership in developing such a strategy must rest with HUD.

Urban strategies which may work in one neighborhood, one city, or one sector of the Nation may not necessarily work in others. Also, the optimum mix of programs for a comprehensive housing strategy will ultimately be a matter of judgment on the part of the cities themselves. However, we believe the development of a national strategy which would consider the

numerous traditional approaches of combating housing abandonment as well as innovative, and possibly controversial, approaches would be a positive step toward ameliorating the national abandonment problem. We believe that different groupings of programs should be considered for neighborhoods according to the various stages of change. For example:

- It is easier and less costly to keep healthy neighborhoods from deteriorating than it is to reverse the process of neighborhood decline and abandonment. Thus, it behooves communities to devote some effort toward maintaining the status quo in healthy neighborhoods. Such effort could include a strong code enforcement program or an occupancy permit system, such as the one in University City, Missouri, which provides that whenever there is a change in ownership of a housing structure or a change in tenant residency, the dwelling unit must be inspected and brought up to code before it can be occupied.
- Neighborhoods in the early stages of decline could be dealt with through programs designed to stabilize them by making site improvements; improving public services, such as refuse pickups and police protection; and encouraging and stimulating private financing for mortgages and home improvement loans.
- In neighborhoods in the middle stages of decline, emphasis could be given to the physical improvement of residential structures and to the general neighborhood environment. Programs could include (1) spot demolitions, (2) rehabilitation loans and grants, (3) urban homesteading, (4) personal service programs, such as homebuyer counseling, (5) increased capital improvements, and (6) increased police protection against vandalism.
- In neighborhoods where abandonment has reached the late or severe stages, emphasis could be on relocating families to better neighborhoods, acquiring properties, and holding the land for future redevelopment. This approach would apply only in those areas where structural deterioration has made the neighborhood nonlivable and prospects of stabilizing the existing housing stock are minimal. Acceleration of the abandonment process in such neighborhoods could be achieved through rigorous enforcement of tax

delinquency and code enforcement sanctions. Properties so acquired by the local government would most likely be demolished, with the land parcels held until sufficient parcels were accumulated to make redevelopment feasible.

Whenever possible, programs should focus on specific concentrated project areas; neighborhoods which are contiguous to good neighborhoods; or to facilities and features such as parks, universities, or hospitals which can serve as a focal point or foundation for neighborhood revitalization efforts. Also, it must be recognized that an essential ingredient in making intelligent strategy decisions about abandonment and other adverse conditions is the need for accurate and reliable information.

AGENCY COMMENTS AND OUR EVALUATION

In commenting on our report, HUD agreed that it has the responsibility to help cities develop strategies to meet their present needs and future potential. HUD replied that the problem of abandonment is tied to the economic changes taking place in the United States; the cities will have to change to take account of the new social and economic realities; and HUD is now considering additional ways of highlighting these issues through conferences, workshops, and publications.

HUD also stated that there is a need for an institutional mechanism on the Federal or local level to take over houses which are about to be abandoned before they are vacated since, once vacated, they are rapidly vandalized and any remaining value is lost. HUD disagreed, however, with our proposals for addressing housing abandonment. (See app. I for the full text of HUD's response.)

HUD stated that the causes of abandonment often are beyond the control of the cities most severely impacted by the problem and that there was little it could have done to halt the vacating of housing units in the 1960s and early 1970s which led to widespread abandonment. HUD explained that abandonment occurred in the least desirable housing stock--housing which was densely built, severely dilapidated, and unsuitable for present day needs--and that as more (presumably better) housing became available in metropolitan areas, the housing at the bottom "filtered out" of the market. HUD stated further that there was no longer any market for much of the housing in the cities because of rapid depopulation. They point out that Detroit's population fell from 1.7 million in 1960 to 1.4 million in 1973 and that St. Louis had even more dramatic losses--200,000 out of 750,000 between 1960 and 1973.

The causes of housing abandonment may have been beyond the control of the cities. As discussed earlier (see p. 2), the problem appears to be due to the various social and economic forces that produced the population and employment shifts that have occurred since World War II. Since these shifts are the result of extraordinarily powerful personal tastes and preferences, there is little likelihood that such shifts will be reversed within the foreseeable future.

We believe, however, that the impact of housing abandonment on the cities and its residents can be minimized much more than it has been. Federal and local efforts to alleviate abandonment can be made more effective than they have been by (1) identifying the extent and location of housing abandonment and (2) developing local, systematic, and concerted strategies for dealing with abandonment which recognize the changes in employment, income, and population patterns occurring in the city. The Community Development Block Grant Program now provides HUD with the mechanism to exercise the leadership needed to address these issues.

With respect to HUD's statement that abandonment has occurred in the least desirable housing stock, various studies have demonstrated that a large portion of abandoned houses are structurally sound buildings in city areas which are far from the worst. For example, many apparently sound houses in west and southwest Philadelphia stand abandoned.

With respect to our proposal that HUD should develop and disseminate to all communities an overall strategy guide that includes a standard definition of housing abandonment and emphasizes the need for cities to (1) classify neighborhoods by stages of decline, (2) identify various program combinations which could be used in the different stages, and (3) establish specific plans with neighborhood goals and objectives for reducing abandoned housing inventories, HUD replied as follows.

HUD said it is questionable whether a single guide could be applicable to the variety of neighborhoods receiving aid and that Federal emphasis on classifying areas by stages of decline, as opposed to stages of improvement, growth or other measures of vitality, could be construed as stigmatizing neighborhoods. HUD said it has prepared a number of very useful guidebooks to assist communities in addressing the abandonment problem. (See app. I.)

Stigmatizing neighborhoods as a result of classifying them by stages of decline is a real possibility. How much negative impact such a classification would have is conjecture at this time. Certainly, city residents are generally aware of which neighborhoods are the more desirable and least desirable areas in their city.

The problem with past revitalization efforts is that there is no citywide recognition of the abandonment problem, including the related phases of neighborhood decline, nor the development of a systematic comprehensive approach to minimizing the problem. Instead, a variety of Federal programs are often used haphazardly throughout various neighborhoods with relatively little effect, or revitalization efforts which are focused successfully in several neighborhoods do little for the overall citywide abandonment problem.

Whether neighborhoods are classified by stages of decline, improvement, growth, or other measures of vitality is not all that important. What is important is that some rational basis be developed for (1) recognizing neighborhood change as it occurs and (2) allocating scarce resources toward minimizing the adverse impacts of such change in the most effective manner.

HUD stated that it found our typology of neighborhood decline most disturbing in assuming that a healthy neighborhood must contain a "homogeneous population in terms of race." Further, HUD questions the characterization of clearly declining neighborhoods as ones faced with "accelerating ethnic change." These assumptions, said HUD, are simply not acceptable given their knowledge of American cities.

Our statement describes the abandonment process; it does not propose that healthy neighborhoods must contain a homogeneous population in terms of race, income, education, and jobs. Nor do we assume that accelerating ethnic change causes all neighborhoods to decline. Nevertheless, our statements that (1) healthy neighborhoods can be characterized as containing a homogeneous population in terms of race, income, education, and jobs and (2) clearly declining neighborhoods undergo accelerating ethnic change, are accurate.

The statements are based on our review of numerous research studies of the abandonment process, many of which were done for HUD, which reached similar conclusions. Sound, stable neighborhoods which are racially and economically integrated presently are not the norm in the United States. This was recognized by HUD before the Senate Banking, Housing and Urban Affairs Committee on July 7, 1977. In response to

an inquiry from the Chairman regarding whether there were many stable racially and economically integrated neighborhoods in many cities, the Assistant Secretary for Community Planning and Development replied, "I would assume they are relatively rare." The Assistant Secretary for Neighborhoods, Voluntary Associations and Consumer Affairs, added, "This country never believed in heterogeneous communities. We think by class or race or income and we never believed in that real diversity."

That is not to say, however, that this situation will not change over time since there is a concerted Federal effort to promote racially and economically integrated neighborhoods.

HUD stated that it does not plan to require recipients of community development block grant funds to recognize in their housing assistance plans the extent of their abandoned housing and to implement specific strategies for reducing these problems as we proposed. HUD said it is trying to emphasize rehabilitation and neighborhood strategies which should have the effect of preventing or eliminating early abandonment.

With respect to our proposal that HUD consider providing additional financial incentives by way of the new Urban Development Action Grant Program to communities addressing their abandonment problems, HUD responded that the Congress would have to decide whether it wishes to single out abandonment as so significant a problem that special incentive funds for city programs be targetted specifically on that issue. They agreed, however, that there are certainly good reasons for providing such incentives.

We believe that, given a standard definition of housing abandonment, the housing assistance plans can be used to gather meaningful information on the extent of the nationwide abandonment problem. Furthermore, our proposals are not inconsistent with the Community Development Block Grant Program and Urban Development Action Grant Program authorizing legislation. For example, section 104(a)(4) of the Housing and Community Development Act of 1977 (91 Stat. 1111) stipulates that an applicant will not receive a community development block grant unless the community prepares a HAP which "(A) Accurately surveys the condition of the housing stock in the community***and identifies housing stock which is in a deteriorated condition."

With respect to the Urban Development Action Grant Program, section 119(a) of the Housing and Community Development Act of 1977 provides that:

"***the Secretary is authorized to make urban development action grants to severely distressed cities and urban counties to help alleviate physical and economic deterioration through reclamation of neighborhoods having excessive housing abandonment or deterioration, and through community revitalization in areas with population outmigration or a stagnating or declining tax base." (Underscoring supplied.)

Section 119(c) provides further that:

"Applications for assistance under this section shall*** (2) describe a concentrated urban development action program setting forth a comprehensive action plan and strategy to alleviate physical and economic distress through systematic change, ***Such program shall be developed as to take advantage of unique opportunities to attract private investment, stimulate investment in restoration of deteriorated or abandoned housing***" (Underscoring supplied.)

Furthermore, any neighborhood in need of revitalization is in some stage of decline which may eventually result in widespread housing abandonment. Neighborhood revitalization is an attempt to reverse this process. If neighborhood revitalization efforts are to be successful on a more than sporadic basis, we believe cities must have accurate information on (1) the extent and location of their abandoned houses and (2) neighborhood stage of change (or growth). Only then, in our view, can local strategies for neighborhood revitalization be logically and effectively developed and implemented.

CITY COMMENTS

The sections of the report pertaining to their respective cities were provided to Philadelphia, Detroit, and St. Louis for comment. Officials from Philadelphia and Detroit provided us with their oral comments which were incorporated in the report as we considered appropriate. St. Louis did not comment on the report.

RECOMMENDATIONS

We recommend that the Secretary of Housing and Urban Development:

- Develop and disseminate to all communities receiving block grant funds an overall strategy guide for reducing abandoned housing inventories and preventing further abandonment. Such a guide should formulate a standard definition of the term "housing abandonment" and emphasize the need for cities to (1) classify neighborhoods by stages of change, (2) identify various program combinations and approaches which could be used in different stages, and (3) establish specific plans with neighborhood goals and objectives for reducing abandoned housing inventories.
- require communities receiving community development block grants to recognize, through their housing assistance plans, the extent and location of their abandoned housing and implement specific strategies for reducing serious problems.
- Provide additional financial incentives by way of the new Urban Development Action Grant Program to communities that demonstrate the capacity, need, and desire to minimize their abandonment problems.

CHAPTER 5

SCOPE OF REVIEW

Our review was conducted at the HUD central office in Washington, D.C.; HUD area offices in Philadelphia, Pennsylvania (region III); Detroit, Michigan (region V); and St. Louis, Missouri (region VII); and in the cities of Philadelphia, Detroit, and St. Louis.

The review was directed toward identifying the efforts of major U.S. cities to reduce their existing inventories of abandoned housing. In this connection, we sent questionnaires to the 201 largest cities in the United States as identified by the 1970 census; replies were received from 149 cities. Appendix II lists the cities that responded to the questionnaire and appendix III lists the cities that did not respond.

Additionally, we reviewed documents, reports, and files. We interviewed officials and other representatives of HUD and the three cities under review. We also toured blighted areas and took photographs of abandoned housing.

In performing our review, we used the following consultants:

Dr. George Sternlieb
Director, Center of Urban Policy Research
Rutgers University

Dr. George D. Wendel
Director, Center for Urban Programs
Saint Louis University

Seymour L. Wolfbein
Dean of School of Business Administration
Temple University



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

12 MAY 1978

OFFICE OF THE ASSISTANT SECRETARY
FOR COMMUNITY PLANNING AND DEVELOPMENT

IN REPLY REFER TO:

Mr. Henry Eschwege
Director, Community and
Economic Development Division
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Eschwege:

Secretary Harris has asked me to respond to your proposed report to the Congress entitled "Housing Abandonment: A National Problem."

A careful review of the draft report leads me to believe that it can be strengthened by a number of substantive changes which are discussed briefly below. The changes we have suggested could result in a document which would be more useful to the Members of Congress by improving their understanding of the process of abandonment and how the problem may be addressed by localities participating in the Community Development Block Grant (CDBG) program.

The causes of abandonment often are beyond the control of the cities most severely impacted by this problem. With respect to the development and implementation of a national policy on the prevention of abandonment, in our view, there was little HUD could have done to halt the vacating of housing units in the 1960's and early 1970's which led to widespread abandonment.

In many of the cities you selected, abandonment has occurred in the least desirable housing stock. The housing was usually densely built on the land, unsuitable for present day needs or severely dilapidated. The properties were also subject to speculative financing which was not accompanied by appropriate maintenance or repair. As more housing became available in metropolitan areas, the housing at the bottom "filtered out" of the market.

In the cities described in your report, there was no longer any market reason for much of the housing. These cities were facing rapid depopulation. Detroit's population fell from 1,700,000 in 1960 to 1,400,000 in 1973, a loss

close to 18 percent. St. Louis, another city profiled in your report, had even more dramatic losses between 1960 and 1973, almost 200,000 out of 750,000. Between 1970 and 1973 alone, St. Louis lost ten percent of its population.

Nevertheless, there is a need for an institutional mechanism on the Federal or local level to pick up houses as they are about to be "dumped" by landlords. The decline of profitability in rental housing for moderate income households leads some owners to "walk away" from the buildings they own. If cities could take these units over before they are vacant, the houses could be a significant, and relatively inexpensive, resource for poor people. After the units are vacated, they rapidly are vandalized and the little remaining value is lost.

As to your recommendations for HUD action, each is discussed in some detail below.

I. GAO Recommendation

Develop and disseminate to all communities an overall strategy guide for reducing abandoned housing inventories. Such a guide should formulate a standard definition of the term "housing abandonment" and emphasize the need for cities to: (1) classify neighborhoods by stages of decline; (2) identify various program combinations and approaches which could be used in different stages; and (3) establish specific plans with neighborhood goals and objectives for reducing abandoned housing inventories.

HUD Reply

It is questionable whether a single guide could be produced which would be applicable to the variety of neighborhoods receiving our aid at present. A Federal emphasis on classifying areas by stages or decline (as opposed to stages of improvement, growth or other measures of vitality) could be construed as stigmatizing neighborhoods.

Many attempts to develop a typology of neighborhood decline have been undertaken over the past several decades. We find it most disturbing that your typology assumes that a healthy neighborhood must contain a "homogeneous population in terms of race" Further, the report characterizes clearly declining neighborhoods as ones faced with "accelerating ethnic change." These assumptions are simply not acceptable given our knowledge of American cities.

The Department of Housing and Urban Development has assisted in the preparation of a number of very useful guidebooks to assist communities in addressing the abandonment problem. Among these are: Neighborhood Preservation: A Catalog of Local Programs; Neighborhood Preservation: Legal and Administrative Documents; and Residential Abandonment, the Tenement Landlord Revisited, by George Sternlieb and Robert W. Burchell, Rutgers University. We plan to issue shortly a guide on urban homesteading as an aid to the expanding universe of communities participating in that program. It might prove helpful to the recipients of your report if a short listing of such available government publications were appended to the report.

II. GAO Recommendation

Require recipients of CDBG funds to recognize through their housing assistance plans the extent of their abandoned housing problems and implement specific strategies for reducing these problems.

HUD Reply

We plan to defer further amendments to the Housing Assistance Plan submission requirements given the substantive changes contained in our recently published CDBG regulations. HUD is trying to emphasize rehabilitation and neighborhood strategies which should have the effect of preventing or eliminating early abandonment.

III. GAO Recommendation

Consider providing additional financing incentives by way of the new urban development action grant program to communities which demonstrate the capacity, the need and the desire to minimize abandonment.

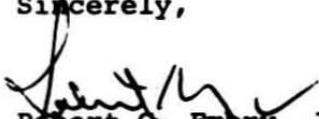
HUD Reply

Congress would have to decide whether it wishes to single out abandonment as so significant a problem that special incentive funds for city programs be targetted specifically on that issue. There are certainly good reasons for it: abandonment has a severely blighting influence on central cities, and cities are reluctant to spend CDBG funds on tearing down buildings when there are so many other uses to which they can be put.

4

We agree that it is HUD's responsibility to help the cities develop strategies to meet their present needs and future potential. The strategies which you discuss on pages 59 and 60 are controversial. Locally and nationally, we have had a difficult time readjusting our thinking from constant growth to either a steady population or a shrinking one. The problem of abandonment is tied to changes taking place economically in the United States and the cities will have to change to take account of the new social and economic realities. HUD is now considering additional ways of highlighting these issues through conferences, workshops and publications.

Sincerely,



Robert C. Emery, Jr.
Assistant Secretary

CITIES RESPONDING TO THE
HOUSING ABANDONMENT QUESTIONNAIRE

Abilene, Texas	Chattanooga, Tennessee
Akron, Ohio	Chicago, Illinois
Albuquerque, New Mexico	Cincinnati, Ohio
Alexandria, Virginia	Cleveland, Ohio
Allentown, Pennsylvania	Columbia, South Carolina
Amarillo, Texas	Columbus, Georgia
Anchorage, Alaska	Columbus, Ohio
Ann Arbor, Michigan	Corpus Christi, Texas
Arlington County, Virginia	Dallas, Texas
Arlington, Texas	Davenport, Iowa
Austin, Texas	Dayton, Ohio
Baltimore, Maryland	Dearborn, Michigan
Beaumont, Texas	Decatur, Illinois
Berkeley, California	Detroit, Michigan
Birmingham, Alabama	Downey, California
Boston, Massachusetts	Durham, North Carolina
Bridgeport, Connecticut	Elizabeth, New Jersey
Burbank, California	El Paso, Texas
Camden, New Jersey	Fall River, Massachusetts
Canton, Ohio	Flint, Michigan
Cedar Rapids, Iowa	Fort Lauderdale, Florida
Charlotte, North Carolina	Fort Worth, Texas
Fresno, California	Livonia, Michigan

APPENDIX II

APPENDIX II

Garden Grove, California
 Gary, Indiana
 Glendale, California
 Grand Rapids, Michigan
 Green Bay, Wisconsin
 Greensboro, North Carolina
 Hammond, Indiana
 Hayward, California
 Hollywood, Florida
 Honolulu, Hawaii
 Houston, Texas
 Huntington Beach, California
 Huntsville, Alabama
 Independence, Missouri
 Indianapolis, Indiana
 Irving, Texas
 Jackson, Mississippi
 Jacksonville, Florida
 Jersey City, New Jersey
 Kansas City, Missouri
 Knoxville, Tennessee
 Lakewood, Colorado
 Lansing, Michigan
 Las Vegas, Nevada
 Lincoln, Nebraska
 Peoria, Illinois

Los Angeles, California
 Louisville, Kentucky
 Lubbock, Texas
 Lynn, Massachusetts
 Madison, Wisconsin
 Manchester, New Hampshire
 Memphis, Tennessee
 Miami Beach, Florida
 Milwaukee, Wisconsin
 Minneapolis, Minnesota
 Mobile, Alabama
 Montgomery, Alabama
 Nashville, Tennessee
 New Haven, Connecticut
 New Orleans, Louisiana
 Newport News, Virginia
 Newton, Massachusetts
 New York, New York
 Niagara Falls, New York
 Norfolk, Virginia
 Oakland, California
 Oklahoma City, Oklahoma
 Omaha, Nebraska
 Orlando, Florida
 Pasadena, Texas
 Shreveport, Louisiana

APPENDIX II

Philadelphia, Pennsylvania
Phoenix, Arizona
Pittsburgh, Pennsylvania
Pomona, California
Portsmouth, Virginia
Pueblo, Colorado
Quincy, Massachusetts
Racine, Wisconsin
Raleigh, North Carolina
Reading, Pennsylvania
Richmond, Virginia
Riverside, California
Rochester, New York
Rockford, Illinois
Sacramento, California
Saginaw, Michigan
Salt Lake City, Utah
San Antonio, Texas
San Bernardino, California
San Diego, California
San Francisco, California
San Jose, California
Santa Ana, California
Santa Clara, California
Savannah, Georgia

APPENDIX II

Sioux City, Iowa
Somerville, Massachusetts
South Bend, Indiana
Spokane, Washington
Springfield, Illinois
Springfield, Massachusetts
Springfield, Missouri
St. Louis, Missouri
Stockton, California
St. Paul, Minnesota
St. Petersburg, Florida
Syracuse, New York
Tacoma, Washington
Tampa, Florida
Toledo, Ohio
Topeka, Kansas
Trenton, New Jersey
Virginia Beach, Virginia
Waco, Texas
Warren, Michigan
Washington, D.C.
Waterbury, Connecticut
Wichita Falls, Texas
Winston-Salem, North Carolina
Woodbridge, New Jersey
Worcester, Massachusetts

CITIES NOT RESPONDING TO THE HOUSINGABANDONMENT QUESTIONNAIRE (note a)

Albany, New York	Kalamazoo, Michigan
Atlanta, Georgia	Kansas City, Kansas
Anaheim, California	Lexington, Kentucky
Baton Rouge, Louisiana	Little Rock, Arkansas
Brockton, Massachusetts	Long Beach, California
Buffalo, New York	Lowell, Massachusetts
Cambridge, Massachusetts	Macon, Georgia
Chesapeake, Virginia	Miami, Florida
Colorado Springs, Colorado	Newark, New Jersey
Denver, Colorado	New Bedford, Massachusetts
Des Moines, Iowa	Norwalk, California
Duluth, Minnesota	Parma, Ohio
Erie, Pennsylvania	Paterson, New Jersey
Evansville, Indiana	Portland, Oregon
Fort Wayne, Indiana	Providence, Rhode Island
Fremont, California	Roanoke, Virginia
Fullerton, California	Royal Oak, Michigan
Hampton, Virginia	Santa Monica, California
Hartford, Connecticut	Scranton, Pennsylvania
Hialeah, Florida	Seattle, Washington
Ingelwood, California	Stamford, Connecticut

a/ These cities are listed to enable the reader to identify (by referring to app. II) all the cities we queried.

APPENDIX III

APPENDIX III

St. Claire Shores, Michigan

Utica, New York

Sunnyvale, California

Westland, Michigan

Torrance, California

Wichita, Kansas

Tucson, Arizona

Yonkers, New York

Tulsa, Oklahoma

Youngstown, Ohio

CITIES WITH HOUSING ABANDONMENT
PROBLEMS (PER QUESTIONNAIRE RESPONSE)

MAJOR PROBLEM

Camden, New Jersey	New York, New York
Cleveland, Ohio	Oakland, California
Gary, Indiana	St. Louis, Missouri
Lynn, Massachusetts	Toledo, Ohio

SUBSTANTIAL PROBLEM

Chicago, Illinois	Pomona, California
Columbus, Ohio	Raleigh, North Carolina
Detroit, Michigan	San Bernardino, California
Grand Rapids, Michigan	South Bend, Indiana
Indianapolis, Indiana	Springfield, Massachusetts
Jersey City, New Jersey	St. Paul, Minnesota
New Haven, Connecticut	Topeka, Kansas
Orlando, Florida	Trenton, New Jersey
Philadelphia, Pennsylvania	Waterbury, Connecticut

MODERATE PROBLEM

Abilene, Texas	Jacksonville, Florida
Baltimore, Maryland	Kansas City, Missouri
Birmingham, Alabama	Las Vegas, Nevada
Boston, Massachusetts	Louisville, Kentucky
Cincinnati, Ohio	Lubbock, Texas
Dayton, Ohio	Milwaukee, Wisconsin
Flint, Michigan	Mobile, Alabama
Houston, Texas	Montgomery, Alabama

Oklahoma City, Oklahoma
 Phoenix, Arizona
 Pittsburgh, Pennsylvania
 Richmond, Virginia
 Rochester, New York
 Sacramento, California
 Saginaw, Michigan

Savannah, Georgia
 Sioux City, Iowa
 Springfield, Illinois
 Syracuse, New York
 Tacoma, Washington
 Warren, Michigan

SMALL PROBLEM

Akron, Ohio
 Albuquerque, New Mexico
 Alexandria, Virginia
 Allentown, Pennsylvania
 Amarillo, Texas
 Ann Arbor, Michigan
 Arlington County, Virginia
 Arlington, Texas
 Beaumont, Texas
 Berkeley, California
 Bridgeport, Connecticut
 Charlotte, North Carolina
 Chattanooga, Tennessee
 Columbia, South Carolina
 Columbus, Georgia
 Corpus Christi, Texas
 Dallas, Texas
 Davenport, Iowa

Decatur, Illinois
 Durham, North Carolina
 Elizabeth, New Jersey
 El Paso, Texas
 Green Bay, Wisconsin
 Greensboro, North Carolina
 Hammond, Indiana
 Hollywood, Florida
 Huntsville, Alabama
 Independence, Missouri
 Knoxville, Tennessee
 Lansing, Michigan
 Lincoln, Nebraska
 Livonia, Michigan
 Los Angeles, California
 Memphis, Tennessee
 Minneapolis, Minnesota
 Nashville, Tennessee

APPENDIX IV

Newport News, Virginia
Niagara Falls, New York
Norfolk, Virginia
Omaha, Nebraska
Pasadena, Texas
Peoria, Illinois
Portsmouth, Virginia
Pueblo, Colorado
Racine, Wisconsin
Riverside, California
Rockford, Illinois

APPENDIX IV

San Diego, California
Shreveport, Louisiana
Spokane, Washington
Springfield, Missouri
Stockton, California
St. Petersburg, Florida
Waco, Texas
Washington, D.C.
Wichita Falls, Texas
Winston-Salem, North Carolina
Woodbridge, New Jersey

**PRINCIPAL DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT OFFICIALS RESPONSIBLE FOR ACTIVITIES
DISCUSSED IN THIS REPORT**

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
SECRETARY OF HOUSING AND URBAN DEVELOPMENT:		
Patricia Roberts Harris	Jan. 1977	Present
Carla A. Hills	Mar. 1975	Jan. 1977
James T. Lynn	Feb. 1973	Feb. 1975
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT:		
Robert C. Embry, Jr.	Mar. 1977	Present
John Tuite (acting deputy)	Jan. 1977	Mar. 1977
Warren H. Butler (acting)	Nov. 1976	Jan. 1977
David O. Meeker, Jr.	Mar. 1973	Sept. 1976