

LEGACY CITIES | Land Paradox

mass | economics

Teresa M. Lynch | 14th Annual New Partners for Smart Growth | 1.29.2015 | Baltimore, Maryland

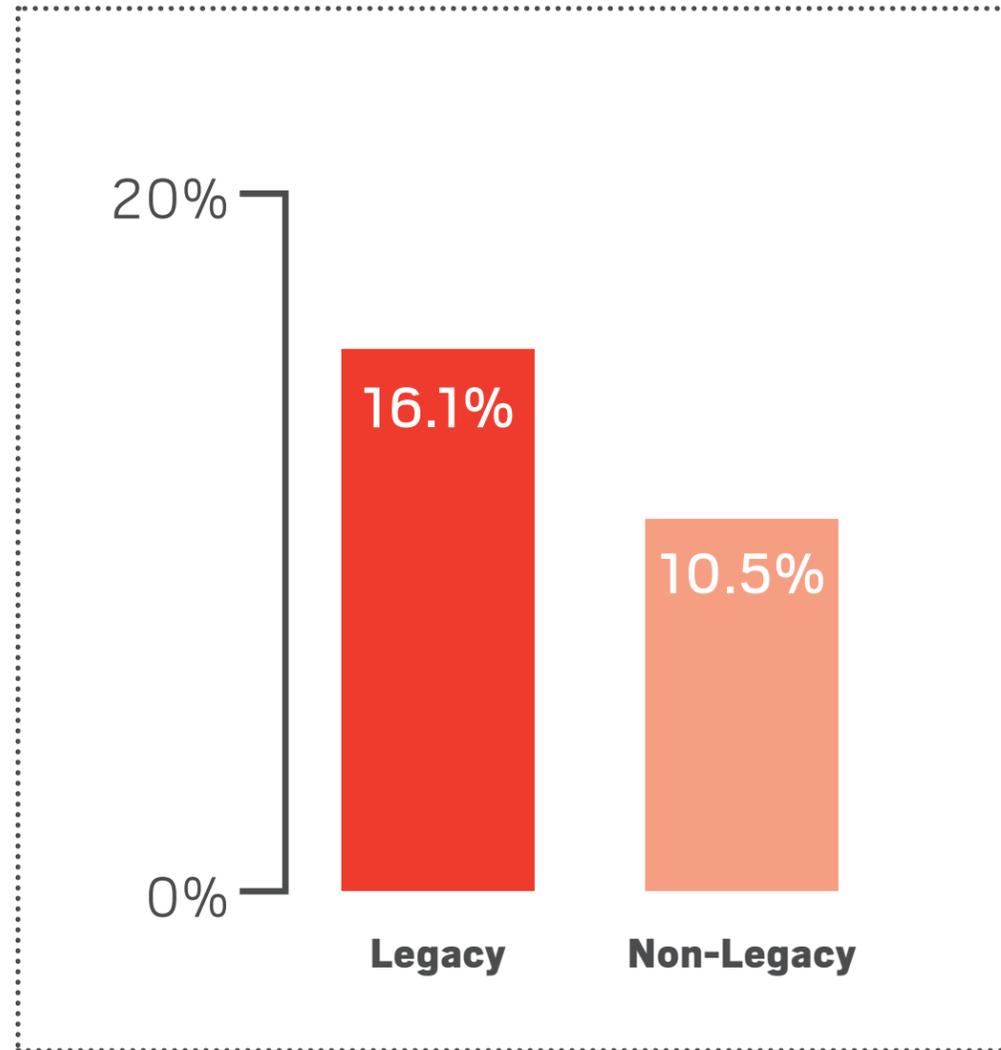
1 | INTRODUCTION

THE LEGACY CITIES LAND PARADOX

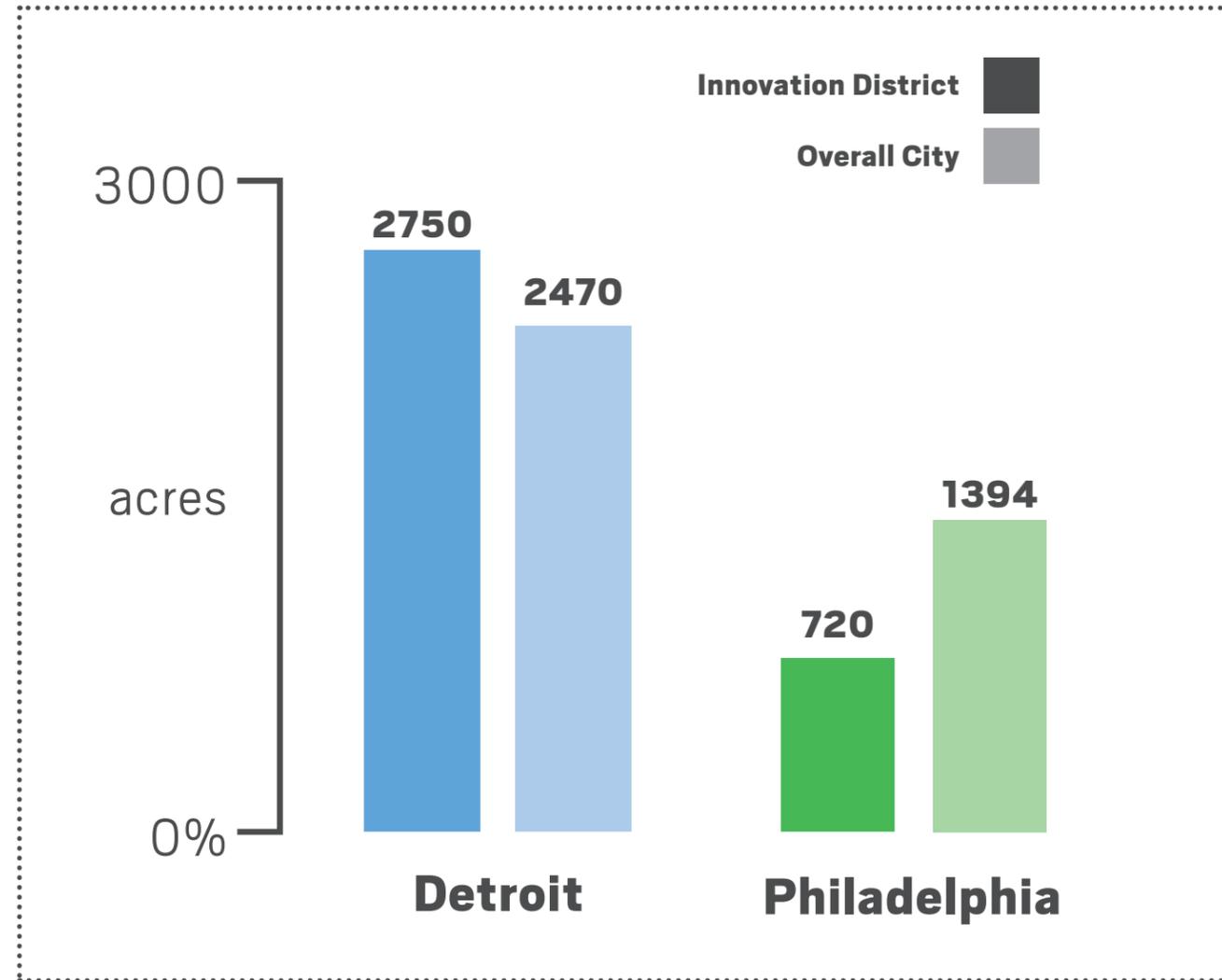
Legacy cities possess considerable vacant and under-utilized land yet have a shortage of developable land. The cost of this vacant and underutilized land is enormous, creating economic and fiscal challenges as well as inclusion barriers. New solutions for developing land in legacy cities are necessary; solutions that make land more expensive to hold may hold particular promise.

2 | VACANCY + UNDERUTILIZATION

VACANCY + UNDERUTILIZATION | VACANCY STATISTICS



Residential Building Vacancy



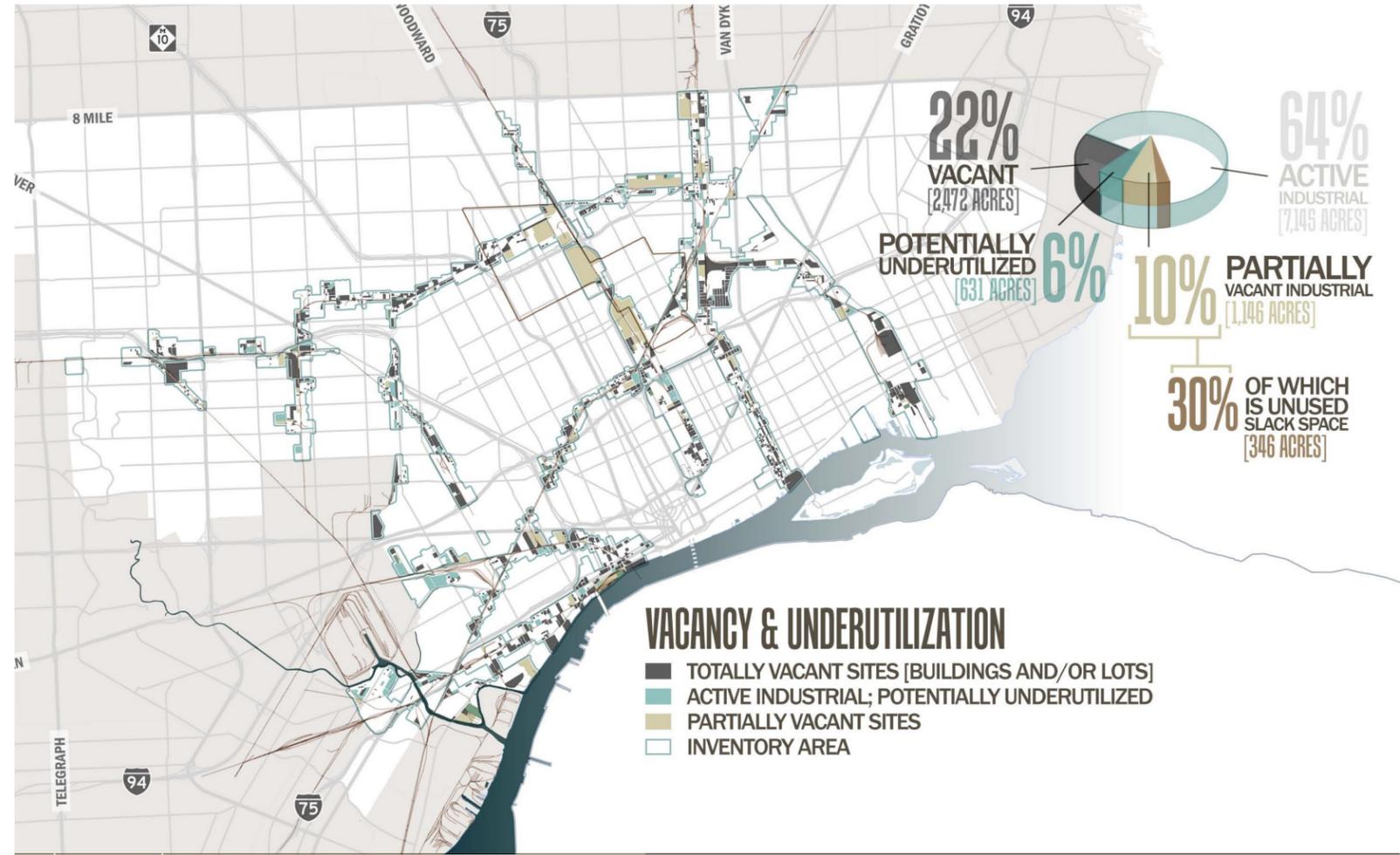
Industrial Land Vacancy

SOURCES: U.S. Census Bureau; Detroit Future City; Mass Economics Analysis

VACANCY + UNDERUTILIZATION | VACANCY IN CITIES



NEW ORLEANS

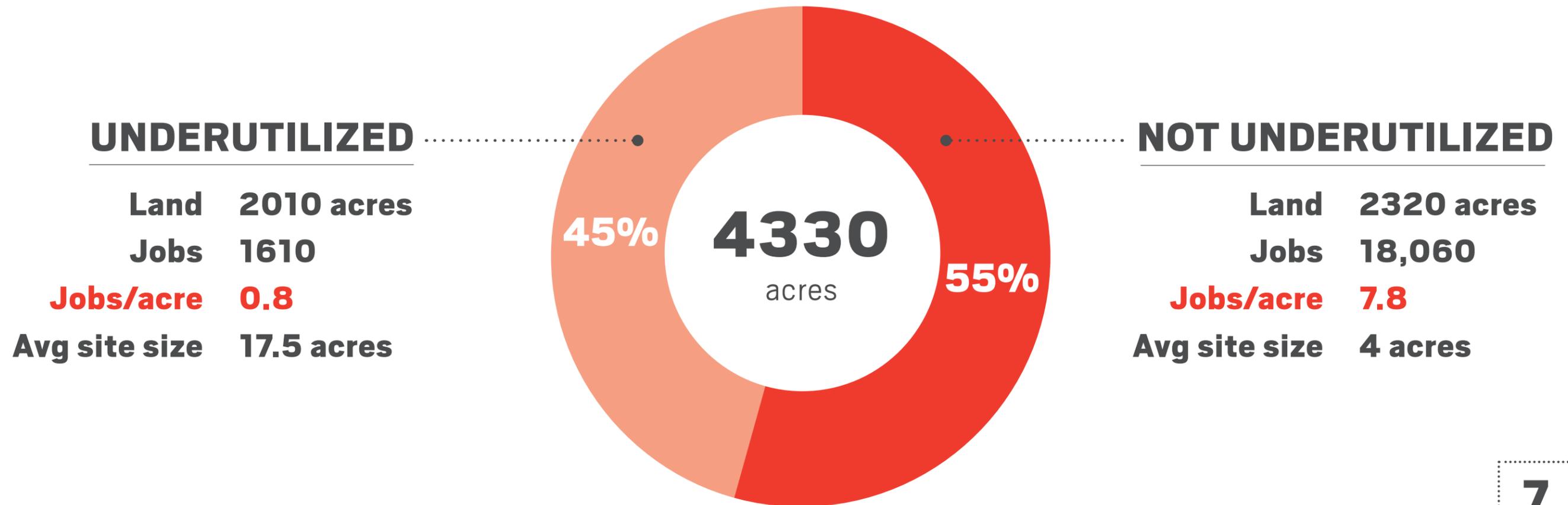


DETROIT

VACANCY + UNDERUTILIZATION | UNDER-UTILIZATION

Legacy City A | *Industrial Land Use*

Total Land 4330 acres
Total Jobs 19,700
Total Jobs/acre 4.6

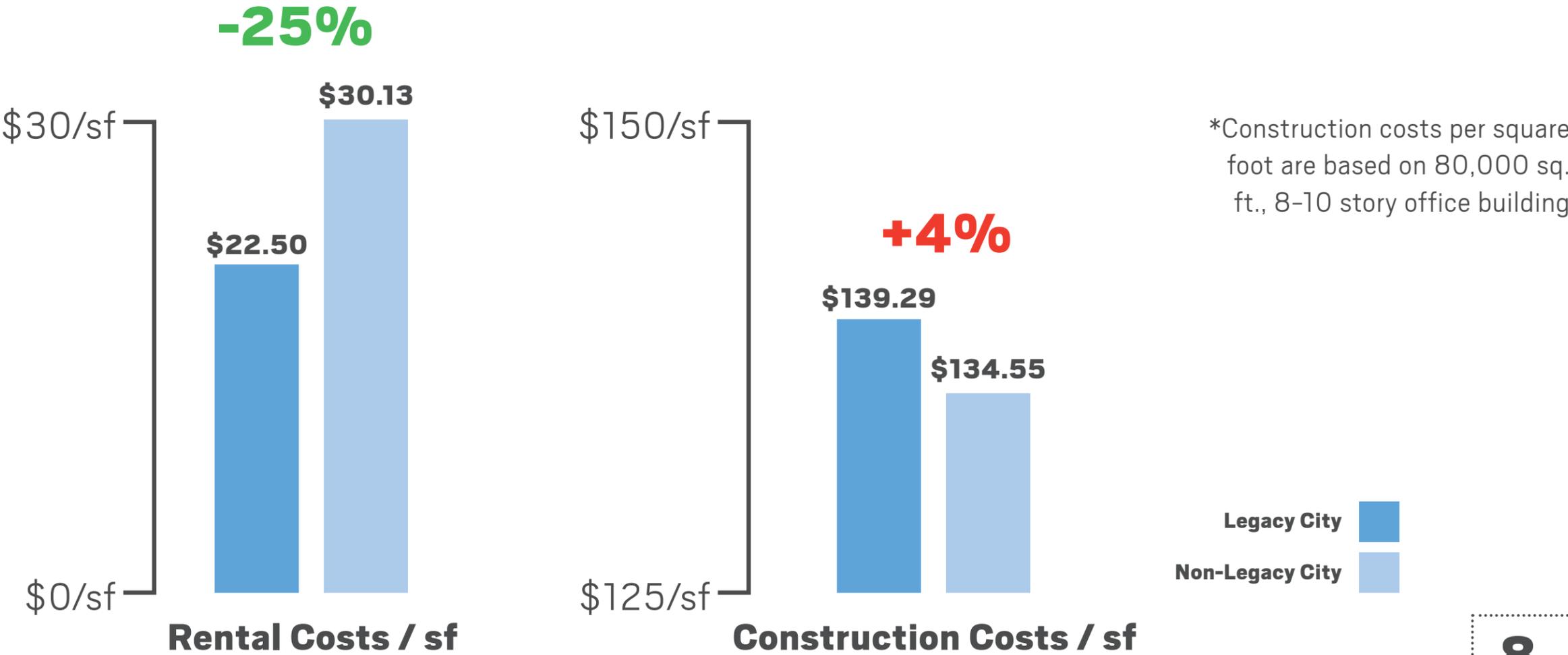


SOURCE: Mass Economics Analysis

VACANCY + UNDERUTILIZATION | CAUSES

1 HIGH DEVELOPMENT COSTS

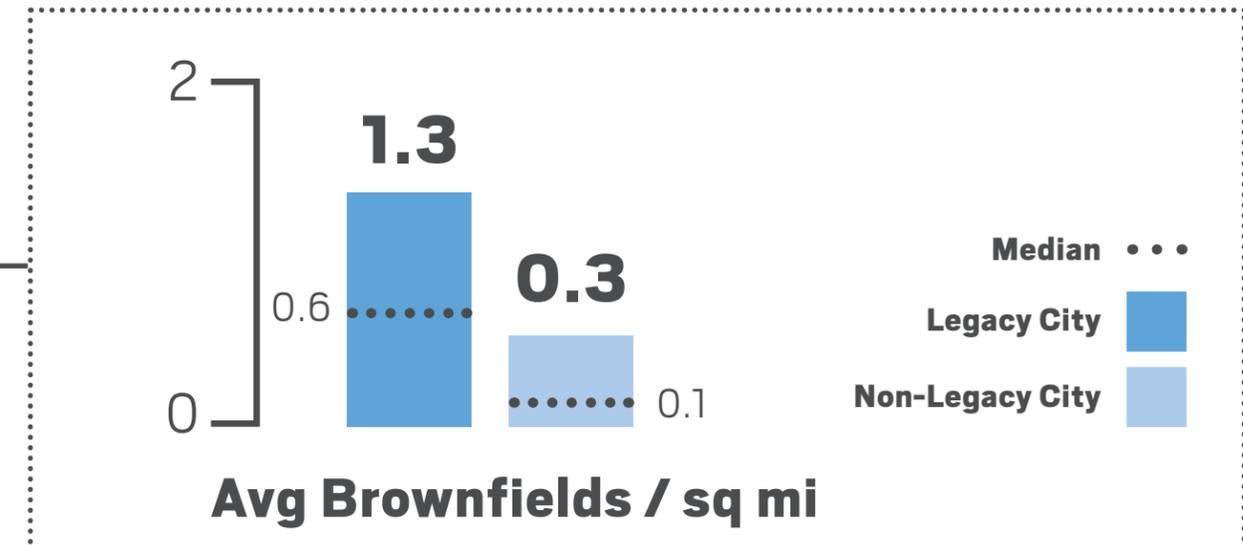
In many legacy cities, it is too cheap to sit on land and too expensive to develop land. In weak economies, land cannot be redeveloped without significant subsidies.



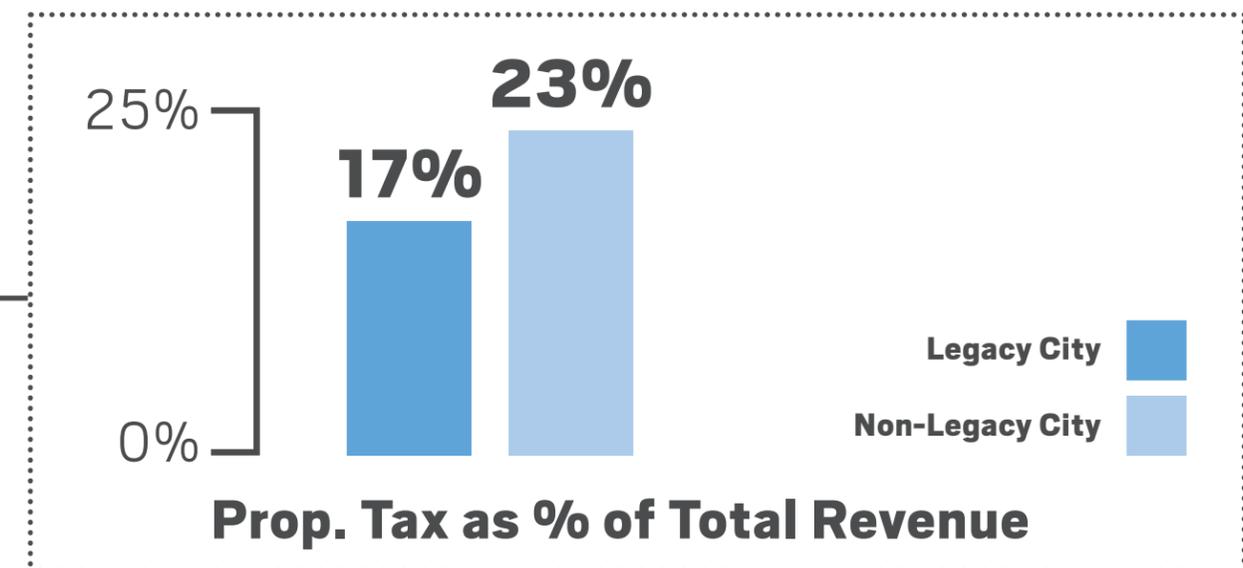
SOURCES: Cushman Wakefield; Building Journal Construction Estimates; Mass Economics Analysis

VACANCY + UNDERUTILIZATION | CAUSES

2 HISTORIC CONTAMINATION



3 LITTLE RELIANCE ON PROPERTY TAX



4 INSUFFICIENT OVERSIGHT

Weak or nonexistent regulation / enforcement regarding land issues leads to exploitative activities.

SOURCES: U.S. EPA; Lincoln Institute of Land Policy - FiSC Database; Mass Economics Analysis

3 | LAND and ECONOMIC INCLUSION

Land challenges limit economic inclusion opportunities

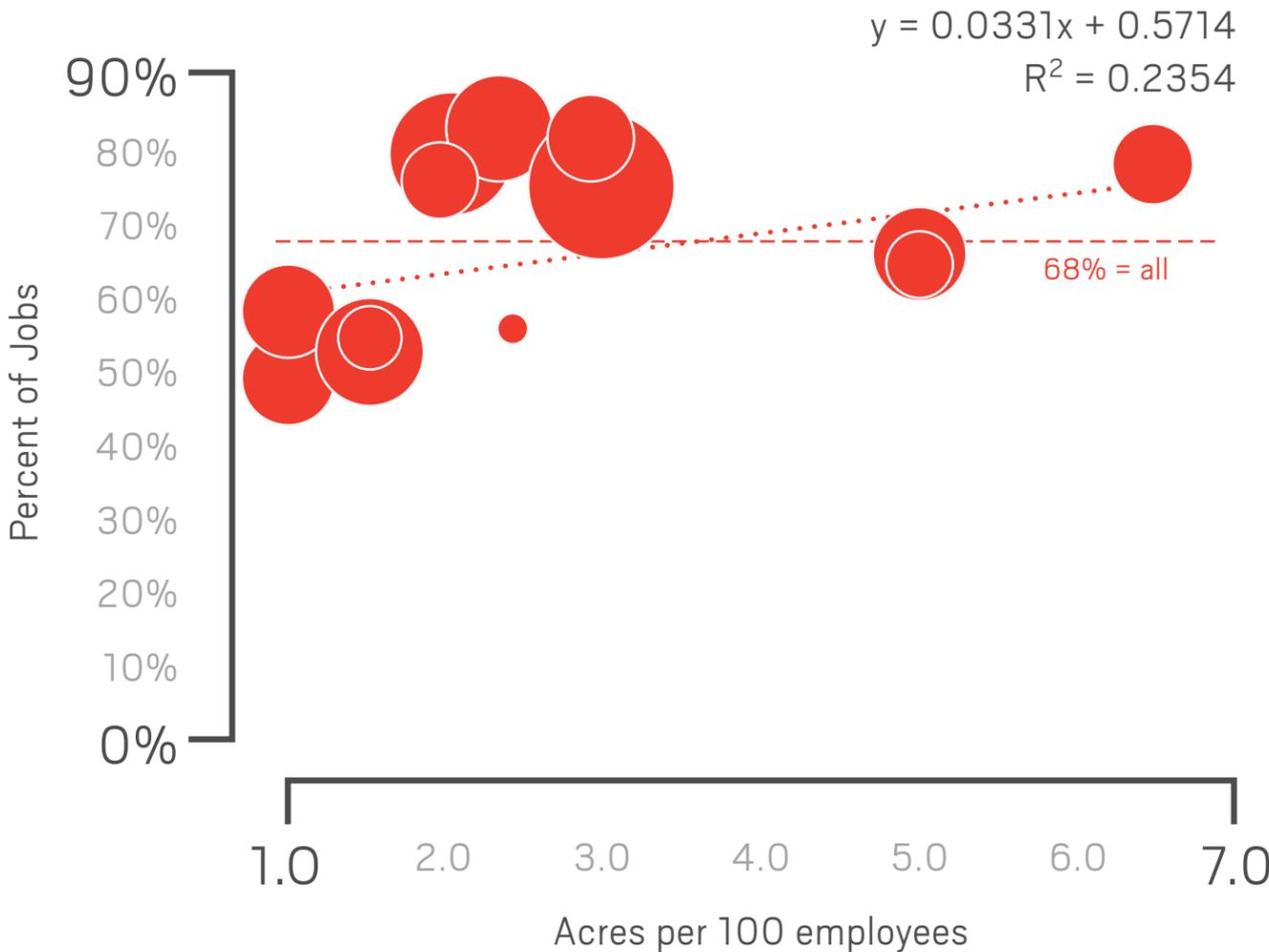
Land challenges have economic growth and fiscal implications. They also undermine economic inclusion.

Land-intensive sectors offer many accessible, middle-wage jobs to workers without college degrees. Locked land limits these opportunities for middle-wide job growth.

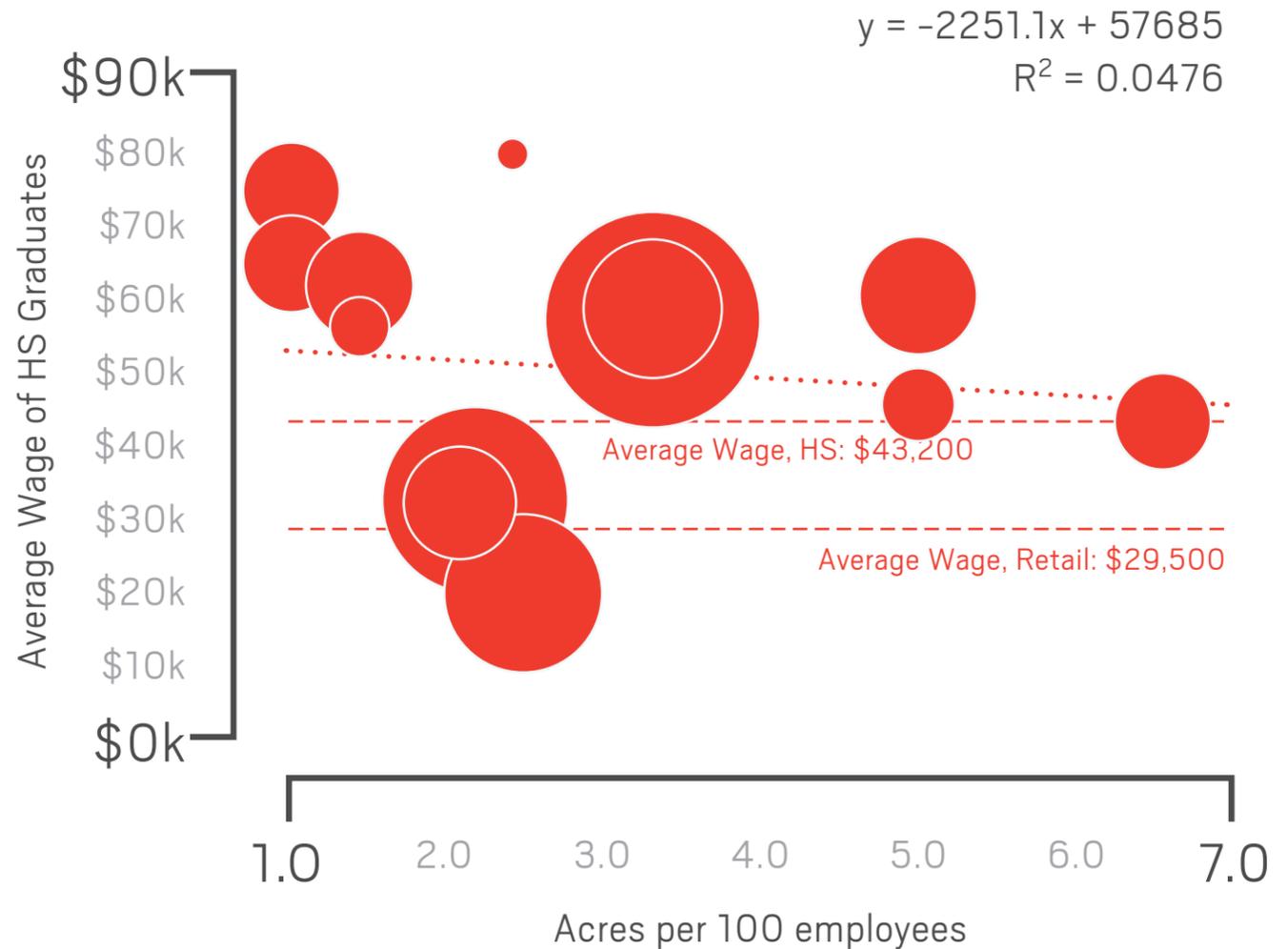
These trends are intensifying – blue collar jobs consume more space while white-collar jobs consume less space, and a wider range of spaces.

LAND and ECONOMIC INCLUSION

Percent Of Jobs Which Require Less Than Four-Year Degree
vs.
Acres per 100 Employees



Average Wages for HS Graduates
vs.
Acres per 100 Employees



*Data on slides 12 and 13 are from Minneapolis, MN, but relationships hold when using jobs + wage data from Detroit MSA

SOURCES: QWI; City of Minneapolis – Industrial Land Use Study and Employment Policy Plan; City of Fort Collins - Land/Building Needs Analysis for Targeted Industries; Economic Growth Effects Analysis for the Bay Area to Central Valley Program-Level Environmental Impact Report and Tier 1 Environmental Impact Statement; City of Klamath Falls - Johnson Gardner Study; City of Scappoose Urban Growth Boundary Amendment; Employment Land Needs Assessment and Action Plan for Oklahoma City; Mass Economics Analysis

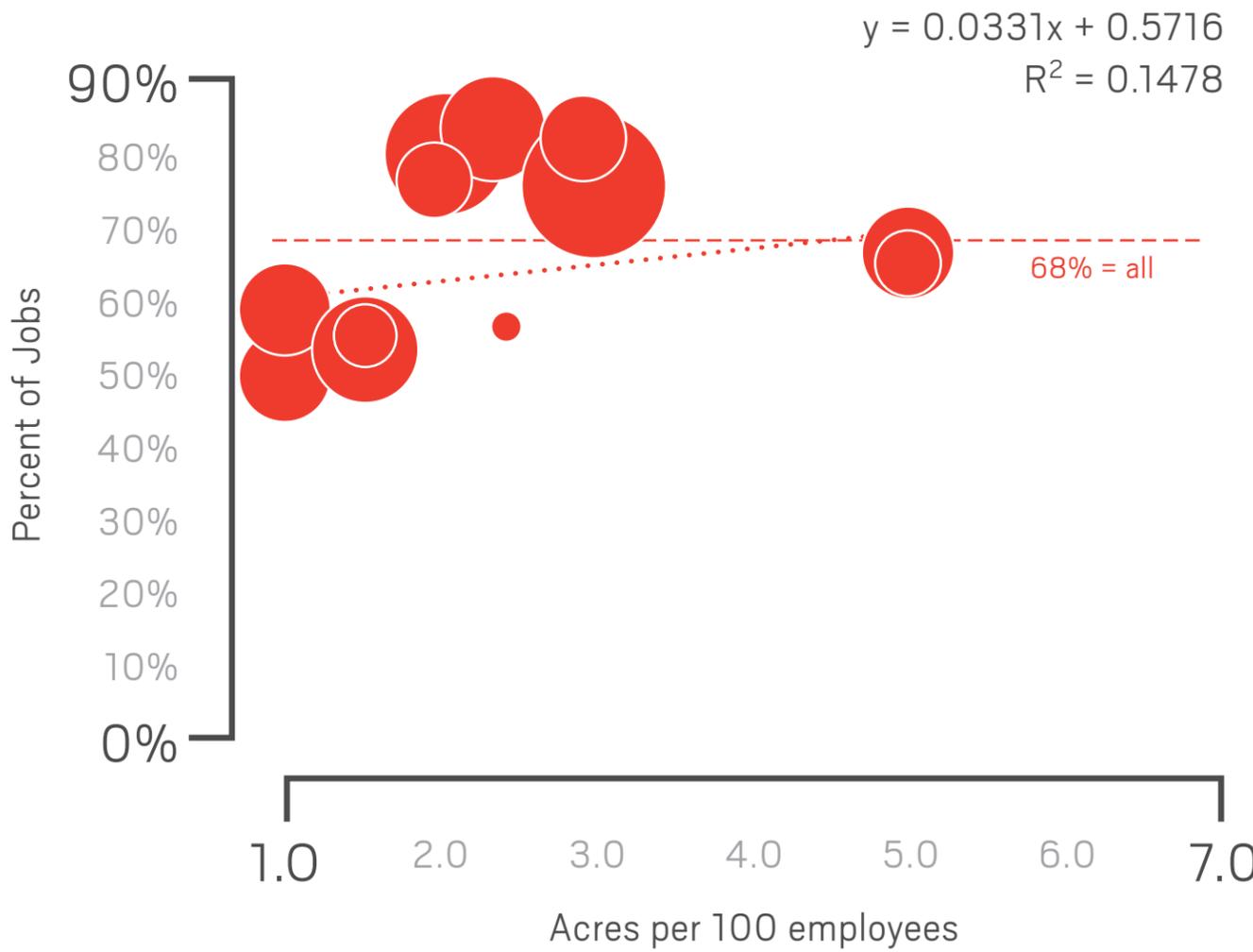
LAND and ECONOMIC INCLUSION

Percent Of Jobs Which Require Less Than Four-Year Degree

vs.

Acres per 100 Employees

(excluding transportation and warehousing)

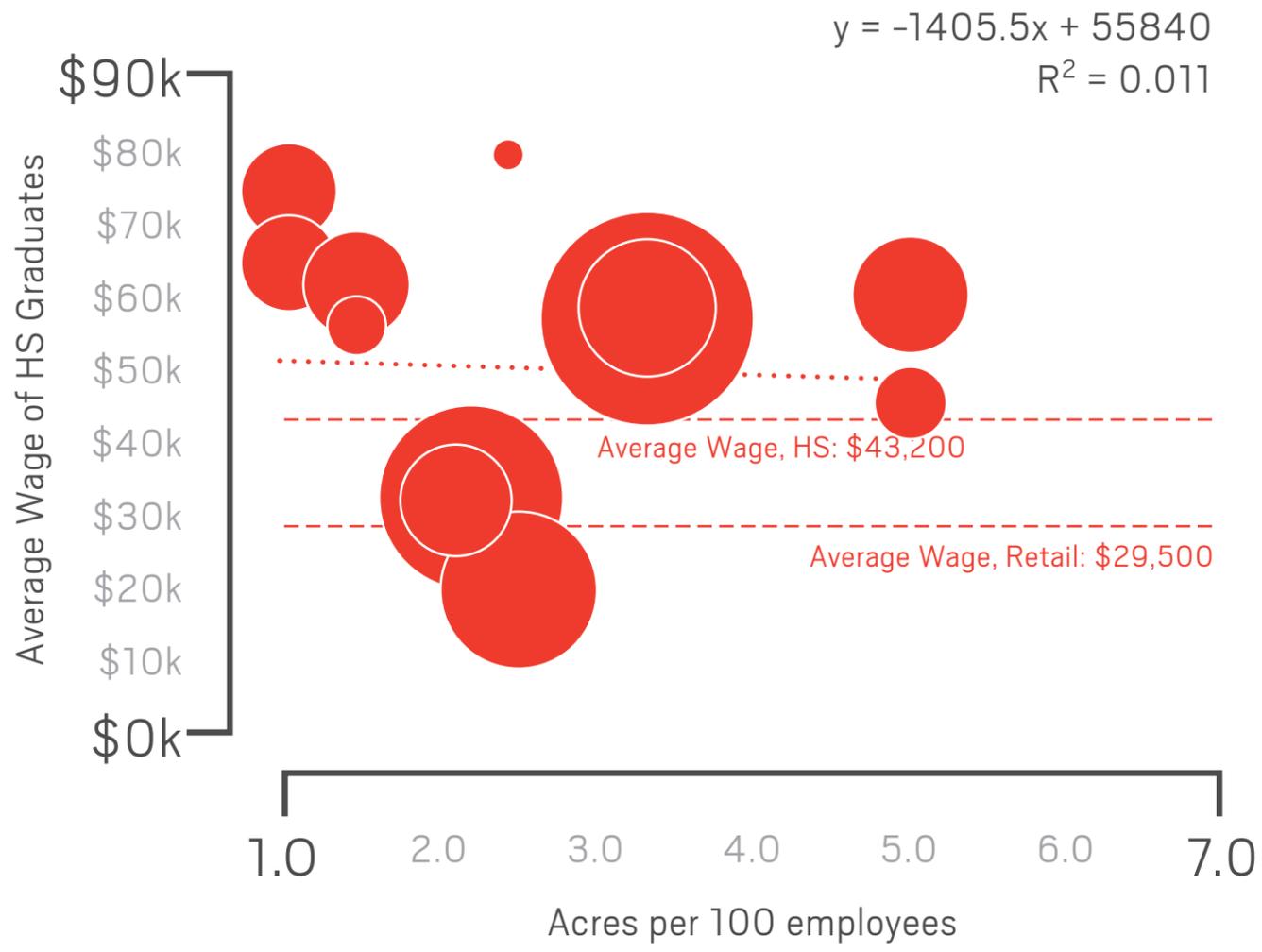


Average Wages for HS Graduates

vs.

Acres per 100 Employees

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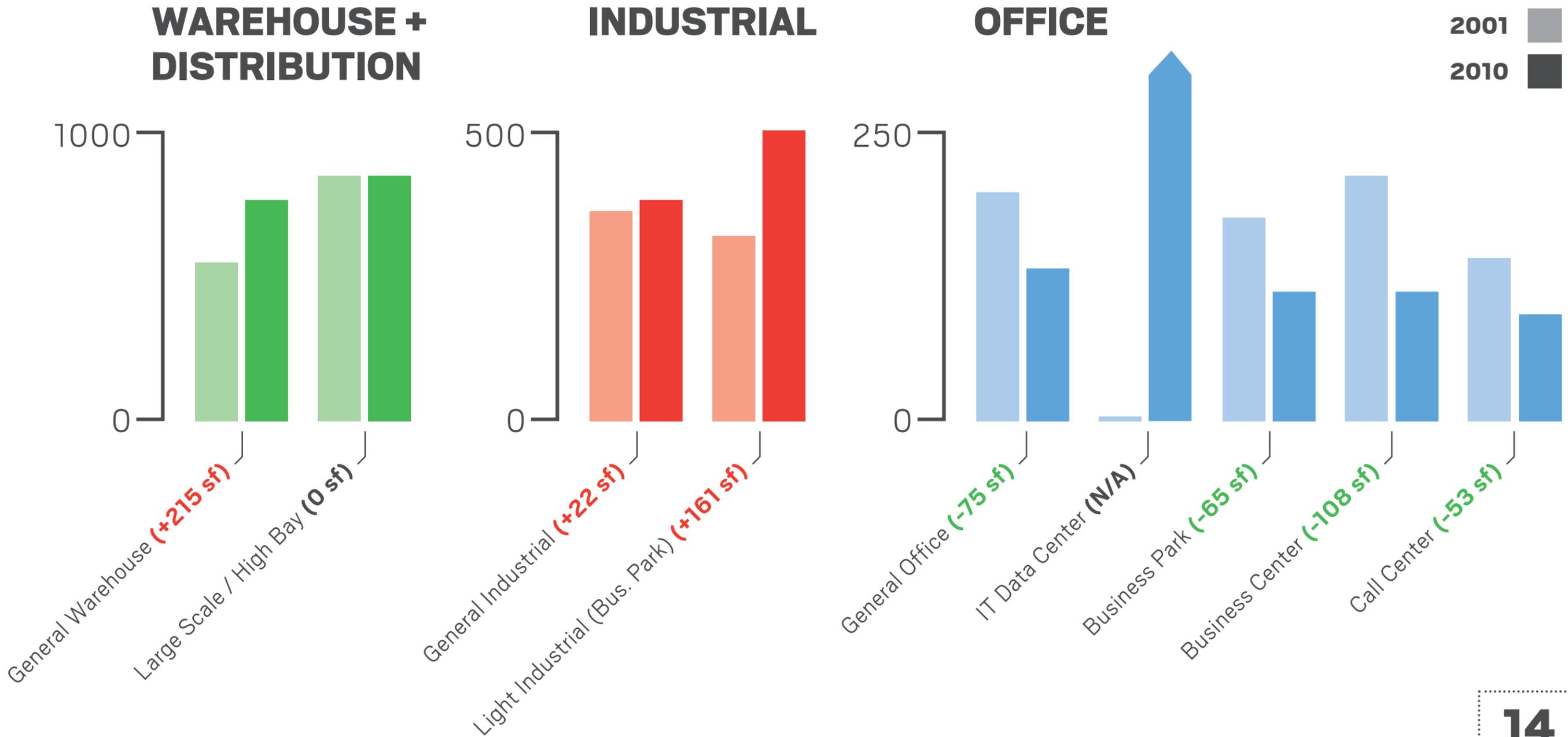


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LAND and ECONOMIC INCLUSION

Average Employment Density (sq ft per employee)

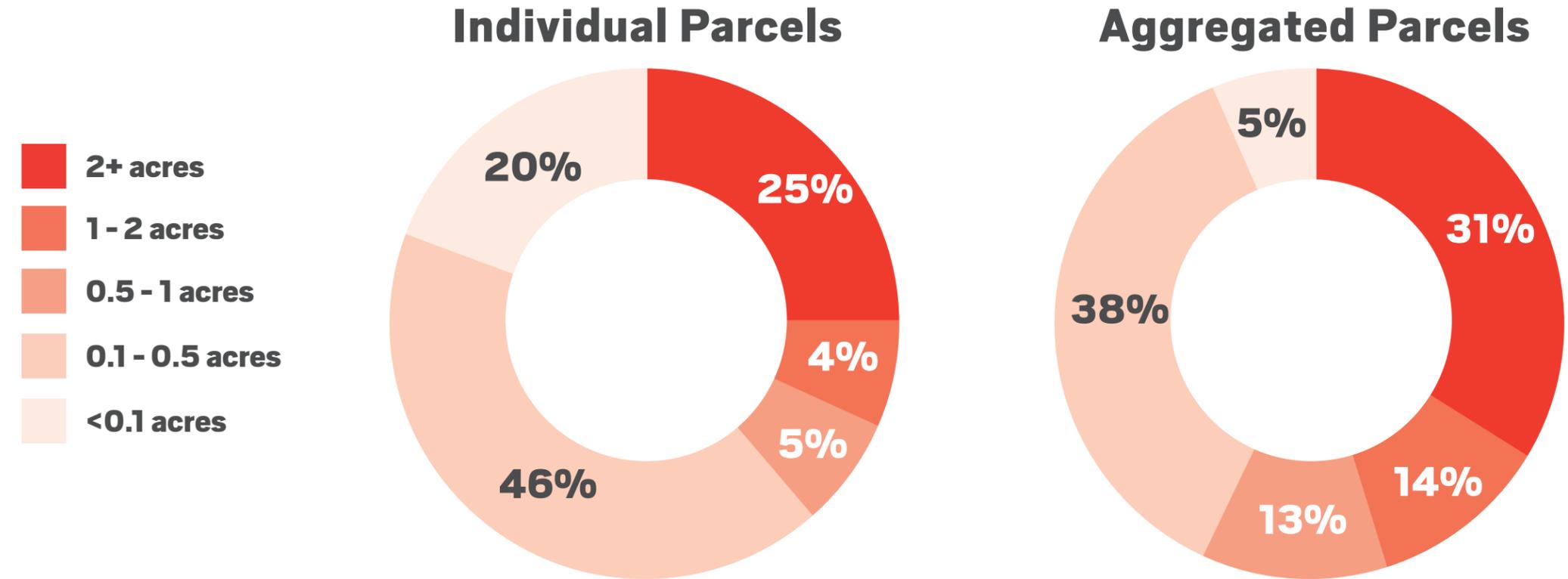


SOURCES: Deloitte, Maxfield Resarch Inc.

4 | RECOMMENDATIONS

RECOMMENDATIONS

1 Coordinate public sector holdings to create larger sites



776 adjacent individual parcels can be aggregated to form 131 parcels that are two acres or larger in size

Approximately 63% of the aggregated parcels 2+ acres in size are currently zoned residential and would require rezoning for industrial or commercial uses

SOURCE: Mass Economics Analysis

RECOMMENDATIONS

2 Rationalize Industrial Land

A Identify and invest in industrial land that has future use

B Transition land to wider range of uses (live work, tech, etc.)

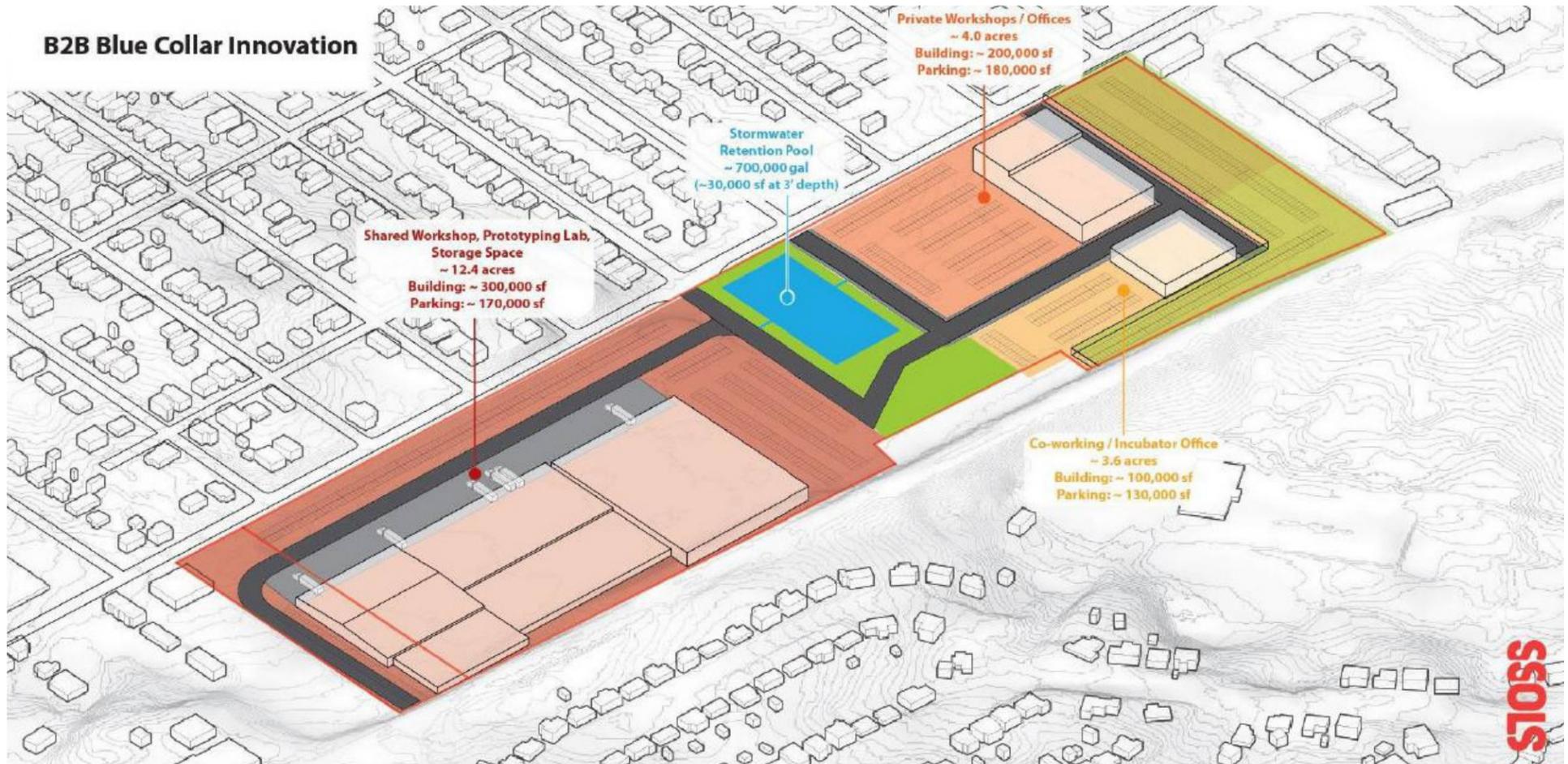
	GROUP	LOCAL B2B / OFF-SITE*	
Building Characteristics	Building Area (sq ft)	16,200	
	Number of Stories	1.0	
	Ceiling Heights	16.0 ft	
	Building Class (A=1, B=2, C=3)	3.0	
Parking / Loading	Loading Docks	2.5	
	Parking Spaces	25.0	
	Parking Spaces (per 1k sq ft)	1.4	
Site	Land Area (per acre)	2.5	
	FAR	0.21	
Employment Density	Employees / Bldg Area (per 1k sq ft)	0.2	
	Employees / Land Area (per acre)	1.0	
	Employees / Parking Space	0.1	

*** other types also measured:**
 Local B2B/On-Site (with nine sub-clusters)
 Food/Beverage Distribution
 Food Manufacturing
 Beverage Manufacturing
 Six subclusters within Local B2B/Off-Site

SOURCE: Mass Economics, et al., Linking Regional Economic Cluster with Targeted Urban Places – Final Report for LISC, Indianapolis, IN

RECOMMENDATIONS

3 Create new real estate models for sectors that create inclusive opportunity



Adheres to Constraints:

- Beltline Street Network
- Beltline Zoning
- Sewer Easements
- Stormwater Management
- Parking Requirements
- University Ave Setback
- Areas of Extreme Slope

Remediation Level:

Creates Assets:

- Visual Access
- Vehicular Access
- Beltline Connection
- Stormwater Resource
- Open Space
- Historic Building Reuse
- Single Phase Development

Development Timeline:

SOURCE: RW Ventures, et al., Strategic Development Scenarios for University Avenue – Final Report to the Annie E. Casey Foundation

RECOMMENDATIONS

4 Increase the cost of acquiring and holding land

Explore alternative tax regimes, e.g., taxing land at higher rate than buildings

Enforce existing property tax regulations

Place additional encumbrances on vacancy (e.g., water management, plant species control)

Restrict sales to serial tax delinquents

Land bank sites that don't meet certain criteria (size, market feasibility) to reduce speculation

Create strategies for densifying activity on under-utilized sites

SOURCES: An Introduction to Two-Rate Taxation of Land and Buildings, Jeffrey P. Cohen and Cletus C. Coughlin, 2005; Conversation with Jonathan Tate, 2015

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