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What Helps or Hinders Nonprofit Developers in Reusing Vacant, Abandoned, and Contaminated Property? Findings from Detroit and Cleveland

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Abstract

Many cities of the Northeast and Midwest have experienced loss of population and industry since the 1950s. The resulting drop in demand for land has led to owners' abandonment of property and to vacant land after demolition of derelict structures. The result is large residential areas with vacant land and structures awaiting demolition, former retail strips with few buildings remaining, and large tracts of previously industrial property, often still occupied by vacant industrial buildings. Manufacturing, gas stations, dry cleaners, and various other uses left land contaminated.

Because nonprofit developers are such important actors in remaking abandoned areas of cities, they have a major role in the reuse vacant, abandoned, and contaminated property. Factors that help or hinder their reuse of such land are important in determining what such developers can accomplish. This paper investigates what causes nonprofit developers to succeed or fail in reusing this land. The first section of the paper explains the design of the research. The sections that follow discuss findings on reuse of land by nonprofit developers in Cleveland and Detroit and the reasons for the differences in the two cities' experiences.

This study compares the experiences of nonprofit developers in Detroit and Cleveland, a useful comparison because indicators of demand for land are nearly identical, but nonprofit developers' reuse of property is very different. The differences in the experiences of reuse of property can reveal institutional, legal, political, and social factors that affect reuse because the market is not the explanation.

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What Helps or Hinders Nonprofit Developers in Reusing Vacant, Abandoned, and Contaminated Property?—Findings from Detroit and Cleveland

What Helps or Hinders Nonprofit Developers in Reusing Vacant, Abandoned, and Contaminated Property?

Many cities of the Northeast and Midwest have experienced loss of population and industry since the 1950s. The resulting drop in demand for land has led to owners' abandonment of property and to vacant land after demolition of derelict structures. The result is large residential areas with vacant land and structures awaiting demolition, former retail strips with few buildings remaining, and large tracts of previously industrial property, often still occupied by vacant industrial buildings. Manufacturing, gas stations, dry cleaners, and various other uses left land contaminated.

No consistent data on the extent of vacant, abandoned, and contaminated properties exist. Analyses at specific times provide a partial picture of vacant property for some cities (Leigh, 2004: 111-2; Bowman & Pagano 2004: ch. 1). Baltimore had 12,700 housing units that the city had judged unfit for habitation by the early 2000s; the city had nearly 14,000 vacant lots (Cohen, 2001: 415-6). As of 2000, Philadelphia had 26,000 vacant houses and 31,000 vacant lots (Kromer, 2002: 6; Hughes 2000, 34-37). As of 2001, between 10 and 11 percent of Cleveland's land parcels were vacant. In Detroit, about 90,000 properties had no structures in 2001, amounting to about 18 percent of the city's land area (Dewar 2006).

Data on contaminated sites and on brownfields (abandoned, idled or underused sites that are contaminated or possibly contaminated) are just as uncertain because local governments use different definitions in their counts and because no one knows which sites are certainly contaminated. In 1996, the Urban Land Institute estimated that about 150,000 acres of abandoned or underused industrial land existed in major U. S. cities. Responding to a survey of the U. S. Conference of Mayors, city officials made widely varying estimates. Cleveland officials reported the city had 14,000 acres of brownfields, while Newark officials estimated 203 acres (GAO 1996). Efforts to count all brownfields show that the totals must be huge. In Flint, Michigan, an old industrial city of 125,000, for instance, about 5000 properties are brownfields, not including those that Michigan law classifies as brownfields because they were owned by a land bank (Beck et al. 2005).

In the areas of cities where vacant, abandoned, and contaminated properties are most concentrated, community development corporations (CDCs) are the major developers along with other nonprofit developers such as Habitat for Humanity. The CDCs' commitment to place keeps them there while for-profit developers seek higher returns on investment elsewhere. Other nonprofit developers, committed to providing housing for people who would otherwise be homeless or to providing decent housing for everyone, also remain to work in these areas. Therefore, nonprofit and community-based organizations are the major developers working in the most distressed areas of cities. In this role, they are the key actors in remaking cities after

abandonment. They carry out projects that can improve the quality of life for residents who remain. Their work can demonstrate that projects are financially viable and therefore attract other development that would not occur without corrections in investors' assessment of risk. Further, nonprofit developers can create markets where individuals and businesses will invest when their projects make places attractive for living and working (Dewar and Deitrick 2004).

Because nonprofit developers are such important actors in remaking abandoned areas of cities, they have a major role in the reuse vacant, abandoned, and contaminated property. Factors that help or hinder their reuse of such land are important in determining what such developers can accomplish. This paper investigates what causes nonprofit developers to succeed or fail in reusing this land. The next section of the paper explains the design of the research. The sections that follow discuss findings on reuse of land by nonprofit developers in Cleveland and Detroit and the reasons for the differences in the two cities' experiences.

Design of the Research

This study compares the experiences of nonprofit developers in Detroit and Cleveland, a useful comparison because indicators of demand for land are nearly identical, but nonprofit developers' reuse of property is very different. The differences in the experiences of reuse of property can reveal institutional, legal, political, and social factors that affect reuse because the market is not the explanation. As Table 1 shows, both cities had lost close to half their population by 2000, and poverty rates were the same. Median household income was somewhat higher in Detroit in 1999, but per capita income in the two cities was virtually identical. Both cities had lost large shares of their manufacturing and retail employment by the early 1990s, although Detroit had lost more. Housing vacancy rates were somewhat higher in Cleveland.

No lists and descriptions of nonprofits' development projects exist in either city. Therefore, to learn about the differences in nonprofit developers' reuse of vacant, abandoned, and contaminated property, this project first derived the lists of nonprofit developers' purchases of city-owned land from lists of properties sold by the Cleveland land bank and the Detroit Planning and Development Department (City of Cleveland 1988-2005; Detroit Planning and Development Department 2006a). City-owned property nearly always came into the cities' hands through the property tax foreclosure process. When owners abandon property, they stop paying taxes and lose their property to the foreclosing governmental unit. For Detroit we also obtained lists of state-owned properties sold to nonprofit developers (Revitalife 2007).¹ Nonprofit developers in both cities reported that all projects involved the purchase of some city-owned land and, in Detroit, often depended almost entirely on publicly owned, tax-reverted property, usually in the city's ownership. For the properties the nonprofit developers had purchased, we determined from 2005 aerial maps whether reuse had occurred (Maps.live.com 2007; SEMCOG 2005).

¹ Under Michigan property tax foreclosure procedures prior to reform in 1999, the state carried out foreclosure on tax delinquent property and eventually transferred the property to the city of Detroit. In the mid to late 1990s state officials stopped transferring the property to the city and therefore accumulated a substantial stock of tax-reverted property in Detroit.

We then took a random sample of 30 nonprofit developers in each city. We defined these developers as ones registered as nonprofits with the state and engaged in development (MI-DLEG 2007; Ohio Secretary of State). We were not able to tell which ones had been incorporated as CDCs over the last 30 years or so. We were interested as well in nonprofit developers that were not CDCs, including faith-based development organizations, nonprofit housing corporations, organizations focused on development of supportive housing, and citywide organizations focused on community-oriented development in low-income areas. We excluded nonprofit organizations whose only development activity was the building of their own offices or churches.

To assess the type of land reused by the sampled nonprofit developers, we used 2005 aerial photos to determine the boundaries of the projects and the total amount of land reused (Maps.live.com 2007; SEMCOG 2005). This was more successful in Detroit than in Cleveland where nonprofits have undertaken many scattered-site, infill housing projects. In Detroit, the staff of nonprofit development organizations and their for-profit partners said, scattered-site housing projects were built entirely on property purchased from the city or state. In Cleveland, the NEO CANDO project has collected data from nonprofit developers on the properties they handled through early 2004 whether for repair, rehabilitation, new construction, or some other activity. We added the redeveloped properties to the list of those we had already identified in Cleveland. We then researched the prior condition of the properties nonprofit developers had reused in each city to determine whether the land had been vacant, abandoned, or contaminated. “Vacant” meant vacant land, not empty buildings, determined from aerial photos shortly before the period of reuse (Michigan State Center for Geographic Information 1998; USGS 1991, 1994, 2000; SEMCOG 2005). Abandoned properties were defined as those that had become the property of the city or the state due to property tax foreclosure (Detroit Planning and Development Department 2006a; City of Cleveland 1988-2005; Revitalife 2007). Properties were designated as contaminated when Sanborn maps from the 1970s showed land uses that were likely to leave contamination (Sanborn 1968-72, 1977-78).

After using the data to describe what nonprofit developers did in each city, we interviewed leaders of nonprofit development organizations who had reused considerable amounts of land, leaders of intermediaries and city agencies involved in community development, and individuals who have worked in nonprofit development in both cities. Using the interviews and relying on literature on the nonprofit development activities in each city, we identified differences that helped explain the records of nonprofit developers in the two cities.

Nonprofit Developers’ Reuse of Vacant, Abandoned, and Contaminated Property

When nonprofit developers purchased property from the Cleveland Land Bank or the Detroit Planning and Development Department, they did so with the intention to reuse or redevelop the land. In both cities, the nonprofit developers needed to submit applications that explained their planned development in order to purchase land. In Detroit the policies shifted and were implemented inconsistently over the years, but in general, nonprofit developers needed to submit a concept plan and perhaps a site plan. The concept plan usually included a detailed description of the proposed project, a conceptual site plan, cost estimates and sources of funding, a statement of qualifications of the development team, a project time schedule, details of the request to the

city, and identification of all properties to be included in the project (Detroit Planning and Development Department 2001a). The Cleveland Land Bank asked for details about the proposed development's project financing, detailed project design, and builder's qualifications (Cleveland Department of Community Development 2004; Cleveland Land Reutilization Program 2003). Therefore, analysis of nonprofit developers' purchase and reuse of city-owned land is useful for understanding the development records in each city.

Detroit nonprofit developers were much less successful than those in Cleveland in purchasing property for development from the city department or the city land bank. Cleveland nonprofit developers bought more property in total—about 900 parcels more—from the city's land bank than Detroit nonprofit developers purchased from the city department (see Table 2). In comparison to the cities' populations or to the cities' total numbers of land parcels, the contrast in the nonprofit developers' volume of purchases is enormous. Cleveland nonprofit developers bought about three times as many properties for reuse in proportion to the city's population or total land parcels as did Detroit nonprofit developers.

In Detroit, a slightly higher percent of properties purchased from the city offices remained unused in 2005, but the difference between the two cities was not notable. However, Detroit nonprofit developers had failed to reuse a much larger share of properties purchased before 2004. Because nonprofit developers seek to purchase property just before development, these figures suggest that many more projects fell through in Detroit than in Cleveland.

Substantially more Cleveland nonprofit developers than Detroit ones had reused all the property they purchased before 2004 (see Table 3). Close to 80 percent of the nonprofit developers in Cleveland had reused at least 95 percent of the land they bought before 2004. In contrast, less than half that proportion, about 30 percent, of Detroit nonprofit developers had done so. Furthermore, nearly 30 percent of Detroit nonprofit developers had reused none of the property they purchased before 2004, while all Cleveland developers had reused at least some of the property they bought.

The timing of nonprofit developers' activities differed in the two cities (see Figure 1). Cleveland nonprofit developers increased their purchases of city-owned property and their development activity substantially from 1988 through the mid 1990s. Detroit developers' purchases and development activities began to increase noticeably ten years later, around 1998. The commonly held view among Detroit nonprofit developers was that the Cleveland industry had "matured" earlier.

Study of the prior use of property reused by a sample of nonprofit developers showed similarities and differences between the two cities' developers' work. More than four-fifths of the property that developers in both cities had reused had been vacant when the nonprofit developers acquired them. Detroit nonprofit developers depended more heavily on obtaining abandoned property from city and state sources than did Cleveland developers. In both cities, nonprofit developers reused almost no contaminated land. One nonprofit's redevelopment of the very large site of a closed state mental hospital skew total numbers for all nonprofit developers. When that site is excluded, nonprofit developers in both cities reused about the same amount of property that was not vacant, not abandoned, and not contaminated (see Table 4).

The differences in the records of the nonprofit developers in the two cities, despite the same, weak market conditions, suggest several questions. First, why have Cleveland nonprofit developers purchased so much more city-owned property for development than Detroit nonprofit developers have? Why have Cleveland nonprofit developers been so much more successful in carrying out development plans? Why did Cleveland nonprofit developers purchase city-owned property for development so much earlier than those in Detroit? Why are nonprofit developers in both cities apparently reusing so little contaminated property? The first three questions have similar answers so are addressed together below. The question about reuse of contaminated property is addressed separately at the end of the next section.

Explaining the Differences in Nonprofit Developers' Reuse of Properties

The differences between Cleveland and Detroit nonprofit developers' reuse of vacant, abandoned, and contaminated property are due to the capacity of the nonprofit development systems in the two cities. "Capacity" is defined in varied ways in research on the community development industry. Vidal (1996, 151), for instance, emphasizes organizational character of CDCs; the most productive CDCs "have the benefit of stable, capable leadership,... act strategically,... [and] make their varied activities mutually reinforcing." Glickman and Servon (1998, 503-504) offer a broader definition of CDC capacity but still look at the organization, saying that capacity includes resource capacity, organizational capacity, programmatic capacity, network capacity, and political capacity.

This paper takes a somewhat different perspective, looking at the community development system in the two cities. The "system" includes CDCs and other nonprofit developers but also the numerous other institutions that interact with nonprofit developers in community development (Stoutland 1999)—the political structure of the city, institutions that support or deter nonprofit development, and relationships necessary for achieving goals. The reason for looking at the systems instead of the nonprofit organizations is that the organizations in Cleveland clearly have greater capacity. A larger number of nonprofit developers in Cleveland have reused more property and have operated longer than have Detroit nonprofit developers. No data exist to allow comparisons of staffing and funding levels, leadership stability, or other possible measures of organizational capacity over the last two decades. However, walking into the offices of numerous nonprofit developers is a strikingly different experience in the two cities. Cleveland nonprofit developers have more office space, crowded with more staff. Finding that Cleveland nonprofit developers have greater capacity than Detroit nonprofit developers, however, does not help in understanding the differences in their reuse of land. The question remains *why* Cleveland nonprofit developers have more capacity than those in Detroit.

Differences in institutions

Major political, institutional, and working relationship differences exist in community development in the two cities. In Cleveland community development corporations and associated institutions have developed into an "industry" with a complex web of supportive relationships (Yin 1998). Interviews with leaders of nonprofit development organizations about what enabled them to reuse land became complex discussions of laws and regulations, political leadership, the character of city-wide institutions, and personal relationships. In contrast, in

Detroit, the network of community development corporations still seem peripheral to much of land development interest in the city. Interviews with nonprofit developers in Detroit portray a changeable and unpredictable environment where no one has managed to resolve important institutional challenges. The discussion below lays out some of the major differences and similarities that help to account for the divergent records in reuse of vacant, abandoned, and contaminated land.

The focus of city council and mayoral administrations

In Cleveland, community development corporations receive large amounts of funding from the city. The Department of Community Development supports 28 community development corporations currently through the Cleveland competitive grants program, from Community Development Block Grants (CDBG). In the early 1980s members of the city council gained the right to allocate large amounts of the city's CDBG funds. Members of the city council represent wards. They use considerable shares of the CDBG dollars they control to support nonprofit developers in their wards. Therefore, nonprofit developers have close relationships with council members, a "critical" relationship, as one CDC director said. Some community development corporations have such a close relationship that the council member answers the phone at the nonprofit organization's office and is the person to whom requests for interviews are referred. This funding from the city council and the Department of Community Development means that about 25 percent of the city's CDBG funds go to nonprofit developers for expenses including operating costs, according to staff in the Department of Community Development. This assures stable staffing and continuity of programs. The result is that total funding for nonprofit developers averaged nearly \$225,000 per organization in program year 2005-06, although the range between lowest and highest allocations was quite large (Cleveland Department of Community Development 2007).

In Detroit, in contrast, no one keeps track regularly of how much CDBG funding goes to nonprofit developers, although nonprofit developers consider the funding from CDBG very important to their continued survival and submit the complex application each year. Members of the Detroit city council serve at large, and they allocate CDBG funding in fairly small amounts among many organizations across the city. In 2006, only 6 percent of the CDBG budget went to community-based organizations for new home construction, public improvements, substantial housing rehabilitation, economic development, and commercial district improvement (Community Legal Resources 2006). In addition, most of the CDBG funding is for projects, not operating costs. Therefore, other sources of funds need to cover operating costs. The Detroit nonprofit development sector is therefore less financially stable than the Cleveland one.

In Cleveland, Mayor Michael White, previously a member of the city council involved in community development, made new housing construction a goal of his administration after he took office in early 1990. A leader in Cleveland's affordable housing development remembered White as saying, "I'm going to create a building boom in Cleveland." White used financial support for nonprofit developers and subsidies for homeowners to encourage housing development. The city offered tax abatements, reduced-interest mortgages and reduced down payments for homebuyers, construction financing, and infrastructure improvements in collaboration with banks and foundations (Bright 2000; Government Action on Urban Land

2002). The next two mayoral administrations continued White's emphasis on building new housing in neighborhoods.

In contrast, Detroit mayors did not focus on neighborhood development. Mayor Coleman Young, in office from 1974 through 1993, focused his efforts on large-scale projects such as the new Cadillac and Chrysler assembly plants and the downtown riverfront (Darden et al. 1987: ch. 5). Mayor Dennis Archer, whose term extended from 1994 through 2001, focused his development attention on downtown—casinos, stadiums, and the theater district. Both Young and Archer supported major new housing developments undertaken by private developers that involved the use of eminent domain to assemble land; clearance of old, often derelict housing; and construction of new neighborhoods (Ryan 2006). However, they did not seek to strengthen nonprofit developers as agents of neighborhood improvement or widespread affordable housing construction. In 2007, Mayor Kwame Kilpatrick announced a program to target certain neighborhoods for strengthening, with an emphasis on development as part of the Next Detroit Neighborhood Initiative, the first time that a mayor had focused on neighborhood development, but the program did not emphasize the strengthening of nonprofit developers.

The interest of the city council and the mayor's office in Cleveland meant that city administrative offices also attended to neighborhood issues. The director and assistant director of the city's Department of Community Development were often long-time activists from community development organizations. The comparable office in Detroit is the Neighborhood Support Services Division of the Department of Planning and Development, also in charge of handling CDBG funds, but this office never has gained the prominence or leadership in community development that the Cleveland department has.

One of the most important city government institutions for facilitating nonprofit developers' reuse of vacant and abandoned land and one of the most important differences between the two cities were the systems for selling tax-reverted, city-owned land. In Cleveland, the Cleveland Land Reutilization Program, called the land bank, stated that its purpose was to sell land for new construction or for use that would enhance established development. In contrast, in Detroit where the Planning and Development Department sold city-owned property, officials gave priority to raising revenue from the sale of land rather than seeking longer term benefit from redevelopment. The system of sale of such land worked much better in Cleveland than in Detroit. In Cleveland the land bank sold vacant land with clear title while the Detroit Planning and Development Department offered land and buildings for sale without guarantees of clear title. The Cleveland land bank provided accurate information about property in its inventory to anyone who wanted it. The Detroit Planning and Development Department had poor records about what land it held, and nonprofit developers described occasions when the department sold the same property through two different offices to different purchasers. The Cleveland land bank could hold land for nonprofits to redevelop. In Detroit the Planning and Development Department could also hold property for a prospective project, but the poor state of property records meant that the department might inadvertently sell the property anyway or might hold property long after a prospective project had died. Cleveland's land bank offered property at low, predictable prices. The Detroit department set much higher prices for land in unpredictable ways, aiming to find fair market value for land that had often been long-abandoned (Dewar 2006).

The role of intermediaries

Intermediaries have filled very important roles in encouraging nonprofit developers' projects in both cities, but these have operated in different ways in the two cities. In Cleveland, two intermediaries stood out as especially important since the late 1980s in encouraging reuse of vacant, abandoned, and contaminated property: Neighborhood Progress, Inc., and the Cleveland Housing Network. Foundation and corporate leaders founded Neighborhood Progress, Inc. (NPI), in 1989 with Ford Foundation support. The aim was to increase investment in CDCs and to increase the scale and pace of physical development in neighborhoods. The specific programs of Neighborhood Progress, Inc., have evolved since its beginnings, but the organization has consistently worked to revitalize neighborhoods through physical development with an emphasis on strengthening CDCs as the agents of development. NPI has focused on investing in "catalytic" projects that can lead to increased interest in the neighborhood by private developers. They have promoted the development of mixed income housing and attraction of moderate income homebuyers. NPI became the conduit for foundation and corporate support for CDCs. As of the late 1990s NPI had assisted 25 CDCs and was providing multi-year operating support to 14. Six CDCs were receiving substantial multi-year support and preferential access to other resources. Currently NPI is implementing the Strategic Investment Initiative that focuses on six neighborhoods that have "developed plans for stimulating market recovery and improving the quality of life to create neighborhoods of choice," according to NPI's president (Neighborhood Progress 2007). Besides the Strategic Investment Initiative, NPI offers competitive grants, has a project on vacant property and land assembly, established the New Village Corporation to work with nonprofit developers to make complex real estate deals succeed, and is the home of the Village Capital Corporation that invests in development projects that can have major impacts on Cleveland neighborhoods. In the past, NPI also ran programs that offered training and technical assistance around organizational development and human resources and operated the Brownfield Redevelopment Initiative to assist CDCs and businesses in reuse of contaminated land. Since 1988, NPI has had a role in the development of thousands of units of housing and hundreds of thousands of square feet of commercial space (Lowe 1998; OMG Center for Collaborative Learning 2001; Neighborhood Progress 2007, Yin 1998).

In 1981 five neighborhood organizations and Famicos, all of whom had successfully rehabilitated housing for low-income households through lease-purchase agreements, founded the Cleveland Housing Network (CHN). The goal was to "stabilize neighborhoods by saving existing housing and creating affordable home ownership opportunities and to promote neighborhood controlled development"(Warren 1995, 355). Additional CDCs affiliated with Cleveland Housing Network, and today 15 work with the organization with territories that cover most of the city (Cleveland Housing Network 2007). CHN functions as the developer in arranging the financing and carrying out the development, but they work in partnership with the CDCs in making decisions about what projects to undertake, where to build housing, and what type of housing to build. CDCs manage the properties after they are built. As of 2006, Cleveland Housing Network had produced 2400 lease-purchase homes, 1350 for-sale homes, and 300 multifamily units and had completed 71,000 energy conservation and home repair jobs. Ninety percent of families involved in lease-purchase homes took title at the end of the 15-year lease period (Cleveland Housing Network 2007). Cleveland Housing Network had directly purchased almost 20 percent of the properties that the Cleveland Land Bank sold to nonprofit

developers and had been involved in the development of many more of the properties that CDCs had purchased. Cleveland Housing Network operated at a scale that managed risk, staff stated in interviews; if some projects failed, other projects' success compensated. Low-Income Housing Tax Credit funding enabled them to reduce risk in the development of housing for sale because a house that did not sell quickly could move into the lease-purchase program. Cleveland Housing Network's scale, about \$60 million of housing development per year, enabled them to package complex financing deals and to employ a staff with a high level of skills in affordable housing development (Yin 1998; Krumholz 1997).

In Cleveland, the Local Initiatives Support Corporation, Enterprise, the Cleveland Neighborhood Development Corporation (a trade association for CDCs), and Shorebank also worked to support nonprofit developers. In a national assessment, Walker (2002:172) called the creation of intermediaries "the number one accomplishment of the community development leadership system in the 1990s." In Cleveland, the branches of national intermediaries did not play as large a role as the locally created ones (McDermott 2004).

In Detroit, no institutions like Neighborhood Progress Inc. or the Cleveland Housing Network existed. Foundations in Detroit principally worked through Detroit LISC to support neighborhood development. Major Detroit area corporations were not involved. The most important intermediary in Detroit was the Local Initiatives Support Corporation. Beginning in the mid-1990s, a new LISC program titled the Funders' Collaborative provided operating support and training to selected community development corporations (Nye and Glickman 2000). The program moved nonprofit developers to a new level, in the words of one director of a CDC. By the early to mid-2000s, however, LISC's emphasis had shifted, and the Funders' Collaborative program ended. Nonprofit developers lamented the swings in policy attributed to national LISC that they believed undermined stability at the local level.

Other programs complemented the Funders' Collaborative program. The city council launched training programs for CDCs. The director of the Planning and Development Department under Mayor Archer worked to clear clouded title on city-owned land and established clearer systems for purchase of land (Rao & Dewar 2004).

A distinguishing feature of the nonprofit development industry in Detroit was its collaborative organizations. CDCs, nonprofit housing corporations, and Comprehensive Housing Development Organizations created nonprofit associations to work on issues of common concern. The Detroit Eastside Community Collaborative began in 1992, for instance, to advance nonprofit development efforts on the large eastside of the city, in the belief that by working together nonprofit developers could strengthen their capacity to plan and implement economic development (Bockmeyer 2000). The Gateway Development Collaborative in Southwest Detroit formed "to enhance the growth of Southwest Detroit as an ethnically and economically diverse community and promote its image as an exciting place to live, work, shop and play" (Southwest Detroit Development Collaborative 2007). A trade association, Community Development Advocates of Detroit (CDAD), formed in 1997 to enhance the capacity and effectiveness of Detroit CDCs (Community Development Advocates of Detroit 2007). CDAD worked to provide a citywide CDC voice in improving policies and systems such as the city's methods of deciding on CDBG allocations and the potential for a Detroit land bank. CDAD, and to a lesser extent

other collaborations, however, suffered from members' lack of a sense of individual benefit from collective action and seemed to have little impact on city procedures.

In sum, the institutional support for CDCs and other nonprofit developers in Cleveland was much stronger than that in Detroit. These institutions were essential in enabling nonprofit developers to carry out housing development and to reuse land in Cleveland.

Working relationships

Working relationships among the many officials and community leaders who were involved in reusing land differed considerably between the two cities. In Cleveland, individuals moved among jobs in city departments, intermediaries, elected office, and community-based organizations during their careers. This enabled them to understand the perspective of others with whom they needed to work, according to several of those working in nonprofit development. The leaders of community-based development in Cleveland had been working together over decades by the early 2000s. A newcomer who became director of a CDC in Cleveland said he quickly realized that he was an anomaly as someone who had not lived in Cleveland before.

Familiarity can lead to difficult working relationships rather than good ones, but in Cleveland, the norm was cooperation. The key to the success in handling vacant properties, said one of the central actors in the process, was the cooperation and communication among many people over long periods of time.

In Detroit, in contrast, only a few leaders in community development moved into city administration or moved between community development organizations and intermediaries. A strong culture of distrust of the city administration was evident in meetings of coalitions of community development leaders, a legacy, in the view of some, of the Young administration's pursuit of business investment and neglect of neighborhood development (Bockmeyer 2000). Most striking to a newcomer in the mid to late 1990s was the paranoia among community development leaders about what city officials were doing and a general attribution of malice rather than of lack of capacity to respond to city decisions and failure to follow through. City administrators, in turn, acted leery about inviting community development leaders into discussions about change in the way city departments operated or about possible development projects. Distrust between "the community-based organizations and City government and between the community-based organizations and Detroit's large institutional organizations ... was the underlying issue for much of the debate" (*Jumpstarting the Motor City*, quoted in Bockmeyer 2000, 2433) around the governance of the Empowerment Zone in the mid 1990s.

In Detroit, in addition, the leaders of community development corporations included many whites, most of whom had lived in Detroit their whole lives, but who filled far more than their proportion of the staff positions in CDCs in the predominantly African American city and in the heavily African American neighborhoods where the CDCs worked. African Americans filled the staff positions of faith-based development organizations in numbers that were close to their share of the overall population. In the context of a region with poor race relations and a city where racial conflict was used to political advantage, the racial differences seemed to add to the

difficulties of the leaders of community development corporations in working smoothly with others (Shaw and Spence 2004). Although Cleveland, too, had a history of poor race relations, African Americans and whites seemed to have reached an easier accommodation than they had in Detroit.

The differences in institutions suggest ways that Detroit might change to enable nonprofit developers to reuse as much vacant, abandoned, and contaminated property as they do in Cleveland. However, the differences in working relationships suggest historically determined socio-political relationships that in turn determined what institutions exist and will have major influence on what can exist in the future.

The problem of contaminated property

The discussion above suggests explanations for the differences between nonprofit developers' reuse of vacant and abandoned land in Cleveland and Detroit. In both cities, however, reuse of contaminated property is very low. Why have nonprofit developers reused so little contaminated property?

A major reason is that uncontaminated land is plentiful in both cities. "Why would we use contaminated land when so much other land is available?" asked a staff member of one nonprofit developer in Cleveland. Integrating contaminated properties into a project caused delays and uncertainty that could jeopardize the financial viability of the whole project, nonprofit developers explained. Study of old Sanborn maps showed that nonprofit developers frequently seemed to acquire and reuse almost all properties in an area except the ones likely to be contaminated. In Cleveland in 2001, most vacant properties had had residential uses in the past and were unlikely to be contaminated (although one nonprofit staff member stated that all were contaminated due to the use of lead paint and asbestos in the past). Between 10 and 11 percent of the city's properties were vacant. In Detroit as well, most vacant properties had been residential and were unlikely to have severe contamination, although a demolition contractor had used fill contaminated with industrial waste after removing houses on many properties. Twenty-three percent of Detroit's properties were vacant in 2001.

When nonprofit developers reused contaminated properties, they did so primarily because the property was important to their vision of the future of their area. They were more influenced by their ideas about ways to transform an area than by the drive to get developer fees from larger scale development. They often initially took on a project without appreciating the complexities that lay ahead but afterwards said that they had learned that they did not need to be afraid of such properties and would take on development of another. "We sort of backed into going after brownfield dollars," the director of a Cleveland nonprofit developer said, because specific properties they wanted to reuse could benefit from those.

Part of the reason that the analysis above shows that nonprofit developers have reused so little contaminated property is that the data analyzed above include only land that passed through nonprofit developers' ownership. Nonprofit developers frequently work to reuse contaminated sites without ever becoming owners and developers of the site. Nonprofit developers often function as facilitators of reuse of contaminated sites by bringing considerable knowledge of real

estate development, community organizing, and brownfield reuse to a project. Cleveland's Slavic Village CDC, for instance, has been heavily involved in finding ways to clean up and reuse a long-empty industrial facility. The company that owns the site is now cleaning it to transfer it to a high school for an athletic field along with an endowment to pay for maintenance (Brachman 2003, Dewar & Deitrick 2004).

Nonprofit developers can also serve as predevelopers or intermediaries in reuse of contaminated sites without becoming owners of the property or assuming financial risk. In both Cleveland and Detroit, however, this role was rare. In this role a nonprofit developer could assume functions that reduced the developer's costs. For instance, the nonprofit developer could undertake environmental assessments, community planning, and management of cleanup. This role is most viable for nonprofits that specialize in assistance to for-profit and nonprofit developers who want to reuse contaminated sites (Phoenix 2003; Northern Indiana 2003; Casadei et al. 2003). This type of intermediary has not had a noticeable effect on reuse of property in either Cleveland or Detroit.

Conclusion

This study has looked at the extent of nonprofit developers' reuse of vacant, abandoned, and contaminated property in Cleveland and Detroit and offered explanations for the differences in the reuse of vacant and abandoned land between the two cities and for the low rates of reuse of contaminated land in both. Cleveland's institutions have facilitated nonprofit developers' reuse of property much more successfully than Detroit's have.

However, the differences in the two cities exist in a context of continued abandonment of property. Detroit is losing population at a rate of about 1000 people per month, and in Cleveland the housing abandonment rate has not slowed, according to Cleveland State University researchers. Both cities remain among the poorest in the nation. Seven of the ten census tracts with the highest rates of mortgage foreclosures in the nation as of fall 2007 are in Cleveland and Detroit, a fact that will contribute to further degradation of neighborhoods in both.

Nevertheless, even in the context of very weak markets, this research shows that different ways of structuring systems of community development lead to quite different outcomes. Leaders in community development can know that they have much room to strengthen results through management and institutional reform no matter what the market forces are.

Tables and Figures

Table 1. Indicators of Demand for Land in Detroit and Cleveland

	Detroit	Cleveland
Population change, 1950-2000	-48.6%	-47.7%
Manufacturing employment change, 1947-92	-81.6%	-73.4%
Retail employment change, 1948-92	-71.0%	-56.6%
Poverty rate, 1999	25.6%	25.6%
Median household income, 1999	\$ 29,526	\$ 25,928
Per capita income, 1999	\$ 14,717	\$ 14,291
Housing vacancy rate, 2000	10.3%	11.7%

Sources: U. S. Bureau of the Census (1950, 1951, 1995-96, 1994, 2000); Andriot (1993); U. S. Bureau of the Census.

Table 2. Nonprofit Developers' Reuse of City-Owned Land Purchased for Development

	Detroit	Cleveland
	(1983-May 2006)	(1988-May 2005)
Number of city-owned properties purchased for development	2483	3393
Per 10,000 parcels of city property	64.2	208.2
Per 10,000 city residents	26.1	70.9
% of these properties remaining unused	30.8	27.3
% of properties purchased before 2004 remaining unused	15.3	4.6

Sources: Calculations used the following: For Detroit: Detroit Planning and Development Department (2006a,b); SEMCOG 2005. For Cleveland: City of Cleveland (1988-2005); Cleveland City Planning Commission (2003). For both cities: U.S. Bureau of the Census (2000); Maps.live.com (2007).

Table 3. Percent of Nonprofit Developers that Reused All or None of City-Owned Property Purchased for Development before 2004

	Detroit	Cleveland
% reusing at least 95% of property purchased	29.4%	78.8%
% reusing none of property purchased	29.4%	0.0%

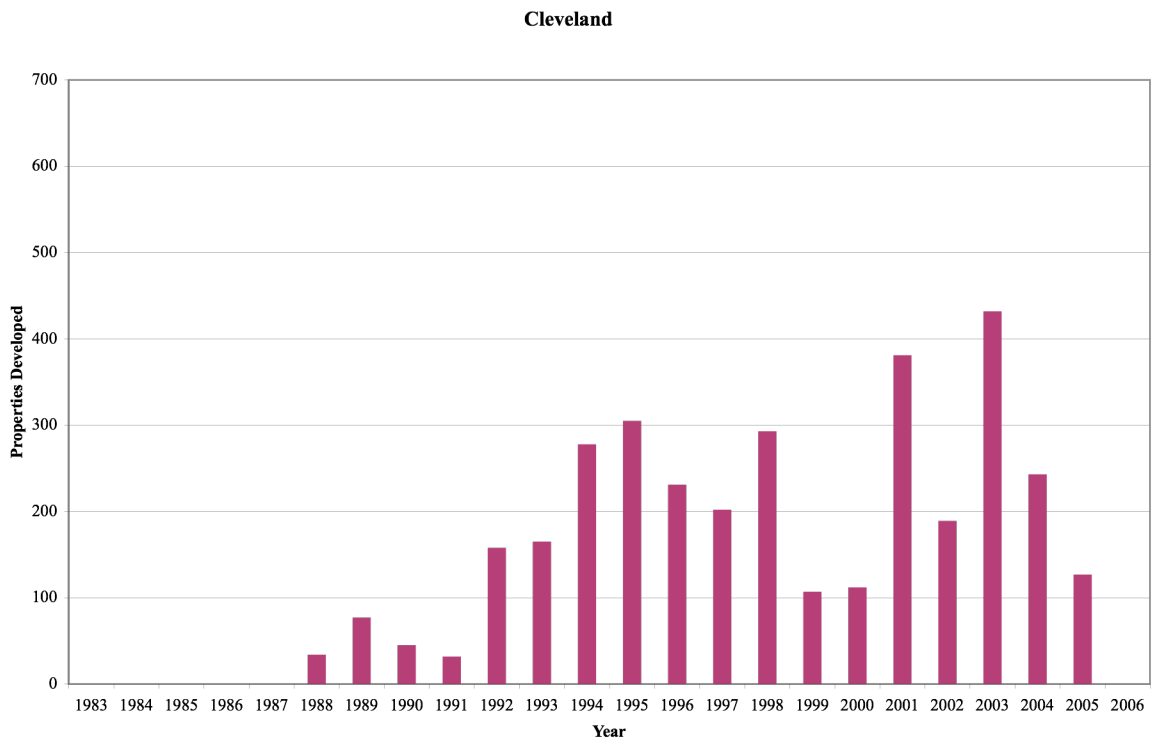
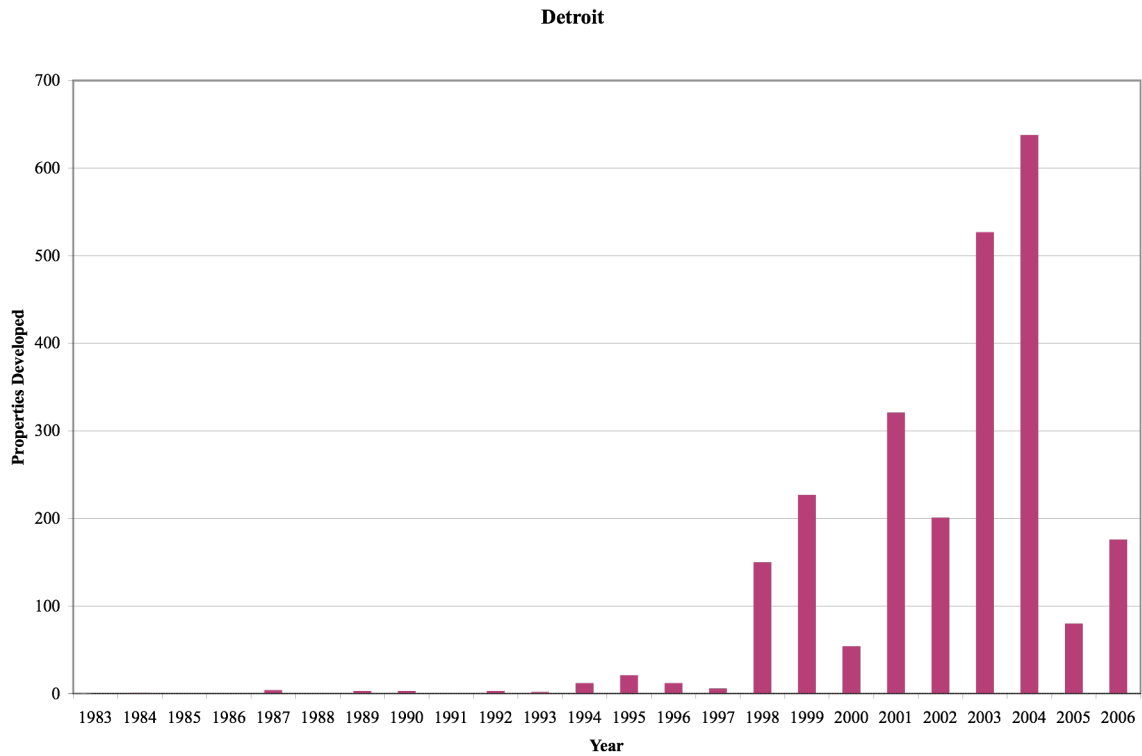
Sources: Calculations use the following: For Detroit: Detroit Planning and Development Department (2006a,b); SEMCOG (2005). For Cleveland: City of Cleveland (1988-2005); Cleveland City Planning Commission (2003). For both cities: Maps.live.com (2007).

Table 4. Percent of Vacant, Abandoned, and Contaminated Properties Reused by Sampled Nonprofit Developers in Detroit and Cleveland

Type of Property	Detroit	Cleveland	Cleveland, excluding state hospital site
% of properties vacant	85.6%	82.9%	83.0%
% of area vacant	85.4%	68.9%	82.9%
% of properties abandoned	74.8%	57.4%	57.4%
% of area abandoned	76.8%	42.1%	50.6%
% of properties contaminated	0.5%	0.5%	0.5%
% of area contaminated	0.2%	1.0%	1.3%
% of properties with none of these characteristics	6.9%	8.9%	8.8%
% of area with none of these characteristics	6.1%	23.9%	8.5%

Sources: Calculations used the following: for Detroit: Detroit Planning and Development Department (2006a, b); Sanborn (1977-78); Revitalife (2007); Michigan State Center for Geographic Information (1998); SEMCOG (2005). For Cleveland: City of Cleveland (1988-2005); Cleveland City Planning Commission (2003); USGS (1991, 1994, 2000); NEO CANDO (2007); Sanborn maps (1968-72). For both cities: Maps.live.com (2007)

Figure 1. Number of City-Owned Properties Purchased by Nonprofit Developers by Year



Sources: Detroit Planning and Development Department (2006a); City of Cleveland (1998-2005); MI-DLEG (2007); Ohio Secretary of State (2007).

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