

RESIDENTIAL ABANDONMENT: ITS EARLY STAGES OF DEVELOPMENT*

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ABSTRACT

Residential housing abandonment begins not as a result of a single cause such as neighborhood racial transition, or intentional underinvestment by absentee landlords, but rather as the result of a confluence of events, including amongst them a slowed down market in the area, an inexperienced or unwilling landlord, a less marketable property than the average in the area, and serious vandalization of the property during a period in which it is vacant. It is the act of vandalism, and the owner's fear of revandalization, which leads to the withdrawal of maintenance from such a property.

In many neighborhoods within large central cities, discarding of residential property has reached epidemic proportions. There are census tracts in Philadelphia, for example, where over 40 per cent of the residential structures have been boarded-up and withdrawn from the market, with many blocks virtually entirely vacated.

It is widely assumed that once such withdrawal—commonly termed abandonment—reaches a certain level, or tipping point, the

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process is more or less irreversible. If so, studies of abandonment in areas where the phenomenon is already pervasive may be of limited value, since their findings can only reveal the circularity of causes and effects, rather than illuminating initial stages or patterns which explain how the process develops and spreads.

Some observers feel that abandonment in areas where the rate of abandonment is low, is likely to be the result of "unique causes." By this they mean that no pattern is likely to be discernible. If, however, patterns do exist, knowledge of them could permit prediction of where and when abandonment may develop, and once underway, the speed at which it could be expected to continue. Such understanding of what predisposes a neighborhood to abandonment or what differentiates the properties that are first abandoned from others in a given neighborhood, could suggest appropriate policies of intervention.

Even if the immediate causes of abandonment are unique, there may be a connecting thread or agent which activates them. Houses in a given area may be abandoned for a variety of reasons, but those same reasons may not culminate in abandonment in other areas. Hence, a combination of factors may be involved in the problem.

To examine abandonment, this study focused on three adjacent census tracts, with differing socio-economic characteristics, in the Wynnefield-Overbrook area of Philadelphia.¹ These tracts were chosen because 1972 estimates of their long-term-vacancy rates, while low, indicated the possibility of incipient residential abandonment [1].

This study is a micro-analysis of abandonment, based primarily on the responses of individual property owners and owner-abandoners. Any apparent patterns indicated by the study may be specific not only to the area studied, but also to the particular set of responders reached.

Theories of Abandonment

If abandonment were limited to the worst properties, it would not be such a serious problem, though its spillover effects would still be of concern. The fact is that abandonment occurs across

¹ Census tracts were used as the unit of study because of the availability of Census data and because the Philadelphia City Planning Commission and the Philadelphia Department of Licenses and Inspections both keep their long-term-vacancy data sorted by census tract. For an analysis of the socio-economic characteristics of the communities, see reference 1.

value and quality ranges. While less valuable properties in lower-income areas are most likely to be affected, within any given area many of the worst properties will not be abandoned, and among those which are, will be included properties of seemingly better quality than many which remain inhabited. Widespread abandonment does take place largely in lower-income neighborhoods, but by itself this general characteristic is neither a necessary nor sufficient cause of abandonment.

Most theories purporting to explain housing abandonment are unsatisfactory, in that they suggest single causes, which are not operative in all cases of abandonment. Many of these single-cause theories have a certain intuitive appeal, as they seem to identify factors which may have a close correlation, albeit not necessarily a causative relationship, with residential abandonment.

Racial transition is suggested by the National Urban League as the major precondition for urban residential abandonment. According to this theory, in neighborhoods undergoing racial change, speculators buy at deflated prices and resell homes to entering black families at inflated prices, beyond the new owners' means to maintain [2].

While some parts of the cycle described by the Urban League study are undoubtedly true and operate at some places and times in the market, the theory does not adequately explain either abandonment in stable neighborhoods, both black and white, or the differences among abandonment rates in otherwise similar black neighborhoods.² Such abandonment cannot be explained by a simple racial transition hypothesis. Furthermore, the theory assumes that as the first black families enter a neighborhood, prices fall and then go up again beyond the original market value. Supporting evidence for such a process regularly taking place is missing from the study.

Another theory suggests that as new markets open up for low-income buyers, the least desirable housing units "filter" to the bottom of the pile, becoming vacant and eventually abandoned. Yet concern over abandonment stems precisely from the fact that neither the oldest nor the worst housing necessarily becomes abandoned, even within communities experiencing heavy abandonment. Though filtering, as a process, may be descriptive of whole neighborhoods and the downturn over time in the status of

² For example, some census tracts in Kensington, Philadelphia which are 99 per cent or more white, have estimated long-term-vacancy rates ranging from 9 to 17 per cent.

the socio-economic classes they serve, it does not seem to explain what causes individual housing structures within specific neighborhoods to be abandoned.³

Abandonment is sometimes thought to result from a combination of undesirable neighborhood elements, such as the low quality of schools or other public services, the poor condition of housing or the unpleasant social or physical characteristics of the neighborhood.

Inadequate public services may drive families from a community or deter new families from moving into the area, thereby creating insufficient demand for houses in that community. However, while the quality of public service provisions such as schools may have some effect on abandonment, it is not by itself an adequate explanatory tool. In communities where many families send their children to non-public schools, or where most don't have schoolage children, the quality of local public education may not be crucial. Similarly, though the prevalence of crime may reduce the desirability of a neighborhood, many high-crime areas retain remarkably active, viable housing markets.

Absentee ownership is often suggested as a major cause of the problem. In low-income areas many households are renters and much housing is owned by investors who live outside of the area. Absentee ownership is assumed to foster abandonment by decreasing both the commitment to proper maintenance and the sense of community involvement. This theory does not explain why houses are abandoned by former owner-occupiers who may never have rented out their properties. It also fails to explain why landlords would intentionally provide too low a level of maintenance to keep their properties income-producing. Rational behavior might seem to preclude undermaintenance of properties, since this reduces the future income stream and the future value of the assets. However, there is no reason to believe that all owner-investors accurately assess costs of disinvestment or that they act rationally about the future value of an asset whose future is in doubt. Therefore, undermaintenance is possible, if not always likely, particularly where small-scale investors with limited experience are involved.

Another theory about abandonment is that urban renewal, code enforcement and other government policies may make it impossible for landlords to operate their units profitably. Code enforcement, for instance, may require expensive rehabilitation of a property. In

³ Ecological theories of neighborhood invasion and succession are amply described elsewhere [3].

a low-rent area, such costs may not be recoverable by a landlord. If so, abandonment may be a rational decision. For an owner-occupier, the cost of meeting code requirements may increase his carrying costs for the property beyond his financial ability, and make it cheaper for him to abandon his property and seek housing space elsewhere. License code enforcement alone cannot explain abandonment, since many neighborhoods where codes are tightly enforced do not have abandonment problems.

Underlying all of these theories is an economic rationale for abandonment, for while there is more abandonment in areas of racial transition or where absentee ownership is high or facilities undesirable, unless properties become unmarketable, or too costly to maintain, they are unlikely to be abandoned. In *Urban Housing Policy* this negative cash-flow hypothesis is well documented by William Grigsby [4]. Higher than average maintenance costs, coupled with low-income tenants, results in the unavailability of funds for, or the diseconomy of, proper maintenance.

Defining and Measuring Abandonment

One difficulty in assessing either the scope or intensity of abandonment is the lack of a standard definition. The study by the National Urban League states, "We do not consider any vacant building an abandoned building, nor do we believe all inhabited buildings are non-abandoned."⁴ This concept does not get us very far.

The City of Philadelphia has as its operational definition simply "long-term-vacancy," which it freely admits is not synonymous with abandonment. Water-meter turnoffs are used to determine long-term-vacancies.⁵ These turnoffs are an inadequate gauge of abandonments because many such properties are only temporarily vacant or withdrawn from the market. Even tax delinquency records are not too helpful, as some properties are kept chronically delinquent, with payments regularly made long beyond the due dates.⁶

⁴ *The National Survey of Housing Abandonment.*

⁵ The Philadelphia Department of Licenses and Inspections and the City Planning Commission determine this when the water meter reader finds the residence vacant on two successive attempts, six months apart. They also classify a property as long-term-vacant if they receive a report from neighbors or other agencies that it is abandoned, and a full check confirms it as vacant and unmaintained.

⁶ Department of Licenses and Inspections. This is evidently neither an unique nor isolated condition.

In this study, abandonment is defined as taking place when maintenance and upkeep are withdrawn from a vacant property, as confirmed either by the owner of record, or by inspection.⁷ The property may be boarded-up, open to entry, or simply withdrawn from the market. In each case the owner has given up rehabilitating or adequately maintaining the property to make or keep it marketable.

“Early abandonment” is defined here as a situation in which the amount of abandonment within a census tract represents less than two per cent but more than 0.5 per cent of the total residential structures in the tract. These are admittedly arbitrary cutoff points. The lower limit leaves room for occasional abandonment which might have no relation to any neighborhood conditions or trends. Above two per cent, it seems likely that a point may have been reached where the level of abandonment is beginning to cause more abandonment.⁸

One of the study tracts has considerably more than two per cent abandonment, but in September 1972 when it was selected, its estimated abandonment rate seemed to place it within study guidelines. The tract was retained in the study to see if the rapid mushrooming of abandonment there might illuminate some of the forces leading to residential property abandonment. (See Figure 1.)

Since not all vacant properties are abandoned, and since city estimates of long-term-vacant properties are inflated due to record keeping methods, a combination of published data, field observations and interviews was used to assess abandonment in Wynnefield-Overbrook. Published data included U.S. Census information and compilations by the Philadelphia City Planning Commission and Department of Licenses and Inspection. Field observation entailed external examination of all properties on the long-term-vacancy list, along with other obviously abandoned, not yet listed properties in the tracts.

Interviews with owners, tenants, realtors and public officials helped to explain the trends within the areas, and gave some insight into the nature of the problems, both specific and general, which the abandoners had faced. Owners of vacant properties were extremely difficult to find. For those who were located and

⁷ A presumption of abandonment was made if the owner of the property stated it was abandoned, or the property was vacant, boarded-up and off the market. For a more thorough detailing of the standards used to determine abandonment, see reference 1.

⁸ The evident rapid growth of abandonment in Tract 113 lends support to this assumption.

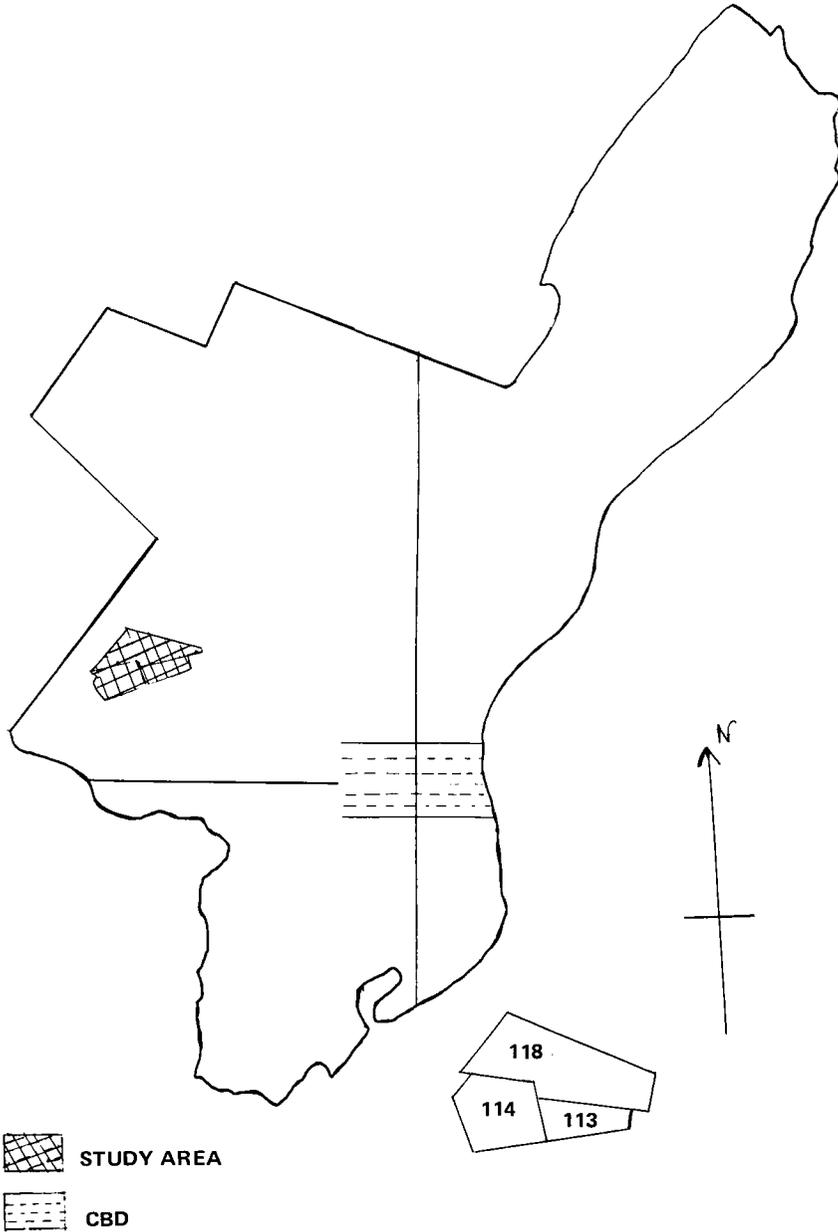


Figure 1. Map of Philadelphia with the study area and the central business district highlighted.

interviewed, a brief questionnaire was used, with the balance of the interview being open-ended.

Only thirty-eight owners and occupiers of listed long-term-vacant residences could be reached, and of these, only ten stated they had abandoned their properties. While the small number of responses and the possible self-selection of responders may bias the results, nonetheless, certain early abandonment patterns and processes did appear to be operative. They may be similar to patterns in other areas which are also in the initial stages of residential abandonment.

The Community With Incipient Abandonment

Wynnefield-Overbrook lies in the western part of Philadelphia, bounded by parks on the east and west and the county line on the north. The study tracts (Census Tracts 113, 114 and 118) are centrally located within the general Wynnefield-Overbrook area. Their northernmost boundary is about four blocks from the city boundary line. From there, the area continues inward toward downtown Philadelphia. Most of the properties in the area are either residential or commercial. Only one street in the study area has much industrial development. And there is only one imposing building within the three tracts, the public high school which serves the community. (See Table 1.)

Table 1. Population and Housing Characteristics, Selected Census Tracts in Wynnefield-Overbrook, 1960 to 1970

	% of housing units owner-occupied		% non-white inhabitants		% overcrowded ^a	
	1960	1970	1960	1970	1960	1970
Tract 113	57	69	55.0	91.9	5.7	6.8
Tract 114	69	59	13.8	63.6	3.2	4.6
Tract 118	85	85	0.1	68.9	0.4	3.2

^a Interpolated from U.S. Census of Housing and Population, 1970, Philadelphia SMSA and U.S. Census of Housing and Population, 1960, Philadelphia SMSA. Overcrowding is defined by the City Planning Commission as 1.01 or more persons per room occupying a housing unit.

Source: U.S. Census of Housing and Population, 1970 Philadelphia SMSA, U.S. Department of Commerce, Washington, D.C., 1972, U.S. Census of Housing and Population, 1960, Philadelphia SMSA, U.S. Department of Commerce, Washington, D.C., 1962, and City Planning Commission Reports, Population Characteristics, 1960-1970, and Report of Housing Characteristics, 1960-1970.

Though abandonment is scattered throughout the three tracts, within each, and within the overall study area, there is relatively more abandonment as one moves in toward the central part of the city and toward older, lower-priced dwellings.

Between 1960 and 1970 the racial balance in the study area shifted from overwhelmingly white (except in Tract 113) to heavily black. In spite of racial change and a decade of aging of the housing stock, residential ownership patterns within the study area changed little between 1960 and 1970.

The median price of owner-occupied housing in Tract 118 increased only slightly over the decade, from \$11,900 to \$12,800, but was well above the city average of \$10,600, and the percentage of vacant housing units in the tract fell considerably below the citywide average [5]. These factors should indicate an active market and, in fact, houses in the tract are still selling well, according to local realtors.

In Tract 114, the median value of owner-occupied housing units in 1970 was \$10,900, up from \$9,300 in 1960, and the percentage of vacant dwelling units remained steady and close to the citywide average.

The census data from Tract 113 do not accurately portray the current situation. Change in this neighborhood may have been incipient at the time of the decennial count, but only since 1970 has actual abandonment become rife.

The rate of owner-occupancy increased twelve per cent over the decade, hardly the mark of an area about to become abandoned. The median value of owner-occupied units increased from \$8,400 to \$9,700. Over eighty per cent of the homes in all three tracts were built before 1939, but the appearance and style of properties in Tract 113 indicates them to be considerably older than those in the two neighboring tracts. Even though some streets in Tract 113 are still well cared for, the overall impression is of a community going downhill. On the smaller side streets the stamp of "slum" seems indelibly imprinted.⁹

Of the 182 properties within the study area listed as long-term-vacancies by L and I in October 1972, sixty-seven were confirmed by their owners or appeared upon inspection to be abandoned. Along with forty-five other, not-yet-listed abandonments, there were 112 abandoned structures out of a total stock of 5714, for an

⁹ See Featherman for an analysis and comparison of characteristics of residents of the three tracts [1].

Table 2. Abandonment: Number and Rate of Abandonments for Wynnefield-Overbrook Study Area, 1972

	<i>Total properties</i>	<i>Properties on L and I long-term vacancy list</i>	<i>Number from long-term vacancy list found to be abandoned</i>	<i>Other board-ups</i>	<i>Total abandonment</i>	<i>Per cent abandonment</i>
Tract 113	1368	83	41	24	65	4.7
Tract 114	2170	48	12	12	24	1.1
Tract 118	2176	51	14	9	23	1.1
Total	5714	182	67	45	112	1.9

overall area abandonment rate of just under two per cent.¹⁰ (See Table 2.)

Abandonment in Tracts 114 and 118 was sporadic. Such abandonments as occurred were scattered throughout the tracts, most often on small or commercial streets, and particularly in those parts of the tracts closest to Tract 113.

Properties in Tract 113 generally have lower assessments and are older, smaller and more crowded together than those in the other two tracts. They often have a shanty look to them, particularly at the inner-city tip of the tract. With an abandonment rate in the tract of close to five per cent, the phenomenon has passed the early stages and is becoming pervasive. Yet six months before the study began, city estimates did not indicate widespread abandonment here. Within a relatively short time, (if city estimates and study compilations were no more inaccurate for this than for other tracts) the area has gone from incipient to heavy abandonment. Now, according to an area realtor, the presence of so many abandoned properties is preventing prospects from buying in the area.

The Abandoned Property

The properties found to be among the first abandoned within the study area were generally those which were older and much

¹⁰ Though properties owned by the Department of Housing and Urban Development were included in the long-term-vacancy count, no HUD properties were tallied as abandoned. A HUD property from which maintenance is withdrawn might have an effect on the local community similar to that of a privately abandoned property, but even when a HUD-owned residence is removed from the market it cannot properly be classified as abandoned, since HUD policy vis-a-vis such a property may change at any time.

larger or smaller than the prevailing neighborhood pattern, such as two-bedroom and six-bedroom houses. The difficulty in selling properties such as these which are too large or too small for the type of demanders being drawn to the neighborhood evidently make the properties more prone to abandonment.

Newer houses, and detached and semi-detached houses, were least likely to be abandoned. Among row homes, those on small narrow streets were at higher risk than those on broad streets, except where those broad streets were commercial thoroughfares. These commercial thoroughfares were likely to have the largest collections and earliest developments of residential abandonments in their neighborhoods.

However, while the older, larger or smaller house, and the house on the commercial street may, in combination with neighborhood characteristics, be predisposed to early abandonment, it is important to realize that the overwhelming majority of such residences in these areas are still occupied, and when placed on the market, they are sold, albeit sometimes slowly. Since the demand for them is low, such properties are more likely than others in the area, when placed on the market, to be vacant for long periods of time. While vacant they are at risk to vandalism. In the study area, almost all of the abandoned properties had suffered from severe acts of vandalism. The high cost of repairing the damage was generally what had precipitated the owner's withdrawal of maintenance from the property. Though in many cases it might have been economically feasible to rehabilitate and resell the houses, fear of further acts of vandalism inhibited owners from reinvesting in these properties.

Various checks were used to see if the early abandoned property differed, in some substantive way, from other properties on its own block. Tax assessments for all the properties which were abandoned or were on the long-term-vacancy list were checked. In almost all cases, assessments for abandoned properties were similar or identical with other assessments on the same blocks.

Nor were abandoned properties different in style from the predominant residential design of their respective streets. If the street had row homes, the abandoned one was likely to be somewhere in the middle of a set of physically identical boxes. Even abandoned detached homes almost always were architecturally similar to the other homes on the same block.

Nor except for damage due to vandalism, was exterior condition likely to be noticeably worse than that of neighboring structures, except for a few truly broken-down properties in Tract 113. By

and large, external evidence did not indicate that abandoned properties had undergone less effective maintenance than their neighboring properties, prior to being vandalized. If there was any way in which the abandoned property differed from occupied properties on the same street, it was only in the fact of vacancy itself, and the risks and effects of vandalism to which this vacancy had predisposed the property.

The Abandoner

The owner at risk to abandonment is hard to predict, because of the variety of events (such as death, job relocation or marital dissolution) which may force an owner to vacate a property before it is resold or rented, thereby placing the empty property at risk to vandalism. The early abandoners located in the study had some common traits, though. They were almost always the child or mate of a deceased former owner-occupier, and in general, they owned only the one non-self-occupied property. More often than not they lacked either the experience or the inclination to be landlords, and their difficulty in getting buyers or handling tenants, had generally kept their properties empty for long periods of time.¹¹

No two properties on the long-term-vacancy list had the same ownership. Though a few owners of long-term-vacant property were professional investors, except for one case, these professionals were not among the abandoners in the area.

Professional owner-investors were rarely among the early abandoners probably because they have developed some expertise in selecting tenants, in managing property, in providing maintenance at reasonable costs to themselves, and even in averting or coping with vandalism. Several investors admitted to abandoning properties in other, more heavily abandoned communities, but the general pattern seemed to be for them not to abandon until extensive abandonment, coupled with other serious problems of neighborhood deterioration within a community, had chipped away at their other options.

Many of the abandoned properties still have some market value. It would pay their owners to rehabilitate and then resell such properties, even at substantially lower figures than the original asking prices. Yet many of these owners are unwilling to make repairs. Rehabilitation is seen not as economically feasible but as

¹¹ Many of the owners' problems in renting and management that led to residential abandonment are detailed by Featherman [1]. The stories told by some abandoners were quite poignant and described the complexities and problems non-professional landlords faced.

an inordinate risk. They know that by not rehabilitating they lose the entire value of the property, but rehabilitation does not guarantee a sale and could risk the loss of funds put into improvements if the property is revandalized before it can be sold and its title transferred. So pervasive is this fear of revandalization that even owners of properties empty for several years before extensive vandalism took place were afraid to repair their properties.

Furthermore, fear of vandalism inhibited owners from posting "For Sale" or "For Rent" signs on their properties, thereby further limiting sales opportunities. Throughout the study area, no vacant properties carried signs advertising their availability. Those properties which did have such signs posted were all occupied at the time.

Suggested Strategies to Reduce Abandonment

The strategy most frequently recommended by persons who own abandoned properties is to cut off the flow of profits from vandalism by prosecuting dealers caught trading in stolen fixtures or plumbing. While professional vandals might then seek non-local outlets for stolen equipment, the small proceeds from used parts makes long-distance resale unlikely.

Immediate tax reduction or abatement for damaged properties is another intervention which might reduce abandonment. Perhaps if such tax reductions were tied to clear standards of rehabilitation and maintenance, this could be feasible.

In the case of seriously vandalized property in good neighborhoods, low-interest government loans might enable some owners to repair rather than abandon their properties. As a caution, though, it should be noted that many of the abandoners could afford to make repairs but were unwilling to out of fear of revandalization.

Perhaps a special agency could help locate buyers or tenants for owners with unusual problems. Such a private or public agency might also supply a maintenance and watchdog service to help keep otherwise marketable properties from falling prey to vandalism and in turn, abandonment.

Summary

Several frequently suggested reasons for abandonment, such as overly stringent code enforcement and inability to obtain mortgage financing, did not appear to be immediate causes of early

abandonment in the study area, though they may have adversely affected the overall investment climate in the area, and may be precipitating factors in individual abandonments in areas where abandonment is more extensive. Absentee ownership, racial transition, intentional underinvestment and lack of adequate public services also were not directly precipitating causes. Individually all of these conditions occur regularly throughout the market, without causing residential abandonments. In Wynnefield-Overbrook, no single one of these factors was, of itself, responsible for abandonment. In almost every case, at least three or four elements were operative.

It seems to be only this convergence of events which, when combined with a weakened market within an area, predisposes properties within that area to the risk of abandonment.

In Wynnefield-Overbrook, most of the worst housing was clearly occupied and the housing which was being abandoned covered a broad spectrum of quality and value, though the distribution was skewed to the lower end of the value range.

While some abandonment is an inevitable consequence of rising incomes and changing taste and technology, the abandonments in Wynnefield-Overbrook did not seem to have these macro-antecedents. Rather, they resulted from the combination of a slowed-down market, older properties, houses somewhat less marketable than average, and vacancies which lasted long enough to expose the properties to serious vandalism.

In a study such as this, dependent on information drawn from small samples and sources difficult to reach, the possibility of drawing firm conclusions is limited. At best, the findings point to some possible causes, a few suggested interventions, and a need for further investigation.

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