

REDEVELOPMENT AUTHORITY OF THE CITY OF PHILADELPHIA: LAND USE AND POLICY STUDY

EXECUTIVE SUMMARY

Submitted To:

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Interest in urban agriculture has exploded in recent times because the practice is at the confluence of a number of pressing issues, from stormwater management and open space provision to childhood obesity and neighborhood stabilization. These issues are of particular interest in Philadelphia, and so a variety of groups have a natural interest in the success of urban agriculture within the City. Urban agriculture also logically intersects with a number of important initiatives and objectives of the Nutter Administration. Urban agriculture is diverse in its intended objectives, and thus in the ways in which it is practiced in Philadelphia and in other cities (see Figure ES.1).

Figure ES.1
Urban Agriculture’s Intended Objectives, and Lessons Learned
from Its Application in Philadelphia and Other Cities

Intended Objectives	The Landscape in Philadelphia	Characteristics of Other Cities
Access to healthy food Economic development Environmental remediation Neighborhood greening Community building	Urban agriculture on large sites is on the fringe of the City where densities are low and parkland is abundant, while there are hundreds of community gardens on much smaller plots in dense neighborhoods. Local food non-profits that facilitate consumer access are also important actors in Philadelphia, with particular attention to responding to concerns about “food deserts.”	Urban agriculture is primarily a neighborhood greening strategy. Garden leases and zoning codes represent two mechanisms by which terms can be established. Urban agriculture networks have been established in several cities. Compromise is needed to satisfy a diversity of stakeholders. In weak markets, the benefit is about public amenities and not revenue generation. Ideal sites for urban farming depend on a variety of criteria.

Source: Econsult Corporation (2009)

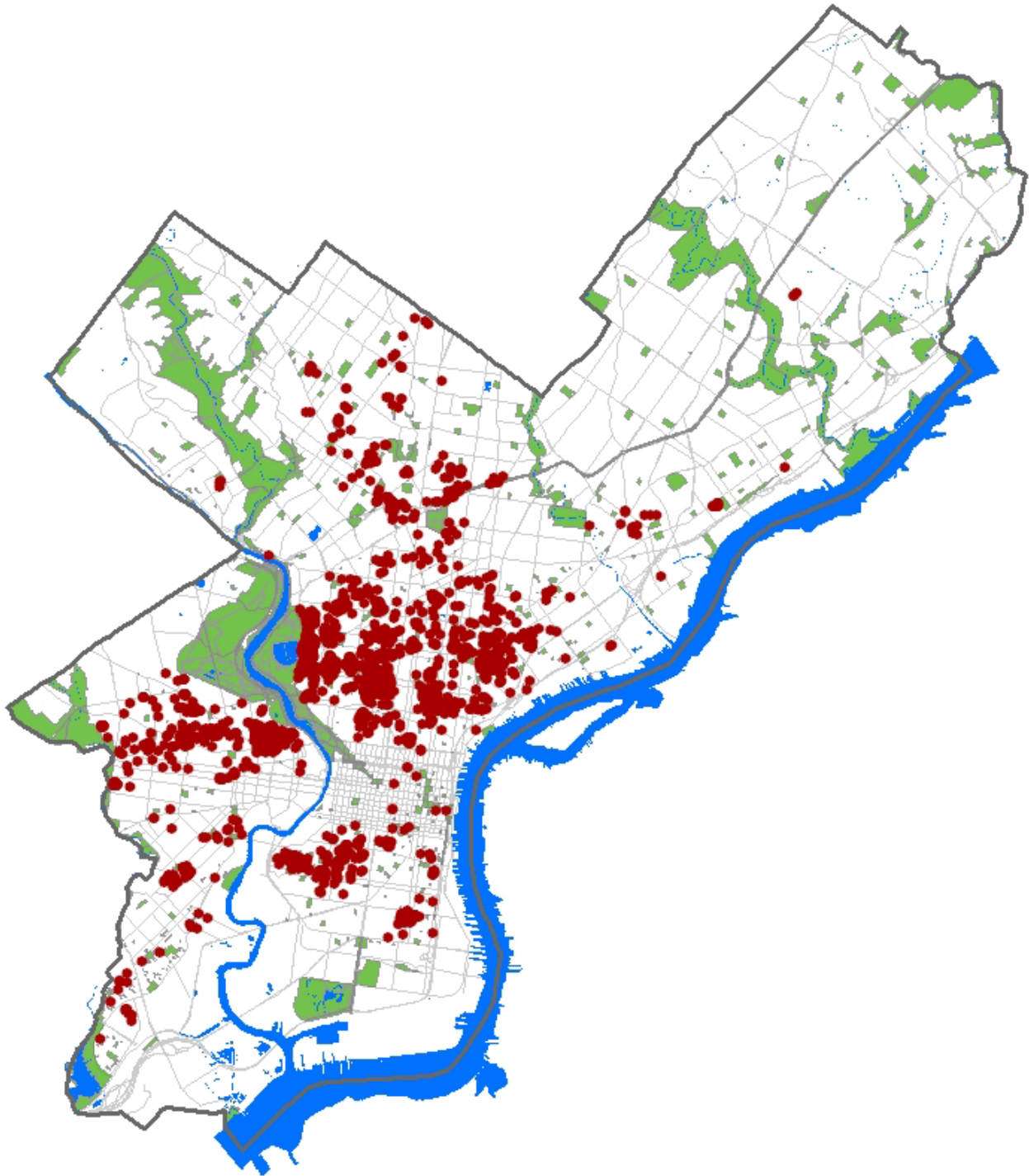
Because the Philadelphia Redevelopment Authority (RDA) is a major landholder in the City, it too has an interest in the topic of urban agriculture. Some RDA parcels are already being used for urban farming and community gardening, and there is demand for additional such use of RDA parcels. Tasked with the development of balanced, mixed-use communities, the RDA is examining policies and frameworks that can respond to desires for urban agriculture but that are flexible enough to enable the RDA to adapt to changes as the best uses for parcels evolve over time.

The RDA currently controls about 2,500 parcels of vacant land within the City (see Figure ES.2). They are dispersed throughout the City, but, by number, are disproportionately in low-income neighborhoods: 75 percent are located in North and West Philadelphia, while 77 percent are in Census tracts with median household incomes of less than \$25,000. The vast majority of RDA parcels are near other open space: 91 percent are less than 1/5 mile from a park. Forty-seven percent of RDA parcels are within a 1/2-mile of a grocery store, while 27 percent are within a mile of an urban farm.

It is important for localities that land is developed at its highest and best use because property tax revenues represent a significant portion of funding for important public goods such as schools. This suggests that, all things being equal, parcels with the lowest values are more easily allocated to urban agriculture, because the opportunity cost of not allowing other uses is low, whereas parcels with the highest values are less easily allocated to urban agriculture, because the opportunity cost of not allowing other uses is high.

However, localities must also be mindful that not all parcels can or should be developed; parks, for example, do not directly generate property tax revenues, but are still justified for the enhancing effect they on local quality of live (and on the value of parcels that do generate property tax revenues). Urban agriculture can also be justified on high-value parcels for non-financial reasons, if the social or environmental benefits of urban agriculture on such sites are deemed sufficient to warrant not developing them for higher uses.

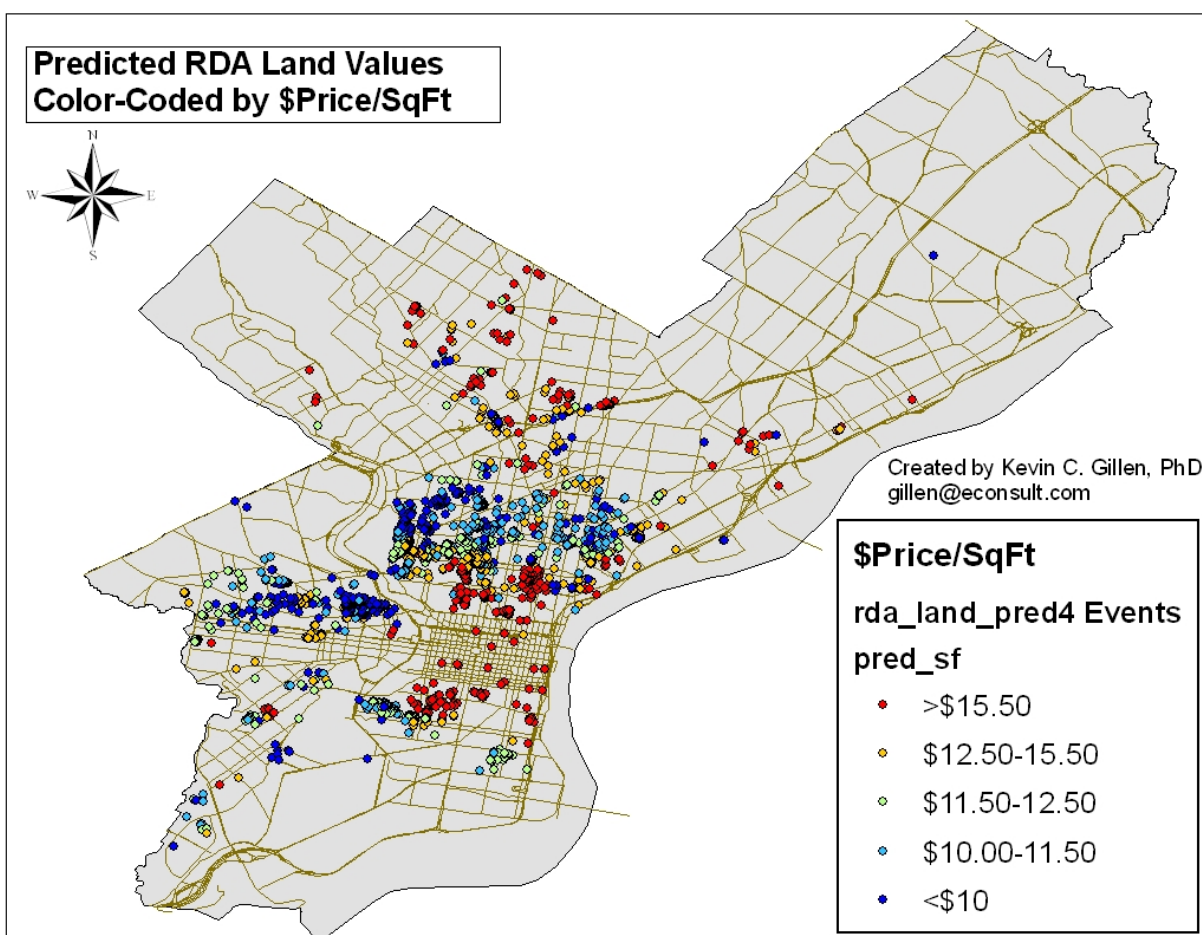
Figure ES.2
Location of RDA-Controlled Parcels
(Most are Located in North and West Philadelphia)



Source: Econsult Corporation (2010), Philadelphia Redevelopment Authority (2009)

Using a hedonic pricing model, land values for RDA parcels were estimated based on land sales throughout the City (see Figure ES.3). The aggregate value of the RDA's 2,500 vacant land holdings, spanning 130 acres, is estimated to be \$116 million, with the top 10 percent by value comprising 72 percent of that aggregate value. Fifty-nine percent of parcels have prices per square foot of less than \$12.50, or \$27,000 for a 1/20th-acre lot, the size of a typical row house lot. Most RDA parcels are very small: parcels that are 1/20-acre or smaller represent 89 percent of all RDA sites, as well as 86 percent of RDA sites that are valued at \$12.50 per square foot or less (see Figure ES.4). In fact, there are only 12 RDA sites that are larger than one acre. The relatively modest valuations of RDA properties implies that they are not in high demand for immediate development and thus are candidates for temporary urban agriculture uses until the demand for more intense, higher value use of the parcels arises.

Figure ES.3
 Predicted Land Price per Square Foot for RDA-Controlled Parcels as of December 2009,
 Based on Hedonic Analysis of Single-Family Home Sales in Philadelphia, 2008 to Q1 2010



Source: Econsult Corporation (2010), Board of Revision of Taxes (2010), Philadelphia Redevelopment Authority (2009)

Figure ES.4
Distribution of Predicted Land Price per Square Foot for RDA-Controlled Parcels, by Lot Size
 (59 Percent are Estimated to Have a Market Value of Less Than \$12.50 per Square Foot,
 and of Those Parcels, 86 Percent are 1/20th-Acre or Less)

	<1/40 acre	1/40-1/20 acre	1/20-1/10 acre	1/10-1/2 acre	1/2-3 acre	Grand Total
\$0-\$10/SF	9.1%	6.8%	1.9%	2.7%	1.0%	21.5%
\$10-\$11.5/SF	9.8%	5.4%	1.0%	0.8%	0.1%	17.1%
\$11.5-\$12.5/SF	12.0%	7.0%	0.5%	0.4%	0.0%	19.9%
\$12.5-\$15.5/SF	9.8%	9.2%	0.6%	0.3%	0.0%	19.9%
\$15.5-\$275/SF	11.2%	8.3%	0.8%	0.9%	0.2%	21.4%
Grand Total	52.0%	36.8%	4.8%	5.1%	1.4%	100.0%

Source: Econsult Corporation (2010), Board of Revision of Taxes (2010), Philadelphia Redevelopment Authority (2009)

Based on this valuation of RDA parcels, we have developed a series of recommendations for the RDA's consideration (see Figure ES.5):

- The RDA, in concert with other City agencies or non-profit entities, should determine whether some RDA parcels warrant being allocated for permanent urban agriculture.
- To the degree it has funding to cover oversight costs, it is appropriate for the RDA to pursue temporary urban agriculture arrangements on its low-value parcels, regardless of whether it represents the final highest and best use of those parcels, when agricultural uses increase the value of those parcels and of neighboring parcels.
- The RDA should offer as much choice as possible to the marketplace of prospective urban agriculture operators by making available for temporary urban agriculture all parcels it does not anticipate that it will need for alternative use within the next 18 months, and accept as many qualified candidates as it has organizational bandwidth to oversee.
- Excluding high-value parcels, parcels that may be rezoned, or parcels for which the RDA has received inquiries, the RDA should determine the lease price, time commitment, and terms of use to for all parcels that it is willing to allow urban agriculture.
- When the lease term is up, one of five outcomes can occur: 1) renew the lease with the same operator, 2) enter into a new lease with a new operator, 3) prepare the site for imminent sale, 4) sell the site, or 5) sell the site but carve out an easement on some or all of the site. These "exit" strategies should be discussed at the commencement of each lease term, as well as during annual check-in sessions, so that there is no confusion on the part of the operator as to what the

possibilities are at the end of the lease term or as to how the RDA will determine which direction to go at that point.

- The RDA should consider the use of a formula to compensate the user for his or her role in maintaining and improving the site such that it can now be sold to a private developer.
- While the RDA's organizational focus should remain on economic development and land use, with urban agriculture strategically deployed as an interim use to stabilize neighborhoods, the urban agriculture activities themselves merit some specific attention. Making the vast majority of its parcel inventory available for temporary urban agriculture will potentially yield a variety of users and uses, and the RDA can, in concert with other public agencies and non-profit entities, monitor "best practices" that emerge from this network of sites.
- The RDA's burgeoning relationship with the US Department of Agriculture presents an opportunity to fund and explore such a role for such a purpose together with other city agencies. Sites can be provisioned for USDA cooperative efforts so as to underwrite oversight costs and maximize the dissemination of best practices in urban agriculture and particularly the distributed but connected nature of a network of urban agriculture sites.

Figure ES.5
Overall Recommendations to the RDA

1. Determine whether some RDA parcels warrant being transitioned over to other City agencies or non-profit entities for permanent urban agriculture.
2. Focus the RDA's urban agriculture efforts on temporary arrangements, and establish a framework for matching parcels, users, and uses.
3. Set the performance terms for temporary urban agriculture users on RDA land.
4. Set the lease price and time frame for each RDA parcel for temporary urban agriculture use, and otherwise allow all parcels to be available to be bid on. Note that lease price might be zero.
5. Manage the Request for Proposal (RFP) process so as to be as flexible and strategic as possible.
6. Establish the potential "exit strategy" options that are available upon the conclusion of a lease term.
7. Develop an informational document that expresses the RDA's position on urban agriculture and on how the RFP process will proceed.
8. Provision sites for USDA cooperative efforts to establish model projects in Philadelphia.

Source: Econsult Corporation / Penn Institute for Urban Research (2010)