

TOWARD DETERMINING PATTERNS OF RESIDENTIAL BLIGHT AND BLIGHT MITIGATION IN ST. LOUIS COUNTY, MISSOURI

H. Douglas Adams, B.S., M.P.A. - 2005 Dissertation Excerpts

In the absence of an objective measure of blight and with ambiguous statutory definitions of blight, current actions to administer statutorily authorized property blighting mechanisms appear arbitrary. ...

... Currently, defining blight is an activity open to debate. In the literature no categorical standard for "what is blight" exists, nor is a consistent definition of "blight" used in public statutes. Nearly all uses of the term blight involve a degree of subjective interpretation. Such interpretations can lead to a highly contentious atmosphere in a community when blight is used as a justification for publicly supported development projects. This is especially true in situations involving competing land use interests. Recent application of the TIF development statute in Missouri has included municipalities designating undeveloped farm land as "blighted". Parties opposed to what they see as the over utilization of the TIF development mechanism argue that "to apply the blight definition to a cornfield is a total corruption of what the law was meant in the first place" (Ganey, 2005).

Blight, by dictionary definition, describes conditions that are deteriorated, dilapidated, or decayed. The popular impression of blighted conditions includes images of run-down houses, dilapidated structures, and abandoned property (Orsini-Meinherd, 2004). From a public policy perspective blight connotes conditions of decayed infra-structure, environmental contamination, and inefficient land use. Others apply the term blight to areas where property values are falling. Such declining values may contribute to other problems such as crime, pollution, or the lack of investment. Beauregard cites the Urban Land Institute as defining "blight as an economic condition in which the market value of property, a value dependent on adjacent land uses, was somehow lost" (Beauregard, 1993, p.86). Missouri state statutes define blighted as "any area where dwellings predominate which, by reason of dilapidation, overcrowding, lack of ventilation, light or sanitary facilities or any combination of these factors are detrimental to safety, health and morals" (Missouri, 2003). However, municipalities operationalize that definition in a very broad fashion that has been sanctioned by the courts.

The public policy response to mitigating blight conditions is generally channeled through efforts at economic development. Governments have created an array of enticements to induce development. The most common approaches have been the use of tax policy. Those approaches include tax exemptions, tax abatements, forgiveness of taxes, removal of property from the tax rolls, and special financing mechanisms. Such tax policy enticements can be a significant savings for a developer. One of such enticements favored by local jurisdictions in Missouri is the financing mechanism of Tax Increment Financing (TIF). ...

... The administrative blighting of property by a municipality can be highly controversial. This is especially true when residents of an area targeted for development do not view their homes as blighted real estate. The tension represents a collision of perspective as to how the property should be viewed. The tension can be viewed as a conflict over the use value of property verses the exchange value of that property. Logan and Molotch (1987) view conflict at the local level over growth issues as a significant issue of how a city and its people struggle

over opposing goals for defining the city. Of particular concern are differences about how land and buildings are “used and exchanged” in the city.

A person living in a home will value that building for its use while a developer, looking at the same property as a source of income, sees it for its exchange value. Thus the pursuit of exchange value can be in conflict with use value and this conflict can be a source of tension in a city. Such tension most often arises when the power of the municipality is sought by developers to execute a development plan. That municipal power can consist of public subsidies to fund the development, tax breaks on the completed development, as well as the use of the municipality’s power of eminent domain to move property from one private owner to another for the reputed public purpose of economic development. Such actions may be viewed by some elements of the community as the use of public powers to promote private gain.

These economic development efforts of municipalities in a large metropolitan area also pose questions concerning inter-governmental competition and the rationale that promotes such competition. Since much of the development efforts focus on commercial projects, the municipalities seek to increase tax revenues and employment activities so as to enhance the local economy in term of revenues for public service and employment opportunities for citizens. Such behavior can be understood when put into context of Tiebouts’s (1956) model of municipal competition which looks at how households reveal their preferences for public goods through their choices of the community they live in. For elected officials who make decisions about the mix of public goods their municipality provides, one measure of knowing if the mix matches resident’s preference is whether families are moving into the municipality.

...

... Defining Blight - Blight is generally recognized as a transitional condition of neighborhoods between “a state of relative civic health [and] the state of being a slum, a breeding ground for crime, disease, and unhealthful living conditions” (Luce, 2000, p.393). Blighted areas become a burden on any city. Such areas are characterized by declining or stagnant tax revenues. Blighted areas thus pose an increasing cost in providing the public services necessary to combat the crime, health, and safety deficiencies arising from the physical and economic decline of the blighted area. The cumulative effect of such blight then spreads and further erodes the city’s tax base. The city’s ability to respond to the blight and to address the associated problems is imperiled by the city’s deteriorating budget situation.

Blight is not a new concept or problem. Defining blight and mitigating its presence has long been a significant issue for public policy discussion. The issue of urban blight and its relationship to housing abandonment was recognized in many of the federal initiatives after the Second World War targeting housing policy and urban renewal efforts. And the mitigation of urban blight became an underlying rationale for many urban renewal efforts involving land clearance.

If one goes to a standard dictionary to define blight, the term is first identified with plant pathology. The on-line Oxford English Dictionary (OED) indicated that the origin of the word blight is unknown but entered the language from usage by farmers and gardeners. OED defines blight first as “any baleful influence of atmospherics or invisible origin, that suddenly blasts, nips, or destroys plants” (OED, 1989). OED’s fourth definition calls blight “an unsightly urban area” and cites Mumford’s *Culture of Cities* (1938) as an original source of such usage. The first definition according to the Random House Unabridged dictionary refers to “the rapid and extensive discoloration, wilting, and death of plant tissue.” However, the third definition

refers to “the state or result of being blighted or deteriorated; dilapidation; decay; urban blight” (Random House, 1987, p.222).

In several real estate industry glossaries of real estate terms, the definition of blight, or more specifically blighted area, is given as a “neighborhood that has deteriorated” and as “any region of a city or town that has fallen into disrepair or otherwise has become undesirable” or “an area in which real property is declining in value because of destructive economic forces.” Legal dictionaries define blight as areas that are unaesthetic and uneconomic. Another definition is an area of deterioration due to a lack of maintenance or because of the presence of an external factor triggering a decline in the value of property (Andersen 1969; Berger & Redden, 1996).

Though OED cites Mumford, prior usage of the term can be found in the literature. As descriptive terms in urban affairs, blight and blighted area were well established by the early twentieth century (Perry, 1933; Wright, 1938). For example, Achinstein (1935) analyzed the economic characteristic of blighted areas which were noted to be areas with aged, dilapidated, unsanitary facilities. Knight (1930) defined a blighted area as “any area in which economic development has been considerably retarded, as compared with the development in the larger area” (Knight 1930, p.134). Knight also noted that blight, as a term was “synonymous with deterioration or decadence”. Gordon (2004) references a 1918 report on blight in Philadelphia. By the mid twentieth century Jacobs (1961) is identifying blight in the social context of housing filtering (Ratcliff, 1945; Lowry, 1960; Margulis, 1998) by describing blight as the result of middle-class families moving out of a neighborhood to be replaced by people “with little economic or social choice among living places” (Jacobs, 1961, p.44). And Schaaf (1969), who identified blight as denoting “urban areas that are not in optimum use due to some inhibiting or retarding factor” (Schaaf, 1969, p.113), emphasizes the economic context of blight (Knight, 1930; Davis, 1960; Breger, 1967; Gordon, 2004).

The term blight was introduced into the federal policy lexicon with the Federal Housing Act of 1949 (Lineberry, 1971; Fainstein, 1998; Ferguson, 1999). As part of this legislation, neighborhoods deemed to be blighted areas, qualified for urban renewal funding. The legislation did not specifically define blight; however, the focus was predominately in a residential context (Gordon, 2004). The specific act of defining the blight was left up to the discretion of local authorities.

States have defined blight and blighted areas in state statutes as a means of facilitating the compliance with the Federal Housing Act of 1949. For example, the State of Missouri (Missouri, 2004) has defined “blighted” as any area where dwellings predominate which, by reason of dilapidation, overcrowding, lack of ventilation, light or sanitary facilities or any combination of these factors are detrimental to safety, health and morals.

And a “blighted area” as an area which, by reason of the predominance of defective or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property . . . a menace to the public health, safety, morals, or welfare in its present condition and use. ...

... Economic Development as a Response to Blight - Musgrave (1959) identifies the three primary objectives of public finance: (1) allocation of resources; (2) distribution of income and wealth; and (3) economic stabilization. According to Musgrave the purpose of stabilization is to secure stable price levels and ensure full employment. This stabilization role

involves setting policies to ensure a rate of growth in the economy that, while ensuring full employment, avoids inflation. The focus of the stabilization function is on the “performance of the aggregate economy in terms of labor employment and capital utilization” (Herber, 1983, p.5).

Under American fiscal federalism, the stabilization function of public finance is considered to be a national government role dealing with the aggregate economy. Most economists assume that local and regional economies are sufficiently open such that local economic cycles and local efforts at fiscal policies are dissipated by the effect of the larger national economies (Musso, 1998). Both in public finance and macroeconomics theories it is a standard proposition that the national level of government should be engaged with the issues of stabilization policy (Gramlich, 1987). However, Musso (1998) suggests that research indicates that state and local economic policy activities may indeed serve stabilization objectives. State and local government activities in economic development can be considered to fulfill some of those stabilization objectives, especially in terms of policy initiatives for growth promotion intended to improve labor and capital utilization in state and local areas. However, such policy efforts may only be effective short term since the aggregate affect of the national economy can, in the long run, overwhelms local efforts (Gramlich, 1987). The evidence does not indicate that state and local economic policy efforts produce true public finance stabilization effects but such efforts can help create a business climate favorable to private investment and development (Musso, 1998).

Regardless though of its weak to no stabilization impact, state and local economic development has become one of the most important policy concerns of elected officials (Klemauski, 1989). Local economic development is concerned about actions required to generate economic growth in a community. Much of the focus has been directed at employment, incomes, and local tax bases. Economic development activities of state and local government seek to improve the welfare of residents and the community in general by improving the quality of life in the community and by increasing the level of per capita income through acquiring more and better paying employment (Bowen, 1971; Blair, 1995). State and local governments use economic development efforts as a means to market their regions and gain a competitive advantage for enticing new business to locate in a community and to encourage existing firms to stay. Economic development projects are used by local government to intervene in the market to equalize opportunities and to address negative externalities in the local economy (Blair, 1995; Hoch, 2000; Blakely and Bradshaw, 2002). A fundamental objective of state and local economic development is to generate a favorable business climate by offering an array of enticements to induce private development. The relationship between state government and the private sector can be complicated. State and local governments take various approaches to economic development. Among approaches local governments have taken are efforts to secure large manufacturing enterprises to secure high wage jobs in the community. Other approaches have included business incubators and enterprise zones or business clustering. More recently efforts have focused on global markets and the information economy. State government efforts have tended to focus on strategic planning, manpower development, and international trade. Both state and local governments have also pursued initiatives in targeted on travel and tourism and arts and sports venues (Bowman and Kearney, 1999).

The most common state and local policy approach to economic development has tended to be the use of tax policy in a fashion that favors development. These enticements have included tax exemptions and abatements, reduction or forgiveness of various taxes, removal of property from the tax rolls, and special financing mechanisms. Such reduction of the property

tax liability or payments can be a significant savings for a developer. One of the enticements favored by many local jurisdictions is the financing mechanism of Tax Increment Financing (TIF). ...

... Conclusion - Blight is not a new concept or problem. Defining blight and mitigating its presence has long been a subject of research and discussion. The issue of residential blight and its relationship to housing conditions was recognized in the federal housing policy and urban renewal initiatives following World War II. The conditions of low-income and minority communities in urban areas were the focal point of most discussions of blight. The concept of blight provided a legal rationale for land clearance and redevelopment efforts in major cities across the nation with urban renewal and other economic development endeavors targeted on blighted areas.

Yet, blight was never clearly defined in statutes. Blight is a word with many connotations. For many it refers to deteriorated condition of run-down houses or dilapidated industrial or commercial structures. But, when it comes to urban redevelopment, not only does blight mean shoddy infrastructure or inadequate street layouts but also the functional depreciation of land values due to underutilization. Municipalities have used the designation of blight as a means to promote and assist development projects that might not otherwise be built.

The blight designation has allowed undeveloped land to become urban renewal areas. Viable residential neighborhoods have been razed to accommodate new, and usually relocating, big box retailers. Private developers, using public funds for public infrastructure improvements, enhance an otherwise private development while pursuing a private growth agenda. Such developments may be of questionable merit for a community. Yet a debate on those merits may not occur when local growth elites (Cummings, 1988) dominate the development agenda. When public decision making processes, such as those surrounding Tax Increment Financing, lend themselves to elite dominance, any debate is cut short as to how a community wishes to define itself regarding the priorities between the use value of land versus its exchange value (Logan & Molotch, 1987). As Jolin (1998) has noted, a consequence of such TIF development can be the displacement of poor people in the name of entrepreneurship and development and it is a process that promotes gentrification. But, regardless of being residential gentrification or big box retail, the push by developers to use TIF to fund those projects tends to originate behind the scene. Those development efforts seek to circumvent any public involvement and, since disadvantaged people have few if any tools to counter economic development planning, community input is not usually considered.

When residents of a community object to their municipality's determination of blight and challenge it in court, the courts tend to favor the municipality. The courts in defining blight in such litigation do so with a broad stroke so as to give municipalities the greatest latitude possible (Webber, 1970).

Blight has lost meaning as a public policy issue (Gordon, 2004) due to the overuse if not the misuse use of the term to justify local economic development efforts. Identifying blight under current legislation is as much a question of politics as it is a question of public policy; it is a qualitative issue open to much debate. Thus, the value of seeking a quantitative measure of residential blight can not be ignored.