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Cities Now Use Taxes to Fight Blight. Is It Working?

Land use experts question whether vacant property taxes are the right way to spur development.

It's a scenario that plays out over and over in cities across the country: A small business in a hip neighborhood closes, the storefront is left empty for months — maybe years — and then eventually gets replaced by a national chain.

Whether it's gentrifying Brooklyn, Greenwich Village in Manhattan or Miami Beach, the coffee shops, boutiques and eateries that drew many residents to those areas are struggling to stay.

But why?

The notion of greedy landlords hiking up rents makes an easy scapegoat for policymakers and residents. But the real picture is much more complicated, with an insistence on long-term leases and major disruptions in retail shopping habits all playing a role in the vacancies, according to commercial real estate analysts.

Still, cities are turning to vacant property taxes to nudge property owners of both retail and residential spaces to lease, develop or sell their properties before a short-term vacancy turns into what some cities see as blight.

Cities opting for this solution are seeing varying degrees of success.

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