

# FRAUD

u r b a n m a g a z i n e

Justine Shapiro-Kline &  
The 2013 Editorial Board,

Thank you.



# FROM THE EDITORS

The word “fraud”, though carrying largely negative connotations (and for that matter, largely defined in the negative), was chosen as the theme for this issue of URBAN Magazine not for its pessimism, but rather for the way in which it forced critical thought. As we are new to the URBAN Magazine project, the idea of fraud was similarly one of starting at the beginning; questioning knowledge from the point of its production rather than dwelling in its normative product.

When Thomas Weaver, of the Architectural Association, spoke at Columbia University’s Graduate School of Architecture, Planning & Preservation as part of The Graphics Projects Lecture Series, earlier this year, he brought up Robert Somol’s 2010 lecture at Rice University Less -itty, More -ism, in which Somol condemns the language of academicism in favor for a more literary tradition. The distinction is made in the suffixes of words - “realism” is preferred to “reality” likewise “pragmatism” over “practicality” and “urbanism” as superior to “urbanity”. Somol argues that the suffix “-ity” is an invention of academia and characterizes its poor handle of prose. As such, the “-ity” word is of the bureaucratic language of policy. Weaver adds to Somol’s discussion the words “criticality” and “criticism”. Criticality, as an “-ity” word, is limited to asking questions of policy - the products of knowledge. Criticism, on the other hand, deals with ideas and politics - the concepts that create policy.

Though at its core GSAPP is an academic institution, we see no need to revert to the language of academia, when it is precisely the freedom afforded by being part of an academic institution that allows us grapple with larger and more poignant questions of production. The call for pieces having to with fraudulence was a call for pieces that were in the realm of criticism rather than criticality. We feel that the pieces that follow attempt to reveal, to unearth, and to reach the root of the issues that they present. What results is not a document to be read as a pessimistic report of the current condition of the built environment, but rather an optimism in the productivity of criticism and in the extension of the built environment as an academic pursuit.

Love,  
URBAN Magazine

**fraud** /frôd/  
(noun)

1. deceit or trickery; specifically: an intentional version of truth in order to induce another to part with something of value or to surrender a legal right or an act of deceiving or misrepresenting
2. a cheat or imposter; specifically: one who is not what he or she pretends to be or one who defrauds or one that is not what it seems or is represented to be

*from Middle English fraude, from Anglo-French,  
from Latin fraud-, fraus*

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# VESSELS OF DISCONTENT GOOGLE BUSES & THE RIGHT TO THE CITY

By: David Perlmutter

San Francisco's latest technology boom is driving up rents to record levels, fueling gentrification in once-neglected neighborhoods, and catalyzing a strident local debate about inequality and the right to the city. Formerly working-class neighborhoods like The Mission and Hayes Valley have become the centers of a new urban bourgeoisie, where young and highly-paid tech workers can enjoy artisanal coffee from cafés selling \$4 slices of toast or locavore restaurants offering kombucha pairings with each entrée. A scene like this would hardly sound out of place in Williamsburg or Greenpoint. But the unique urban planning context of San Francisco complicates the typical gentrification narrative of well-heeled newcomers displacing natives. With just 49 square miles, limited transit options outside the city core, an average density just half that of Brooklyn's, and well-preserved historic neighborhoods throughout, San Francisco has suffered from a lack of affordable housing for decades. But with average rents now exceeding \$3,000 per month citywide and escalating evictions of long-time residents, the Bay Area debate over the right to the city has reached a fever pitch.

At the center of this debate is an unlikely proxy, the "Google Buses" - hundreds of luxe corporate Wi-Fi-enabled shuttles that transport tens of thousands of San Francisco residents each morning to the corporate campuses of Google, Apple, Facebook and others in the suburban Silicon Valley. Since their 2007 implementation, the network of private corporate shuttles operating in San Francisco has exploded, with over 200 known shuttle stops in the city today. Though they pick up passengers at public bus stops, the buses are privately operated by tech companies and closed to the public. The paradox of a fleet of private, luxury megashuttles clogging up public bus stops and delaying the city buses for which they are intended is not

lost on local residents.

Anti-gentrification protestors have - on several occasions in the past year - blockaded the Google shuttles while they stopped to pick up passengers in the Mission and Lower Haight neighborhoods. The "F\*ck off, Google", "Two-Tier System", and "Illegal Use of Public Infrastructure" signs they carry during the protests speak to the core of their message: the

Google Buses are taking advantage of public infrastructure without paying for the full scope of their impacts, while also engendering rapid gentrification that displaces the residents who rely on those very same public bus stops. San Francisco-based writer Rebecca Solnit, in a critique of the Bay Area's bifurcated economy that echoes David Harvey, called the buses "the spaceships on which our alien overlords have landed to rule over us."

On the surface, there is a great deal of truth to the arguments opposing the buses. Rents citywide are increasing nearly 20% annually, with some neighborhoods even seeing their rents double between 2010 and 2013. Though the evidence is still anecdotal, it appears that some of the greatest rent increases occur near Google shuttle stops. At the same time, landlords are increasingly exploiting California State's Ellis Act - a formerly obscure law that allows a building's tenants to be evicted en masse if the landlord takes the building off the market for a year, typically before selling the units as condos. According to the Anti-Eviction Mapping Project, 2013 Ellis Act evictions are up 175% from the previous year, resulting in the loss of 716 rent-controlled units in 2013 alone. At these alarming rates, San Francisco may soon become the first fully gentrified major city in America, if it has not already earned this distinction

Personally, this is not just a transit policy issue for me, as I was one of those Google bus commut-

ers for over a year. While working as a contractor first for Apple, then for Google, I enjoyed two privileges that few commuters experience: a free, one-seat ride to and from work and the chance to live in a walkable, urban neighborhood. Most of my coworkers and I never fit the rich “techie” stereotype that the protestors seem to assign to the shuttle passengers. Many of us were living essentially paycheck to paycheck, as it’s hard to save if you’re paying 40% of your income on rent. As contractors (a large portion of any tech company’s workforce), most of us even lacked health insurance or vacation days. We were gentrifiers, to be sure, but we were hardly transient. We volunteered in our community, supported local businesses, and knew our neighbors.

From a practical standpoint, life before the Google shuttles posed a dilemma for tech employees: does one move closer to work, into a sea of soul-sucking suburban sprawl, or stay in San Francisco but endure endless traffic jams? Companies like Google recognized that this dilemma – convenience and sprawl versus urbanism and intolerable commutes – posed an existential threat to their recruiting strategy for top engineers. Why wouldn’t a talented engineer choose a San Francisco-based start-up (of which there are hundreds) over a corporate giant if the former meant avoiding this dilemma? The Google buses allow the tech companies to have their cake and eat it too: maintain their insulated, low-density campus environments without losing their top employees to the urban advantages of San Francisco.

From an environmental standpoint, the shuttles have been tremendously successful in taking single-occupancy vehicles off the region’s congested freeways. A local study from the Bay Area Business Council concluded that the Google Buses save the region 327,000 car trips and 10,000 tons of CO<sub>2</sub> emissions annually. Thanks to its mammoth shuttle program, Google’s Mountain View campus boasts a commuter “drive-alone” rate of just 50%. While this may seem high by New York standards, it is well below the 90% range typical of most suburban campus environments that lack reliable public transit. If the Bay Area is to reduce its carbon emissions to 1990 levels by 2020, as State law requires, then Google shuttles can be seen as an indispensable service.

So why, then, is a growing coalition of San Francisco progressives – from activists and writers to unions and city officials – protesting an empirical-

ly green transit service? Picking up where Occupy Wall Street left off, the protestors are pointing to a glaring problem of inequality that extends well beyond the Bay Area. While private sector transit solutions like the Google bus may achieve environmental gains, our public sector transit meanwhile languishes with funding cuts, huge infrastructure deficits, and – most alarmingly – the loss of an engaged, upper-middle class population of would-be transit riders who formerly had no other option but to take the woefully inadequate CalTrain service to their jobs in Silicon Valley.

The Google bus debate is about far more than transportation. It is about who has the right to the city, and how we can make walkable urbanism a basic right of citizenship, not a luxury product affordable only for those with top-flight computer science degrees. In response to the protests, Google and other tech companies agreed several months ago to pay the City of San Francisco a fee of \$1 per shuttle stop to compensate for their use of public infrastructure (about \$100,000 annually per company). This amount is grossly insufficient given the disproportionate impact that tech company shuttles are having on local housing costs and public transit operations. If a private car parked in a Muni stop, the fine would be \$271. Why should tech companies avoid paying the full amount of \$27,100,000? In the long-term, Bay Area governments must engage the tech companies in public-private funding mechanisms (such as tax-increment financing) to fund real public transit solutions between San Francisco and Silicon Valley, making the Google shuttles only a temporary “bridge” program.

Beyond the policy mechanics of Google buses, however, we need to reframe the issue of housing affordability and displacement from a regional perspective. How can San Francisco once again create affordable neighborhoods? Unlike Manhattan, San Francisco does not really have a “Brooklyn” to expand into, where low-rent seekers can still find walkable urban neighborhoods with good transit service. Relaxing the city’s byzantine regulatory process for new housing construction and reforming its restrictive zoning and historic preservation ordinances would provide a necessary push to deliver more market-rate housing for newcomers. On the other hand, many current SF residents will never afford market rates, so a greater commitment to the full range of public housing programs – new public housing developments, expansion of Section 8, and greater funding of non-profit affordable housing agencies – is paramount.



We must also assign responsibility to the suburban municipalities where the tech companies are located. There is no reason why Mountain View (Google), Cupertino (Apple), and Menlo Park (Facebook) can't create dense, walkable urbanism in areas surrounding the corporate campuses. A broader agenda of land reform would tackle the exclusionary zoning policies that privilege single-family neighborhoods and homeowners over apartments and renters. These municipalities should be competing with San Francisco to

keep their employees closer to home, negating the need for a shuttle entirely. At the end of the day, I didn't move to San Francisco because I wanted bay windows and a view of the Golden Gate Bridge; I moved there because it was the only place in the Bay Area that offers real density and community, where driving alone from point A to B is not a given. If we really care about the right to the city, we should make walkable urbanism as ubiquitous and affordable as possible, rather than the luxury product it is today.

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The Bloomberg-era rezoning strategy for 111 blocks of the Lower East Side of Manhattan is truly a plan to whitewash a vibrant, cultural neighborhood, disguised as an honest beautification policy. The official text of the plan outlines that it will preserve the established neighborhood's character and scale through contextual zoning districts with height limits; it will also create incentives for residential growth, specifically affordable housing, along wider and more accessible streets. In actuality, the plan encourages private developers to extend gentrified neighborhoods past the previously respected borders of Chinatown, and price out the area-residents who are most conveniently served by transportation.

Although the zoning plan was approved in 2008, the approval process was fairly controversial and the plan itself was highly opposed by various stakeholders. Critics hailed the plan a strategic way to promote gentrification and increase property values on the Lower East Side - an area historically known for serving New York City's low-income immigrant community. Residents from adjacent neighborhoods, who were not included in the rezoning plan, also spoke out in opposition. Chi-

# PRICE PRESERVATION IN MANHATTAN'S CHINATOWN

By: Mona Han

natown residents in particular, took particular issue with the plan. These residents were uniquely affected by the zoning proposal due to their close proximity to the area being rezoned.

Chinatown, like the Lower East Side, was historically home to low-income immigrant communities. In recent years, however, its location in one of the most

prosperous areas of the city has resulted in what seems to be the inevitable trend of gentrification. The number of luxury condominiums and hotels in the neighborhood are increasing, as is the growth of white, non-family households, both of which can be indicative of gentrification in an area. According to the US Census, from 2000 to 2010, the population of New York's Chinatown decreased by 7% from 124,165 to 116,722 people. The Asian and Hispanic/Latino population dropped by 11% respectively, while the area's White, Non-Hispanic population increased by 19%.

To add to the gentrification pressures, in 2011, the City Council approved the establishment of the Chinatown Business Improvement District. The BID affects more than 6,000 businesses in the neighborhood and was passed in spite of the strong opposition from property owners and civic groups.

The BID comprises of 50 blocks, covering the majority of Chinatown. Its aim is to revitalize the neighborhood and serve as a catalyst for economic development. Residential property owners are forced to pay an assessment fee, which is often passed down to tenants.

In response to the growing changes in the neighborhood, much of which has been spurred by City action, the Chinatown Working Group (CWG) – a group of area representatives from several community groups and other interested parties from the downtown area – decided to compile its own community-based plan for Chinatown. In 2010, the CWG received a \$150,000 grant from the Lower Manhattan Development Corporation (LMDC) to hire a planning consultant to assist in the new plan that aimed to address issues of affordability, economic development, and historic and cultural preservation in the neighborhood. The Pratt Center for Community Development and The Collective for Community, Culture and the Environment compiled the 197-c community-based plan, which was released in early 2014.

The formation of a Special Zoning District for Chinatown and its surrounding areas served as the basis for the 197-c zoning action; the zoning district was a major requirement in CWG's RFP and objective for plan. The boundaries of the proposed Special Chinatown and Lower East River District includes all of Chinatown and surrounding sections of the East Village, Lower East Side, Little Italy, and SOHO.

The rezoning plan also incorporated propositions from the Committee Against Anti-Asian Violence (CAAHV) to create special zoning districts that would enforce FAR limits, as well as implement inclusionary zoning programs. In regard to the affordability of homeownership, the plan indicated that affordability studies should be based on the median income of the neighborhood, rather than the New York City Area Median Income (AMI).

Addressing issues of affordability was a major objective of the 197-c plan. In their study of the proposed zoning district site, the CWG found that market rate rental prices for one-bedroom apartments ranged from \$1,200 to as high as \$9,850 per month and that 85% of the total housing units in the area were renter-occupied. Overall, market rate apartments were found to be unaffordable for most families in the Chinatown area. In contrast, in 2011, the median rent for rent-regulated units in

Chinatown and the Lower East Side was less than half that of the median rent for market rate units. Additional rent-regulated units are required to ensure the affordability of the neighborhood.

There is a clear lack of affordable housing units in the proposed rezoning districts. Those currently available were also found to be aging out of their priced control programs. Between 2002 and 2008, the number of rent-regulated units decreased by 9,000; more recent data shows a loss of an additional 5,890 rental units. Mitchell-Lama developments and projects built with Low Income Housing Tax Credit (LIHTC) will soon be decontrolled. Additionally, the City's Inclusionary Housing Program (IHP) has produced very few affordable units in the proposed re-zoning districts. Despite the IHP overlay in the East Village/Lower East Side Rezoning, adopted in 2008, there are only three Inclusionary Housing projects in the area, yielding a total of 59 units.

Many strategies to preserve existing affordable units and create new affordable units have been proposed. The major one is to provide anti-harassment and anti-demolition regulations. Another approach is to create low-income housing tax credits. This would give property tax abatements tied to rental income, encouraging tenant ownership of buildings and establishing a mutual housing association (MHA) for democratic control of all guaranteed and bonus affordable units. The aim is to promote affordability on all NYCHA properties and ensure that any new developments meet the needs of local residents.

Committee Against Anti-Asian Violence (CAAHV) is a major stakeholder in the gentrification going on in Chinatown and has been very active in organizing tenants and supporting the CWG planning process. The CAAHV is based in Chinatown and has a long history protecting the rights of Asians and other minorities. The CAAHV has organized various kinds of associations to fight for justice and equity in New York City for more than 25 years.

In the early stages of gentrification in Chinatown, tenants in Chinatown reached out to the CAAHV to complain about unlawful treatment by landlords. The Chinatown Tenant Union (CTU) was thus established to ensure that the voices of residents were heard in the comprehensive planning process; to educate them about planning tools such as zoning; and provide legal assistance. The CTU helped organize tenants to present the 'local's

point of view' through protests against the Community Board 3 regarding the Lower East Side Rezoning Plan. Ultimately, the group had little influence over the outcome of the rezoning plan and it was eventually handed over to the City Council for approval. Following the approval of the Lower East Side Rezoning Plan, the CTU launched its own Rezoning Campaign for Chinatown in order to protect the affordable space and the fabric of the community. In 2011, the CAAAV cooperated with the Community Development Project of the Urban Justice Center (UJC) to study development pressures in the Chinatown community. A report on Chinatown rezoning principles and priorities, "Reimaging Rezoning: A Chinatown for Residents is a Chinatown for All," was developed based on the study, providing much of the base work for the CWG's own plan. The study proposed the idea of a special zoning district that would serve to preserve the traditional character of the neighborhood and retain residents in Chinatown. It would also aid in protecting tenants and small business owners from harassment, eviction and demolition.

CAAV's report also observed an alarming bias in inclusionary and affordable housing policy: prices for these housing options are based on the New York Area Median Income (AMI). The geographical region covered in the AMI includes not only New York City, but also the surrounding (often wealthier) suburbs in New York and New Jersey, skewing the index and thus, the affordable housing prices in New York City. Thus, the CAAAV and UJC proposed changing the threshold of affordable housing from New York City's AMI to a local AMI to better represent Chinatown's situation.

The current agenda of the CAAAV is to have tenants meetings every week and educational sessions to better inform residents about the rezoning process. Volunteers from throughout New York City often attend the meeting to provide support to the community and the CAAV. They have the common belief that working class and low-income residents also have the right to be sheltered, educated, employed, and kept safe; in essence, they too have the right to the city and their neighborhood community.

Too often, resident of low-income communities are left out of the planning process; the CAAV, CWG, and CTU do not want to see this happen in Chinatown. Their goal is for Chinatown residents to be involved in the formal planning process. Without participation, the dislocation of tenants and small

business owners in Chinatown may be inevitable. If the City continues to push plans such as the Lower East Side Rezoning plan, disguising gentrification initiatives by claiming to 'retain the fabric of the community,' Chinatown could be next. This would erase the collective consciousness of a tight-knit, sustainable community; it would result in the loss of a right to home and place.

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# POLITICAL GRIDLOCK LEARNING FROM THE GW BRIDGE LANE CLOSURES

By: David King

In early September 2013, the Port Authority of New York and New Jersey (PANYNJ) restricted traffic across the George Washington Bridge from New Jersey into Manhattan for four days with orange cones. The lane closures backed up traffic into Fort Lee, New Jersey, causing severe congestion and travel delays measured in hours. People couldn't get to work, trucks couldn't make deliveries and at least one person died because emergency responders couldn't get to her medical emergency. As of April 2014 the matter is under investigation,

# CAN ETHNIC BE AUTHENTIC?

By: Ariana Branchini

The following images explore the physical nature of the ethnic enclave, specifically that of Los Angeles, California's Little Tokyo in relation to the city it supposedly depicts or attempts pay homage to - Tokyo, Japan. Both Little Tokyo in Los Angeles and Tokyo, Japan are characterized as international cities, but are as distinct culturally as they are distant geographically. Yet in Los Angeles, we find something claiming to be closer to Harajuku than to Hollywood. The ethnic enclave, in a time where space-specificity is a dominant and ideal topic in the discourse of planning, represents an acontextual environment, only able to provide a sense of place through its referencing of another. How is the experience of the enclave and the quality of the space it provides ameliorated by its authenticity to the physicality of Tokyo? Or, is the enclave's differentiation from Tokyo where it gains its authenticity as an enclave?

*Ariana is a 2015 Masters' of Urban Planning Candidate at Columbia University's Graduate School of Architecture, Planning & Preservation. She is interested in the issues surrounding international planning, particularly ideas of place-making in different cultural contexts. The following images were collected during a studio trip to Tokyo and a recent trip to Los Angeles.*

but all signs suggest that the lane closures were part of a political strategy by appointees of New Jersey Governor Chris Christie to harm the people of Fort Lee, whose Mayor did not adequately support the Governor's re-election effort. In short, the PANYNJ was used as political punishment. Needless to say, these efforts clearly violate the Port Authority public mission, and now calls for restructuring or abolishing the authority are commonplace.

The PANYNJ was initially designed to maximize political autonomy to overcome the political constraints that affect democratically controlled institutions. For decades this approach worked well and the Port Authority was a model of technocratic regional governance. However, the PANYNJ now suffers from a poorly defined mandate combined with enormous amounts of cash. These characteristics make it ripe for cronyism and, in turn, a discretionary political tool. Two aspects of the Port Authority revenue are keys to understanding its current form and why the bridge fiasco reflects deeper problems.

The first aspect is mission creep. The PANYNJ is much more than a technocratic manager of port or other transportation facilities. As the PANYNJ worked in economic development and real estate, most notably through the World Trade Center,

ter, bridge tolls and airport fees were used to pay for non-transportation related investments that were often pet projects of the governors of New York and New Jersey.

The second piece is that the Port Authority is subject to the whims and desires of the governors. The authority is filled with talented, hard working professionals, but the work of the PANYNJ is not directly accountable to the voters, nor is it particularly regional anymore. What has occurred is that the PANYNJ effectively operates as a bi-state agency rather than one representing the metropolitan area, and one where New York and New Jersey both favor using Port Authority revenues for projects that will require ongoing subsidy.

So mission creep, mixed with the states trying to capture investment, has damaged both the financial health and political capital of the authority. The bridge closures are a black eye for the regional PANYNJ, but in practice the Port Authority hasn't been a truly regional actor in years. Governors from both states have used Port Authority resources for political purposes in the past. The silver lining of the bridge lane closures is that public discussion of the Port Authority's mission may lead to meaningful changes to improve once innovative and still important regional governance.

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Little Tokyo



Tokyo







Little Tokyo



Tokyo



Little Tokyo



Tokyo

# TAX INCREMENT FINANCING AN ABUSE OF MUNICIPAL POWER

By: Kellie Radnis

Growing up in Oak Lawn, Illinois, a southwestern suburb on the edge of Chicago, my favorite place to go on the weekends was Veli's Koffee Cup. Located on 95th Street, Oak Lawn's main street, Veli's was a staple of the community. It was a small breakfast restaurant owned by an Albanian family who knew all of their customers by name. As a child I remember weekend breakfasts with my grandparents there; as a teenager Veli's was the place we went to load up on coffee and eggs while studying for exams. In 2004, just barely into my sophomore year of high school, Veli's Koffee Cup closed, along with every other business on the block. The Village of Oak Lawn had created a TIF district and redevelopment plan to update their "downtown" area, and Veli's was right in the middle of it.

Oak Lawn's downtown redevelopment plan is just one example of a TIF district, a mechanism used throughout the state of Illinois to fund new redevelopment projects by local municipalities. TIF districts have too often been used as 'shortcuts' for public funding. Town and city officials utilize them as a means to carry out their vision for a neighborhood, often compromising existing and successful economic ecosystems built on local businesses. Moreover, they offer no guarantee of generating enough revenue to offset the costs of redevelopment. Countless TIF districts have failed to achieve their outlined objective and many never raise enough funds to repay the initial investment. This is done at the expense of local residents, who not only lose the unique character of their neighborhoods, but are often negatively affected by tax increases as a result of unsuccessful TIF districts, the very thing TIF districts were created to avoid.

A TIF, or Tax Increment Financing, is a tool designed to encourage municipalities to promote economic development in a specific region. The

process is completed through three steps: the creation of the TIF by the municipality, the collection of revenue from increased property values, and the redistribution of collected revenue from increased property values within the TIF or neighboring TIFs. Essentially, this law allows a municipality to directly purchase property from private users and sell it to other private users for redevelopment. As these

costs are to be repaid through an increase in property tax revenues deposited into a TIF fund, the intent is for residents to not feel any strain from tax increases, yet still receive the benefit of new development in their town.

Illinois Municipal Code gives cities the right to designate TIF districts and outlines a clear process for their creation. Under this code, the area planned for redevelopment must either experience conditions of blight or require additional improvements to prevent future blight. If either of these conditions exists, then the municipality can designate a TIF district. The thought is that without the creation of a TIF district, conditions on the site would worsen and property values, and subsequently property taxes, would decrease.

A TIF district generates revenue when there is an increase in property values within the district. Once created, the current property value is assessed and referred to as the Equalized Asset Value, or EAV. The property tax revenue generated based on the EAV goes to normal taxing bodies, such as city hall, park districts, and schools. However, property tax revenue that exceeds the value of the EAV goes directly into a TIF fund. Therefore, if the property values inside the TIF increase, the TIF receives the additional property tax revenue directly.

According to the Illinois Municipal Code, all revenue accrued in a TIF fund must be spent on the TIF



district in which it is generated, or in a neighboring district, for the duration of the TIF. In Illinois, this can last for up to 23 years. While the TIF fund is initially used to repay redevelopment costs, if successful in spurring development, it can eventually be used to fund additional redevelopment or improvements to the site.

At the time Veli's Koffee Cup was shut down in 2004, 95th Street had a tight-knit, neighborhood feel. The street was lined with family owned businesses and a range of different building types. There were law firms, doctors' offices, real estate agencies, bars and restaurants. The street exemplified what many planners like Jane Jacobs would view as an ideal for street planning: a mix of uses, a sustainable network of locally owned businesses, and a strong community presence. However, town officials did not see it that way. By the time I was out of high school, an entire section of downtown was razed and rebuilt with homogenous and sterile mixed-use commercial buildings and residential condos. Over the next few years I noticed a continuous turnover of the commercial tenants of these new buildings. A new breakfast restaurant now sits adjacent to Veli's old location, the latest in slew of restaurants that have attempted to survive on this site. Much of the redeveloped area has sat vacant for the past ten years. While the Village was able to profit and slowly increase property values by selling the properties to a private developer, Oak Lawn's downtown is no longer the vibrant neighborhood gathering spot it once was.

Oak Lawn currently operates five TIF districts, with the earliest originating in 1995. Their TIF revenue stream has been in decline since 2009, yet village officials have just passed an ordinance to create a sixth TIF district. This came after seven years of battles with residents and local businesses.

The latest of Oak Lawn's TIF districts is situated at the northwest corner of 111th Street and Cicero Avenue, a long overlooked area on the edge of town. Many profitable and well-used businesses were located on the site, but the area lacked the aesthetic appeal desired for a 'successful' shopping district. Major opposition to the TIF district by both the local community and business owners resulted in several public hearings with village officials regarding its formation. The TIF, however, passed by a narrow margin, marking the beginning of a long struggle to enact another major redevelopment plan.

By 2013, after seven years of arguments and just

compensation lawsuits, Oak Lawn acquired the last business standing in its way. At the same time, Village officials realized that their original plans for the TIF would not generate enough revenue to pay back the redevelopment costs already expended. As a result, town officials posed a new solution for the TIF district: to reconstruct the boundaries of the 2006 TIF, enabling the municipality to remove parcels from the original district that were deemed unprofitable in the long run.

An eligibility study for this new plan, conducted in January 2014, cited a reduction in the EAV due to more severe blighted conditions in the area. However, that deterioration was in fact a direct result of the demolition process undertaken by the municipality to create the new TIF district. In other words, Oak Lawn purchased a large number of properties, created conditions that resulted in decreased property values, then had the property declared blighted so they could receive new tax benefits to redevelop it.

As far as funding the new TIF is concerned, in addition to traditional TIF funding sources, the redevelopment plan lists municipal sales tax and the Village's general revenue fund as potential sources. If a municipality is allowed to use sales tax and its general revenue stream to fund a TIF development, resident's tax dollars will be going directly to the TIF fund, which was established specifically to prevent this type of activity. Moreover, the money would be going to a TIF that the residents adamantly opposed in the first place.

While TIF districts were established by the municipal code as an easy solution to remediate blight, the code is extremely lax in its definition of blight. This has led to the creation of several hundred TIF districts throughout the Chicago area over the past thirty years. Although economic development may occur as a result of these districts, it is never guaranteed, and often fails. Additionally, city services and normal taxing bodies often do not see the benefits of an increased tax base for several decades. Chicago currently operates 154 TIF districts, which produced a total revenue stream of \$457 million in 2012. Meanwhile, the city budget demonstrated a deficit of \$298 million entering the 2013 fiscal year. Chicago's suburbs have a combined total of 281 TIF districts, with 203 of them experiencing a decline in revenue or no production of revenue in 2012.

Why then do municipalities view these funding mechanisms as so integral in spurring economic

development if many are never successful? And, are they justified in claiming to provide essential benefits to residents? In Oak Lawn, at least, it appears TIF districts are used as an easy funding source to legally redevelop a neighborhood that does not align with the municipality's vision for the town's future. This top down approach is too often out of touch with the needs of town residents and businesses. It also sends a message to local busi-

nesses that the municipality does not care about what they can bring to the community; in essence, it burns bridges with businesses, residents, and the community at large. Redevelopment does not have to occur in this manner. If municipalities worked with existing businesses, instead of resorting to TIF districts, everyone would have a stake in the future of the town, not just the developers for hire.

*Kellie Radnis is a 2015 Masters' of Urban Planning Candidate at Columbia University. Growing up on the Southside of Chicago and working in local government throughout college, Kellie witnessed the unintentional negative effects of TIF districts first hand. After working as an accountant for two years, Kellie came to Columbia to study community-based planning and public transportation systems.*

The immanent demolition of the American Folk Art Museum raises issues concerning the identity of urban historic preservation in New York City. After being abandoned by its original tenant, the building has since been purchased by the neighboring Museum of Modern Art and will likely be torn down for the museum's expansion. By traditional metrics, the Folk Art Museum does not meet the qualifications for "historic" status. The National Register of Historic Places generally excludes buildings younger than 50 years, while the city Landmarks Law has a strict

30-year cutoff. At only thirteen years old, the American Folk Art Museum seems like an unlikely candidate for preservation; yet preservationists, architects and critics alike strongly oppose its demolition. The building was received with critical acclaim, earning its architects Tod Williams and Billie Tsien numerous awards, including the AIA

# AMERICAN FOLK ART MUSEUM CHANGING ATTITUDES TOWARD PRESERVATION OF THE RECENT PAST

By: William Morache

The field of historic preservation must always respond to pressures of urban development and increasingly engages in battles concerning the preservation of the recent past. With a thirteen-year-old building and demolition pressures from a curatorial juggernaut of design, the scenario creates a ludicrous preservation crisis that may help

National Honor Award (2003), World Architecture (2003), World Architecture Awards Best Building in the World (2003) and the Municipal Art Society of New York City Masterwork Award (2001). Its white bronze façade is the first architectural use of the material and the building itself was extensively published in and well received by the architectural press. The building's new owner and potential executioner, the Museum of Modern Art, has an apparent conflict of interest in serving as a steward of good design, while also wanting the land for a future expansion project.

define or obscure the future goals of historic preservation.

Such a unique preservation challenge prompts some analysis as to how it fits in with the mission of saving (and sometimes failing to save) buildings. Some of the earliest preservation efforts in the United States surrounded patriotic passions regarding the founding fathers. The first true preservation action in the nation concerned the efforts of the Mount Vernon's Ladies Association to save the home of George Washington from demolition by neglect in the 1850s. Soon after, in 1863, Boston experienced its Penn Station moment 100-years early when an effort to save John Hancock's house ultimately failed. By the turn of the century, groups like the Society for the Preservation of New England Antiquities began saving houses not for their historic associations, but for their aesthetics and "age-value." The ability of preservationists to use legal measures to save buildings actually stems from the power of the government to regulate aesthetics. In 1954, the *Berman v. Parker* ruling justified the use of eminent domain for an urban renewal project designed to "eliminate blight" and from that point forward, local governments essentially had the right to regulate private property for the aesthetic benefit of the public. The eventual result of this power to regulate aesthetics was the passing of the gold standard in preservation policy, the New York City Landmarks Law of 1965. While not the first local landmarks law, New York City's regulation set the bar for all local regulations that were to follow.

Yet despite the Landmarks Preservation Commission's power to regulate the city's buildings based on aesthetics, the remarkable Folk Art Museum is defenseless against MoMA's wrecking ball. This is because the enacting of the Landmarks Law also relies on the quality of "age-value." To create a landmark it takes more than good architects with a well-executed design; it takes time. The Landmarks Preservation Commission will not designate any building less than 30 years old an Individual Landmark. It has been asked to do so before by the owners of the Seagram Building, but has never made an exception. (The Seagram Building was designated as a NYC Landmark on its 30th birthday.) The National Register of Historic Places also judges structures based on age-value and has a 50-year age requirement to list a building among its historic sites. However, the National Register policy is much more lenient and makes exceptions for especially important sites. Yet even if the Na-

tional Register made an exception for the Folk Art Museum, it offers no protection to buildings from their owners and the American Folk Art Museum has not yet stood the test of time for the New York City Landmarks Preservation Commission to get involved.

A recent failed preservation battle draws some striking similarities to the plight of the Folk Art Museum. Chicago's Prentice Women's Hospital, designed by Bertram Goldberg, suffered from a similar perceived lack of age-value. The building's brutalist style and recent construction date conveyed to the public that it was old enough to be obsolete, but not old enough to be historic. Built in 1975, Prentice was technically old enough to be a Landmark, but the city ultimately decided not to interfere in the plans of the building's owner, Northwestern University. Northwestern had expansion plans to replace the structure with a new medical research facility and Prentice was demolished to make way. Prentice Hospital was a remarkable Brutalist building with a unique internal configuration designed specifically for maternity care, and was likely the first building to be at least partially designed using a computer. Despite its significance, people just did not like the building. Its concrete exterior and relatively recent construction date failed to convince the public and lawmakers that this building was important. At the time, Northwestern University appeared to betray its identity as a cultivator of the arts, sciences, culture and society and donned the role of the greedy developer. Only months after Prentice began to be dismantled in October 2013, the Folk Art Museum was deemed unsuitable for incorporation into the development plans of another cultural institution.

Architecture critic and Pulitzer Prize winner, Justin Davidson expressed his thoughts on MoMA's decision in a 2013 issue of *New York* magazine. "If a commercial developer were to tear down a small, idiosyncratic, and beautifully wrought museum in order to put up a deluxe glass box, it would be attacked as a venal and philistine act. When a fellow museum does the same thing, it's even worse—it's a form of betrayal." This betrayal makes the fight less about comparing ideologies; it makes it personal. Part of the sting of Prentice was the realization that institutions sometimes cannot be reasoned with. In October 2013, when the Landmark Preservation Commission approved Extell Development Company's West 57th Street tower to cantilever over the Art Students League, an individual landmark, preservationists were frustrated

that the building compromised a landmark for better views of Central Park. But as much as preservationists believed the situation was inappropriate to the historic structure, no one could argue that it was inappropriate to Extell's prime directive: their bottom line. Yet while preservationists begrudge developers for the pillaging of our urban environment for a profit, MoMA's destruction of the Folk Art Museum seems like an outright contradiction.

The fact that preservationists are arguing for the retention of this thirteen-year-old building is sticking. The seemingly endless battle preservationists appear to wage against new buildings becomes less of a matter of fact and more about a myth. Those supporting saving the Folk Art Museum are essentially advocating for a new building. The major misconception about preservation is that the goal is to freeze time to stifle new development, but in actuality, most preservationists would not claim to be against development at all. While some people and organizations certainly approach preservation as a NIMBY effort to prevent any changes in their neighborhood, the field itself has evolved and will continue to do so.

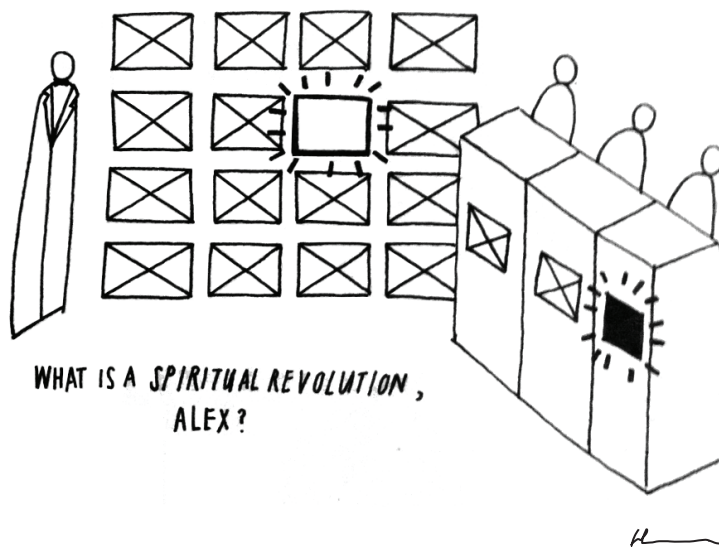
Preservationists are increasingly interested in preserving the recent past. Mid-century modern buildings, like Lever House on Park Avenue, have reached an age that their refined sophistication has drawn the attention of preservationists as well as growing appreciation of the public. However Brutalist and Post-Modern structures are less likely to win the hearts and minds of the public, which is why preservationists fought and lost such a bitter battle over Prentice Women's Hospital. Since the birth of historic preservation degree programs in the 1960s, preservationists have only become more professional in their evaluation of the built envi-

ronment. For many, a passion for old buildings drives them to the field, but through their education, they learn that it is not about old against new or change against homogeneity.

First and foremost, preservationists study, evaluate and appreciate buildings. As the American Folk Art Museum case proves, preservationists can appreciate new buildings too. The founder of Columbia's Historic Preservation Program, James Marston Fitch, envisioned historic preservation as the "curatorial management of the built environment." In this case, MoMA has done a poor job in its attempt to serve as a curatorial manager of design. In advocating for the Folk Art Museum, preservationists show that they are interested not so much in stopping development, but in managing the built environment in a way that ensures that masterpieces like Lever House, the American Folk Art Museum and even vernacular collections of townhouse and tenements are available in the public galleries of the streets for future generations. With the absence of the simple "historic" or "age-value" determinations as necessary for the understanding of what preservation tries to accomplish, this case highlights how in keeping the preservation mission is with the principles of the fields of architecture and urban planning. Each of these fields seeks to improve people's lives through planning and design, whether new or existing. The field of historic preservation is at a point where it must refine and reinforce its identity as a steward of design and buildings. The case of the American Folk Art Museum exemplifies this idea that preservation is not just about saving old buildings. Rather, it is about thinking critically about the design of our urban environment and carefully managing the appearance of our future world.



*William is a 2014 Masters' of Science in Historic Preservation Candidate at Columbia University's School of Architecture, Planning & Preservation. His current research focuses on the history and theory of the historic preservation of the built environment.*





How many brownfield sites does China have? Where are they located? What standard procedure for cleanup do developers have to follow to conduct site redevelopment? Few people are able to provide satisfactory answers to these questions. Although brownfields have been a well-studied subject in the United States for over thirty years, the term “brownfield” was not scientifically defined in any of China’s laws or regulations until very recently. When discussing contaminated land, scholars and policymakers often think of agricultural land polluted by pesticides or industrial wastes, an environmental issue linking pollution with food production. However, aside from polluted land for agricultural production, there exists a large number of contaminated sites in urban areas, where over half of the Chinese population live. Most of these sites were used for traditional manufacturing productions, which likely released hazardous waste into the soil and underground water. Without proper cleanup, people living on these sites face a high risk of health problems.

As Chinese cities are transforming from a manufacturing based economy to a service based economy, there has been a demise of urban industries, including industrial plants located in urban areas. Throughout the 1950s and 1960s, urban industries in China had their heyday in terms of total output; in the 1970s, they caused friction in the urban environment; and in the 1980s, they seriously obstructed the establishment of a healthy atmosphere. Finally, in the past two decades, they have been pushed out of the cities. Like other countries, it seems inevitable that at a certain stage in the development of the economy, Chinese factories should move away from cities to less-developed areas in the country. On the one hand, continuous urbanization as a result of rural-urban migration demands more space for human settlement and a higher density of housing and service provisions. On the other hand, rising land prices and operation costs, high labor costs, and increasing traffic congestion create “agglomeration

# CHINA’S BROWNFIELDS THEIR PAST, PRESENT & FUTURE

By: Xin Li

diseconomies” that drive out factories.

Since the turn of the 21st century, Chinese cities have experienced the rapid relocation of polluting and energy-intensive plants from urban areas to the less-developed periphery. In Beijing, the number of enterprises that left the city jumped from 59 between 1995 and 2000 to 142 between 2000 and 2005(9th and 10th Five Year Plans of Beijing), totaling an area of 1.72 and 6.13 million m<sup>2</sup>, respectively.

Incidents in de-industrialized regions have shown that land contamination, if not remediated properly before any new construction happens on the polluted site, may have disastrous consequences; this is costly not only financially, but also in terms of public health. As Chinese cities transform, a vast amount of industrial land has faced redevelopment pressure. In contrast to other environmental problems such as air and water pollution, land contamination as a by-product of de-industrialization, however, has not received much attention from the Chinese society at large.

When I started to collect information on China’s brownfields in 2004, I found very few official records to guide brownfield redevelopment. This is not surprising because contaminated land, especially in urban areas, had not been of concern to the Chinese society, and few people were aware of the potential health impacts of land contamination. I found little evidence that, among relocation projects, former industrial land was properly monitored and treated before construction. Typically, developers would very quickly develop former industrial sites into residential or commercial uses with minimal investment in cleanup.

In the United States, any industrial site is required by law to go through a stringent process of assessment and remediation before any new development occurs. An equivalent law in China does not exist; instead, regula-

tions on land contamination are embedded into other rules, appearing as provisions. In other words, at present, there is no stand-alone land-pollution prevention and control law in China's basic legal system. As of today, several municipalities such as Beijing and Nanjing have issued their own guidelines for brownfield assessment and cleanup. In February 2014, the Ministry of Environmental Protection passed four guidelines targeting brownfields. However, these guidelines do not include the power to control or legally restrain the behavior of developers.

Up to the present, the United States has developed a comprehensive set of environmental regulations on brownfields. Remediation activities are subject to a complex monitoring system, which consists of the Environmental Protection Agency (EPA) and other federal agencies, state and municipal authorities, as well as NGOs and local communities. To develop a site, whether polluted or not, developers have to conduct Phase I site assessment and due diligence. If no contamination is observed, developers can proceed with the development. If evidence of contamination exists, a Phase II assessment must be conducted. During Phase II, the developers have to conduct a more detailed investigation to identify the type, quantity, and extent of the contamination. Based on this information, developers must propose remedial options that are both environmentally acceptable and financially feasible.

On the governmental side, each level takes on different responsibilities. Typically, federal and state governments set up remediation standards and rules for liability designation, which form the regulatory framework for environmental site assessment as well as risk and liability assessment. In some cases, the government does not intervene in the land-redevelopment process unless the developer violates specific rules. However, in the past 10 to 20 years, governments, especially local ones, have become increasingly active in providing technical assistance and financial and policy support to private parties in order to facilitate the revitalization of distressed areas.

Local communities are one of the key resources for government oversight as they have first-hand knowledge of the site's history; they are aware of the exact demand for site planning and design; and they are the final beneficiaries of site improvements. Among all of the stakeholders, they are the most concerned about the area's future because their immediate

interests are linked to the redevelopment project. Over decades, public scrutiny of environmental behavior in the United States assumed a paramount position. Legislators have been creating opportunities for community participation. The EPA requests public hearings and public filings of all property-related documents to ensure public participation and information transparency. In effect, evidence has shown that the success of a project depends on whether it incorporates into the process the concerns of all stakeholders.

In China, these mechanisms have yet to be put in place, however, recently the government has been active in formulating new regulations when dealing with brownfields. At present, brownfield policy-makers need to sort out two questions: Who is legally and practically responsible for cleaning up the land? And, how can the cleanup bill be paid? Traditionally, in dealing with pollution charges, China follows a "polluter-pays" principle. Under this scheme, industries which formerly used the land should be responsible for the contamination cleanup. This simple identification is implausible. For one reason, many of the polluters are state-owned enterprises, meaning that their past activities were actions of state will. Thus, the responsibilities would be passed to the government. For another reason, as the contamination already happened, how can someone be responsible for conducts that were done before such actions were illegal? Therefore, the "polluter pays" principle is not sufficient to solve the widespread brownfield problem. The local government, the key government agency in implementing brownfield projects, has found the shortage of funds the biggest challenge. According to an interview I conducted on the issue, expenditures for cleanup costs generally come from the government's emergency funds. There are no sustainable grants or loans available for brownfield redevelopment. It is imperative that the local government, in addition to providing financial support, design and adopt innovative financing mechanisms to encourage voluntary cleanup of the private sector, and at the same time, engage the general public to ensure a healthy environment for society.

Over the past two decades, outside of China, we have witnessed a shift in the government's role from a safeguard against the private sector's misbehavior to a facilitator of redevelopment initiatives. We have also seen an increasing role played by local communities with the support of non-profit organizations. Successful brownfield redevelopment projects

in other countries have attributed their success to collaborative efforts of developers, the state, and the public. In China, state failure in environmental governance is calling for a shift from a purely state-led form of governance to a collaborative effort based on market instruments, more responsibilities for private actors, public-private partnership, and public scrutiny engagement.

*Xin is a Visiting Professor at the Graduate School of Architecture, Planning & Preservation. She is interested in the economic restructuring of rapidly deindustrializing regions, environmental and social problems accompanying fast urbanization, and land conflicts arising from rampant urban expansion.*

# TAMARA VISIONS OF ITALO CALVINO'S INVISIBLE CITY

By: Laura Buck, Ivy Hume, Georgios Kyriazis & Ray Wang

The following images seek to render Italo Calvino's city of Tamara, which he described in his 1972 collection: *Invisible Cities* (translated from Italian by William Weaver). The city is visually intangible - in his narrative, and the collection's title. Rather than interpreting the city's nature as 'invisible,' as can never be seen or experienced outside of the text, the interpretation that follows is that of an omnipresent city - always visible and visible everywhere. Multiple photographic narratives each present a version of Tamara - each an iteration of a space that is at once ever-visible and, as such, is invisible as an ubiquitous form.

*Laura is completing her Masters' of Architecture at the Graduate School of Architecture, Planning & Preservation. She is interested in the architectural preservation in relation to the collective memory of spaces. Her current work examines historic fragmentation in Istanbul of the from the Byzantine to Ottoman period.*

*Ivy is a 2015 Masters' of Architecture Candidate at GSAPP. Her current research merges the ideas of genius loci and awareness of emergent social issues in their capacity to inform design. As a native New Yorker, Ivy uses photography to record her movements and interactions with the city.*

*Georgios is a Masters' of Advanced Architectural Design Candidate at GSAPP. Through photography, he explores his interest in representation and cultural development in urban environments. For Georgios, the representation of cities in literature becomes the incentive for testing and investigating the relationships between visual and spatial quality.*

*Ray is completing a Masters' of Architecture degree at GSAPP. Ray is currently working with *The Living on their MOMA PS1* installation, *Hy-Fi*. His work focuses on the intersection between digital perceptions of the world and the physical reality that creates it and is in turn affected by it.*



## CITY & SIGNS - 1

You walk for days among trees and among stones. Rarely does the eye light on a thing **14** , and then only when it has recognized that thing as the sign of another this: a print in the sand indicates the tiger's passage; a marsh announces a vein of water; the hibiscus flower, the end of winter. All the rest is silent and interchangeable; trees and stones are only what they are **27**.

Finally the journey leads to the city of Tamara **22** . You penetrate it along streets thick with signboards jutting from the walls **1** , **15** . The eye does not see things but images of things that mean other things: pincers point out the tooth-drawer's house **23** ; a tankard, the tavern; hallberds, the barracks; scales, the grocer's **2** . Statues and shields depict lions, dolphins, towers, stars: a sign that something - who knows what? - has as its sign a lion or a dolphin or a tower or a star **3** , **16** , **28** . Other signals warn of what is forbidden in a given place (to enter the alley with wagons, to urinate behind the kiosk, to fish with your pole from the bridge) **17** and what is allowed (watering zebras, playing bows, burning relatives' corpses) **24** , **29** . From the doors of the temples the gods' statues are seen, each portrayed with his attributes **4** - the cornucopia **5** , the hourglass **6** , the medusa - so that the worshipper

can recognize them and address his prayers correctly **7** , **30** .

If a building has no signboard or figure, its very form and the position it occupies in the city's in order to indicate its function: the palace, the prison, the mint, the Pythagorean school, the brothel **18** . The wares, too, which the vendors display on their stalls are valuable not in themselves but as signs of other things **8** : the embroidered headband stands for elegance; the gilded palanquin, power **9** , **25** ; the volumes of Averroes, learning; the ankle bracelet, voluptuousness **10** , **19** , **31** . Your gaze scans the streets as if they were written pages: the city says everything you must think, makes you repeat her discourse, and while you believe you are visiting Tamara you are only recording the names with which she defines herself and all her parts **11** , **20** , **26** **32** .

However the city may really be, beneath this thick coating of signs, whatever it may contain or conceal, you leave Tamara without having discovered it. Outside, the land stretches, empty, to the horizon; the sky opens, with speeding clouds. In the shape that chance and wind give the clouds, you are already intent on recognizing figures **12** : a sailing ship, a hand, an elephant.... **13** , **21** , **33**

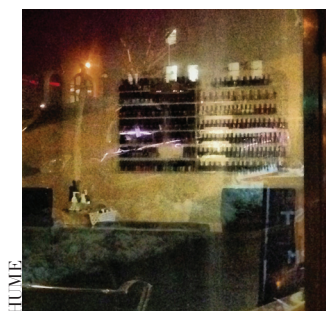
Italo Calvino  
Invisible Cities  
1972



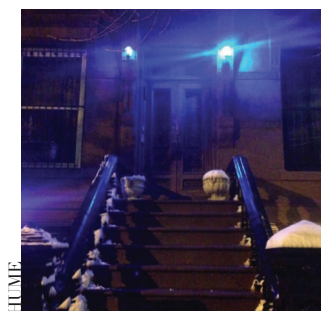
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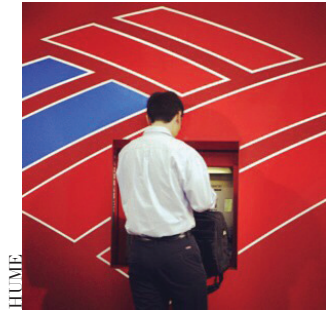
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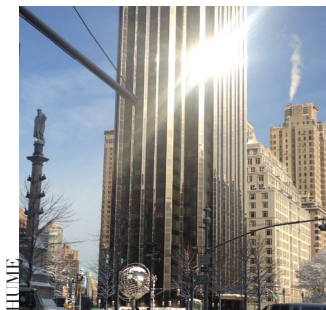
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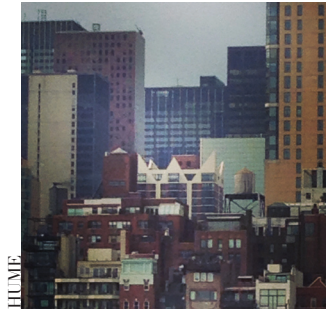
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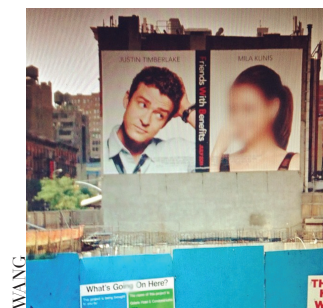
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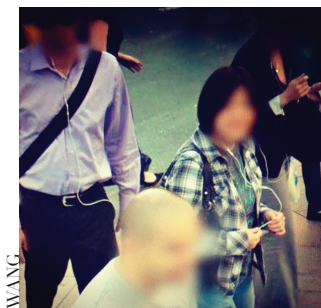
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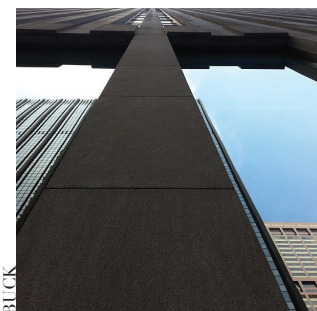
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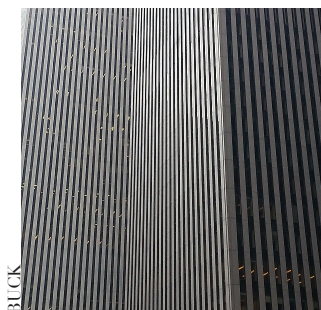
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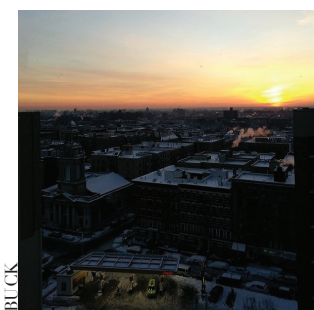
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# THE RICHMOND PLAN USING EMINENT DOMAIN TO KEEP PEOPLE IN THEIR HOMES

By: Andrew Scherer

*Andrew has taught Planning Law at Columbia since 1996. He is also a Senior Fellow at the Furman Center for Real Estate and Urban Policy at NYU Law School.*

*He serves as a consultant and expert witness with respect to housing, land and property rights matters, as well as matters involving access to justice and economic rights.*

Richmond, California may become the first place in the U.S. to use eminent domain – the power of government to take private property (for public use, with just compensation) – to protect its homeowners and stabilize its communities. With home values at less than half their pre-recession levels and sixteen percent of the city’s homes already foreclosed, a City Council majority and Richmond’s no-nonsense Mayor, Gayle McLaughlin, are promoting a bold plan. They want to enable people to stay in their homes by offering lenders current market value for mortgages on homes that are “underwater” (meaning the owners owe more to the lenders than the value of their homes). If the lenders refuse to sell, the city will use its eminent domain power to take ownership of the loans and pay compensation to the lenders at current market value. The city will then issue new loans to the homeowners at current market value, wiping out the burdensome debt that was based on inflated purchase prices set during the real estate bubble and resetting monthly payments at much more affordable levels.

The Richmond plan is a response to a foreclosure crisis born out of what many perceive to be one of the most massive frauds ever perpetrated in the U.S. and, at minimum, a precipitating factor in the Great Recession – a real estate bubble created from a toxic mix of wholesale predatory and subprime mortgage lending and the bundling, securitizing and insuring of loans with the unfounded promise that huge financial gains to investors would flow indefinitely. When borrowers defaulted and the real estate market collapsed in 2008, the federal government bailed out the banks, the insurers, and the investors, but not the homeowners. Over 3.3 million Americans lost their homes to foreclosure. Six years later, with twenty-eight percent of its homes still underwater, Richmond is considering eminent domain to finally address the long-term consequences of the fiscal crisis on its homeowners. A half-dozen or so other localities around the country like Newark, Detroit, Chicago and Suffolk County, N.Y. are considering similar plans.

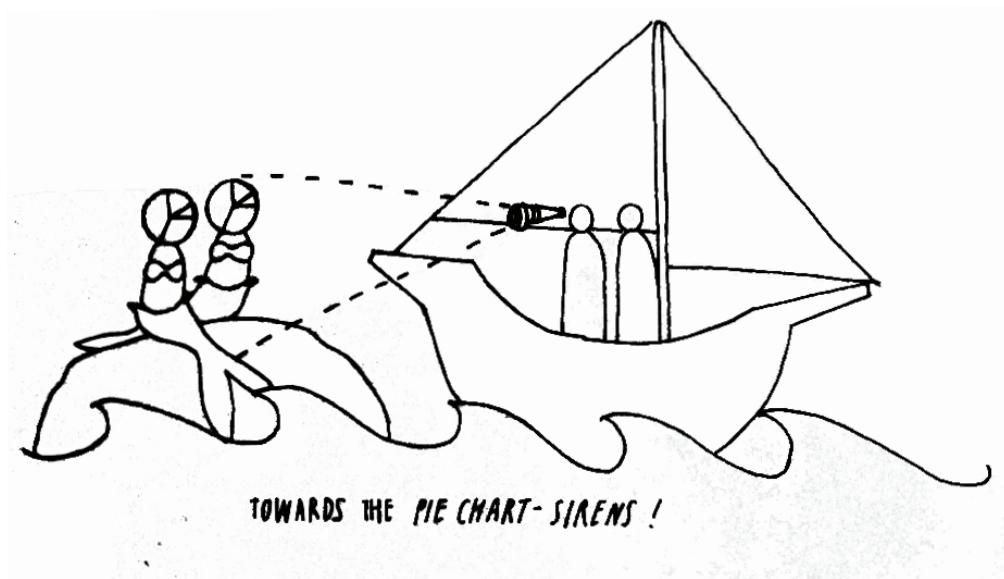
While the plan has the support of a majority of its City Council, Richmond cannot move forward with eminent domain until it can get two more Council votes for a required “supermajority.” That will be tough; the plan has generated formidable opposition. No one seriously denies that the plan would

help homeowners and stabilize communities, but in January, the New York Times called Richmond’s plan “not a fabulous idea” that “tries for simplicity but falters in the face of the enormity of the post-financial-crisis mess” and, “may come too late to make much difference.” A lending industry trade association, the Securities Industry and Financial Markets Association (SIFMA), claims that the Richmond plan would “harm the savings of everyday Americans around the country and curtail the return of private capital to support our housing finance system.” Last year, the House of Representatives passed the “Property Rights Protection Act of 2013,” legislation that (if it could ever pass the Senate and get the President’s signature, which it won’t) would deny federal economic development funds to any locality that implements a Richmond-style plan. And two banks, Bank of New York and Wells Fargo, sued Richmond in 2013 to try to block the plan from moving forward.

The lawsuits were dismissed as premature because the plan is not yet in place, but they raise a hot button issue that the courts will have to grapple with if the Richmond plan, or one like it, is ever implemented – whether taking a mortgage from one lender (with compensation) to give it to another lender satisfies the constitutional requirement that eminent domain be undertaken for a “public use.” This is a court battle that the opponents of the Richmond plan are likely to lose. The Supreme Court has, for sixty years, routinely upheld the exercise of eminent domain for urban renewal, to break-up large landholdings, and – in its’ controversial Kelo decision – to take a family’s home to give the property to a major pharmaceutical company as part of an economic development plan. In light of its prior decisions, it’s unlikely the Court will strike down the Richmond plan.

The bigger threat to the Richmond plan is the barrage of well-financed opposition from a financial establishment that is using the media, lobbying and, most importantly, financial pressure to defeat the plan. For its part, Richmond has the Alliance of Californians for Community Empowerment and other community advocacy groups in its corner, and Richmond has a Mayor with determination and grit who says that if she’s getting this much opposition from the financial establishment, she “must be doing something right . . .” She is.





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The severity of the pollution related challenges facing China are well known. Newspapers regularly feature stories discussing its environmental challenges. Pictures of thick Beijing air capture the eye on newspaper pages, as does images of red colored water in Jiangsu province. What may get less attention are the challenges people cannot visualize so easily. Challenges like ground contamination. In spite of the fact that it is the hardest to visualize, ground contamination may in fact be the most severe pollution related challenge facing China. The severity of the issue is hard to understate. According to the World Bank, insufficient pollution management and industrial planning has resulted in serious land contamination issues in China. In 2006, the Ministry of Environmental Protection (MEP) undertook a Brownfield survey with the intention of releasing it in 2009. The survey was only released in December of 2013 and was released by the National Bureau of Statistics.

The MEP report does not discuss the situation faced by the inner city. The rapid urbanization China has experienced over the past thirty years is often called the largest human migration in history. According to the World Bank, in 1980, approximately 19% of Chinese lived in cities, by 2010 that number had grown to 49%. Furthermore, factories that had been in or near the modern centers of Chinese cities have often been moved out from their old locations. This has made the need to redevelop industrial land once occupied—and contaminated—by old industries particularly acute. However, a lack domestic Chinese experience in dealing with contaminated land has been a hindrance to Brownfield rehabilitation. Acknowledging this, the Chinese government put Brownfield remediation and

# THE MARKET POTENTIAL OF CHINA'S BROWNFIELD REDEVELOPMENT INDUSTRY

By: Kyle Innes

redevelopment on its World Bank assistance priority list in 2009.

By September of 2010, the World Bank had completed its program and published two reports, "Overview of the Current Situation on Brownfield Remediation and Redevelopment in China" and "Internal Experience in

Policy and Regulatory Frameworks for Brownfield Site Management." Together, these reports detail the World Banks' recommendations for China to develop its site remediation capacity. Among their recommendations, the World Banks stated that China needed to establish a "comprehensive legal and regulatory framework including a national law covering site contamination." It also needs to speed up its work in establishing national standards and technical guidelines for the prevention and treatment of land contamination. Seeing that confusion among the wide range of stakeholders involved in remediation has been an issue, the World Bank urges that greater coordination between government agencies should be encouraged. As a separate, but related point, the World Bank also called for greater public awareness of these issues. This is an important step that will ensure the government is transparent and effective in carrying out brownfield site management.

Lastly the World Bank called on China to start to develop technology and industry for handling site remediation. By 2010, the Chinese government had begun funding development of remediation technologies and equipment, but few were seen as practical or economical. Furthermore, the World Bank found that China lacked highly trained experts with the experience and skill set needed to implement and design remediation programs. Up to that point, most key soil remediation projects

that had been implemented in China had drawn on foreign experience and technology. Hence, the World Bank recommended that China help promote technological advancement in the field and utilize new technologies and techniques in site remediation.

More fundamentally, before any of this can happen, China needs to establish an effective management system and economic plan for funding brownfield remediation. To this point, the World Bank encourages China to learn from the U.S. experience in the evolution of contaminated site remediation from the Superfund Act to the Brownfield Act.

The Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) is often better known by the nickname superfund. It was not the first framework drafted for regulating hazardous waste at sites, but it was the first one with teeth, as it established procedures and funding methods for cleanup actions. The most famous aspect of its funding methods is the Polluter Pays Principle: Any party that was responsible for site contamination at any point will be held liable. Sites seen as the posing the greatest risk are added to the National Priorities List and become “superfund sites.” Today there are 118 superfund sites in the New England region alone. As Superfund cleanups are mostly paid for through PPP provisions, even when emergency clean up actions are taken, the money for the cleanup is eventually recovered from the responsible party.

The Superfund Act has been pivotal in contaminated site management in the US and to many, it has become the face of the American remediation industry. This has led other countries, including Japan and Canada, to follow suit and use the Act as a framework for their own contaminated site management procedures. However, seeing the remediation industry solely, or even primarily, from the prism of Superfund would be a mistake. The United States Census, under NAICs code 56291, show that the American remediation industry had grown to over \$12 Billion dollars in receipts and employed close to 78,000 people in 1997. These statistics, however, also include sites where the primary pollutants are aboveground items, like lead and asbestos. According to trade publication the Environmental Business Journal, the site remediation services field alone generated \$8.07 Billion of revenue in 2012. Much of the revenue and growth seen in this industry today come from components beyond superfund. At the federal level, concerns

about liabilities extending from the Polluter Pays Principle lead to the passage of the aforementioned Brownfields Law. This law allows the EPA to set standards for environmental contamination and the inquiries that potential land purchasers should ask before purchasing a site. This asking process consists of document review, interviews and on site testing in a set of processes also known as Phase 1 and 2. Writing on the Brownfield act, Robin Jenkins, et al., wrote that “if all appropriate inquiries have been made, and subsequently discovered contamination is controlled, purchasers are not liable for damages.” Today, conducting Phase 1 and/or Phase 2 reviews are quite common and have become a market mechanism encouraging private money to handle site remediation.

Furthermore, even though superfund clean ups are effective and do not use taxpayer money, local and state governments often do not want areas in their jurisdictions declared superfund sites. New York City, whose former mayor Michael Bloomberg described the superfund process as “super slow,” started its own Office of Environmental Remediation to give grants to developers to aid in clean up and create community organizations that can handle neighborhood clean ups. One project overseen by the office was 90-14 161st Street in Jamaica, Queens. ERM, ranked by McGraw Hill as the 17th largest environmental engineering firm in the world in 2013, was hired to handle the environmental consultation for the project. Consultation services included preparation of a Remedial Action Work Plan commissioned by the developer and submitted to the City of New York for approval.

Since 2010, China has made progress on objectives laid out by the World Bank. Land remediation became a topic of the 12th Five-Year plan. In January 2013, the State Council Office issued the “Notice on Recent Arrangements for Soil Protection and Comprehensive Soil Pollution Control,” which announced pilot projects for site remediation in large to medium sized cities throughout China. Soon after, the Chinese Government released its first comprehensive technical guidelines for Environmental Site Monitoring, Risk Assessment, Site Investigation and Soil Remediation. The guidelines will not be in effect until July of 2014. This policy is building on earlier policies put in place by large municipalities like Beijing and Chongqing.

Even without the law having yet gone into effect, the site remediation industry has been widely identified as a major growth field. On December 30th

2013, perhaps in a sign of interdepartmental coordination, China's Ministry of Land and Resources finally released the results of the 2006-2009 land survey done by the MEP. It reveals that "3.3 million hectares of farmland, roughly 2.5% of China's arable land, had become too polluted by heavy metals and chemicals to farm." The report deals primarily with farmland and does not even discuss the urban core, the area that was the focus of the World Bank's reports. These facts make the growth potential of the industry hard to ignore.

Awareness of the issue has expanded. Xportreporter, an Asian focused business news group, stated that Chinese "investment in soil remediation is expected to reach the thousands of billions Yuan, exceeding funds planned for water and air pollution control measures, which are also large financial undertakings by the government. This could open a soil restoration market in the country, which currently accounts for just 3.7% of China's environmental services industry." Sensing the opportunity, the domestic industry has expanded rapidly within China. As of 2013, the number of companies addressing these services has risen to over 300, a drastic increase from only three years prior, when there were merely 30 companies in the industry. There is even talk of some of the larger companies, such as BCEG Environmental Remediation Company, soon going public. Obviously, such explosive growth in the field leads to concerns of quality. Xportreporter cites that many domestic Chinese companies "focus more on temporal efficiency, which compromise the long-term goal by adding a secondary pollution."

This growing awareness should be a huge opportunity for foreign companies. The 2010 World Bank specifically encouraged China to build its remediation industry from foreign expertise. Xportreporter acknowledged that there is a large gap between the foreign expertise in the soil remediation technology and the current technologies utilized in China. Export.gov, a US Government website designed to help US firms export goods and services, advised that the rising interest in environmental awareness in China has led to growing opportunities for U.S. companies to share their expertise and advancements in technology in this arena, including soil remediation. Moreover, the World Bank specifically encouraged China to build from foreign expertise in its 2010 reports.

Many international firms that handle Brownfield and site remediation have had a presence in China

for many years. ERM, the British firm that handled site remediation at 90-14 161st Street, has had an office in China since 1994. Englewood, Colorado based CH2M Hill, ranked as the world's largest environmental engineering firm by McGraw-Hill in 2013, states on its website that it is "among a select number of foreign firms able to help multinational clients expand into the Chinese market." Another British remediation firm, RAW, announced a Shanghai based joint venture company in China October 9th, 2013. AECOM, a Los Angeles based engineering firm, co-published with China Environmental Science Press and Chinese Society for Environmental Sciences "Brownfield Remediation & Redevelopment" in May of 2013. At the book release, AECOM's environmental Chief Executive Mathew Sutton indicated that as China is still in the early stages of Brownfield development, he hopes that AECOM can share their expertise in brownfield remediation with the local Chinese industry. At the same event, Chinese Research Academic of Environmental Sciences Chief Li Fasheng expressed the need for China to learn from the experiences of other countries in dealing with brownfield management.

However, the capacities in which these companies operate in China currently is not completely clear. CH2M Hill boasts of being able to offer a "wide range of services, including fully integrated engineering, procurement, and construction services; project and construction management; and consulting and design-build project delivery services." The fact that they do not mention site remediation as a service offered is striking, especially in comparison with their American website which prominently details the remediation services the firm offers. Their website also suggests that ERM's work in China is primarily focused on helping companies build and create in China, not dealing with existing site issues. The case studies on their website detail work often for foreign governments or organizations like the World Bank. A case study describing work similar to the work they were commissioned to do at 90-14 161st Street is noticeably absent. AECOM, in conjunction with Tsinghua University, did complete an environmental impact assessment and remediation strategy on the Shenzhen River. However, as that river serves as the border between Hong Kong and Shenzhen, and the remediation survey was a joint project of Hong Kong SAR and the Shenzhen Municipal Government, it cannot be seen as a purely domestic Chinese project. The AECOM website itself more broadly describes services they offer in Asia (including EIA and remediation

services) and does not specify what services they offer specifically within Chinese borders.

The reasons for these discrepancies could be many. Export.gov states that even though there are opportunities for U.S. companies to offer their expertise in Chinese markets, the industry is largely dominated by State run initiatives. This suggests that these SOE's may not want external competition. Additionally, companies may be reluctant to move to quickly into a market still as immature as China. This is likely due to the lack of regulation in China in dealing with soil remediation, including technological and fiscal management standards. This may be a particular challenge as, the China Securities Journal reports that "current soil remediation pilot projects are all funded by the meager government subsidies" and that for the market to reach the lofty numbers projections have forecasted will require

the efforts of new funding methods. After all, the framework released in February of 2014 will not be in effect until July. The 10 largest environmental engineering companies in the world by revenue all have some degree of presence in China. They have not, as of yet, made public their business plans.

Regardless, the enormity of the Chinese remediation market will make it, long term, one that will be hard to ignore. Since 2010, when the World Bank reports were released, the urban population of China has grown another three percent with almost 700 million people now living in China's cities. This is slightly more than half of the nations' 1.35 Billion people. Chinese development of high remediation standards and mature market mechanisms to fund their implementation will be essential to the welfare of at least 10 percent of the worlds' population.

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