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Cities in Transition: Orange, New Jersey: Engaging the Nonprofit and Public Sectors in Combating Problem Properties

a) Background

- The City of Orange, New Jersey is a suburb of the City of Newark, with a dense population.
- It was an industrial hub in the early 20th century and was often referred as the hat making capital of the world (Schilling & Mallach, 2012, p. 147).
- By the mid 1900s, Orange lost its major manufactures and industry; approximately 20% of the population left the City of Orange between 1950 and 1990 (Schilling & Mallach, 2012, p. 147).
- In the mid 1980s, the Housing and Neighborhood Development Services (HANDS), a CDC initiative, began focusing on new development on vacant sites, but there was general community concern around vacant and abandoned buildings (Schilling & Mallach, 2012, p. 147)
- One cause of the issues with the trouble properties was tax delinquency and title problems (Schilling & Mallach, 2012, p. 147)
- Within the City of Orange, the "bulk of the vacant and abandoned properties were in Orange's designated redevelopment areas," (Schilling & Mallach, 2012, p. 149)
- HANDS worked with the Orange Community Problem Property Task Force to tackle vacant properties, remedying approximately 70% of problem properties between 2000 and 2007 (Schilling & Mallach, 2012, p. 148)
- The 2008 Housing Crisis was detrimental to HANDS and the Orange Community Problem Property Task Force.
- With the 2008 Housing Crisis, Valerie Jackson became the Director of Planning Development for the City of Orange and led the Quality of Life Task Force.
- The Quality of Life Task Force identified abandoned properties and recommended them for demolition or owner intervention, strategically addressing their problem properties (Schilling & Mallach, 2012, p. 149).
- The City of Orange has focused significantly on abandoned or vacant property near or in its central city.

b) Problem definition

- The City of Orange, a suburb of Newark, New Jersey faced a severe population decline beginning in the 1950s in response to the loss of its major industries. This resulted in a surplus of vacant and abandoned properties in the mid 1980s, affecting the cities health and safety through the mid 2000s.

c) Stakeholders

- Local CDC Housing and Neighborhood Development Services (HANDS) who first began addressing problem properties in the City of Orange.

- Wayne Meyher, Housing Director of HANDS beginning in 2000, who worked to reduce the number of abandoned and vacant properties in the city.
- The Citizens of the City of Orange as they were directly affected by problem properties.
- Orange Community Problem Property Task Force was a coalition of community organizations and neighborhood leaders determined to rehabilitate the problem properties in the city.
- Housing and Community Development Network of New Jersey is an advocacy group that helped pass state reform bills to address housing issues such as the Abandoned Properties and Rehabilitation Act of January 2004 (Schilling & Mallach, 2012, p. 148)
- Valerie Jackson, Director of Planning and Development of the City of Orange, who worked to fix Orange's problem properties and housing concerns.
- Quality of Life Task Force, which consisted of stakeholders from the Planning and Development department, Property Division of Planning and Economic Development, community health services, fire and police departments, and public works (Schilling & Mallach, 2012, p. 148).
- New Jersey and City of Orange Services: Housing and Community Development Network of New Jersey, New Jersey Community Capital, and the Orange Housing Development Corporation, who worked together to address the abandoned property problem through "acquisition, demolition, new construction, and rehabilitation, of these properties," (Schilling & Mallach, 2012, p. 149)

d) Issues

Political

- The loss of major industry in Orange and declining population had a negative impact on Orange's housing market.
- In 1994, approximately one in 10 houses was abandoned, blighted, or vacant (Schilling & Mallach, 2012, p. 147)
- The housing and problem property crisis has the potential to create political fallout against public administrators in the City of Orange's government.

Ethics

- Foreclosed, vacant, blighted, and abandoned properties "attract illegal activity, threaten public safety, strain municipal budgets, and depress neighboring property values," (Schilling & Mallach, 2012, p. 147). The City of Orange has a commitment to stable neighborhoods that provide "places to live or raise families in a peaceful, safe, and healthy environment," (Duerksen, et. al., 2009, p. 64) With the abundance of abandoned properties, the Orange's government is not upholding this promise and responsibility to its citizens.
- The fairness of property acquisition should be considered as Orange buys off property from investors or citizens (Duerksen, et. al., 2009, p. 64).

Legal

- The State of New Jersey's Abandoned Property Clause states that it is the "responsibility of a property owner to maintain a property in sound condition and prevent it from becoming a nuisance to others extends to properties which are not in use and 'demolition

by neglect,' leading to the deterioration and loss of the property, or failure by an owner to comply with legitimate orders to demolish, stabilize, or otherwise repair [their] property creates a presumption that the owner abandoned the property," (New Jersey Revised Statutes Title 55 - Tenement Houses and Public Housing, Section 55:19-79)

- There is the potential for legal action against the City of Orange if a property owner feels their land is being unfairly taken.

Management

- In 1994, approximately one in 10 houses was abandoned, blighted, or vacant (Schilling & Mallach, 2012, p. 147).
- There is not enough funding needed to fully address the housing crisis in Orange.
- The City of Orange did not have a "healthy housing market" making "stabilization impossible" (Schilling & Mallach, 2012, p. 147).
- In order to generate revenue, the City of Orange sold tax liens, but investors from out-of-state investors "often purchased the liens with no intention of rehabilitating the properties," and increasing the number of liens as time went on (Schilling & Mallach, 2012, p. 147). These liens reduced the ability to redevelop or repurpose these problem properties.

e) Strategies

- Purchase and Foreclose: As the Housing Director of HANDS, Wayne Meyer would meet with managers of the "financial pools that purchased third-party" (Schilling & Mallach, 2012, p. 148). From there, he would purchase the liens from the investors that were set to be a foreclosure and then clear the title and settle other liens after it was foreclosed (Schilling & Mallach, 2012, p. 148).
 - Pros
 - Efficient and effective way for the city to acquire problem properties.
 - Supports building relationships between the City of Orange and investors
 - The city can control problem property "disposition" (Schilling & Mallach, 2012, p. 76).
 - Cons
 - This strategy can become expensive quickly.
 - If a sale is taking too long, the problem will continue to persist.
- Reformation of State and Local Housing Codes: Orange's HANDS has "access to funding to use on a pool of prospective properties in a troubled neighborhoods before establishing site control," (Schilling & Mallach, 2012, p. 148). The passing of New Jersey's Abandoned Properties and Rehabilitation Act in 2004 allowed for localities to "organize special tax sales, in which they could choose a redeveloper and the eventual reuse of a property," as well as eminent domain powers against blighted property (Schilling & Mallach, 2012, p. 148). Additionally, the City of Orange changed its ordinances about abandoned properties to allow the government to inventory abandoned properties.
 - Pros
 - This strategy supports the City of Orange on both a local and statewide scale.
 - There is official legal support to addressing problem properties.

- Cons
 - Public administrators must learn how to implement the changes in the New Jersey State code at a local level.
- Identification of Problem Properties: The City of Orange Quality of Life Task Force worked with community stakeholders to create a list of abandoned properties that could be nominated for Orange's Official Abandoned Properties list. The Quality of Life Task Force utilized lists created by community and government services. Properties that were nominated were either demolished or the owners began necessary improvements.
 - Pros
 - The identification of problem properties can provide data to inform rational decision making (Feiden, 2016, p. 6).
 - The list can be updated yearly and serve as the groundwork for future properties.
 - Cons
 - It could be “difficult...for a city government to strategically target resources to certain areas over others,” (Schilling & Mallach, 2012, p. 76).
 - The identification process could be long and slow, hindering progress.
- Prevention, Management, and Redevelopment: The City of Orange addressed abandoned properties by listing them in their redevelopment plans. Orange also utilized Neighborhood Stabilization Funds to "secure, acquire, and demolish properties" groups of vacant properties (Schilling & Mallach, 2012, p. 149). The City of Orange, using HANDS and the Quality of Life Task force, updated their vacant and abandoned housing ordinances. These updates allow the City of Orange to utilize the New Jersey Creditor Responsibility Act (CRA), that can hold lenders more accountable during the foreclosure by registering property and paying fees if the property is vacant (Schilling & Mallach, 2012, p. 149). The City of Orange also no longer holds property auctions. The City of Orange worked with key stakeholders such as the New Jersey Community Capital to acquire and rehabilitation abandoned properties.
 - Pros
 - This supports “gaining control over the vacant property inventory” to help facilitate “reforming systems and formulating reuse strategies,” (Schilling & Mallach, 2012, p. 75).
 - The NSF help alleviate some of the financial burden from the City of Orange.
 - Cons
 - Despite the use of NSF, this can still become expensive for the city.
 - There is the potential for miscommunication between stakeholders as they work on intricate projects.

f) Conclusions

Since working with their key stakeholders, the City of Orange has seen new single and multifamily homes in the Central Orange Redevelopment Area (Schilling & Mallach, 2012, p. 149)

- The Central Orange Redevelopment Area has been revitalized as an arts district (Schilling & Mallach, 2012, p. 149)
- This revitalization promotes a sense of community and connectivity in the city's downtown, highlighting the vibrance of its neighborhoods.
- The City of Orange, working with the New Jersey Community Capital group has been able to acquire and manage abandoned properties as they await redevelopment.
- The City of Orange must look ahead to future financial challenges and prepare to adjust budgets for HANDS and the Quality of Life Task Force to continue to meet the needs of its citizens.
- The need for good data on neighborhoods and lists of problem properties is crucial moving forward.

g) Recommendations

According to *Cities in Transition*, "the heart of any neighborhood plan is the strategies and actions most likely to be effective in implementing necessary change," (Schilling & Mallach, 2012, p. 88). There are two recommended strategies for the City of Orange as they continue to address problem properties.

- Community Engagement
 - As the city continues to assess its success against abandoned properties, it is recommended that Orange utilize more community engagement in preventing and addressing problem properties.
 - The City of Orange must "rebuild the capacity of existing civic and neighborhood groups" as well as "develop new entities and vehicles to empower and engage residents," (Schilling & Mallach, 2012, p. 111)
 - The City of Orange should focus efforts on working with more local community service organizations to gain a better understanding of neighborhood needs as recommended by *Cities in Transition* (Schilling & Mallach, 2012, p. 114)
 - Strong community engagement should focus on addressing and fixing issues within the neighborhood (Schilling & Mallach, 2012, p. 114).
 - Neighborhood based planning should be transparent, empowering to citizens, and focus on building relationships between the city government and citizens (Schilling & Mallach, 2012, p. 114).
 - Potential Community Engagement Options include:
 - Holding open house and educational meetings about abandoned property and problem property mitigation meetings.
 - Teaching Do-it-Yourself classes for property owners to fix or update their property.
 - Teaching financial management or planning classes catered to younger or newer property owners.

- Creation of Community Green Spaces on Vacant Lot
 - Green Reuse is a strong strategy for vacant lots with "no short- term or long-term development potential," (Schilling & Mallach, 2012, p. 97).
 - The City of Orange must create a green infrastructure plan for vacant lots that "offers opportunities for temporary holding strategies such as community gardens, pocket parks, or open space areas (Schilling & Mallach, 2012, p. 81).
 - The green infrastructure plan would perform as a smaller comprehensive plan for vacant lots that would describe potential options for that specific site. The green infrastructure plan would also highlight the City's vision for the communities around these greenspaces.
 - The creation of a park or community green space on vacant lots "tends to encourage exercise and raise land values," (Duerksen, et. al., 2009, p. 66).
 - A community greenspace would also promote community quality and character by creation of a "stronger neighborhood" and sense of place (Duerksen, et. al., 2009, p. 69)
 - The creation of these greenspaces would have a positive impact on both the City's and its citizens overall health.

f) References

Duerksen, C., Dale, C.G., Elliot, D. (2009). *The Citizens Guide to Planning* (The Citizens Planning Series, 4th Edition). American Planning Association.

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