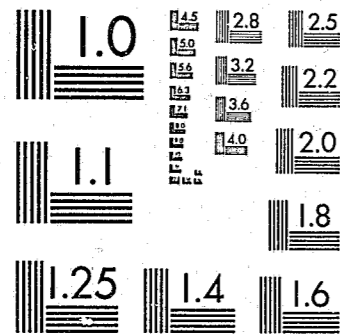


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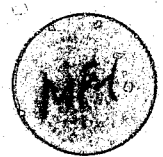
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PROFILES

A HANDBOOK ON COMMUNITY ARSON PREVENTION

Produced by
Urban Educational Systems



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PROFILES :

A HANDBOOK ON COMMUNITY

ARSON PREVENTION

Published by
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PROFILES : A HANDBOOK ON COMMUNITY ARSON PREVENTION

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PREFACE

What possible reason could there be to endanger lives and property with a deliberate act of arson? The answer, unfortunately, is that arson is committed because profitable incentives to do so exist. Until people learn to understand and recognize those incentives (and the individual responses to them which result in arson), intervention and prevention in the arson process cannot succeed.

This is the reason for PROFILES. Arson is not an isolated situation with a specific, limited effect. And arson is not, as commonly thought, someone else's problem. It affects your home, your safety, and your neighborhood, regardless of whether you are a tenant or a homeowner. You pay for higher insurance premiums as a result of arson. Consider, further, that widespread arson influences overall perceptions of a neighborhood, and thus affects investment, commercial conditions, and credit availability.

Arson for profit is both a specific problem and an area-wide issue in which a sense of community responsibility and commitment by all people is necessary for successful intervention and prevention.

For this reason, PROFILES has a dual purpose. First, in an analytical way, PROFILES examines the various backgrounds and framework in which arson for profit occurs. Second, as a manual, PROFILES offers tools with which to begin halting and preventing arson for profit.

PROFILES will show you how to best use the resources you have available and, alternatively, indicate when your resources are insufficient. In these cases, PROFILES will guide you to technical

assistance. Additional support is available from professionals in your community, or through the NAPAC network.

PROFILES begins with the most basic and common elements of arson for profit and builds upon the fundamental research and responses appropriate to the increasing complexity of each level. In every type of arson for profit, the basic research is similar, and is essential to any successful action.

However, arson is not a static, clear-cut issue. There are many variations on the same theme. This handbook is intended as a guide to research and analysis but is not the definitive solution. Some resourceful modification is called for to suit your unique situation and needs.

The community's role in arson prevention is not the apprehension and indictment of arsonists. What PROFILES will help you do is build an empirical case, indicating where to intervene in a crisis and how to prevent recurrences. With PROFILES you will see how and why arson is happening, and begin to alter the causes of each situation as well as the situation itself.

INTRODUCTION

There is a fire, then there is another. A month goes by, and there are two more fires the same night. It is an inner-city neighborhood, an older residential area, even a middle-class bedroom community. There is another fire, and an unattended child is dead.

The neighborhood is changing racially, or it is changing socially or you can't get a loan on that side of the street anymore. There are rumors that kids set the fires, that blacks or Puerto Ricans are setting the fires, that newcomers set the fires to drive older residents out. Some say the landlords set the fires. People are afraid to go out. People are afraid to stay in. People are afraid to sleep.

There is another fire. Someone says that someone heard the firemen say there was gasoline all over the place. There are bells and sirens, but it's only a car burning in the street. It's only a smoldering fire in a pile of trash. It's only a small fire across the street. The half-empty building on the corner--is that the next to go? People are moving out. People are buying extra locks. People are wondering if someone in the area is an arsonist. Is it someone in this building? Is it one of them, or is it him? A big fire rages for hours in the winter night.

In recent years, this story has been repeated in neighborhoods all over America. In the Bronx, New York, this story was repeated, house by house, block by block, for over ten years, until half a million people had been driven from their homes. It's happened in New England mill towns, in farm belt cities, and in southern suburbs. It could be Houston or Seattle as easily as Boston or Detroit.

The great increase in fires is no accident. All the electrical systems in the Bronx didn't start short-circuiting while those in Queens remained safe. We aren't smoking twice as much or twice as carelessly as we were in 1970. All the furnaces in cities did not begin failing at once while suburban furnaces continued to heat safely.

The fires are being set, usually for money.

People start the fires and other people can stop them. It may take months of research. It may take a year of publicity and political organizing. But if a group of people are committed to a neighborhood, they can stop the fires and rebuild.¹

¹Zanger, Mark. The Arson Action Guide, 1979. p. 1.

Perhaps arson is only a minor problem in your neighborhood, or possibly, it is a major concern. Few people, however, realize what a serious problem arson for profit is on a national scale. Statistics show that between 25% and 50% of all fires in the United States are intentionally set.² Furthermore, arson is responsible for approximately 1,000 deaths and 15,000 injuries per years.³ It causes more financial loss than all other types of criminal violence combined, including property losses of approximately \$4 billion per years, and indirect costs (such as tax revenue losses, loss of personal property, jobs, cost of fire fighting, higher insurance premiums, etc.) of approximately \$15 billion per year.⁴

PROFILES deals with general types of arson which can be analyzed through research and often predicted and prevented. PROFILES is about arson for profit, that is, arson which engenders some type of financial benefit, reward or speculative possibility, rather than about psychological arson such as pyromania.

This handbook deals with four different levels, or contexts in which arson for profit occurs. Within these levels there are six distinct scenarios and six variations. Each level is additive, incorporating several variations on research and action. PROFILES is intended to guide you in understanding the level of research and analysis demanded by the situation your neighborhood is confronting.

²Terjen, Katherine. Allies in the War Against Arson. 1980, p.5.

³Ibid.

⁴Ibid.

HISTORY

Is arson a victimless crime? Do people have the right to dispose of their property as they choose? Traditionally, this has been the case, especially if the property in question was a vacant building. Partly for this reason, there has been little incentive to actively pursue intensive, official investigations of suspicious fires. Further, the majority of these fires have occurred in poor areas-- those with little or no political organization, and often those with a history of redlining. Finally, people have tended to rely on the responses of government agencies such as police and fire departments to deal with arson.

Such reliance has been ineffective in the past and continues to be an inadequate response to arson for profit for many reasons. The goals of the various agencies involved in arson investigation differ, leading each to investigate different aspects of each fire-- no one agency uniformly considers the broad picture, and hence, the patterns and conspiracies in arson are inevitably missed. Further, there are, and have been, "turf" problems between agencies due to a lack of clear-cut jurisdiction and communication. The combination of many agencies with unclear authority and little or no communication is more than enough to hamper an effective investigation of arson for profit. Finally, the goal of government-related agencies differs completely from that of community groups. To a concerned community group, awareness and prevention are the priority; to government agencies, the goal is indictment, which necessarily occurs after the fire--prevention is secondary.

As you become more involved in the research process and organizing techniques, you may find police, fire departments, etc. helpful allies, and they may be able to use some of your comprehensive research to attack other aspects of the arson problem. Clearly, if your neighborhood is threatened by arson, the most interested and committed people are its residents, and the most effective action is your own.

THE ROLE OF THE INSURANCE INDUSTRY

Many people feel that insurance companies, above all, should be heavily involved in preventing arson for profit since they pay the majority of the profit on arson in the form of insurance settlements. Unfortunately, there are many reasons why they are not taking action. The structure of the insurance industry has (and continues to) inadvertently contributed to the ease of successful arson for profit. The inherent competition between companies leads to a race for contracts and premiums, so that companies often insure questionable properties, and tend to reinsure properties at their resale price without investigating their true market value or actual condition. This makes overinsurance, and large profits from arson, more easily accessible to unscrupulous owners. Competition for contracts also leads to shorter and shorter settlement periods on claims. The current time period--usually thirty to sixty days--simply is not enough time to adequately investigate all questionable fires.

In a broader analysis, insurance companies earn the majority of their profits on investments rather than premiums. When losses due to claim settlements increase, premiums also increase, leaving little financial incentive on the industry's part to become completely involved in arson prevention. The insurance industry is a potential future source in combatting arson for profit, and at a later point in your investigation, they may be willing to become involved. In the long run, insurance companies may eventually help establish and reinforce disincentives for arson for profit.

Still, the most effective involvement and response is yours--you have the interest, the commitment and the ability, using PROFILES, to rely on yourself and your neighbors for an educated and effective response to arson.

NON-ECONOMICALLY MOTIVATED ARSON

Non-economically motivated arson is not the main focus of PROFILES, or even a significant component of the overall arson problem. But it is important to acknowledge these types and be aware of their characteristics, if only to rule them out as the cause of a particular fire.

Non-economically motivated arson is usually psychologically motivated. As such, it is basically unpredictable and thus unpreventable. It is an individual act of temperament which tends to be fairly obvious, and offenders are often easily caught and indicted. This leads to the public perception that psychological arson is the major cause of arson. This is statistically untrue, and as you learn more about the potential profits of arson, you will understand the importance of re-educating ourselves on this issue.

There are four basic characteristics of non-economically motivated arson: revenge, pyromania, hero firesetters, and juveniles.

Revenge fires are set by an individual, or perhaps two, but are in no way conspiracies. Since the motive is revenge, the victim usually has a clear idea of who set the fire and so the perpetrators are often apprehended and prosecuted. Revenge fires can occur in any and every neighborhood, but rarely are there more than one or two cases per neighborhood.

Pyromania is very rare. According to the New York Fire Marshall, it is responsible for less than 1% of the entire arson problem.⁵ Pyromaniacs usually set many fires in one area and at regular intervals. The fires may be ritually repetitive, but pyromaniacs are not professional firesetters. Their motive is psychological, not economic, and their methods are rarely sophisticated.

Hero firesetters light a fire in order to gain attention in helping to extinguish it. They may alert residents, stage rescues, etc. Their behavior at the fire scene is usually obvious to the firefighters, so like revenge arsonists, hero firesetters are often caught.

Juveniles often set fires for revenge or vandalism and are usually quite territorial. Like pyromaniacs, juveniles rarely use sophisticated methods to set the fire, and almost never have the key to locked apartments. However, since juveniles are immune from prosecution, they may be used to set a fire. This also feeds into the popular mythology that they are responsible for most arson.

⁵Zanger, Mark. The Arson Action Guide. Op.Cit., p.17.

ACTOR/TARGET/PAYOFF

There are three factors to identify in analyzing and classifying arson for profit. They are the actor, the target, and the payoff. By using the research model to understand the actor and the target, some resourcefulness and additional research should also reveal the payoff.

The actor is the person who initiates the fire, usually the owner of the building to be burned. There is an important distinction between "initiating" a fire and actually setting it. An owner usually hires a "torch" or professional firesetter to physically arrange and set the fires.

The target is the property or structure that has been (or will be) burned. A target can vary in size from one unit to an entire building, to a group of buildings.

The key issue in research, analysis and intervention is the payoff. With the exception of accidental fires, all arson provides the actor with some type of payoff. The payoff may be emotional, as in psychological fires, or economic, but it exists for all intentional fires. The payoff in arson is synonymous with the motive--the motive for setting any fire is to achieve the payoff. Awareness of the payoff and its various relationships to the actor and target is the crucial element in preventing arson for profit: if the payoff can be identified and removed, the arson can usually be stopped.

INTRODUCTION TO CHARTS AND EXAMPLES

As you can see thus far, arson for profit is complicated. Due to the scope and breadth of the problem, classification can be difficult, unless, through research, you can see and identify the context and background in which the particular type of fire occurs. This identification is crucial to providing the clues to intervention. The stress is on research because if you understand the economic incentive, payoff, you can intervene; you can remove the incentive or use other tactics to safeguard people and buildings, and prevent the fire in a crisis situation. Beyond an immediate need, the same research will help you predict the probability of fires motivated by economic incentives and to implement preventive techniques.

Beginning with the most basic and common form of arson for profit, and adding research and complicating factors at each level, PROFILES will deal with:

- Level One: Insurance Fraud: conspiracy fires--those intended to create a gross profit from insurance coverage.
- Level Two: Management Fires: social change contributes to a management decision to burn--racial frontier, management eviction and neglect fires.
- Level Three: Transition Fires: factors often beyond landlord or tenant control, but which create a situation in which arson is the only way out--stop loss and cash flow fires.
- Level Four: Urban planning policies in which land becomes more valuable either vacant or redeveloped for a new use than it is built and occupied--barrier removal, industrial development, gentrification and landbanking fires.

Each of these levels is arranged in terms of the context in which it occurs and includes an example based on an actual case; indicators and research (in addition to the basic steps to be done for any type of arson for profit) tailored to the specific indications and type of fire; and community intervention responses.

Each is followed by a chart that graphically summarizes the indicators and research steps.

PROFILES is intended to provide groundwork for understanding most types of arson for profit, and although it is extensive, PROFILES is

not necessarily conclusive. New types of arson for profit, new events, issues, and new combinations of them may occur at any time. It is essential that you are flexible and open-minded. Once you are familiar and comfortable with the material included in PROFILES, you may need to rearrange it and add new information as you find it available and necessary. As your expertise grows, you will develop new responses and tactics.

Organizing against arson in your neighborhood is not a one-time activity--it is an ongoing and rewarding process of research and awareness. As long as there is economic gain to be realized from arson, there is incentive to burn. Your safety, security, and neighborhood require and deserve constant commitment.

LEVEL ONE - INSURANCE FRAUD FIRES

The basic research and analysis model is derived from the most simple and straightforward kind of arson for profit: insurance fraud. The settlement of an insurance claim is equivalent to the actor's payoff.

Accepting an insurance payment for a deliberately set fire is a fraudulent act. It is a conspiracy to make any possible profits from the use of the building and additionally, to make money by defrauding the insurance company.

These fires occur in a variety of circumstances--in appreciating and depreciating areas, in isolated cases or entire blocks and in diverse communities. The scenario presented here is only one, but it is increasingly common. We have seen it in Boston, Cleveland, New York, San Francisco and Chicago.

EXAMPLE.

Merv Middleman and Co., a group of loosely related business people, buy many properties. Over a period of time, they "trade" the properties among themselves, for higher and higher amounts, and correspondingly higher mortgages, regardless of the actual condition or value of the building at the time. At each sale (or trade, for little or no cash actually changes hands), the building is reinsured for the sale value, the cash plus mortgage.

As little money as possible is invested in the building. Essential services such as heat and electricity are withdrawn, and vacancies remain unfilled. Maintenance is gradually terminated, for the objective is to "milk" the property for any rent it can produce; to take every possible penny out of the property and put no money back in.

When the insurance coverage and mortgage values are sufficiently inflated, there is a small fire, to scare tenants into leaving. This is followed by a larger blaze which destroys the building. A concrete example of the inflation process follows:

- a) a building is purchased for \$10 thousand cash with a \$220 thousand mortgage--it is quite rundown and no maintenance or repairs occur

- b) one year later, the property is sold to an associate of the landlord for \$30 thousand cash and a second mortgage, then reinsured, bringing its paper value up to \$340 thousand. Meanwhile, basic services have been withdrawn from the building, although rents are still collected
- c) the building is then sold again, with a new mortgage and new insurance
- d) once more the building is traded; this time, for \$16 thousand in cash, and yet another mortgage and more insurance coverage. The paper value of the building, although its condition has consistently deteriorated, is now over \$700 thousand
- e) there is a small fire, and all remaining tenants, frightened, move out
- f) finally, a series of fires destroys the building, resulting in an insurance settlement of over \$500 thousand

In such a conspiracy, this sequence is often occurring in many properties simultaneously, and the properties are acquired for the sole purpose of torching them.

INDICATORS AND RESEARCH.

Indications of insurance fraud conspiracies operate on two levels:

one, those indicators which are evidence that the building is being milked;

two, those elements of a financial profile illustrating increases in paper value and the profitability of the insurance payoff.

The indicators introduced here form a basis for all types of arson for economic gain. Pay careful attention to them as they will be referred to repeatedly.

Property indicators consist of housing, health or building code violations; reduced maintenance and utility service; previous fire histories; and, interior fixtures such as sprinkler systems which are non-functional or entirely absent. These factors occur when a building is being milked.

The financial profile indicators involve doing a basic investigation into the landlord and the potential payoff. These steps are essential,

for they should be done whenever any type of arson for profit is suspected, and will be constantly referred to throughout. The more information you have, the more effective you will be in organizing to inhibit arson for economic gain.

In every case, watch for any actions pending against the landlord, such as civil, criminal, or housing court proceedings, tax-taking proceedings, or an insurance policy that is due for cancellation, all of which indicate a possible financial strain. Payoff indicators include overinsurance, (such as the example above--a decayed building insured for a very large amount), multiple recent (within 3 years) sales of the building at inflated prices, and a discrepancy between the dollar amount of the mortgages (inordinately high) and the sale price.

Research to confirm an arson conspiracy should include the following steps: like the basic indicators, these steps are the baseline research for any type of suspected arson for economic gain, and you will always begin your research process with them:

- a) The Tax Assessors Office, to find building and land values and utilities usage;
- b) The Registry of Deeds, where one looks for title (property) transactions, sale amounts, names, tax liens, foreclosures, mortgage amounts, as well as other properties owned by the landlord, and legal actions;
- c) The Tax Collector's Office, to research tax arrearages, abatements and amounts;
- d) The Building Department and Utility Companies, to check on structural violations, and service and payment records;
- e) Housing Inspection/Health Department, for sanitary code violations and habitability;
- f) Windshield Survey, to see the general condition of the building and the neighborhood;
- g) Canvass of Tenants and Neighbors, who will answer questions about maintenance responses, vacancies, rental charges and recent increases, and to whom rents are paid;
- h) The Fire Department, for records of previous fires of the particular building and of other properties owned by the same owner;

- i) Civil Court, for records that will reveal any legal actions relating to the building.

VARIATIONS.

You may find a few variations to the insurance fraud scenario presented here. First, a landlord may arrange a series of small fires, using the insurance money to rehab the building or correct code violations, which basic research will reveal. This type of arson for economic gain is fairly rare, however, as most conspiracy owners are interested in profit, and not maintenance or repair.

Second, since the mortgage lender is the 1st party to be paid off by an insurance claim, the owner may torch the building to pay off a very expensive mortgage, in which case the mortgage should be thoroughly researched.

COMMUNITY RESPONSES.

Once the research is completed, the first step is to organize. Individuals are very vulnerable to harassment, intimidations etc., while a strong, organized effort has a much greater chance of success.

To begin to organize around stopping conspiracy arson for economic gain, do the research well, and confront the landlord with your suspicions. Often, the idea that you are watching is enough to inhibit an owner's arson plans. Next, try meeting with the insurer or mortgage lender and presenting your suspicions and research. In Massachusetts, tenants have the right of access to the name of the insurer and amount of insurance on their building, which greatly facilitates the previous process. Common areas of the building, (halls, stairways, basement, roof) and the building itself should be secured and regular security checks set up. This, too, can be extremely effective in inhibiting arson. The media can also be used to make the public aware of the problem, and constantly keep them aware. Posted signs announcing concern, awareness, and an organized response to arson are helpful.

Last, tenants could use a legal rent withholding strategy to force a landlord to pay attention to their concerns, especially with code violations, etc. Alternatively, a repair and deduct law (if your state has one) allows tenants to divert rent payments into repair of substantial code violations.

The following chart is a graphic summary of indicators and research for insurance fraud arson, and forms the basic research needed for property and owner research.

LEVEL ONE: INSURANCE FRAUD FIRES

(Basic Research Model)

INDICATIONS	CATEGORY/NAME	DESCRIPTION	RESEARCH
<p>A) Building conditions</p> <ol style="list-style-type: none"> 1. housing, health, or building code violations and citations 2. reduced maintenance 3. reduced utilities 4. previous fires 5. inoperable interior fixtures <p>B) Landlord</p> <ol style="list-style-type: none"> 1. civil, criminal, or housing court proceedings 2. tax taking 3. insurance in process of being canceled <p>C) Payoff indicators</p> <ol style="list-style-type: none"> 1. overinsured building 2. multiple recent sales at inflated prices 3. discrepancy between the dollar amount of the mortgage and the price of the sale 	<p>Conspiracy</p>	<p>An organized plan to trade properties among a group of loosely related business people. The properties are overinsured and their value inflated. Arson at the proper time pays many times the initial investment - certainly more than the properties are worth.</p>	<p>A) Tax Assessor's Office</p> <ol style="list-style-type: none"> 1. owner of building 2. land values 3. utilities use <p>B) Registry of Deeds</p> <ol style="list-style-type: none"> 1. title transactions 2. names and dates 3. tax liens 4. foreclosures 5. mortgage amounts 6. other properties with the same owner <p>C) Tax Collector's Office</p> <ol style="list-style-type: none"> 1. arrearages 2. abatements 3. amounts <p>D)* Building Department/ Housing Inspection Department/ Health Department</p> <ol style="list-style-type: none"> 1. code violations 2. sanitary code violations <p>E) Utility Companies</p> <ol style="list-style-type: none"> 1. service and payment records <p>F) Windshield Survey</p> <ol style="list-style-type: none"> 1. general condition of neighborhood

LEVEL ONE: INSURANCE FRAUD FIRES (continued)

RESEARCH

G) Canvass tenants and neighborhood

1. complaints
2. vacancy rate changes
3. amount of rent
4. whom rents paid to

H) Fire Department

1. fire histories of buildings and other fires with same owner

I) Civil Court records

1. law suits relating to owner or building

J) Land Court - dispute over land

1. liens
2. foreclosures
3. deed confusion
4. attachments

*These may overlap, but it is necessary to check all three departments.

LEVEL TWO - MANAGEMENT FIRES

At this point, external occurrences in the neighborhood begin to create additional pressures that make arson a profitable response. These may include a change in the social or economic fabric of a neighborhood, or changes in ethnic and racial characteristics. Generally, management and racial frontier fires tend to occur within this context, sharing a common intent to use arson to displace the current residents without sacrificing the entire property.

Management fires usually reflect a conscious decision by an owner to directly use arson to clear either a particular unit or tenant. There are two potential payoffs in management fires. One is turning over a unit for a higher rent; the second is removing a difficult or activist tenant to reduce a nuisance impeding profits.

In eviction fires (the use of arson to remove a "difficult" or unprofitable tenant from the building), problem tenants may be those who make complaints, contact city officials regarding code violations, organize a tenant union, a rent strike or other action. Fires may also be directed at units which are less profitable due either to government subsidization or rent control. In most cases, the owner's response to these tenants or rental situations comes in the form of small, contained fires which do not interrupt the operation of the entire building.

EXAMPLE.

Jewel Realty owned a building that was "plagued" (as they felt), with activist tenants. The tenants organized a union, vocally insisted on repairs, and organized a legal rent strike. The organizers were not only a major headache, they were affecting profits. Jewel decided that few well-placed, small fires in the units of the organizers would serve to defuse the activities of the other tenants, and get profits moving again. In another Jewel property, an elderly woman had occupied a rent-controlled unit for 25 years. In that time, the neighborhood had become very fashionable, and comparable Jewel units were bringing up to \$800 per month. The realty company responded to each situation in a very effective manner--a small contained fire which did not interrupt the operation of the entire building, but did turn over the unit in question for a much higher rent.

INDICATORS AND RESEARCH.

In addition to building indicators, you should look for indications regarding the tenant-landlord relationship. In addition to the steps used in insurance fraud, look for evictions, rehabilitation

permits, presence of rent-controlled or subsidized units.

Another indicator is the relationship between the mortgage rate (cost of monthly payments out) and the rent levels (amount of money paid in). Any discrepancy showing that the building is not self-supporting is a sign of trouble.

In looking for problems between the landlord and tenants, tenant attempts to organize a union may be apparent, as might be a previously existing union which is renewing its activity. Look for evidence of harassment of tenants aimed at making them move. It may take the form of arbitrary service shut-offs, rent increases, rumors of ownership changes or condominium conversion, or incoming subsidized tenants. Small contained fires are often suspect.

An expanded canvass of tenants must focus on the relationships between tenants and the landlord. Look for evidence of harassment, problems, threats, rent increases, organizing activity, rent strikes, or any court suits that may have been brought against the landlord. The Rent Control Board, if one exists in your city, can provide information on rent increases, tenant challenges to increases, eviction petitions and challenges, and the profit and loss profile of the building - all indicators of the possible profit advantages of clearing a rental unit.

To reveal more specific management profiles on the building, check Superior Court records for civil and criminal cases against the owner or manager, as well as Housing Court (District Court) records for legal eviction attempts and their outcomes. Finally, research at the municipal office of subsidized housing or the HUD area office can reveal whether or not the building contains subsidized units.

VARIATIONS.

There are several important common variations on the eviction management fires; the most common is "benign" or passive neglect. In this type of arson scenario, the landlord does not hire a torch to set a fire but milks the building, allowing it to decay around the tenants. Research shows that these so-called "spontaneous" fires result from deliberate neglect of wiring, heating facilities, security etc. The buildings are usually in very poor areas, with correspondingly poor tenants, which leaves a small margin of potential profitability. Between milking the property and the insurance settlement, profit can be made.

Indications of passive neglect are fairly obvious - a total lack of maintenance, accumulation of garbage and/or combustible materials in common areas, lack of basic services and dysfunctional

equipment such as smoke detectors or sprinkler systems. No repair action has, or will be, taken by the owner.

Another variation on the above management decisions to burn occurs in neighborhoods experiencing a rapid population change and increasing presence of minorities. In these "racial border" fires, an owner fears that the value of his property will plummet because of integration (or tipping) of the neighborhood. Based on fear and prejudice, racial border arson is often speculative, occurring prior to an actual value loss, and it is merely based on the perception of anticipated loss which may or may not actually occur.

To identify racial border arson, watch for rapid racial and/or socioeconomic change in a neighborhood, increased vacancies and small warning fires, followed by more destructive fires. Also, watch for indications of blockbusting--preying on fear and prejudice to make people sell their homes at a low price to speculators who resell them to incoming residents at a very high price. (This is obvious in Registry records showing rapid resales).

COMMUNITY RESPONSES.

Your responses to management fires depend heavily on strong, unified tenant organizing. It is crucial to get everyone involved--to point out that in order to protect his/her home, each resident must work to protect each others' homes. All of the steps discussed in insurance fraud intervention are required here, such as confronting the owner, lender or insurer, maintaining visibility through media, etc. Additionally, an organized drive for code enforcement, and block club organizing, are helpful in inhibiting a landlord from taking destructive action. The better organized and more unified you are, the greater your chances of successful intervention and prevention.

LEVEL TWO: MANAGEMENT FIRES

INDICATIONS	CATEGORY/NAME	DESCRIPTION	RESEARCH
<p>A) Landlord/tenant relationship</p> <ol style="list-style-type: none"> 1. attempts to organize a tenant union 2. very active tenants union-rent strikes, code compliance, etc. 3. harassment of tenants 4. arbitrary service shut-offs 5. rent increases 6. rumors 7. small fires <p>B) Building problems</p> <ol style="list-style-type: none"> 1. general deterioration 2. low profitability 3. code violations 4. permits to rehab 5. high mortgage rates, low rents 6. presence of rent control or subsidized units 	<p>Eviction</p>	<p>A conscious decision by the owner to use arson to turn out the present tenants or turn over the unit for a more profitable use.</p>	<p>A) Basic building and owner research, plus</p> <p>B) Canvass tenants and local community organizers</p> <ol style="list-style-type: none"> 1. problems, harassment, threats 2. rent strikes 3. court actions <p>C) Court records</p> <ol style="list-style-type: none"> 1. superior court-civil or criminal cases 2. housing court(district) eviction attempts <p>D) Rent Control Board</p> <ol style="list-style-type: none"> 1. history of rent increase 2. challenges 3. eviction petitions 4. vacancy decontrol <p>E) HUD</p> <ol style="list-style-type: none"> 1. Section 8 or other program units in building

LEVEL TWO: MANAGEMENT FIRES (continued)

INDICATIONS	CATEGORY/NAME	DESCRIPTION	RESEARCH
Same as above (Eviction)	Benign Neglect	"Passive Arson" landlord, through milking the property, let decay proceed until fire is inevitable but does not actually "set" it.	Same as above (Eviction)
Same as above (Eviction)	Racial Border	Owner torches property in response to perception of loss of value due to presence of minorities in neighborhood.	Same as above (Eviction)

LEVEL THREE - TRANSITION FIRES

Often, political and economic factors can affect the profitability of buildings and the incentives for arson. These changes occur on an area-wide or regional scale, and tend to affect landlords as well as tenants and homeowners, creating a situation in which profits cannot be made or a financial loss may be incurred.

In older, settled areas, inflation and high cost of living affect such expenses as mortgage costs, rental rates, utilities, etc. Combined with a low wage structure and a rising unemployment rate, the inevitable result is stagnation. There is no money available to move, to develop new businesses, to build new housing or rehabilitate old housing, and the result may be a wide-spread, general economic stagnation.

A framework such as this is accompanied by a general unavailability of credit for sales, refinancing or rehab. Interest rates may be prohibitively high, so that whatever money is available is too expensive to borrow. Concurrently, some neighborhoods may be redlined--that is, a bank may refuse to lend money in a specific area, deeming it unprofitable or a bad lending risk. In such a situation, general stagnation is usually accompanied by serious, steady deterioration of the community.

Further complicating the issue is an often uneven distribution of city services and programs, as well as state and federal aid program investments. Due to location, demographics etc., an area may be ineligible for certain government rehab or loan programs, and inadequately served by city services; this situation contributes to decline.

When these elements--inflated costs, high unemployment, low wages, lack of credit and available aid--combine, there is an increased incentive to resort to arson. Landlords and tenants are caught in the same no-win situation, in which many factors are beyond the control of either party. Tenants cannot afford to live in better housing, and landlords have no access to money to invest in the property to rehab it or bring it up to code and increase its cost efficiency.

In this context, two types of arson for profit flourish: stop-loss arson, and cash flow arson.

Stop-Loss Fires

Stop-loss fires tend to occur in declining, stagnant areas. As their name implies, the goal is to minimize losses in a property that is completely unprofitable, and draining other financial resources.

In most stop-loss situations, the building is old, operating expenses continuously rising, but present tenants cannot afford the rent levels required to support costs. Daily, the property loses money. The owner (actor), after unsuccessfully attempting to sell the building, or convert to subsidized housing, chooses to torch it, usually preceding the major fire with one or two small fires to clear the building. In stop-loss fires, the payoff (the insurance settlement) is not necessarily a profit as we usually understand it; rather, it may be the economic relief of ending a continual financial loss.

EXAMPLE.

Norma Harris' apartment building is having serious financial problems. Her tenants are very poor, and they cannot afford to pay any rent increases. Yet the building's utility costs--especially heat--are rising, as are tax and insurance payments. Norma earned little or no money before costs increased so drastically, and she is now losing money daily. She tries to sell the building but no one is interested in buying it. At this point, she just wants out, and arranges to have a small fire, to scare the remaining tenants away. When they are all gone, a large fire destroys Norma's building completely. The insurance company pays off, and Norma uses the money to pay off her debts. She may not have made a profit, but at least she isn't losing money anymore.

INDICATORS AND RESEARCH.

The most crucial indicator of stop-loss situations is the ratio of expenses to income. Anytime that expenses significantly exceed income, the situation has a potential for stop-loss arson. Other indicators relate to the owner/building's financial profit, as well as to neighborhood and community factors discussed above.

First, all the basic building/owner indicators previously discussed are evident here, in addition to increased vacancies, unpaid rents, increased utility, tax, insurance costs and utility or tax arrearages.

In observing the neighborhood, one should look for general economic stagnation and visible deterioration. Declining property values may be common knowledge, as may be redlining and a lack of municipal services.

Researching stop-loss fires again relies on the basic property and owner research steps discussed in Levels One and Two above. Additionally, you should contact the insurance company to discover the level of insurance, recent rate increases, and any payoffs made. If a Rent Control Board exists, you should find out the maximum rents allowed, check operating statements, landlord business practices, any hearings, violations, or citations, and

expenditures. Also, utility companies should be contacted regarding rate increases and arrearages.

At the State Department of Corporations, check into the Uniform Commercial Code, for financing statements, and debtor names and amounts, as well as general information on officers of the corporation. Also at the Department of Corporations, the Articles of Incorporation will reveal what type of corporation (trust, partnership, etc.) you are dealing with, its purpose, and basic operations. One warning is in order here, however. The more involved you become with corporations, the more outside legal assistance may be necessary.

Cash Flow Fires

Cash flow fires occur in the same basic context--stagnation. Credit, or cash, is either too expensive or simply unavailable. Cash flow arson differs a bit from stop-loss arson in that cash flow fires can be thought of as aggravated stop-loss: in response to a direct demand or need for cash to rehab, repair code violations etc.

For example, an owner may be faced with a classic stop-loss context, except that his tenants are suing him for code violation repairs. He is not yet prepared to destroy the entire building, but he does burn a part of it to get the cash to do necessary repairs and start rents moving again.

EXAMPLE.

Mr. Babbit owns a building which has absorbed all of his assets. The property isn't paying for itself and the tenants are suing him for necessary repairs. He applies for a loan, but his neighborhood is redlined, and since his only asset is a deteriorating building, Mr. Babbit's application would have been denied anyway. Mr. Babbit first sets some small fires and uses the insurance money for cosmetic repairs, although he continues to ignore the major repair needs. In an attempt to increase occupancy and rents, he also begins to subdivide the existing units. Mid-construction, Mr. Babbit's variance application for the construction work is denied, and he's stuck. As his debts mount, Mr. Babbit's creditors begin to hound him. Finally, Mr. Babbit arranges to torch the building. The building was not profitable from the beginning, and the immediate need to pay off his debts became the priority.

INDICATORS AND RESEARCH.

The baseline research for cash flow fires will be identical to that for stop-loss fires, and some additions are in order. Tenant complaints that the landlord is subdividing units is evidence that he is trying to get more money from the building. Outstanding debts and demands for payment from creditors are also important signs.

Cash flow arson research requires an analysis of the owner's cash flow, formulated as:

gross income
- operating expenses
owner's cash flow

Additional properties are part of the total financial picture, and must also be researched. Look for any unusual cash demands which could have put additional stress on the situation, thus stimulating a cash flow fire.

Research on the general availability of cash or credit in the community can be conducted at the State Banking Commission, by reviewing loan applications by the landlord, and more generally, seeking evidence of redlining. The City Housing Department, too, may provide information on applications for city-sponsored rehab loans or eligibility for subsidized units.

VARIATIONS.

There are two important variations on the cash flow scenario. The building owner may be a corporation instead of an individual. In this case, although the basic situation may be the same, one must research also the assets of the corporation.

The other cash flow variation is that of personal cash crisis. In other words, the owner faces a heavy cash demand in some other facet of his life, for example: gambling debts, divorce, medical bills, etc. After the owner exhausts other possible cash sources, he chooses to burn the building to get the needed cash. The building may be in an economically stable area which does not face credit shortages, and it may be steadily profitable. Yet the owner has an urgent need for cash and the property is the only asset left to him.

Indicators and Research: Variations.

There are no obvious major indicators in personal financial crises. Research into the owner's personal life is required. It may be difficult, though, for information about an individual's

private assets is not often public. First, the baseline research may reveal some irregularities which should be pursued. For example, any sudden change in the landlord's financial status should be investigated. If the landlord has been divorced, he/she must file a court report of overall personal assets and changes in income, which are often very revealing. At Bankruptcy Court, records include a complete listing of assets, liabilities, creditors, and amounts due. Land Court records also might indicate a dispute or pressing financial problem relating to property held by the landlord. Finally, District Court records may yield evidence of business difficulties.

Keep in mind that not every situation conducive to stop-loss or cash flow arson will result in fires. Although there is no standard here, some landlords will never torch; others do so easily. The decision is a moral one, and any predictions you make must recognize this factor.

COMMUNITY RESPONSES.

Because there are factors external to the immediate action in stop-loss and cash flow arson scenarios, it is time to start marshalling the support of officials and professionals in addition to the routine steps taken by community groups.

A meeting with the state Fair Plan (a state insurance pool, chartered to insure high risk buildings) is in order to discuss particular high risk properties. Since Fair Plan most likely insures the building in question (and thus finances the payoff,) any notification that they are monitoring the situation is a strong inhibiting factor. Eventually, the Fair Plan may even revoke insurance on the property.

Further, you should meet with the state Attorney General's Office and present your research and express your concerns. Although they may not be totally receptive, the Attorney General's Office may intervene at some point to remove the economic incentive to torch.

If the city has an Arson Strike Force of fire and police department representatives, avail them of your findings. Explore the development of Arson Task Force, a cooperative effort of community people and officials--at the least it will expand your resources.

Finally, you might explore potential avenues for tenant ownership and management of a particular property. Contact the City Planning Department or the local Community Development Corporation for information on possible financing and mechanisms through which to achieve this. Upon reaching this level of action, you begin to move beyond crisis intervention strategies and, in coalition with other community groups, city officials, etc. into long range comprehensive ways of dealing with effects of arson as well as its causes.

LEVEL THREE: TRANSITION FIRES

INDICATIONS	CATEGORY/NAME	DESCRIPTION	RESEARCH
<p><u>Expenses are significantly higher than potential income.</u></p> <p>A) Related to the building and owner</p> <ol style="list-style-type: none"> 1. baseline indicators 2. increased vacancies 3. unpaid rents 4. increased utility rates, taxes or insurance premiums 5. utility or tax arrearages <p>B) Related to general neighborhood stagnation and decline</p> <ol style="list-style-type: none"> 1. decreasing property values 2. redlining and/or prohibitively high interest rates 3. reduced level of city services 4. ineligibility for government loan programs 	<p>Residential and Owner occupied Stop Loss</p>	<p>Old properties in declining areas are losing money, expenses are climbing, but due to economic level of neighborhood and tenants, rents cannot be raised to cover expenses or realize a profit. As the property loses money daily, it drains other financial resources. The owner cannot sell, so he/she torches the building to offset and stop the daily financial loss. Often, factors which contribute to stop loss situations are neighborhood or even regional in scope, beyond the control of either tenants or landlords, such as high interest rates or redlining.</p>	<p>A) Basic building and owner research, plus</p> <p>B) Insurance Company</p> <ol style="list-style-type: none"> 1. amount of insurance 2. rate increase 3. payoffs made <p>C) Rent Control Board</p> <ol style="list-style-type: none"> 1. maximum rent levels allowed 2. operating statement 3. Landlord business practices 4. hearings, citations, violations 5. expenditures <p>D) Utility Companies</p> <ol style="list-style-type: none"> 1. rates 2. increases 3. arrearages

LEVEL THREE: TRANSITION FIRES (continued)

INDICATIONS	CATEGORY/NAME	DESCRIPTION	RESEARCH
<p>A) All those noted for stop loss, plus</p> <ol style="list-style-type: none"> 1. subdividing of units 2. tenant complaints 3. outstanding debts 4. applications for subsidized units or city improvement loans 	<p>Cash Flow</p>	<p>The situation may be (is) very close to stop loss, but there is an additional pressure on the landlord to realize a cash flow. The building is torched to accomplish this via the insurance settlement.</p>	<p>A) Baseline research</p> <p>B) Stop loss research, plus</p> <ol style="list-style-type: none"> 1. must determine cash flow <p>Formula: Gross income minus operating expenses, property taxes, and mortgage payment equals cash flow</p> <ol style="list-style-type: none"> 2. establish cash flow or other properties under same owner <p>C) Banking Commission</p> <ol style="list-style-type: none"> 1. application for loans, rehab 2. redlining <p>D) City Housing Department</p> <ol style="list-style-type: none"> 1. application for loans <p>E) HUD</p> <ol style="list-style-type: none"> 1. application for subsidized units

LEVEL THREE: TRANSITION FIRES (continued)

INDICATIONS	CATEGORY/NAME	DESCRIPTION	RESEARCH
<p>Same as above (Cash Flow)</p>	<p>Corporate Credit Crisis</p>	<p>Same situation as cash flow, but the property is owned by a corporation instead of an individual.</p>	<p>A) Cash flow research, plus B) State Department of Corporations 1. Uniform Commerce Code 2. general information on officers 3. Articles of Incorporation 4. purpose of the corporation, operating procedures</p>
<p>Difficult- not necessarily a deteriorated building or neighborhood 1. any fire of a suspicious origin in a stable profitable building and neighborhood is suspect</p>	<p>Personal Cash Crisis</p>	<p>An owner faces an urgent heavy cash demand in some other area of his/her life, ie., medical bills, divorce, etc. The property, as the last available asset, is torched to obtain the needed cash.</p>	<p>A) Credit crisis research, plus B) Registry of Deeds C) Land Court records D) District Court records E) Bankruptcy Court records</p>

LEVEL FOUR - URBAN PLANNING POLICIES

A fourth level of arson for economic gain involves large scale changes in land use facilitated by municipal decisions. These decisions do not necessarily reflect a coherent or conscious municipal policy. Rather, the resulting development and arson activity often flows from a series of separate decisions concerning licensing practices, zoning changes, eminent domain, capital improvement expenditures. All of these may occur within the context of general renewal or growth.

The result of planning decisions may impact land use and facilitate arson in two ways. First, it often creates a climate for a new use, or redeveloped and upgraded for a similar use. Second, the land may become more valuable if completely vacated and held for a speculative future use than if it remains built and occupied.

In both these cases, there is one overriding consistency: people are living on the land in question, and they must be removed prior to redevelopment or clearance. Arson in these situations has the potential to be doubly profitable. The insurance settlement after the fire is one payoff, and the resale of the land for development or renewal is another. Arson in either case may be the result of specific development plans; or it may anticipate them. The most common scenarios at this level are gentrification and parcel formation.

Gentrification

Residential Gentrification involves the complete conversion of an area from residents of one economic bracket to another, higher level. It usually occurs in old neighborhoods close to the Central Business District and/or recreational or commercial centers, often located near wealthier neighborhoods which are expanding. Municipal governments may encourage gentrification through making capital improvements, in an attempt to revive the downtown district and capture new tax revenues. Such gentrification is not strictly residential; it also affects commercial and retail establishments. Often many real estate speculators, anticipating the increased property values, begin to invest heavily in the area. Gentrification may occur at any stage of the transition but there are usually many fires in a short period of time.

Gentrification is a very complex process. However, a major element of gentrification is the conversion of rental units to condominiums. Condominium conversion reflects a conscious management

decision to force tenants out and replace them with wealthier owners; it is a response to other investment decisions by the business community. Condo conversion arson evicts current tenants and provides funds with which to rehab the building.

EXAMPLE.

Harold Gray, a speculator, buys several old multi-family buildings in a declined inner city neighborhood. He is aware of the slight expansion of a luxury neighborhood not far away and expects increased property values to result. Gray simply holds onto the building. He does not obviously milk them, but neither does he invest in major repairs or maintenance. Also, when vacancies occur, he does not replace them.

Some small fires occur, but the insurance claims are small, and Mr. Gray carefully boards the units and leaves them vacant but secure. Gradually, but steadily, the building's level of occupancy declines. Suddenly, there is a larger fire, on the top floor, resulting in heavy smoke and water damage throughout the building. Mr. Gray has the building condemned; all remaining tenants are thus legally evicted.

The condemned building is boarded up for a month or two--long enough for the insurance claim to be paid, and then extensive rehab construction begins. Several months pass and the building is reopened as luxury condominiums.

INDICATORS AND RESEARCH.

There are three levels of indicators of condo conversion fires:

- those relating to the building itself,
- to the surrounding neighborhood,
- to the owner.

The baseline building indicators are evident in this case. These target buildings are usually brick structures, with increasing vacancy rates and prohibitively high rents. The building usually experiences a decline in security, and after the fire, the building is not abandoned, but boarded and later rehabbed.

The location of the neighborhood is a prime consideration here, as is proximity to commercial, retail, or other amenity locations and mass transit. You should be aware of racial and economic changes

in such an area; and keep your eyes open for other substantial rehab or conversion in the neighborhood. Also, the entire area, and certainly specific buildings, are usually mortgaged by speculators for more than they are worth. This necessarily raises rents (to cover mortgage cost) and encourages residents to leave.

In looking at ownership, under the planning conditions described, anytime a longterm landlord is replaced by a new landlord (who is most likely to be a speculator) there is conversion potential.

Building research, in addition to the basic research model, should add several steps. The Registry of Deeds will show mortgage amounts, the latest purchase price and previous sales, indicating rising property values and speculation. This information also indicates the level of return that rents must provide to cover costs; a large discrepancy between current rent amounts necessary to cover the new mortgage payments plus profit might indicate plans to convert to condos.

Canvassing of tenants should include questions about building security, maintenance, as well as the presence of disreputable tenants. All of these may be tactics used by the landlord to encourage people to move out. At the Building Department, investigate the building permits recently issued for the neighborhood, which are key in development. At the Banking Commission, research the mortgages in the area--are they above the current values of buildings? At the City Attorney's Office, find out whether there are condominium conversion regulations and what they specify.

Neighborhood level research involves expanding your focus. At the Registry of Deeds, find out who is buying land in that area and what their business affiliations are--this may reveal the presence of speculators. Research at the Licensing Board may reveal an influx of specialty shops, restaurants, etc., indicating retail organizations catering to a different economic level than current residents. Area landlords should also be canvassed regarding the issuance of bank loans. Often, in a gentrifying area, the banks will lend money for complete rehab and conversion, but will not give loans for minor repairs, thus contributing to an overall conversion climate.

Research any new owner. Has he had any experience in managing buildings? Have services such as heat or hot water declined? These questions could verify ownership by a speculator who is not interested in providing housing service per se, but in profiting from the building's conversion from one use to another.

If a town has a severely restricting ordinance against condo conversion, a landlord may use small fires to remove the tenants and circumvent the ordinance. In this case, check out the law and talk to the tenants--were they resisting the sale or conversion?

In dealing with gentrification and condo conversion arson, it is essential to look at the entire neighborhood; keep a broad view. You can't focus too much on one landlord or building, or you will miss the larger, more significant picture.

COMMUNITY RESPONSES.

To inhibit condo conversion arson, the baseline activities should be undertaken with some modification. Once a small fire has occurred, verify that the building has indeed been condemned before it is vacated; landlords count on tenants' ignorance on this point. As a long-range strategy, you could begin a campaign for a non-conversion ordinance.

Finally, anytime a building changes hands in a gentrifying area, monitor it carefully and let the new owner know that you are watching him. This may not stop conversion completely, but it should inhibit the owner from using fire to do it.

Parcel Formation

Parcel formation occurs in a similar overall context as gentrification, but it is on a much larger scale. It involves the use of arson to facilitate formation of a large parcel of land for large scale development, and in doing so, can wipe out entire neighborhoods. The City usually takes some active role in implementing development plans for the public good: to create jobs, build tax revenues etc. Development plans also benefit private industry to no small degree. In these situations, arson is used to both remove occupants and facilitate future demolition.

EXAMPLE.

Hometown is a long-established enclave in an old industrial city, with strong cultural and social institutions. The City is faced with serious financial problems based on a declining tax base and a general loss of industry and jobs. World Products, the largest employer in the city offers to build a new plant, thus staying in the city and creating jobs: but their proposed plan will level all of Hometown.

The residents organize and protest, but still the City acquires Hometown via eminent domain. There are several reasons that the City does this. Although the Hometown area is stable, it does not generate high tax revenues, and the location of the neighborhood is prime for World Products' development. The City is also in a serious financial crisis and is willing to trade off the prime location

of Hometown land in hopes of promoting jobs and tax revenue. Finally, World Products has issued an ultimatum: they threaten to move away altogether if the development plan is not facilitated by the City. The deal is closed, and Hometown is made available to World Products for development. Prior to demolition, a rash of unexplained fires breaks out. The remaining resistant residents are scared into quietly leaving, and the fires "help" the demolition of the development site.

INDICATORS AND RESEARCH.

In looking for indicators, you must first look at what is happening to the properties, and then expand to a city-wide context.

In looking at the properties, look for lots of sales, as speculators may acquire land prior to its sale to the city. Look for eminent domain proceedings at the Redevelopment Authority. Is the area a prime location which makes the land more valuable than the buildings on it? Have there been small fires and deterioration? Tenants moving out? Has clearing of the land actually begun?

At the city level, look for announcements of any public or private redevelopment plans and be aware of a general willingness to cater to the demands of industry.

The baseline property and owner research applies here, with additions. Research the Zoning Commission for building permits, variance applications and rulings. Check the Building Department for permits to build or demolish, as well as citations or violations. At the Registry, check into area transactions and see who is providing the funding for them. The Redevelopment Authority can tell you if there are any concrete plans for the area, as well as whether any tax breaks are being granted in the development plans to attract or keep industry.

At the Assessor's Office, check the relationship between the value of the land and the building. Note any changes indicating rising property values. Check utility companies to see if any infrastructure or service changes are being arranged to serve new development plans.

At the Department of Corporations, research the businesses investing in the area and developing it. Find out the company's assets, profits, losses and its officers. Then recheck the Registry for any other properties belonging to the same company or its officers, which may reveal their acquisition patterns and plans for development. Again, keep the wide picture in mind. Look at the entire area, and not simply at one parcel or one landlord.

VARIATIONS.

A major variation on parcel formation is called landbanking. It involves speculative arson; that is, torching and clearing the property in anticipation of future development. No development plan has been announced, but landbanking arson often occurs in the environment of general urban renewal.

Example.

Old Hotel, an old residential hotel located in a declining commercial area, returned limited profit. Plans were announced for a future extension of a major subway line, to end within 2 blocks of Old Hotel. Suddenly, a small fire breaks out at Old Hotel, clearing all the residents. Within the next week, repeated fires completely destroy it. The lot is leveled and cleared. No effort is made to rebuild. The land will become valuable in a few years, following the eventual construction of the subway stop. The owner will profit twice: once in his insurance settlement, and again when he actually sells his lot.

Another variation on parcel formation arson is Historic Barrier Removal. It involves a conflict between historic preservation and more profitable development. Any historic building on valuable development land (commercial or residential) is prime for arson, especially if it halts redevelopment of the land for a more profitable use.

Arson is used as a tactic to circumvent the Tax Reform Act of 1976, which offers financial incentives to rehab buildings placed on the National Historic Register, by sheltering more taxable income. The Act also disallows the standard tax deduction for demolition costs if the building is on the Historic Register. In order to circumvent this disincentive, a developer/owner may merely torch the historic buildings, demolish them with the insurance settlement and, since the fire required demolition, the demolition costs are deductible.

Indicators of an historic barrier removal fire have to be reviewed in time sequence: sudden fires in the area, zoning changes, immediate demolition and prompt redevelopment after the fire. Check with your local Historical Commission to see if the building in question is on the National Register, or has been proposed for inclusion on the Register. Assess whether the historic building really represents a barrier to a development plan.

COMMUNITY RESPONSES.

Community organizing in a parcel formation situation can be very risky. The opportunities for completely successful intervention are not encouraging, especially if the City and industry

are joined in promoting a particular development. In this case, given the strength of the opposition, baseline tactics should be modified. Recognizing that much of the situation is beyond a community group's control, there are two levels of tactics to pursue: security and protest.

First and foremost, personal safety of tenants and residents must be assured. Do not attempt an arson watch unless it is extremely well organized, involves many people (more than 2 per shift), is round-the-clock, and is backed by official aid. If a building is slated to burn, any less of an effort could result in serious injury or death.

Overt tactics such as laying in front of a bulldozer have a limited impact. Indirect action may be more helpful, in terms of well-organized, full scale protests at City Hall, company headquarters, etc. At this point, if possible, a well-run national media campaign is also desirable.

A major stall tactic is to move the conflict into the courtroom. Legal action will halt an official movement on the project until the matter is resolved, but be warned--since the fires are illegal and unofficial, they could continue regardless of court suits.

Become completely familiar with the proposed development plan and study it critically. Publically expose all impractical and unfeasible elements of it, critique the actual number of jobs it will create, and analyze and expose any additional costs the plan may incur upon the city. At this point, play up any tax breaks the city may be using in addition to the development plan in order to keep the industry. In general, be as public, visible, vocal and organized as possible.

The situation also calls for full scale cooperative and coalition efforts involving any interested parties--other community groups, city officials, private consultants--anyone willing to help is an important and useful resource. Above all, be unified, well-organized, and prepared to support your cause with information and comprehensive research.

LEVEL FOUR: URBAN PLANNING POLICIES

INDICATIONS	CATEGORY/NAME	DESCRIPTION	RESEARCH
<p>A) Building indicators</p> <ol style="list-style-type: none"> 1. brick structure 2. increasing vacancy rate 3. decline in security 4. presence of disreputable tenants 5. decreased services, little maintenance 6. small fires with extensive smoke and water damage 7. rehab begins shortly after the fire <p>B) Neighborhood</p> <ol style="list-style-type: none"> 1. racial and socioeconomic change 2. prime location 3. capital improvements by city 4. mortgages for higher amount than market value of buildings 5. presence of speculators <p>C) Owner</p> <ol style="list-style-type: none"> 1. a new owner 2. usually member of business consortium, other properties 3. interested in converting building, not servicing it 	<p>Gentrification</p>	<p>Class transformation of a residential neighborhood from low or middle-income tenants to high-income tenants or condominium owners.</p>	<p>A) Basic building and owner research, plus</p> <p>B) Registry of Deeds</p> <ol style="list-style-type: none"> 1. conveyance rate (purchase price) 2. who is buying in the area 3. other holdings of corporation buying in the area <ol style="list-style-type: none"> a. holdings of its officers <p>C) Canvass</p> <ol style="list-style-type: none"> 1. security of building 2. recent, disreputable tenants 3. other landlords <p>D) Redevelopment Authority</p> <ol style="list-style-type: none"> 1. municipal plans

LEVEL FOUR: URBAN PLANNING POLICIES (continued)

INDICATIONS	CATEGORY/NAME	DESCRIPTION	RESEARCH
<p>A) Land value is greater than building value</p> <ol style="list-style-type: none"> 1. many sales in area 2. city exercising eminent domain 3. land is a prime location 4. small fires, deterioration 5. increased vacancy rate 6. land clearing 7. zoning or land use change 8. formal announcement of plans 9. municipal financial problems 	<p>Parcel Formation</p>	<p>A plan for industrial or municipal development calls for large amounts of land. Fire is a way to remove tenants and clear the land for easier demolition.</p>	<p>A) Basic building and owner research, plus</p> <p>B) Zoning Commission</p> <ol style="list-style-type: none"> 1. permits to build 2. variances <p>C) Building Department</p> <ol style="list-style-type: none"> 1. permits to build 2. permits to demolish <p>D) Registry of Deeds</p> <ol style="list-style-type: none"> 1. who buys in area 2. other buildings of those buying in area 3. other buildings in area <p>E) Redevelopment Authority</p> <ol style="list-style-type: none"> 1. plans for area <p>F) Assessor's Office</p> <ol style="list-style-type: none"> 1. changes in relation of building value to land value <p>G) Utility Companies</p> <ol style="list-style-type: none"> 1. infrastructure or service changes

LEVEL FOUR: URBAN PLANNING POLICIES (continued)

INDICATIONS	CATEGORY/NAME	DESCRIPTION	RESEARCH
	Parcel Formation (continued)		H) Department of Corporations 1. information on businesses buying into area, names of officers
Same as above (Parcel Formation)	Landbanking	Speculative arson, burning to clear a lot for future use often occurs in environment of general renewal.	Same as above (Parcel Formation)
Same as above (Parcel Formation)	Historical Barrier Removal	A conflict between historical preservation and economic gain, using arson to avoid tax dis- incentives of demolishing historical register buildings.	A) City Historical Commission

CONCLUSION

The information included in PROFILES has laid the foundation for many types of action. It can help you intervene in a crisis situation and begin to prevent recurrences of arson. We hope that PROFILES has also helped you think about longer term arson prevention.

Although each situation is different in some way, community intervention and prevention can succeed. As the following examples illustrate, prevention has succeeded in various situations, with very different types of groups and at different stages of an arson problem. --

An organization in Providence, Rhode Island was created to restore vacant, abandoned property to useful life by housing community residents. The organization works with city government, local banks and residents as a broker for mortgages and housing rehab or improvement loans. Its aim is to assist long-time community residents in building up equity and buying housing that is still structurally sound and useable.

A rash of fires in vacant properties waiting to be recycled, brought the group's attention to the problem of arson. The buildings were being systematically stripped of useable fixtures (woodwork, fixed appliances and copper pipes) and burned--a compound problem of crime cover, neglect and vandalism.

The organization began a comprehensive board-up campaign to close all points of access to vacant buildings, remove debris from the lots and protect the buildings from further destruction. Concurrently, block watches were set up to monitor the properties, since any fire in a dense neighborhood threatens adjoining buildings. In conducting research, the group found that most of these properties were insured by the Fair Plan, which was often unaware that the properties were abandoned and ineligible for insurance. Working together, the community group and Fair Plan support each other's resources and needs. The Fair Plan has assisted in removing the insurance claim incentive for arson, facilitating the absentee owners' willingness to sell the property to responsible resident owners at a reasonable, subsidized rate.

Integrating arson prevention into housing rehabilitation work has stopped the arson problem in the targeted buildings and has enabled the community group's advancement of its overall neighborhood stabilization efforts. It has also brought positive visibility and increased credibility to the group from City and State agencies whose support had not been mobilized.

In Boston, a group of tenants and tenant organizers became alarmed at the frequency and severity of suspicious fires in the neighborhood. Aware already that the buildings were being milked (because of multiple code violations and high rents), the group began to research the patterns of the fires.

Research on the buildings showed interlocks among owners through straws and trusts, and also showed inflated property values; research into fire records showed a recurrent pattern of clearance fires followed by large insurance settlements. Using this information, the group developed a preliminary Arson Early Warning System in which the buildings' condition, paper value and fire history were combined with the owners' histories of fires, claims settlements and reinvestments, to create a predictive index of which buildings were most likely to burn.

Using the Early Warning System, the residents allocated their resources to mount building watches, initiate court suits and official investigations, and were able to interrupt the fire wave. The State Attorney General's Office, presented with the empirical evidence and analysis of the community group, initiated a criminal investigation which resulted in the indictment of 33 arson conspirators. Recognizing the importance of research and prediction in preventing arson, the Attorney General's Office was instrumental in creating ongoing legislative and financial support of community arson prevention programs.

In New York City, several community groups in different boroughs became aware of a rising rate of arson fires in their neighborhoods. Following the model of the Boston group's research and intervention, they began to train local people in property research and to incorporate arson research and prevention into their other work--in tenant organizing, housing management and rehab.

Meeting together, these groups initiated a citywide proposal for a Neighborhood Anti-Arson Center, to provide training, resources and computer facilities to target at-risk buildings on which to focus their prevention strategies. Working with several New York City departments, this group has set up a sophisticated Arson Early

Warning System which consolidates records from a number of huge city bureaucracies into a standared, useable index to identify patterns and target at-risk properties.

With this program underway, the scarce resources of community groups throughout the city can be focused on prevention, freeing time for the more long-range work of community education and integrating arson prevention into all phases of community stabilization.

As these examples show, when your group expands its arson prevention activities beyond a specific building or crisis, cooperation with other groups and community officials becomes essential. Use PROFILES to advance as far as you can in addressing your community arson problem. Then, if your organization has a need for additional support in analysis, strategy, or program development, contact the NAPAC Network. It will put you in touch with the appropriate source and level of assistance.

Arson in your neighborhood and community is an issue that you cannot afford to avoid or ignore. Unless you are willing to get involved and work together, the risks are high and the dangers are great. The benefits to be reaped through an organized, educated and committed response to arson for profit are invaluable. You have the ability and techniques necessary to assure the security and safety of your family, friends, home and neighborhood, and you can succeed. By reading PROFILES, you have taken the first step. The rest is up to you.

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