



"RECOMMENDATIONS FOR COMMUNITY DEVELOPMENT PLANNING"

Derived from
RERC's Nationwide Urban Renewal and Neighborhood Preservation Studies for HUD



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REPORT AVAILABILITY

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1. Neighborhood Preservation: A Catalog of Local Programs,
No. 023-000-00285-0 \$5.15
2. Evaluating Local Urban Renewal Projects: A Simplified Manual,
No. 023-000-00289-2 \$1.50
3. Future of Local Urban Redevelopment: A Guide for Community Policy Makers
No. 023-000-00287-6 \$1.10
4. Guidelines for Urban Renewal Land Disposition
No. 023-000-00288-4 \$5.05

A BASIC PERSPECTIVE CONCERNING THE COMMUNITY DEVELOPMENT PROGRAM

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This article seeks to place the federal government's new Community Development program in perspective in relation to both past urban programs (particularly urban renewal) and current policy emphasis (particularly neighborhood preservation). All these elements are policy responses to the same fundamental forces that have been causing neighborhood decline in American cities for many decades, and that still confront us as we grapple with basic urban problems across the nation.

In overview fashion, this article describes some of these key causal forces, discusses the process of neighborhood decline they have generated, analyzes some past policy responses to such decline, describes changes in likely future policy responses resulting from the Community Development program, and draws some conclusions. Many of the facts and conclusions set forth herein have been derived from two major studies undertaken by Real Estate Research Corporation (RERC) for the U.S. Department of Housing and Urban Development (HUD). One study was the most extensive analysis of the urban renewal program ever undertaken; the other was a nationwide review of locally-initiated neighborhood preservation efforts. Despite the emphasis on HUD-funded research, I want to emphasize that all the views and conclusions set forth in this article are my own. They do not necessarily represent the views or policies of HUD or any of our other clients, and in many cases differ quite sharply from HUD's positions.

Some Basic Causes of Neighborhood Decline

The forces that have caused neighborhood decline in American cities are incredibly complex, so any attempt to describe them briefly is bound to be oversimplified. However, I believe it is useful to discuss some of the forces under four key headings.

● The "Trickle-Down" Process of Urban Development

Urban growth and change in most American cities, large and small, are dominated by what is often referred to as the "trickle-down" process of urban development. In the United States, as in the rest of the world, most new urban development occurs on vacant land at the periphery of already built-up areas. But in America, we enforce very high quality construction standards for all new housing units in our metropolitan areas. That makes most of our new housing too expensive for the majority of households to be able to occupy without direct subsidies. Moreover, this practice means we allow only households in the upper half of our income distribution to live in new-growth areas on the urban fringe. Poor households must live in older units that have "trickled down" through the income distribution. In the earlier parts of their life-cycles, these units serve upper-income, then middle-income, then moderate-income households -- providing most of them with relatively good shelter in relatively decent neighborhood environments. But by the time such units have "trickled-down" to the poorest households, they are often old and deteriorated. Even more important, the poorest households in each metropolitan area -- especially poor minority-group households -- tend to become concentrated in the oldest, most dilapidated housing since it is the least expensive available, though it is often not cheap. That oldest housing is normally concentrated in the earliest settled neighborhoods near the center of each metropolitan area. So American housing practices tend to produce spatial separation of middle-income and upper-income groups on the one hand, and the poorest households on the other: the former at the suburban fringes, and the latter in the older urban core. In most other nations, the poorest households also occupy brand new units built on the suburban periphery. In

lesser developed nations, poor squatter households build new shacks on expropriated suburban land because there are no laws requiring high-quality new construction. In more developed nations, poor households are assisted in occupying new better-quality suburban units through direct public housing subsidies that aid much larger fractions of the population (up to 40%) than the 1-2% so assisted in the United States. Under both conditions, members of all income groups are found at every distance from the center of the settled area (even though they usually live in different neighborhoods). But in the United States, no one can build new low-quality housing because exclusionary zoning laws and building codes prevent creation of low-quality housing in new-growth areas. If you are so poor you can afford only low-quality housing, you must live in old low-quality housing.

This legalized exclusion of lower-cost housing from newer areas allows the people living in such areas to enjoy neighborhoods free from the problems of extreme poverty. Thus, the "trickle-down" process benefits a majority of American metropolitan area-residents -- including most middle-income households as well as more affluent ones. But for members of the lowest-income minority (and I mean numerical minority, not necessarily ethnic minority), this process is a disaster. It compels them to live in the worst-quality housing in the oldest neighborhoods, concentrated there with thousands of other very poor households. That concentration produces undesirable neighborhood environments dominated by physical decay, high crime rates, broken families, poverty, vandalism, unemployment, drug addiction, and other negative conditions. It is in precisely these concentrated-poverty areas that neighborhood decline reaches its most acute form. And it is therefore these areas to which urban renewal was originally addressed, with its major goals of removing blight, upgrading low-income neighborhoods, and improving housing for low-income households.

The "trickle-down" process produces a crucial linkage between the scale of new housing construction on the suburban fringes and housing market conditions in older inner-city neighborhoods. The more new units that are built each year in the suburbs -- even though those units are expensive -- the more total housing units that are available in the entire metropolitan area. Moreover, everytime a new housing unit is occupied, that causes a whole "chain of moves." Several households improve their housing conditions by "trickling up" through the inventory. Even many poor households upgrade their housing by moving into older units vacated by other households shifting to the brand new units, if new units are built in large enough quantities. Conversely, big slowdowns in new suburban housing production create a "back pressure" on the entire housing market that raises prices and rents even in inner-city poverty areas. This has recently been demonstrated in the Washington, D.C. area, where suburban construction moratoria slowed down new building for several years. This helped cause sharply rising prices of existing units and accelerated rehabilitation of slum areas by middle-income households. Thus, I believe the single most important variable influencing housing conditions in every inner-city neighborhood is the rate of total new housing construction in the suburbs of its metropolitan area. Clearly, this variable is beyond the control of both the residents of each inner-city neighborhood and its local government.

● Population Trends

Several population trends are related to neighborhood decline. One was a migration from rural areas that brought millions of relatively low-income households into our large cities during the 1940s, 1950s, and early 1960s. In the first half of this three-decade period, acute housing shortages existed in most of those cities. But after the mid-1960s, in-migration slowed down somewhat and housing production in our metropolitan areas speeded up. In fact,

from 1971 through 1973, we had the greatest surge of new housing construction in our history. As a result, we actually produced overall housing surpluses in most metropolitan areas after 1970. This is one of the many reasons that housing abandonment first appeared in many major cities in the Northeast and Midwest after 1965, and accelerated in the 1970s. After all, housing abandonment can only occur when there are so many more housing units than households that even the poorest households can walk away from the worst units because they can find better ones.

A second important population trend is the increasing dominance of smaller, adult-oriented households in our population growth, especially in large cities. From 1970 to 1973, about 82% of the net gain in U.S. households consisted of an increase in one- and two-person households. Most of these are adult-oriented; that is, they make their housing choices on the basis of what suits adults, rather than children. Compared to the child-oriented households that dominated housing markets in the 1950s, adult-oriented households can occupy smaller units, are less concerned about school quality or neighborhood influences, do not need as much open space, are willing to consider high-rise buildings, and like many amenities of highly urbanized living. These smaller households are almost surely responsible for most of the private rehabilitation and spontaneous upgrading of older neighborhoods that is taking place in many large cities, such as Baltimore and Chicago. So they form one of the most important potential markets for housing units in neighborhood preservation areas.

The last population trend I will mention is the continued growth of black and other minority-group populations inside many large cities. As these groups have spread out in our still racially-segregated housing markets, they have displaced millions of white households. The movement of the latter to the suburbs has been the largest single source of suburban population growth in many metropolitan areas.

The net result of these population trends has recently been declining total population within most large cities, and falling population densities there. In fact, whole sections of those cities are "emptying out" through abandonment and demolition without any new development replacing old structures.

● Variations in Annual Housing Production

Another major factor affecting neighborhood decline is the tremendous variation in annual levels of total housing production in the United States. Since World War II, housing production has been a counter-cyclical industry in relation to general business -- rising in the midst of general recessions, and falling in the midst of general booms. However, the net impact of this counter-cyclical pattern upon the overall balance of supply and demand in our housing markets was complicated by the acute general housing shortage following World War II. As a result, our cities have experienced the following basic housing market conditions since 1945: (1) an intense postwar shortage that initially got worse, but then gradually declined as housing production outpaced new household formation after 1950; (2) a period of general balance between supply and demand from about 1958 through 1968, with counter-cyclical swings in production around an average of about 1.6 million new units per year; (3) accelerating housing production from 1968 through 1970, stimulated by subsidies enacted in the Housing and Urban Development Act of 1968; (4) a super-boom in production in 1971, 1972, and 1973, in which annual outputs (including mobile homes) hit 2.6 million, 3.0 million and 2.6 million units respectively -- causing an overall surplus of units in most metropolitan areas; and (5) a recent drop-off in production in 1974 and 1975 that is leading to gradual "tightening" of overall market conditions in many areas.

Paradoxically, neighborhood decay seemed to spread in certain parts of our cities regardless of general housing market conditions. During shortages, overcrowding generated substandard units and rapid deterioration. During more recent surpluses, housing abandonment appeared and spread in many Northeastern and Midwestern cities. True, physical housing conditions in American metropolitan areas have steadily improved since 1945, and the total number of substandard units has been reduced. Many thousands were demolished to make way for urban renewal projects or expressways. But even though neighborhood decay was drastically reduced in many areas, it continued to spread into other areas containing aging housing and relatively new concentrations of poor households.

● Social Conditions Within American Cities

The last set of causal forces related to neighborhood decline I will mention in this article involves social conditions within our cities. One of these is continued racial segregation in urban housing markets, which remains a nearly universal condition. This is true even though racial discrimination in housing has been legally abolished, and many opportunities exist for minority-group households to move into mainly-white areas if they want to. A second important social condition is rising levels of violence. Although urban violence shifted form from the massive riots of the 1960s to the personal crimes of the 1970s, it is still a crucial factor contributing to neighborhood decline. In fact, fear of crime, personal violence, and vandalism is the single greatest deterrent to attracting economically viable households and businesses into deteriorated urban neighborhoods. Their unwillingness to enter prevents such areas from developing the internal economic resources they need to re-establish a healthy and viable local environment. A third relevant social condition is the increasing group of multi-problem households found in our poorest urban neighborhoods. They are often concentrated within high-density public housing projects, which results in extremely difficult and negative conditions.

I realize just mentioning these social factors is hardly an adequate analysis of their relationships to neighborhood decline. However, there is not enough space to include such an analysis in this article.

The Process of Neighborhood Decline in American Cities

The factors cited above, and many others, have systematically generated neighborhood decline and decay in American cities through a basic process that has remained remarkably consistent over the past 40 years. That consistency has arisen because neighborhood decline is an inherent part of the basic urban development process (the "trickle-down" process) that dominates American urban areas. Throughout these decades, there have been certain neighborhoods clearly at the bottom of the social and economic heap. They have always been characterized by the following conditions: a relatively high fraction of low-income residents, deteriorating older housing units and other physical structures (whether overcrowded or abandoned); the absence of many households or firms with strong economic or other resources; and impaction from what I call a super-complex set of forces tending to produce negative local conditions. These forces are super-complex because they combine social, racial, economic, physical, historical, political, and psychological elements. True, the particular neighborhoods at the bottom of a city's heap at any given moment may not be the same ones that were at the bottom ten years ago -- or will be ten years hence. But at any given moment, nearly every metropolitan area contains some neighborhoods that are widely recognized as the poorest, lowest-status, and most deteriorated neighborhoods in the entire area at that moment.

Furthermore, these neighborhoods have usually gone through certain definite prior stages of decline before reaching that low point. We have studied the entire process of neighborhood decline extensively for HUD, surveying and analyzing all existing literature, studies, and experience concerning that process. As a result, we have developed a five-stage neighborhood classification system that identifies the "normal" stages in the decline process. I will discuss that classification system and its implications at length in the second article in this pair.

At this point, I wish to repeat two vital facts about the process of neighborhood decline. First, the causes of neighborhood decline are super-complex in nature. They are not just physical forces like deterioration, aging, and overcrowding; or just economic forces like the movement into a neighborhood of lower-income households; or just political forces like the division of each metropolitan area into many separate jurisdictions, each with local control over its own zoning and building-code regulations. Rather, neighborhood decline results from the combined impacts of all these factors, plus social, racial, historical, and psychological forces -- all interacting upon each other over time. Therefore, no policy that tries to "cure" neighborhood decline with tools designed to attack only one or two of these many types of causes can possibly succeed.

Moreover, neighborhood decline is partly caused by the deliberate exclusion of low-income households from middle- and upper-income areas through zoning regulations, building codes, and other means. That exclusion is partly responsible for the high degree of concentration of the poorest households together in the worst-quality housing. But such exclusion is considered a benefit by most of the middle- and upper-income households concerned -- and they form a majority of all the residents of each metropolitan area. So neighborhood decline is the price society pays -- that is, the residents of declining areas pay -- for arrangements that most people like and want to continue. As a result, any policies that successfully began to counteract or prevent neighborhood decline would probably soon be considered undesirable by many metropolitan-area residents -- perhaps even by a majority. Those residents do not want to reduce the concentration of very poor households together if doing so would require them to live near such households. Clearly, this conclusion is my own personal opinion, not an official (or unofficial) government viewpoint. But I believe it

helps explain why public officials whose basic job is to remove slums and blight have found accomplishing that task so difficult in the past. It also helps explain why the same old process of neighborhood decline is still very much with us as we begin carrying out the new Community Development program.

Have Past Federal Urban Policies "Failed"?

It is logical at this point to ask: What about the impacts of all our past public policy efforts to combat neighborhood decline -- especially the federal urban renewal program, which was designed to reduce slums and blight? Have these efforts produced nothing? And, whatever they have produced, what can we learn from them concerning our future efforts? Precisely these questions have been the focal points of the two studies we reported on in our recent HUD/RERC Workshops. Therefore, we have arrived at a number of conclusions concerning these questions.

At the outset, it is necessary to recognize that urban renewal -- like all federal and most state and local government programs -- consisted mainly of relatively narrowly focused efforts. Those efforts sought to grapple with a super-complex problem almost entirely through physically improving housing or other structures in the neighborhoods concerned. Urban renewal simply was not designed to cope with most of the many different causes of neighborhood decline I described earlier. This is neither an accident nor the result of sheer stupidity on the part of the federal government. Rather it is almost inescapable because of the way Congress and federal executive departments are structured. Both are divided into highly specialized committees or agencies, each dealing with only a narrow range of the many complex forces at work in urban areas. So the federal government

normally responds to every problem -- whether super-complex or simple -- only with narrowly defined tools designed to operate independently from each other. True, it may launch many different narrowly defined responses to a single super-complex problem. But each such response is run by a different federal agency (or agency branch) and funded by a different Congressional committee. Experience proves beyond doubt that different federal agencies cannot effectively coordinate activities that involve many communities over long periods of time. Yet in setting forth the legislative goals at the start of each bill creating another narrowly defined program, Congress describes the problems to which that program is addressed in all their rich super-complexity. Urban renewal is a perfect example. Its original goals were to remove blight and slums and to improve low-income housing and low-income neighborhoods; but its tools were almost entirely physical. In effect, Congress urged HUD to cure the patient's cancer, allergies, vitamin deficiencies, weak heart, schizophrenia, and broken leg, and then limited its action to setting bones and applying splints.

Furthermore, Congress almost never provides enough money for each of the narrowly defined tools it creates so the tool could successfully grapple with all, or even a large fraction, of the problems it is supposed to remove. I do not believe this systematic underfunding of every federal urban program (at least initially, and usually permanently) results from some deliberately malevolent strategy by Congress. Rather, it arises from the inherent difficulty of trying to use limited federal resources to cope with myriad problems. But this tendency causes nearly every federal response to urban (and other domestic) problems to be seriously underfunded. Urban renewal certainly was vastly underfunded in relation to the total extent of neighborhood decay in the United States, even though it absorbed many billions of dollars.

Given these two inherent constraints -- tackling super-complex problems with narrow tools, and major underfunding -- it is absolutely inescapable that most of our federally funded urban programs would fail to "fully solve" the problems at which Congress aimed them. That does not mean those programs did not produce benefits; they did. It also does not mean we believe those programs were not worth doing; we think they were definitely worth doing. But it does mean they did not accomplish their supposed goals as stated in legislation. They could not possibly have done so, even if they had been perfectly administered by a team headed by Batman, Superman, and Wonder Woman (who were unfortunately ineligible because of Civil Service regulations). Under these circumstances, the really meaningful question is not, "Did these programs fully accomplish their legislative goals?" but "Were they worth doing in spite of their not fully 'solving' the problems at which they were aimed?"

Answering that question requires first looking at certain consequences of tackling super-complex problems with relatively narrow tools. For one thing, unforeseen "side effects" always occur. Narrow tools never initially take into account the many complex factors actually causing the problem. So using those tools produces unexpected results as they interact with causal forces they were not designed to deal with. These side effects can be either desirable or undesirable; urban renewal abounds with both types. For example, early urban renewal projects involving massive slum clearance simply transferred blight to surrounding neighborhoods into which the displaced poor households moved. On the other hand, urban renewal proved unexpectedly effective in strengthening the economies of downtowns ringed by blight.

These unexpected side effects in turn lead to other consequences of using narrow tools to cope with super-complex problems. The tools themselves are soon modified by Congress and the administration as they learn from the unexpected experiences they are encountering. Such modifications take two basic forms: changes in program goals (such as the shift of urban renewal emphasis from reducing residential blight to strengthening city economies) and changes in program procedures and tools (such as the dramatic increase in relocation benefits provided by the Uniform Relocation Act of 1970). Therefore, federal (or other) programs dealing with super-complex urban problems cannot be evaluated simply by comparing either their initial or final results with their originally stated legislative goals. Rather, we believe the employment of government programs to deal with super-complex urban problems should be viewed as a dynamic process of learning through experience, in which both goals and methods evolve over time.

Urban renewal provides striking confirmation of this conclusion. The urban renewal program changed immensely in both methods and goals from its inception in 1949 to its final forms after 1970. In fact, we regard it as not really one program at all -- but two almost entirely different programs (the initial and revised ones) linked by a series of gradual modifications. It is true that the initial program failed to remove all or even most residential blight, or to improve all or even most low-income neighborhoods. But later versions of urban renewal succeeded in strengthening the economies of many cities by improving their downtown districts. On balance, it is our admittedly subjective opinion that the entire program has provided net benefits to the nation as a whole -- though that conclusion cannot be scientifically proven.

Of course, urban renewal was not the only federal policy instrument aimed at "solving" urban housing and neighborhood problems during the past two decades. Hundreds of other categorical programs dealing with other aspects of these super-complex problems were also underway at the same time. They were run by dozens of different federal agencies in an extremely uncoordinated manner. This lack of coordination was indeed a major "failure" of these programs seen as a whole. Therefore, the federal government recently proposed what could be seen as another stage in the evolution of federal policy based upon the lessons of experience. That stage was shifting control over many of these programs to local governments via block grants. It was designed -- in theory -- as a means of combatting both the narrowness and the non-coordination of individual federal urban programs. So now local government officials and community leaders can attack the same old process of neighborhood decline with the brand new Community Development Block Grant Program.

The "Triple Shift" in the Community Development Program

Will this shift from HUD's past federal categorical programs to Community Development Block Grants really make much difference in what local governments do with federal funds? The answer can be most clearly seen by examining what I call the "triple shift" built into the new Community Development program. This "triple shift" is not a backfield formation, but three basic changes in the rules of the game that will have profound effects upon how that game is played.

The first shift is geographic. Instead of concentrating all federal funds in only a few geographic areas -- usually those in run-down physical condition where many poor households lived -- the new program makes the entire city eligible for federal assistance. True,

it requires that priority be given to aiding low- and moderate-income households. But such households live in many parts of each city, not just in its most deteriorated areas. Ironically, the first impact of this geographic shift is to vastly increase the degree of underfunding of the Community Development program in relation to eligible community needs. Previous federal categorical programs did not have enough money to successfully upgrade just a few parts of the city. Now about the same amount of money is available -- but it can be used to aid all parts of the city, or at least all parts showing any decay. Hence, available federal funds are now immensely less adequate in relation to eligible needs than ever before. However, that ill effect is partly offset by the new ability of local governments to spend federal funds in marginally-deteriorating areas, rather than only in terribly-deteriorated ones. Spending in marginally-deteriorated areas has a much better chance of both preserving those areas from further decay, and helping attract private investment capital, than similar spending ever had when concentrated solely in areas with the worst conditions.

The second shift is political. Power over how federal funds will be spent has shifted from categorical local agencies at least partly separated from the general local government (such as the urban renewal agency and the model cities agency) to the office of the mayor (or city manager) and the City Council. These politicians are responsible to the electorate of the entire city -- not just to residents of the most deteriorated areas. Therefore, they are inevitably affected by what I call the "Law of Political Dispersion." It states that elected politicians tend to pass out any benefits they control to all parts of their electorate -- no matter how great the economic or social advantages of concentrating those benefits on just a few parts of that electorate. This means local governments will tend to spread more

federal funds away from the most deteriorated areas where the poorest households live than they did under past categorical programs. At first, this tendency may be partly offset by allocation of federal funds to past urban renewal and model cities projects already underway in the most deteriorated areas. However, initial data on where Community Development money is going confirms that significant geographic dispersion is already underway in most cities. Another impact of the political shift in the Community Development program is removal of control over usage of federal funds by detailed and rigid rules administered from Washington. Yet this undoubted benefit has two hidden costs. First, it creates a more intensive internal power struggle within the city government (and the community generally) over who will control these federal funds. Also, shifting full control to local officials means they can no longer use HUD as a scapegoat for making tough and unpopular decisions -- such as where to put subsidized housing. When the mayor and the City Council call the shots themselves, they cannot blame "the feds in Washington" for disappointing some parts of the community -- and some parts will always be disappointed in our world of perennially scarce resources.

The third shift inherent in the Community Development program concerns the types of activities that can be undertaken, but it is less significant than the first two shifts. Eligible activities remain primarily physical in emphasis (and therefore still rather narrowly defined). However, somewhat broader types of public services can be federally funded with Community Development funds under certain circumstances. This provides -- in theory -- a somewhat better means of coping with super-complex problems than past purely physical activities. But it also brings more city departments into the power struggle over who gets the money.

Some Key Implications of This "Triple Shift"

The "triple shift" described above will have several effects that I believe are crucially important to the future of the Community Development program. First, it creates an intensive need for the active participation of private investment capital in upgrading neighborhoods. Federal funds must now be spread over many more areas than formerly -- with few (if any) more federal dollars. Consequently, federal funds alone cannot possibly upgrade even a small fraction of all the neighborhoods in each city that need upgrading. In order for upgrading efforts to be successful in even just part of each city, at least some federal funds must be used as leverage increasing the incentives for private investment in neighborhood improvement. Such leveraging is not only more necessary than ever (even though it was formerly part of urban renewal), it is probably also more easily possible under the Community Development program. This is true because federal funds can now be used in neighborhoods where deterioration is only marginal rather than advanced -- and private investors are far more willing to put money into the former areas than the latter.

Some people believe the best way to cope with present acute federal underfunding of Community Development is not to attract more private capital, but to massively increase the Congressional appropriations going into this program. That would greatly reduce each local government's need to make tough allocation decisions concerning where limited federal funds should be spent. However, in today's national political and economic climate, I regard this viewpoint as sheer fantasy. The Ford Administration has clearly demonstrated its desire to limit further federal spending so as to check inflation. It has shown no inclination whatever to allocate more money to urban programs; nor has the Democratically-dominated

Congress pressed it to do so. Furthermore, a majority of American citizens are both skeptical that federally-funded programs can solve urban problems, and strongly opposed to any increases in taxes to pay for such programs. Even supposedly liberal Democratic governors like Jerry Brown in California and Dan Walker in Illinois have repeatedly stated that their central policy is: no more taxes! That is also a crucial plank in the platforms of conservatives like Governor Wallace and Ronald Reagan. Under these conditions, it is purely wishful thinking to presume that existing shortages of federal funds in relation to total Community Development needs will soon be corrected by vastly larger appropriations. Rather, local governments must learn to live with massive federal underfunding of this program as best they can. To me, that clearly implies that they must attract a great deal of private capital into the game if they want to score a few points here and there -- let alone win throughout the city.

A second implication of the "triple shift" is a tremendous intensification of local conflicts of interest and power struggles over how limited federal funds should be allocated. There are now many more existing and potential players in the neighborhood improvement game -- but the pot has not grown much, if at all. So it will take even more ingenuity and careful conflict management by local government officials than ever to play this game effectively without discomforting conflicts and aggravation.

The final implication of the "triple shift" is the least understood. The current shift creates a need for a different form of citizen participation in the Community Development program than in past categorical programs. Formerly, citizen participation mainly meant consulting with the low-income residents of the areas where federal programs were to be carried out -- and using federal funds to benefit those residents. But now the entire city is eligible for federal Community Development assistance. Furthermore, the controllers of private capital so desperately

needed to make the Community Development program a success will not invest that capital in the program to any great degree unless they too are given a significant role in planning and controlling the entire program. Yet up to now, most city governments have kept all the control over Community Development themselves, with mainly window-dressing participation by citizens -- and almost no meaningful involvement of the controllers of private real estate capital. I realize it was difficult to create truly influential citizen participation in the hurried first-year application process. But that will not be true during the second year. So it is vital that local governments realize why they need to change the type of citizen participation most of them have been using in the Community Development program up to now.

Conclusions

The Community Development program represents yet another stage in the long-term evolution of federal responses to neighborhood decline in American cities. In reality, the fundamental causes and nature of neighborhood decline have not changed much since past federal program efforts were launched against them. Those past efforts included public housing, urban renewal, model cities and other subsidized housing programs. We believe that changes in federal and local government policy responses over time have actually been greater than changes in the nature of the problems underlying those responses. That is partly a result of our repeatedly using narrowly defined tools to cope with these super-complex problems -- and repeatedly underfunding those tools. So each of our attempts to "solve" the problems associated with neighborhood decline "fails" to fully counteract such decline. We then confront it anew with some other approach, also narrowly defined and underfunded -- but hopefully incorporating at least some lessons from our past experiences.

The Community Development program differs from past federally funded efforts against neighborhood decline mainly because it greatly increases the discretion of local government officials concerning what to do with federal money, including where to spend it. Therefore, this new program has the same dual effect as most changes that give someone more power to act. Along with the benefits of greater freedom of choice go the responsibilities of deciding how to use that freedom, and of facing the consequences of doing so. In this case, local government officials have somewhat more freedom to act, slightly more federal money (or not much less), and vastly more contending potential uses and users for that money. So the intensity of conflicts over Community Development is likely to rise in each city. Yet the basic underfunding of the city's capabilities in relation to total neighborhood upgrading needs is more enormous than ever.

How local officials in each community view this situation depends mainly upon their basic mental attitudes. It is like looking at a glass containing 50% water and 50% air. You can be a pessimist and lament that the glass is half empty, or an optimist and exult that it is half full. The humanly right thing to do is to emphasize the positive. That means trying to accomplish as much effective Community Development as possible with the admittedly limited resources available. How to make the tough resource allocation decisions necessary to achieve that goal is the subject of the following article.

USING THE LESSONS OF EXPERIENCE TO ALLOCATE RESOURCES
IN THE COMMUNITY DEVELOPMENT PROGRAM

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Local government's toughest task in the new Community Development Program is deciding where and on what projects within the city to spend the limited federal funds available. There are not enough funds even to begin upgrading all the deteriorating neighborhoods in each city. Hence, no matter how local officials allocate these funds, residents of most neighborhoods are going to be disappointed. Nevertheless, we believe there are certain principles local officials can use to allocate their limited resources as effectively as possible. We derived these principles from several past nationwide studies we conducted for the U.S. Department of Housing and Urban Development (HUD). Those studies examined (1) the results and effectiveness of the federal urban renewal program, (2) neighborhood decline and housing abandonment, and (3) locally-initiated neighborhood preservation projects. In addition, we have drawn upon our experience in conducting hundreds of housing and other urban studies across the nation.

This article presents eight major principles relevant to the Community Development Program and discusses how they might be used by local governments. It is written from the basic perspective concerning Community Development set forth in the preceding article on that subject. I want to emphasize very strongly that all the views and conclusions in both articles are my own. They do not necessarily represent the views or policies of HUD or any of our other clients, and in many cases they differ sharply from HUD's positions.

The Stages of Neighborhood Decline

The first principle is that neighborhood decline in American cities involves certain definite processes and stages that must be taken into account when trying to improve declining areas. The processes of decline are almost always the same in all cities, but the stages of decline differ from place to place. These conclusions were derived from our analysis of all the literature and past studies on housing abandonment in older Northeastern and Midwestern cities. Wherever neighborhood decline there had proceeded to its ultimate form -- massive abandonment -- it had usually gone through five definite stages.

Stage One is a condition of normal healthfulness and viability. It can be found both in brand-new neighborhoods, and in older well-established ones. In this stage, no decay is occurring, properties are all well-maintained, and the neighborhood has a good reputation in the general community. Surprisingly, every Stage One area experiences a constant in-flow of households and firms with strong economic and social resources. Such an in-flow is necessary because each urban neighborhood is really not a static place, but a dynamic process. In America, about 20% of all households move every year, on the average. The annual moving-out rate in some city neighborhoods is as high as 35% or even 50%. Thus, many residents are continuously leaving every urban neighborhood for "normal turnover" reasons. These include transfers to other jobs, deaths in the family, added children, need for more room, etc. For a neighborhood's population to remain "stable" concerning any characteristic (such as its average income), it must receive a constant stream of newcomers to replace those who are moving out. Also, those newcomers must exhibit the same value for that characteristic (such as the same average income) as those leaving. A similar, but slower, "turn-over process" occurs in the physical structure of the neighborhood. Some physical capital "departs"

each year as buildings wear out, become more obsolete, or are demolished. Other physical capital "enters" in the form of repairs, rehabilitation, and new construction. So a normal, healthy neighborhood cannot remain so by being stable and unchanging, but only by attracting a dynamic in-flow of people and resources that renews its viability each year.

Neighborhood decline does not occur in all Stage One areas; some remain healthy for decades. Year after year, they retain enough amenities to keep attracting economically strong households and firms. They maintain the properties there in excellent condition.

But when decline begins, it almost always involves five separate, parallel processes:

- Decreasing socioeconomic status because those moving in have lower incomes and occupational status than those moving out.
- Ethnic change from white to black or Latino occupancy. Certainly not all ethnic change leads to neighborhood decline. But it is a fact that nearly all neighborhoods that have experienced the greatest decline have previously gone through some ethnic change.
- Physical deterioration and decay of housing and other structures, including lower levels of neighborhood maintenance and cleanliness.
- Increased pessimism about the area's future among its residents, the real estate industry, investors, and the community generally.
- Economic disinvestment by property owners in the form of reduced maintenance, often followed by property tax delinquencies and finally by owner abandonment.

These five processes occur simultaneously and tend to reinforce each other. They also provide evidence that can be used to determine the stage that each neighborhood has reached.

The remaining four stages we discovered in older Northeastern and Midwestern cities were as follows:

- Stage Two involves beginning decline. Neighborhoods in this stage are often in transition from one type of use or occupancy to another. Stage Two areas still provide good-quality housing for most of their residents; hence, they perform a vital function in most cities.
- Stage Three includes downgrading areas where decline is clearly underway. Home and land prices begin falling; mortgage financing is harder to find; the quality of city services is reduced.
- Stage Four involves heavy decline, with falling population, more and more very poor households (including many on public assistance), many empty homes and apartments, very poor building maintenance, and rising crime rates.
- Stage Five is the ultimate degree of decline -- the very bottom of the socioeconomic pile. Abandonment is widespread; the population is almost entirely poor; vandalism, crime, and fire rates are high; many areas where buildings have been demolished remain vacant; and no one with any resources voluntarily moves into the area.

Why Classifying Neighborhoods by Stages of Decline is Vital

Creating an effective Community Development Program is almost impossible in the long run unless local officials first determine what stage of decline each neighborhood in the city has reached.

Why is this necessary? Because certain neighborhood improvement tactics that work well for areas

in one stage of decline can cause great harm when applied to areas in other stages of decline. For example, consider rigorous housing code enforcement. In a Stage Two area, such enforcement can effectively help stop beginning decline. It puts strong pressure on property owners to invest in bringing their buildings up to code. They have enough confidence in the area's future to respond by making additional investments. But in a Stage Four area, exactly the same policy may simply accelerate building abandonment. Owners there are very pessimistic about the area's future. So they may respond to the same pressure by walking away from their buildings altogether.

In fact, experience shows that very few tactics have successfully upgraded areas that have reached Stages Four and Five. Only total or partial clearance through demolition seems effective. In contrast, in Stage Two areas, many different tactics may successfully halt decline and help restore healthy viability. It is difficult to reverse decline once it has reached Stage Three, but areas in that condition can be stabilized so they do not decline further. Thus, the stage of decline a neighborhood has reached affects not only what tactics will work there, but also the overall probability that it can be "saved" through any tactics. This does not mean upgrading is impossible for areas in Stages Four and Five. But upgrading efforts are certainly much riskier and more likely to fail there than in Stage Two and Three areas.

Some Important Qualifications in Classifying Local Neighborhoods

Before anyone starts using the five stages described above to classify his or her own neighborhoods, I want to emphasize the following qualifications to the analysis described above:

- This full five-stage classification system does not apply to all cities. True, almost every city has Stage One neighborhoods. But in many newer cities, especially in the West and Southwest, no neighborhoods have declined enough to reach Stages Four or Five -- or even Stage Three. The worst area in such a city may still be in relatively good condition, even though local citizens consider it their "slum." It would be a mistake for officials in such cities to classify their best areas as Stage One, their worst as Stage Five, and those in between as Stages Two, Three, and Four. In fact, a different and more subtle set of stages may have to be defined there to better suit local conditions. Nevertheless, we believe that some set of stages showing progressive decline can be accurately defined to fit conditions in every large or medium-sized American city. In fact, we have worked out methods of defining such stages using basic Census data, and tested them in several cities. We believe officials in every city should make this type of analysis an essential part of their Community Development Program.

- Neighborhoods can rise in quality as well as decline. Therefore, it is important to establish both what stage each neighborhood has reached and in what direction it has recently been moving before designing policies to assist it. Neighborhoods can move from a "lower" to a "higher" stage through total clearance and redevelopment, moderate public investments and code enforcement that encourage added private investment, or "spontaneous" rehabilitation by private investors who buy run-down homes and modernize them (as in the Capitol Hill section of Washington, D.C.).

Continuing Needs for Long-Range, Large-Scale Upgrading Efforts

The second principle contains two almost contradictory parts, as follows: Urban renewal has aroused so much hostility and opposition that it will be politically difficult for cities to undertake long-range, large-scale upgrading projects. Nevertheless, certain necessary upgrading activities in every city cannot be accomplished without such projects. Early urban renewal projects involving massive clearance displaced thousands of poor households and businesses. Hence, they built up a tremendous -- and usually justifiable -- resentment among local citizens. Both people forced to move without adequate compensation, and people whose neighborhoods were radically changed by arrival of the displaced households, eventually organized strong political resistance to the entire program. Ironically, the program itself has changed so much since then that it would probably no longer cause the same injustices if continued in the future. Nonetheless, we believe local political resistance to large-scale renewal projects will remain so intense in the future that few local governments will begin new projects.

Yet nearly every big city contains some areas that can be successfully upgraded only through large-scale, long-range programs -- often involving nearly total clearance and redevelopment. Obsolete industrial districts are sometimes in this category; so are older fringe areas around many downtowns. Providing expansion room for major in-city industries or institutions may also require large-scale clearance. So every local government should retain some capability for totally clearing and redeveloping parcels and even writing down land values.

Such capabilities require long-range project planning and execution. In fact, the third principle derived from our study of urban renewal is that major urban redevelopment inescapably takes a long time to complete -- up to 20 years for some big projects. This is not a result of excessive red-tape

or bureaucratic bungling. In reality, such avoidable delays typically explained only 10% to 20% of the total time required for the renewal projects we studied. After all, no one is dismayed when it takes 15 to 20 years to create a large-sized new community on previously vacant farmland -- such as Columbia or Reston. Yet difficult as that is, it is much simpler than trying to redevelop an area already densely populated by people, organizations, firms, and structures.

This "Law of Longevity" concerning large-scale urban redevelopment has the following key implications:

- It is not necessarily bad for land parcels cleared in renewal projects to remain vacant for long periods of time. Just the removal of the original blight may already be providing society with sufficient benefits to justify the cost of clearance -- even if no redevelopment ever occurs. Moreover, society can be viewed as "banking" this land for potential future use whenever changed local conditions stimulate increased demand there. Thus, we believe most parcels cleared by renewal that stand vacant for years are perceived by local citizens as far worse for the community's long-run interests than they really are.
- Long-range projects need to have flexible plans, because surrounding conditions often change dramatically while those projects are being carried out. Such changes can make the initial plans obsolete by altering hoped-for markets, creating new demand, introducing unforeseen competition, or shifting the nearby environment. Also, one or more general business cycles may occur during really long projects. This can cause

periods of tight money or slackening consumer demand that affect the project's financial feasibility. Therefore, local officials and developers must frequently reassess their original project plans -- and be willing to alter those plans -- if they want to complete really large-scale redevelopment successfully.

Unfortunately, the Community Development program as now structured creates strong incentives for local governments to avoid long-range, large-scale redevelopment. The former urban renewal program initially set aside a large amount for each project, to be expended over many years, so local governments could make long-range contracts with private developers. But the Community Development program provides only annual funding. Many local officials are skeptical that HUD and Congress will continue such funding very long. After all, HUD recently "double-crossed" many local governments by halting annual funding for Neighborhood Development programs right after promising it would never do so. In fact, we have recommended that Congress restore some type of longer-range funding for at least a fraction of Community Development funds. Then each city could engage in longer-range, larger-scale upgrading projects. HUD's early analysis of what cities propose to do with their Community Development funds confirms that almost none are undertaking long-range projects with their first-year money. Thus, the program's present structure almost guarantees that certain vital types of neighborhood upgrading in American cities -- without which they cannot be fully "renewed" -- are unlikely to occur.

Improving Chances for Successful Upgrading by Building Upon Existing Strengths

One of the clearest lessons from our nationwide analysis of urban renewal forms the fourth basic principle. It is: redevelopment, neighborhood preservation, and other upgrading efforts have the greatest positive impacts when built upon, and linked closely to, the community's existing strengths.

For example, urban renewal projects "anchored" to existing downtowns were in general far more successful than those "afloat at sea" in the midst of low-income residential areas far from special amenities or strong institutions.

Upon what specific strengths can a community build its redevelopment and preservation efforts?

Among the most important such strengths are the following:

- The rising number of small, adult-oriented households in most metropolitan areas. They form a potential source of housing demand for upgraded residential areas if the housing offered there is designed to meet their needs, tastes, and ability to pay.
- Office space demand -- which will continue to expand over the long run within many large cities, especially in their downtown areas (although many now have short-term surpluses of such space).
- Major existing institutions such as hospitals, universities, museums, and art centers. They not only create housing demand nearby for their employees and users, but also attract others who consider it desirable to live nearby. For example, many people are willing to pay higher rents to live close to urban universities because of the many cultural events offered there that they do not in fact attend!
- Attractive amenities like parks, riverfronts, or lakes.
- Historic sites or areas, which can establish a particular rehabilitation style that attracts intensified local demand.
- Downtown business districts in very large cities (in smaller cities, downtown workers can live in far-out suburbs without the penalty of excessive commuting time).

- Existing industries, business firms, or other facilities that need added room for expansion, parking, or modernization.

This principle implies that preservation or other upgrading efforts linked to nearby strengths will have a better chance of succeeding than those not so linked.

Some Negative Implications of Building Upon Strength

From the viewpoint of very deteriorated neighborhoods, the principle of building upon existing strengths has some disturbing implications. Most such areas do not have many existing strengths left -- if they ever had any. In fact, the initial absence of such strengths may have contributed to their decline. Therefore, if local government links its major neighborhood upgrading efforts to existing strengths in order to improve their chances of success, it will not locate many -- or any -- of those efforts in the most deteriorated residential areas. Yet those are the very areas in greatest need of improvement. Moreover, they are where many past federally funded upgrading efforts were concentrated because of the restrictions built into urban renewal and other categorical programs. So a sudden shift from past practices to following the principle of building upon strength would cause a dramatic decline in the amount of federal aid going into very deteriorated areas.

True, this shift might greatly improve the average effectiveness of federally funded neighborhood improvement efforts. Unfortunately, many such efforts in the past in very deteriorated neighborhoods did not succeed in significantly upgrading those neighborhoods. In our studies of 70 urban renewal projects, we found several cases in which brand-new or newly-rehabilitated housing in such areas rapidly deteriorated in a few years. Moreover, in all 22 cities we surveyed, every single attempt to locate a new small neighborhood shopping center in a low-income residential area was an economic

failure. There were some successful upgrading efforts in highly deteriorated neighborhoods, but they formed a much smaller percentage of all the attempts there than was true of upgrading efforts more closely linked to existing strengths.

This situation reveals the inherent inconsistency -- or at least tension -- between two fundamental goals of both urban renewal and Community Development: removing the city's worst blight, and encouraging maximum redevelopment. The worst blight in each city is usually located where it is difficult to encourage redevelopment. Even when the worst blight has been removed, the location concerned is usually still surrounded by the next-worst blight. Successful redevelopment of such areas requires persuading firms and households to locate there who have enough money and other resources to support viable homes and businesses. But such firms and households can also choose other locations; so they rarely want to settle in areas still surrounded by blight. That is why redevelopment is much easier to encourage far from those areas that have the worst problems. In fact, many critics accused urban renewal agencies of focusing redevelopment in not-very-blighted areas in order to make their redevelopment efforts more successful. In reality, there is no satisfactory way to fully reconcile these two basic objectives of urban renewal and Community Development. Pursuing either one to the maximum degree inescapably requires actions ineffective in pursuing the other.

Clearly, the principle of building upon strength is designed to encourage successful upgrading, rather than to focus upgrading efforts upon those areas in the worst condition. In fact, a logical implication of this principle in many cities is a decision by local government not to expend many more resources trying to improve those neighborhoods in the very worst condition. Many local officials have privately admitted to me that they have decided to quit spending sizable public

funds trying to upgrade the most deteriorated areas in their cities. They have poured millions of dollars into such areas in the past with few apparent redevelopment results. Hence, they regard continuing such behavior as wasting public funds. But they will almost never admit publicly that they have decided to "write off" such neighborhoods, since that would naturally infuriate the people who still live there. Experience in all walks of life proves that no one wants to be selected as that person whose interests must be sacrificed to benefit the rest of society.

Residents of even the most heavily abandoned neighborhoods believe their areas deserve high priority for additional public upgrading efforts. This is true even though it is clear that the probability of successfully upgrading such areas is extremely low. Their claim for such high priority is bolstered by two other factors: the worst areas obviously have the greatest needs for additional aid, and they have also been receiving the most aid in the past under federal categorical programs. But neither great intensity of needs nor past receipt of funds alters the harsh fact that concentrating further upgrading efforts in these areas is not likely to work. It will almost certainly not produce as effective results as spending the money in other areas that are not so badly off to begin with.

Approaching the Tough Choices of Allocating Resources Among Neighborhoods

The preceding considerations bring us to the most difficult problem in Community Development: how should the local government allocate its limited federal and other neighborhood upgrading resources among the many areas that need improvement? At the outset, we must recognize that there is no "purely scientific" way to do this. Rather, such allocation must be essentially political because it involves value choices about who gets what, and politics is the proper arena for making such choices. Nevertheless, I believe I can suggest a general strategy for approaching this allocation problem that takes account of the principles mentioned above, plus others to be described.

I consider this approach a strategy because it offers guidance about how to divide up all the available resources among certain groups of neighborhoods. However, it does not provide detailed guidance about how to select specific projects, or exactly where to spend available funds within each group of neighborhoods.

The first part of this allocation strategy involves neighborhood classification. It includes the following specific steps:

- Analyzing the process of neighborhood decline in each city to determine what specific stages of decline are found there. This should result in defining a set of stages similar to the five described above that were derived from older Northeastern and Midwestern cities. Every such set will start with Stage One as defined earlier. But each set may thereafter vary in both the number of additional stages, and the precise definition of each.
- Classifying all the residential neighborhoods in the city by the stages defined in the preceding step. This requires both identifying individual neighborhoods and categorizing them by stage of decline and direction of movement.
- Grouping all those residential neighborhoods into three basic types, as follows:
 - (1) Healthy neighborhoods -- Stage One areas, which will normally include most of the city's residential neighborhoods.

- (2) Very deteriorated areas -- Those that would correspond to Stages Four and Five in the classification system described earlier, or exhibit similar symptoms in whatever classification system is developed locally. We expect that most cities will have relatively few such neighborhoods; many cities have none.
- (3) In-between areas -- Those where some decline has occurred, but not enough to make them very deteriorated. They would correspond to Stages Two and Three in the classification system described earlier. Every city will have at least some areas in this group, and most cities will have a significant fraction of their total residential areas in it.

An important innovation in the Community Development program is the fact that federal funds can now be spent in all three types of areas mentioned above. True, those funds must emphasize assistance to low- and moderate-income households. But at least some such households live in almost every part of every city. This geographic expansion of eligibility allows local governments to build more easily upon the city's existing strengths than formerly when nearly all federal funds had to be spent in the most deteriorated neighborhoods (which usually had the fewest strengths to build upon).

The Multiple Benefits of Neighborhood Upgrading Expenditures

The fifth basic principle concerning Community Development is as follows: spending federal or other funds on neighborhood upgrading produces three different types of benefits: high-visibility effects, input benefits, and major upgrading effects. Understanding these benefits and how they relate to the three types of neighborhoods described above forms the second part of the general allocation strategy we have developed.

High-visibility effects are readily apparent improvements in a neighborhood that do not change its fundamental nature or stage of decline. Actions that produce high-visibility effects include planting trees, repairing curbs and streets, installing sidewalks, putting in new street lights, improving local trash collection, and providing new street furniture.

In-put benefits are gains in an area that result directly from the spending of money there, regardless of whether or not it produces any physical upgrading. For example, increased spending in a poor area can produce higher incomes, jobs, added political power, job training, personal services, and local business activity. In my opinion, the major gains produced by the Model Cities Program were mainly in-put benefits, rather than physical improvements in Model Cities areas. Thus, even when large-scale public spending in very deteriorated neighborhoods seems to "disappear without a trace" in terms of physical upgrading, it may be producing extensive in-put benefits for people who live there (or elsewhere).

Major upgrading effects are physical improvements in a neighborhood that change its stage of decline to some extent. These include such traditional objectives of urban renewal and other physical upgrading programs as: creation of new or rehabilitated housing, removal of dilapidated structures, development of more parks and recreational space, and improvement of public buildings, streets, etc.

All three types of benefits are certainly legitimate results of public upgrading expenditures. Moreover, I believe all three should play important roles in the Community Development program. In fact, the major objectives of public spending in the three types of neighborhoods described above can be defined in terms of these three types of benefits, as follows:

- In healthy neighborhoods, the main purpose of public Community Development spending should be to produce high-visibility effects. These neighborhoods really do not need more public assistance. However, the "Law of Political Dispersion" makes it likely

that local officials will distribute some benefits there so residents in these areas will not feel bypassed by the Community Development program. High-visibility effects can be spread over large areas at relatively low cost and therefore can satisfy the political requirement for inclusion in the program without absorbing much of the available money.

- In very deteriorated neighborhoods, the most acute need is for in-put benefits. They directly aid the low-income residents there, whether or not the activities being financed succeed in upgrading the neighborhood physically. True, these areas also have the most pressing needs for physical improvement. In many cities, however, the cost of providing enough major upgrading effects to fully renovate the most deteriorated areas would be enormous -- far more than the local government can afford. Even if the local government allocated all of its federal funds and other Community Development resources to these neighborhoods, it would probably not succeed in returning them to healthy conditions. Furthermore, if it followed that strategy, it would be doing nothing to halt decline in neighborhoods where it was just beginning or only moderately advanced.
- In in-between areas, Community Development efforts can probably best be focused upon providing major upgrading effects. These neighborhoods still are in good enough condition, and enjoy good enough reputations, so that spending public funds on certain key improvements can produce very significant upgrading results. Not only can such public spending help arrest some decay in itself, but it may also induce private investors -- especially people who already own property there -- to increase their spending on upgrading. When such leveraging of public funds occurs, total upgrading results per public dollar spent may be very large. They will almost certainly be much larger than total upgrading results from expenditures of the same amount of money in very deteriorated areas. Thus, from the

viewpoint of physical and fiscal efficiency only (that is, achieving maximum physical improvement per dollar of public funds spent), it is far more effective to spend money in these in-between areas than either in healthy areas (which do not need it) or in very deteriorated ones (which will absorb large amounts of such funds but show relatively little physical improvement).

Using a Modified Form of Triage for Allocation of Resources

Local government officials do not have enough Community Development resources to successfully upgrade all the neighborhoods that need improvement. Their resulting allocation problem can be looked at either positively (asking "which areas should be the focal points for available resources?") or negatively (asking "which areas should be left with insufficient resources for successful upgrading?"). I believe a helpful way of grappling with this tough problem, from either viewpoint, is to adopt a technique from military medicine called triage. When combat surgeons are faced with far more cases of wounded personnel than they can handle in the time available, they supposedly divide those cases into three categories: people who will probably get well whether the surgeons operate or not, people who are so badly hurt they will probably die whether they are operated on or not, and people for whom what the surgeons do will probably make the difference between life and death. In theory, the surgeons then give pain-killing medicine to the first and second groups, and operate only upon the third group. This allocation technique maximizes the effectiveness of their scarce abilities and time in terms of final outputs, which in the case of medicine is the number of persons who are well.

Local officials could use a modified form of triage in dividing up all available federal and other Community Development resources among the three types of neighborhoods identified earlier: healthy, very deteriorated, and in-between areas. This modified triage approach forms the sixth basic principle in this article. It can be stated as follows: Local governments should use the smallest amount of available Community Development resources possible to produce high-visibility effects in healthy neighborhoods, and then divide the remaining such resources (which should be the vast majority of them) so that most are used for major upgrading of in-between

neighborhoods, but some are used for in-put benefits and limited other actions in very deteriorated neighborhoods. Unlike the five principles I stated earlier, this one has not been directly derived from past experience. True, it is a suggestion based upon an analysis of the past experiences cities have had in urban renewal and other neighborhood improvement programs. However, this principle significantly departs from their past experiences because it does not focus most available Community Development resources on the areas in worst condition -- but rather upon in-between areas. Moreover, the principle does not provide any precise formula for dividing all the resources available among all three types of areas. No one formula could possibly fit all the diverse conditions to be found in America's many cities, large and small. So the principle simply sets forth a relative priority among the three types of areas considered as three groups -- with top priority to in-between areas, second priority to very deteriorated areas, and lowest priority to healthy areas.

To clarify the meaning of this modified triage principle, I will briefly describe the specific actions that it implies for each of the three basic groups of neighborhoods mentioned earlier:

- Healthy areas need little more than symbolic attention from the local government to retain their political support for the Community Development program, as noted earlier. Of course, such areas should continue to receive their share of all basic public services (as should the other types of neighborhoods). But beyond that, healthy neighborhoods should receive the absolute minimum of money and other resources available for Community Development that the local government can "get away with" politically (in some cases, none at all). Whatever they receive should be widely spread through such areas in the form of high-visibility effects, since they produce the "biggest bang per buck" in terms of perceptible results. Even though the majority of neighborhoods in most cities are healthy, this allocation method will hopefully deploy only a small fraction of all available Community Development resources to such areas.

- Very deteriorated areas are not found in all American cities, and form a relatively small part of the total area of those in which they exist. In all such neighborhoods, it is crucial that the local government continue to provide all normal public services, such as police and fire protection, trash removal, and street maintenance and repair. However, I believe federal and other Community Development resources should be used primarily for the following purposes in very deteriorated neighborhoods:

- Demolition of abandoned or dangerous structures.

- Creating in-put benefits for local residents in the form of jobs, income, job training, and added political power -- probably in part by hiring residents to provide local services like counseling, street clean-up, building repair, surveillance assistance to police, etc.

- Major upgrading effects only in those few blocks where "spontaneous" rehabilitation has begun independently, since such local efforts deserve to be supported by the government.

- A few high-visibility effects to demonstrate some local government concern without spending large amounts of money.

This strategy means there would be no large expenditures for major upgrading effects in most parts of very deteriorated areas. In effect, local government would be recognizing that it cannot afford to use its limited Community Development resources to physically upgrade very deteriorated neighborhoods -- since trying to do so would absorb all those resources without producing much physical upgrading anywhere. This implies a long-run strategy

of emptying-out the most deteriorated areas by encouraging their residents to move into less deteriorated areas nearby -- where public funds are being spent to stop or reverse decline. Eventually, after the very deteriorated areas are almost totally vacant, they may be redeveloped with wholly different uses. But right now, the city's basic strategy toward them would be to accelerate their abandonment, while still providing all requisite public services to those who remain there, and helping many increase their incomes and status through input benefits.

- In-between areas would receive the preponderance of available Community Development resources. The funds would be used for major upgrading activities aimed at arresting or reversing physical and other neighborhood decline there. According to the long-run strategy implicit in this allocation, these "marginally deteriorating" areas would gradually absorb households moving out of nearby very deteriorating areas as the latter emptied out. Thus, focusing Community Development resources upon in-between areas would clearly serve the Congressional objective of aiding low- and moderate-income households. Not only do many such households live in in-between areas now, but also many more will do so in the future as they leave very deteriorated areas. Yet spending these resources on in-between areas will produce far greater actual upgrading results -- both altogether and in relation to each dollar spent -- than would expenditures made only in very deteriorated areas. Therefore, this strategy provides both the most efficient and most effective possible allocation of resources in terms of long-run physical effects upon the entire city.

Some Qualifications to the Modified Triage Approach

Clearly, the modified triage method described above must be adapted to fit the specific local conditions found in each city (for example, many cities do not have any very deteriorated areas). Nevertheless, I believe it provides a general approach to allocating available Community Development resources among neighborhoods that will produce far more efficient and effective results in the long run than most alternative allocation methods. Those alternatives likely to produce inferior results include (1) spreading available resources across the city in proportion to neighborhood populations, (2) not using any explicit allocation strategy at all, (3) developing lists of desirable projects and allocating resources to them without regard to the resulting overall distribution of those resources among the city's neighborhoods, and (4) dividing available resources equally among all aldermanic or City Council districts.

However, use of the modified triage approach is subject to certain important qualifications. The most important of these are as follows:

---This approach does not involve the local government's "abandoning" those neighborhoods in each city that are in very deteriorated condition. A local government using this approach would still spend significant sums of money in such areas. It would do so to provide both normal public services and the input benefits and other activities described above. True, the long-range strategy implicit in this allocation approach does involve the gradual withdrawal of population from very deteriorated neighborhoods -- or their "abandonment" in some ultimate sense. But this does not mean totally ignoring the present needs of people now living in such areas. Nevertheless,

those people are likely to oppose this strategy quite strongly because it does not allocate many resources to physically improving their neighborhoods, in spite of the high intensity of needs there.

---This approach implicitly assumes that enough new suburban housing construction is occurring in each metropolitan area to prevent shortage conditions from arising in the central city's in-between neighborhoods. Those in-between neighborhoods must have sufficient vacant housing available to accommodate households moving out of the city's most deteriorated areas as the latter gradually empty out. Otherwise, there will be nowhere for those low-income households to go. Then they will have to remain in the very deteriorated areas -- even though the local government will be doing almost nothing to physically improve those areas. This would certainly be unfair to such households. Therefore, whenever housing shortage conditions arise in a city's in-between areas, this modified triage strategy should probably not be used as described above. In such cases, I believe the local government should spend at least some Community Development resources trying to produce major upgrading effects in its very deteriorated neighborhoods as well as in its in-between areas.

---Neither this approach to allocating Community Development resources nor any other can solve the most critical problems plaguing very deteriorated neighborhoods. Those problems include poverty and such negative conditions as lack of skills, unemployment, high crime rates, vandalism, etc. The resources available for Community Development from the federal government and other sources are totally inadequate in both nature

and amount to cope with these problems -- no matter how those resources are allocated. Even spending 100% of the funds in such areas would hardly begin to solve these problems.

Using Federal Funds as Leverage to Attract Private Investment into Community Development

The seventh principle relevant to Community Development is the leveraging principle. It states that, in order for local governments to successfully upgrade many neighborhoods, they must use some of their limited federal funds to create incentives for attracting many more private funds into neighborhood improvement. Federal funds provided by the Housing and Community Development Act of 1974 are wholly inadequate to finance successful neighborhood upgrading for even a small fraction of the needy areas in each city. Such upgrading requires other major sources of capital. Local governments can provide some of that added money from their normal operating funds (for services such as street cleaning) and from their normal capital improvement budgets (for facilities like new police and fire stations). But these sources will not add nearly enough to meet the tremendous capital requirements of successful neighborhood upgrading. Furthermore, most of the capital already invested in urban neighborhoods is private. Hence, it is appropriate for the existing private property owners to finance maintenance and/or rehabilitation -- either from their own funds or through private borrowing.

The idea of "leveraging" federal dollars to attract more private dollars was a key part of the urban renewal program. However, it is even more important in the Community Development program because the number of neighborhoods in each city not eligible for upgrading assistance has expanded enormously -- but the number of federal dollars has not. So private capital will have to play an even larger role in this new program if the latter is to be at all successful.

We believe effective leveraging of federal dollars (or other public dollars) must have at least three components, as follows:

- Representatives of major private capital sources must be given key roles in the citizen participation process built into the Community Development program.
Private lenders and investors will not have enough confidence in the program to put much money into it unless they participate in planning and running it. Therefore, local government officials must include real estate interests (especially major lending institutions) in Community Development citizen participation groups -- as well as residents of the major neighborhoods affected. (Up to now, few local governments have done this.) Moreover, those groups must have a truly influential voice concerning what happens in Community Development.
- Each local Community Development program must develop specific means of reducing the risks of private lending to improve city neighborhoods. These means can include insuring private loans with local government money, organizing pools of private funds from many sources to make high-risk loans, and creating jointly organized public/private/community efforts to upgrade neighborhoods (such as the Neighborhood Housing Services program being carried out in some 20 cities). Dozens of such tactics are described in detail in HUD's recent publication, Neighborhood Preservation: A Catalog of Local Programs, which Real Estate Research Corporation prepared (with the assistance of the Center for Urban Policy Research at Rutgers University).

- Local governments should make direct public investments in improving neighborhoods where they wish to encourage further private investment. Stimulated by this display of public confidence, many private investors -- especially the present owners of property in the area -- will feel confident enough about the area's future to make significant private investments to upgrade their properties.

Can the Community Development Program Really Create or Preserve "Communities?"

Creating or preserving true "communities" within American cities is an extremely difficult task. For one thing, there is no universally accepted definition of what a "community" is. However, I presume it is a neighborhood where most residents feel personally identified with the locality and with other residents, and have some type of personal commitment to participating in and enjoying life there. Considering the immense turnover of occupancy in urban neighborhoods -- which ranges from 20% to 50% per year -- generating and maintaining such a spirit is going to take extraordinary efforts and leadership from someone. Yet that is the implicit objective of the Community Development program. Can it be achieved?

In smaller cities, we believe there is a good chance of creating or preserving true communities through strong citizen participation in the Community Development program, and use of the principles set forth above. In larger cities, it will be much more difficult to create or strengthen this community feeling and reality -- especially in poor neighborhoods that are highly disorganized. However, even in such areas, a spirit of community can be encouraged through a neighborhood planning process made part of the overall Community Development program and linked to its main citywide citizens' participation committee.

But if citizen participation at either the neighborhood or the citywide level is to be truly meaningful, it must involve an education process exposing the participants to a common experience of learning about the problems, means of action, opportunities, and policy choices facing them. A crucial problem in any citizen participation process is achieving an effective consensus among the participants -- including local government officials -- about what should be done. Without such a consensus, joint planning means nothing -- since not enough political support will exist to translate plans into action. But how can consensus be attained when the participants have such diverse viewpoints and goals as those of poor inner-city residents, local elected officials, and leaders of local financial institutions?

In my opinion, the best way to move toward such consensus is the one I saw work on the National Advisory Commission on Civil Disorders back in 1967 and 1968. The twelve persons appointed by President Johnson to consider what to do about urban riots represented a tremendous diversity of viewpoints and backgrounds. Yet the Executive Director of the Commission, David Ginsburg, persuaded all twelve to unanimously endorse an extraordinarily controversial final report. He did it by exposing them to an intensive common educational experience: they all heard the same witnesses, visited the same ghetto areas, listened to the same experts, considered the same policy options, and participated in the same discussions. I believe a similar process of common education and deliberation about the future of each neighborhood or city can develop a meaningful consensus among citizen participants and local officials involved in the Community Development Program. That is the eighth principle presented in this article.

Of course, it would be naive to think that educating a few citizen participants and local officials will solve all the difficult problems involved in creating or preserving true communities in our cities -- it will not. Yet using this principle plus the seven others set forth earlier can, in my opinion,

make the Community Development program a fruitful and worthwhile effort in the life of every city that really tries to make that program work. True, there are not enough resources available through the Community Development program -- even using leveraging -- to "fully solve" all the problems that face urban neighborhoods. But wise use of the resources that are available can make a big difference -- and that is a goal worth pursuing.

OVERVIEW OF THE URBAN RENEWAL LAND DISPOSITION STUDY

By Lewis Bolan
Real Estate Research Corporation

Approximately two years ago, HUD asked Real Estate Research Corporation, together with RTKL Associates, our planning subcontractors, to undertake a nationwide study of urban renewal.

Our study focused on three objectives:

1. To identify principal causes of delay in urban renewal land disposition.
2. To formulate strategies for assisting renewal agencies in projects experiencing prolonged delays in execution.
3. To formulate ideas and suggestions to prevent projects from experiencing prolonged delays.

While the bulk of our activities focused on questions and problems relating to land disposition, it became readily apparent that land disposition aspects of renewal could not be looked at in isolation, but had to be considered in the broader framework of the entire urban renewal program. We therefore broadened the scope of our work to encompass an analysis of the past and present effectiveness of the urban renewal program to devise a methodology for evaluating current local renewal efforts, and to look at the possible future of locally-initiated urban renewal as part of community development.

The bulk of the research efforts was directed to test cases which we ran of more than 70 conventional and NDP projects in 22 cities. In 11 cities members of our staff spent up to four months analyzing specific projects in detail and looking at the entire renewal program in those cities. In the remaining 11 cities, we undertook a much quicker examination, spending about a week's time in each city. The twenty-two cities studied were:

- | | |
|-------------------------|--------------------------|
| ● Atchison, Kansas | ● Durham, North Carolina |
| ● Boston, Massachusetts | ● Evansville, Indiana |
| ● Chester, Pennsylvania | ● Flint, Michigan |
| ● Cincinnati, Ohio | ● Hartford, Connecticut |

- Kingston, New York
- Louisville, Kentucky
- New Castle, Pennsylvania
- Norfolk, Virginia
- Portland, Maine
- Poughkeepsie, New York
- Sacramento, California
- Seaside, California
- St. Paul, Minnesota
- Tacoma, Washington
- Tampa, Florida
- Tulsa, Oklahoma
- University City, Missouri
- Waco, Texas

THE PAST EFFECTIVENESS OF URBAN RENEWAL

Our findings suggest that renewal has been partially successful in meeting the four overall objectives of urban renewal, which are:

- Eliminating blight.
- Improving low-income housing.
- Upgrading low-income neighborhoods.
- Strengthening cities' economies.

Urban renewal has been unable to "solve" either of the two major social problems to which it was originally addressed: inadequate low-income housing, and residential blight in urban neighborhoods. However, this deficiency does not result from any basic failings in either the design of the program or the way it was carried out. Rather, both these problems are of the "super-complex" type that can be "solved" only through application of a great many programs and changes in society far beyond the scope of urban renewal alone. But neither the federal government nor society as a whole has chosen to adopt or apply those other ingredients necessary to any significant progress in "solving" those problems. Since the urban renewal program was from the start rather narrowly designed with limited power, it could not possibly have fully or even significantly achieved such "solutions" itself.

Urban renewal has been an effective instrument for the achievement of three relatively limited but nonetheless very important goals: removing the worst physical blight from cities (even though it has not caused a large net reduction in blight), partially upgrading low-income neighborhoods, and helping cities strengthen their economies in various ways.

The effectiveness of the urban renewal program in improving low-income housing depended greatly upon the availability of direct housing subsidies for inclusion in urban renewal projects, or elsewhere within the same communities.

Urban renewal has significantly assisted central business districts in many cities to enhance their competitive strength in relation to outlying employment and retail centers. It has generally succeeded in creating a more favorable investment climate, encouraging new public and private development, and adding substantially to the local tax base.

FACTORS AFFECTING LAND DISPOSITION

- Projects that start out slowly tend to continue at a slow pace and to experience prolonged delays throughout the life of the project. We found relatively few instances where a project started slowly and then speeded up its pace. In general, if a project involving substantial amounts of land disposition has been in execution for three years and has disposed of less than 25% of its land, it is moving considerably slower than the national norms and will probably continue to proceed at a slow pace unless corrective measures are taken.
- Residentially oriented projects dispose of land slightly faster than non-residentially oriented projects. Land intended for public re-use is disposed of more rapidly than land intended for private re-use. Land disposition for a typical project -- to the extent that such an animal exists -- normally takes upwards of 10 years.

- The most difficult parcels to dispose of have been downtown sites intended for department stores, and sites intended for neighborhood shopping centers. We did not encounter one truly successful neighborhood shopping center in any of our more than 70 projects. In some cases, land disposition has been difficult if not impossible. In other cases, the facilities developed have been either unsuccessful financially, or at best marginal successes.
- We have found very few nationwide developers participating in renewal. Most cited excessive red tape and greater opportunities elsewhere as their reasons for not participating in renewal. The vast majority of developers have been drawn from the city or region in which the project is located.
- Transportation related factors were major causes of delay in virtually every city we studied. Delays in planned highway construction in particular were major impediments to renewal land disposition.
- Residential land disposition has been relatively insensitive to such factors as interest rates, mortgage availability, residential vacancy rates, or the strength or weakness of the housing market. A number of cities cited the moratorium on housing subsidy funds as their major cause of delay in disposition. This has unquestionably been the case, but it does not explain why residential land disposition did not occur prior to the moratorium.
- With respect to land disposition, we found very few differences between conventional renewal and NDP projects. NDP projects conveyed their first parcels sooner than conventional projects. Thereafter, NDP's have not proceeded faster. In general, it is our opinion that the only substantial difference between conventional renewal and NDP has had to do with funding.

- We have found much less red tape in renewal than we expected to find. We have estimated that if all undue or inappropriate delays were eliminated from the projects we evaluated, an average of about a year and a half would have been saved. This amounts to a reduction of roughly 15 to 20 percent over the life of a typical project, which has been running at around 10 years duration.
- Success in land disposition -- and indeed all aspects of renewal -- is closely correlated with the ability of the renewal director. There is little question that a good renewal director defines a good renewal program. When we speak of a "good" renewal director, we refer not to that person's technical capabilities, but rather to his or her ability to keep things moving and make things happen. In several cities where there has been a rapid succession of renewal directors, we have been able to correlate rates of land disposition with the tenure of various renewal directors.
- Finally, RERC has identified nearly 200 factors that can delay renewal land disposition and project completion, and approximately 150 factors that can accelerate project completion. Many of these factors can be either delay causing or accelerating factors depending upon the precise local situation. We have divided these factors into four broad categories:
 - National program related factors -- having to do with HUD's administration of the urban renewal program.
 - Local management related factors -- having to do with the local management and administration of local renewal efforts.
 - Local market related factors -- having to do with local socioeconomic trends and dynamics that influence local market demand.

- Exogenous factors -- fundamental social, economic, and demographic trends that are operating throughout our society, and that provide the national context within which renewal has operated.

RERC has estimated that approximately 50 percent of the problems that occur in land disposition are within the control of the city. The city can influence but not control another 20 percent, whereas the final 30 percent are beyond the control of a city.

HAS RENEWAL BEEN WORTHWHILE?

RERC 's analysis indicates that approximately one-third of all urban renewal projects have failed or are floundering badly. The remaining two-thirds either have succeeded or have the potential for success if modifications are made in them.

When we speak of "success" or "failure" we are referring to six factors or criteria:

1. Has a project restored investor confidence and stimulated new investment?
2. Has a project succeeded in halting the erosion or decline of the project area?
3. Has a project served as a catalyst, halting the decline of adjacent areas or spurring new confidence in these areas?
4. Has a project disposed of land in a timely fashion for the intended uses?
5. Have all public services and public facilities been completed in a timely fashion?
6. Has the project honored all major commitments to the local community?

RERC has identified 13 potential costs of renewal, including such factors as the break-up of established patterns of social interaction and land write-down costs. Twenty-nine possible benefits of renewal have been identified. These range from such factors as improving the attractiveness of the urban environment to increasing the tax base. Despite the fact that many of these costs and benefits cannot be quantified, our analysis suggests that the benefits of renewal have far outweighed the costs and that the program has indeed been useful and beneficial.

OVERVIEW OF THE NEIGHBORHOOD PRESERVATION CATALOG STUDY

By Margery al Chalabi
Real Estate Research Corporation

THE PURPOSE OF THE STUDY

Several recent events have created a pressing need for focusing more attention and resources upon neighborhood preservation efforts -- particularly those dominated by local governments and other local participants. These elements are summarized as follows:

- The building boom of the late 1960's and early 1970's put enormous pressures on the existing housing stock to compete in the market place.
- For this and other reasons, neighborhood decline spread to more and larger areas of most American cities.
- The controlled-growth movement and recent sharp decline in housing production, coupled with increased household formations, are currently causing increased back-pressure within metropolitan-area housing markets. There are now new demands for housing in neighborhoods which have experienced diminished appeal.
- With Community Development Block Grants, initiative and responsibility for coping with neighborhood preservation and decline has shifted to local governments, and other local actors and resources.
- Federal housing assistance programs have begun to place more emphasis on preservation, and funds can now be spent on non-blighted neighborhoods.

These factors -- plus the fact that little reliable, current information on local efforts was available -- prompted HUD's Office of Policy Development and Research to authorize RERC assisted by the Center for Urban Policy Research at Rutgers University, to undertake a survey of locally-initiated preservation programs. The report, Neighborhood Preservation, A Catalog of Local Programs, is a collection of programs developed by many diverse people and groups --

local governments, business concerns, private institutions, community groups, and foundations. It is intended for an audience grappling with first attempts at overall urban development strategies and the new demands of Community Development Block Grants -- and for those looking for new ways to stem deterioration.

PRELIMINARY STUDY FINDINGS

The purpose of this study was to describe a number of effective and innovative local preservation programs. In carrying out the research, we have observed several general trends or relationships that we consider significant. These include:

- Institutional disinvestments occur quite early in the neighborhood decline process, and are significant contributors to accelerated decline.
- Most local preservation programs have been relatively low-budget, but appear to be quite cost-effective.
- Public funding commitments are insufficient to solve all housing problems -- but private capital has been encouraged back into those areas which we have defined as preservable - stages 2 and early 3 on our 5-stage neighborhood classification system.

NEIGHBORHOOD DECLINE AND DISINVESTMENT

The most obvious and highest dollar volumes of development investment have gone into suburban areas. But a substantial amount has also gone into the redevelopment of heavily deteriorated central-city areas. These redevelopment efforts are complex, costly, and time consuming. Moreover, large expenditures have not resulted in extensive physical upgrading of residential areas. The use of federal funds has traditionally been committed to these areas of greatest need. However, we have found that the free market economy is not operating successfully in much larger segments of our urban environment. Redlining is extensively practiced.

Communities are cut out of the private investment market at very early stages. Overseers of private financial institutions have been careful to ensure depositors -- rather than the communities they serve.

Our recent studies for HUD and for such cities as Milwaukee and Cincinnati have shown that the neighborhood decline process is a very lengthy one. But it is also true that early, appropriate intervention in the decline process can stabilize or improve an area. The infrastructure serving many built-up areas where institutional investment has declined or stopped is often sound and the housing stock is in basically good condition. If we look at the total neighborhood -- structures plus facilities and services -- the cost of upgrading and maintaining an area in the early stages of decline is relatively low. The major objective is to reassert or reestablish confidence in these neighborhoods and to leverage public monies with traditional supplies of private capital. And, because the cost per unit is much lower for preservation than for either redevelopment or new construction -- available funds can be spread over a much larger area of a community for visible results quickly.

NEIGHBORHOOD PRESERVATION AND URBAN REINVESTMENT

The programs described in the Catalog are-- for the most part -- within our preservable (stages 1 and 3) categories and are capable of attracting substantial private investment. Although these programs employ many old and tried processes -- code enforcement, historic preservation, rehabilitation -- they are quite innovative in several respects:

- First, many have involved the development of new partnerships between public and private investors.
- Second, many have cut through entanglements such as redlining and institutional prejudices to establish new confidences in old areas -- and more importantly, to renew the traditional sources of investment in these areas.

- Third, most have been successful in putting together programs or strategies for stretching (or leveraging) their available sources of funds. In other words, by stringing appropriate programs together and by re-establishing old lines of credit -- these programs are able to pump 5 to 10 times as much money into the areas as may normally have been available.
- Fourth, these programs are, for the most part, good business. They concern marginal -- but highly salvageable areas -- and the payoffs are real and significant. They are not stop-gap solutions, but feasible business efforts.

DESCRIPTIONS OF THE CATALOG PROGRAMS

The one hundred programs in the Catalog were grouped into eight major categories. This was done primarily to enhance comparisons among them, as well as to make the Catalog easier to use. Several of these categories have been very broadly defined; however, the following grouping appeared to us to be most logical.

1. Code Enforcement Programs - We have described 13 Code Enforcement Programs.

There are numerous variations on this basic preservation tactic; among them are:

- The Outer City Program of Baltimore, wherein neighborhood groups conduct their own housing inspections.
- The Neighborhood Property Conservation Program of Kansas City, Mo., which employs multiple enforcement levels of the same housing code.
- The University City Occupancy Permit Program, makes inspections at tenure change mandatory. With the current mobility rate of one move every 4 or 5 years, a considerable segment of the housing stock can be inspected in a few years.

2. Comprehensive Programs - We described 16 programs which we called Comprehensive. These programs cover a wide range of interests and approaches and attack the combined social, physical and economic problems affecting a specific neighborhood.
 - The Hill 2000 Program of St. Louis has successfully revitalized an old ethnic neighborhood, stemmed outmigration, and organized local community fairs and tours to generate a modest rehabilitation fund.
 - One of the best known programs in this category is the Neighborhood Housing Services Program (NHS) which originated in Pittsburgh and which is being duplicated in many cities under the sponsorship of the Urban Reinvestment Task Force - a joint venture of HUD and the Federal Home Loan Bank Board. It is a program to coordinate the efforts of community groups, local government and financial institutions in the rehabilitation of an area.
3. Focused Public Services Programs - We described 11 Focused Public Services Programs, which are designed to improve deficient services and to stimulate private neighborhood improvement efforts by demonstrating a continuing governmental concern for the area.
 - The Neighborhood Conservation Program of Arlington, Virginia encourages local neighborhood planning for public works improvement and funds them for completion within one or two years.
 - The Public Improvement Program (PIP) of New Orleans similarly coordinates public services and improvements -- although the local government does the planning.
 - The Little City Halls of Boston is an effort to decentralize city government administration in order to improve delivery of services to city residents.

4. Growth Management/Neighborhood Control - We described five such programs, which are aimed at forestalling unregulated new growth or socio-economic transition.
 - The Berkeley Neighborhood Preservation Ordinance and the Hollywood, Florida Neighborhood Development Study both restrict new growth while developing mechanisms to control it in the future.
 - The Oak Park, Illinois, Housing Center and the Beverly Area (Chicago) Planning Association are both attempting to channel racial change.
5. Historic Preservation Programs - There are 8 programs described as Historic Preservation Programs. Early historic preservation programs focused on landmarks of architectural excellence. Recently, however, preservationists have been more concerned with neighborhood, or district, preservation. This change of focus from buildings to neighborhoods has been accompanied by a wide variety of preservation methods.
 - The Old West Side of Ann Arbor, Michigan is one of the first areas assigned historic district status -- for its general environmental quality. By gaining this recognition the neighborhood was able to place stringent controls on development and change in the area.
 - The previous program and that of Butchertown Inc. in Louisville, Kentucky, both attempt to retain their existing residents -- moderate-income in the former, low-income in the latter. Both groups have traditionally been displaced by preservation efforts.

6. Management of Abandonment Programs - We have 8 programs described as Management of Abandonment Programs. Most of these are urban homesteading programs. Because homesteading does not attack the local socio-economic problems that led to abandonment in the first place, cities have been forced to either homestead selectively, in carefully chosen areas, or to use homesteading merely as a property disposition tool. We have focused on the former alternative.
 - The Urban Homesteading Program of Philadelphia is dealing generally with HUD foreclosed properties in relatively stable areas. Its selection and counseling procedures are extensive. Special financing is offered to the homesteader for structural improvements.
 - The Urban Homesteading Programs of Baltimore and Wilmington, also involved careful screening procedures and have developed loan programs to assist homesteaders.
 - The Urban Homesteading Assistance Board (U-HAB) of New York, utilizes the Sweat Equity and Co-op Conversion Programs to rehabilitate buildings abandoned by landlords.
7. Neighborhood Services - There are 10 programs described in this category. They involve housing counseling and community organization.
 - North East Area Development (NEAD) Inc. of Rochester, was planned to provide citizens with a sense of decision-making for their community.
 - The Housing Counseling Programs of Hartford, Madison and Indianapolis counsel families and individuals on how best to acquire and maintain their dwellings.

8. Structural Rehabilitation/Financing - Our largest category, with 29 programs, is Structural Rehabilitation/Financing. This grouping is perhaps the most innovative in the Catalog because of the various techniques developed to finance rehabilitation. By encouraging private and public sector cooperation, a number of cities have devised loan programs which substantially expand their financial resources.
- Several cities, notably Norfolk, Virginia and Portland, Oregon, have developed revolving rehabilitation loan funds. Under the model used by these cities, local financial institutions are encouraged to loan large sums to the city at low interest rates. Because the interest on municipal loans is tax exempt, loans to the city are as profitable as those made to private borrowers at higher interest rates.
 - The Lincoln Life Improved Housing Program of Fort Wayne, Indiana, employs a mechanism of the Internal Revenue Code (Section 167K) which allows rapid depreciation of property occupied by low-income households as the basis for its rehabilitation write downs.

CONCLUSION

In summary, the Neighborhood Preservation Catalog provides an enormous amount of information on a wide range of worthwhile and effective programs. It is the first document of its kind to pull together information on locally-initiated programs across the nation. It can serve as a source book to a variety of individuals and groups who would like to learn of programs currently underway.

HUD/RERC WORKSHOP PANEL PARTICIPANTS

Following is a listing of all Neighborhood Preservation/
Urban Renewal Workshop panel participants and the
programs or agencies that they represented.

Philadelphia - May 12-13

1. Neighborhood Preservation Panel

Ms. Lynn Pittman, Project Coordinator
Norfolk Redevelopment and Housing Authority
NORFOLK LOAN PROGRAM
Norfolk, Virginia

Mr. Martin Payne
Building Inspection Department
MADISON HEIGHTS RENTAL HOUSING
Madison Heights, Michigan

Ms. Jan Jaffe
Philadelphia Homesteading Office
PHILADELPHIA URBAN HOMESTEADING
Philadelphia, Pennsylvania

2. Neighborhood Housing Services Panel

Mr. Tom Jones, Director
PITTSBURGH NHS PROGRAM
Pittsburgh, Pennsylvania

Mr. James McNeimey
Deputy Director
Urban Reinvestment Task Force
Washington, D.C.

Boston - May 15-16

1. Neighborhood Preservation Panel

Commissioner Francis Gens
Housing Inspection Department
MAYOR'S (BOSTON) HOUSING IMPROVEMENT PROGRAM
Boston, Massachusetts

Ms. Elizabeth Washington, Deputy Director
HOUSING NOW, INC.
Hartford, Connecticut

Mr. Michael Foti, Neighborhood Conservation Planner
Department of Environmental Affairs
NEIGHBORHOOD CONSERVATION PROGRAM
Arlington County, Virginia

2. Neighborhood Housing Services Panel

Mr. John Sharate, Director
MISSION HILLS NHS PROGRAM
Boston, Massachusetts

Ms. Betsy Dietl
COLUMBIA-SAVIN HILL NHS PROGRAM
Dorchester, Massachusetts

Mr. David Elliott
Federal Home Loan Bank of Boston
Northeast Regional Coordinator
Urban Reinvestment Task Force
Boston, Massachusetts

Kansas City -- May 19-20

1. Neighborhood Preservation Panel

Mr. Terry Linhardt
LAFAYETTE SQUARE RESTORATION COMMITTEE
St. Louis, Missouri

Mr. John Brandenburg, Urban Planner
Office of Community Development
NEIGHBORHOOD PROPERTY CONSERVATION PROGRAM
Kansas City, Missouri

Ms. Jan Jaffe
Philadelphia Homesteading Office
PHILADELPHIA URBAN HOMESTEADING
Philadelphia, Pennsylvania

2. Neighborhood Housing Services Panel

Mr. Michael Balmuth, Director
KANSAS CITY NHS PROGRAM
Kansas City, Missouri

Mr. William A. Whiteside, Director
Urban Reinvestment Task Force
Washington, D. C.

Dallas - May 22-23

1. Neighborhood Preservation Panel

Mr. William Patterson, Housing Coordinator
Housing and Community Development Department
FORT WORTH HOUSING TRUST, INC.
Fort Worth, Texas

Mr. Charles Noon, Director
Neighborhood Development Division
Department of Housing and Community Development
BALTIMORE OUTER CITY PROGRAM
Baltimore, Maryland

2. Neighborhood Housing Services Panel

Mr. Michael Garcia
Mexican American Unity Council
SAN ANTONIO NHS PROGRAM
San Antonio, Texas

Ms. Billie Richards, Director
NHS OF DALLAS, INC.
Dallas, Texas

Mr. Kenneth Knox
Southeast Regional Coordinator
Urban Reinvestment Task Force
Atlanta, Georgia

Atlanta -- June 2-3

1. Neighborhood Preservation Panel

Mr. Lindsay Wiggins, Rehabilitation Supervisor
Charlotte Urban Redevelopment Department
NEIGHBORHOOD ASSISTANCE PROGRAM
Charlotte, North Carolina

Mr. Thomas E. Ward, Director
DUNBAR NEIGHBORHOOD CENTER
Atlanta, Georgia

Mr. Michael Foti, Neighborhood Conservation Planner
Department of Environmental Affairs
NEIGHBORHOOD CONSERVATION PROGRAM
Arlington County, Virginia

2. Neighborhood Housing Services Panel

Mr. Carl Westmoreland, Director
MADISONVILLE NHS PROGRAM
Cincinnati, Ohio

Mr. Kenneth Knox
Southeast Regional Coordinator
Urban Reinvestment Task Force
Atlanta, Georgia

Seattle - June 5-6

1. Neighborhood Preservation Panel

Mr. Carl Kopines, Administrator
Office of the Housing Administrator
LINCOLN APARTMENT LICENSING PROGRAM
Lincoln, Nebraska

Mr. John Brandenburg, Urban Planner
Office of Community Development
NEIGHBORHOOD PROPERTY CONSERVATION PROGRAM
Kansas City, Missouri

Mr. Donald Silvey, Director
Department of Housing Services
Portland Development Commission
PUBLIC INTEREST LENDERS PROGRAM
Portland, Oregon

2. Neighborhood Housing Services Panel

Ms. Mary Lee Widener, Director
OAKLAND NHS PROGRAM
Oakland, California

Mr. Dale Miller
Office of Housing Policy
Department of Community Development
SEATTLE NHS PROGRAM
Seattle, Washington

Mr. William Whiteside, Director
Urban Reinvestment Task Force
Washington, D. C.

New York - June 16-17

1. Neighborhood Preservation Panel

Mr. Roger Windsor, Director
Home Ownership Development Program
BALTIMORE URBAN HOMESTEADING
OVERALL NEIGHBORHOOD PRESERVATION PROGRAM
Baltimore, Maryland

Mr. Michael Foti, Neighborhood Conservation Planner
Department of Environmental Affairs
NEIGHBORHOOD CONSERVATION PROGRAM
Arlington County, Virginia

2. Neighborhood Housing Services Panel

Mr. Robert Walker
PLAINFIELD NHS PROGRAM
Plainfield, New York

Mr. James Cook
Office of Jamaica Planning and Development
JAMAICA NHS PROGRAM
New York, New York

Mr. Kenneth Knox
Southeast Regional Coordinator
Urban Reinvestment Task Force
Atlanta, Georgia

Chicago - June 18-19

1. Neighborhood Preservation Panel

Mr. Harlan Holly, Associate General Counsel
Lincoln National Life Insurance Company
LINCOLN LIFE IMPROVED HOUSING, INC.
Fort Wayne, Indiana

Mr. John Hansen
OLD WEST SIDE ASSOCIATION, INC.
Ann Arbor, Michigan

Ms. Bobbie Raymond, Director
OAK PARK HOUSING CENTER
Oak Park, Illinois

2. Neighborhood Housing Services Panel

Mr. Carl Westmoreland, Director
MADISONVILLE NHS PROGRAM
Cincinnati, Ohio

Mr. Bruce Gottschall
Federal Home Loan Bank
Chicago, Illinois

Mr. Harry Brunett, Assistant Director
Urban Reinvestment Task Force
Washington, D. C.

Denver - June 23-24

1. Neighborhood Preservation Panel

Mr. Carl Kopines, Administrator
Office of the Housing Administrator
NEIGHBORHOOD ASSISTANCE BUREAU
Lincoln, Nebraska

Mr. Harlan Holly, Associate General Counsel
Lincoln National Life Insurance Company
LINCOLN LIFE IMPROVED HOUSING, INC.
Fort Wayne, Indiana

Mr. John Brandenburg, Urban Planner
Office of Community Development
NEIGHBORHOOD PROPERTY CONSERVATION PROGRAM
Kansas City, Missouri

2. Neighborhood Housing Services Panel

Ms. Nancy Seelen
KANSAS CITY NHS PROGRAM
Kansas City, Missouri

Mr. Harry Brunett, Assistant Director
Urban Reinvestment Task Force
Washington, D. C.

San Francisco - June 26-27

1. Neighborhood Preservation Panel

Mr. James C. Donohue, Code Enforcement Superior
Planning and Development Department
PROPERTY MAINTENANCE PROGRAM
Inglewood, California

Mr. Edmund Atkins
Planning Department
NEIGHBORHOOD PRESERVATION ORDINANCE
Berkeley, California

Mr. Donald Silvey, Director
Department of Housing Services
Portland Development Commission
PUBLIC INTEREST LENDERS PROGRAM
Portland, Oregon

2. Neighborhood Housing Services Panel

Ms. Mary Lee Widener
OAKLAND NHS PROGRAM
Oakland, California

Mr. Harry Brunett, Assistant Director
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Department of Housing and Urban Development

Mr. Donald Dodge, Director
Office of Evaluation
Office of Community Planning and Development
Department of Housing and Urban Development

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