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NEIGHBORHOOD CONSERVATION AND POPULATION STABILIZATION: LESSONS FROM THE URBAN HOMESTEADING DEMONSTRATION

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During the last ten years, there has been continuing interest in housing rehabilitation and neighborhood conservation at all levels of government. This interest reflects a desire to maintain existing viable working and middle class neighborhoods so as to preserve the housing stock and the tax base of the city. Up to now these neighborhood preservation programs have not succeeded because they have made cosmetic improvements in the housing and have not addressed the population shifts occurring in these areas.

The U.S. Department of Housing and Urban Development's (HUD) Urban Homesteading Demonstration (UHD) is one of the most innovative housing rehabilitation programs that have been developed. Vacant government owned properties are sold to householders for a dollar providing they occupy them for at least three years while bringing them up to code standards.

It is hoped that the existence of homesteading activities would reassure non-participating homeowners about the future of the neighborhood enough to cause them to improve their own homes and remain at their locations. It is also hoped that this homesteading activity would attract middle income families who might otherwise not be attracted to such an area.

Two features of the Urban Homesteading Demonstration contribute to its potential for population stabilization. First, in selecting neighborhoods for the Demonstration, HUD chose ones that were in the early stages of decline when a housing rehabilitation program could have the greatest impact on the surrounding community. Second, the participating cities made a commitment to improve the quality of public services and facilities in these areas. It was hoped that these improvements would raise confidence levels among current and prospective residents.

Has Urban Homesteading had the desired stabilizing effect? Urban Systems Research and Engineering Inc. (USR&E) sought to answer this and related questions in a large scale study of the program for HUD during the 1977 to 1979 period. The research involved three waves of interviews with over 1700 non-homesteading households in 45 neighborhoods in 23 cities. Pedone et al. [4 p. 109] found that the socio-economic profiles of the residents "improved" (e.g. the racial composition of the population stabilized and the income and educational levels of owners rose), implying that the UHD did have the desired stabilizing effect.

However, this conclusion is suspect for two reasons. First, there were no control neighborhoods. The same types of improvements could also be

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occurring in similar neighborhoods without homesteading. Second, the aggregate results might mask important differences in the impact of the program between cities with different housing markets (e.g. tight markets with low vacancy rates versus loose markets with high vacancy rates). Because USR&E's research was completed before the 1980 census, it was not possible to examine 1970 to 1980 shifts in these neighborhoods. This paper does examine the socio-economic changes in the UHD neighborhoods between 1970 and 1980 and compares them with the changes in control neighborhoods in the same city, that is areas similar with respect to socio-economic characteristics but which did not have Urban Homesteading. We hypothesized that UHD neighborhoods would experience greater increases in median income level, in the proportion of owners and in the proportion of whites (three frequently utilized measures of neighborhood improvement).¹

Our tests of these hypotheses should be considered tentative since the program had only been in operation for two years at the time of the 1980 census. This may have been too short a time period for the program to have any meaningful neighborhood impacts.

This paper adds to the limited number of census analyses of neighborhood conservation programs. In their 1975 study of the Neighborhood Housing Services (NHS) Program, Ahlbrandt and Brophy [1] used a variety of data sources including census data to compare the Central North Side of Pittsburgh with four other communities similar with respect to population and housing characteristics but which did not have an NHS. Although the results were mixed, they seemed to suggest that the Central North Side was improving relative to other neighborhoods, leading the authors to conclude that improvement was due to NHS activities. Similar research such as that conducted by McFarland [3] conducted on the Community Development Block Grant (CDBG) program data has shown it to have limited neighborhood spillover effects.

Ahlbrandt and McFarland identified the control neighborhoods impressionistically. In contrast, this paper develops a statistical approach to specify control neighborhoods and applies it to several key cities in the U.S.

Methods

A computer tape containing 1970 and 1980 census tract information for U.S. cities was used to identify control neighborhoods for the 45 UHD

1 A contrary hypothesis can be offered however. Since only about one tenth of the properties in the UHD neighborhoods were involved in homesteading, this may have been too small a number to have had an impact on surrounding properties.

It was beyond the scope of this paper to determine whether any large scale housing conservation programs were being implemented in any of the control census tracts.

communities.² A tract that fell within one standard deviation from the range for the UHD tracts for three 1970 variables (percent minority [black and Hispanic], median family income, and percent owners) was chosen as a control tract. It was impossible to identify a sufficient number of control tracts in 15 of the UHD cities, and consequently the paper focuses on the remaining eight.

In four (Atlanta, Baltimore, Boston and Philadelphia), the control neighborhoods resembled the UHD neighborhoods quite closely. However, in all eight there was sufficient comparability to perform matched t-tests between the control tracts and the UHD neighborhoods on three indicators of shifts between 1970 and 1980: the change in the income position of the UHD neighborhood relative to the SMSA; the change in the proportion of minorities; and the change in the proportion of renters.

Four limitations of our methodology should be noted. First, we have deliberately left unresolved the issue of what to expect of the Urban Homesteading Demonstration. Is the aim to promote massive middle class immigration (gentrification), in which case there might be displacement of existing residents? Or is the goal stabilization, insuring that those moving into the community are similar to those departing? A sharp rise in income levels might signify success if the goal was gentrification. However, it might suggest failure if the goal was stabilization.

Second, our choice of race, income and tenant status as the indicators of population change can certainly be questioned. Such a challenge would not be surprising because there is a lack of consensus among scholars concerning measures of community change. For example, whereas Hughes and Bleakley [2] view an increase in minorities as an indicator of decline, Ahlbrandt and Brophy [1] argue that racial transition does not signify decline unless it is closely associated with a drop in income levels. It is unlikely however, that the use of different variables from the three actually chosen would have greatly altered our conclusions about the impact of the Urban Homesteading Demonstration.

Third, the boundaries of the UHD neighborhoods in this paper differ from the neighborhood boundaries in the original USR&E study. When city officials selected the UHD neighborhoods, the boundaries cut through census tracts. Thus, a UHD neighborhood might consist of 100% of tract A, 80% of tract B and 40% of tract C. In order to take advantage of 1970 and 1980 census tract information we reassembled the UHD neighborhoods by combining whole tracts, even if parts of the tracts were not in the UHD neighborhoods.² Combining the whole tracts makes the UHD neighborhoods in this paper larger than in the original study. This in turn makes it more difficult to detect

2 We would have liked to recreate the UHD neighborhoods from census blocks but unfortunately the needed information was unavailable. We considered, but decided against, weighting the census tract data to reflect the proportion of the particular tracts in the UHD neighborhoods. This would have greatly added to the complexity of the analysis, without changing the results very much. For an example of the use of this type of weighting see [6].

neighborhood impacts. The effects of homesteading are most likely to be apparent in the immediate area of rehabilitation. Expanding the area of UHD neighborhoods may lead to an underestimation of impacts because possible effects are spread over a larger population base.

Finally, the ten year interval between censuses makes it difficult to measure community changes before and after implementing a housing rehabilitation program. For example, it is possible that some of the UHD communities experienced declines after 1970 but improvements after 1977. Census data gathered every ten years is incapable of detecting such shifts occurring within the decade.

Findings

There are few consistent patterns between the UHD and control neighborhoods. (Table 1) Both the UHD neighborhoods and the control tracts experienced declines in their standing on median income level relative to their SMSA's. In relative terms, the Dallas and Milwaukee UHD's experienced improvement versus the control tracts, though the opposite was true for Chicago and Milwaukee.

Table 1. Comparison of Homesteading and Control Census Tracts (Non Homesteading/Homesteading)

	# of Tracts	1970 Income Ratio	Change Income Ratio	1970 Percent Minority	Change Percent Minority	1970 Percent Owner	Change Percent Owner
Atlanta	5	76.20	-18.80	0.51	0.36	0.48	-0.05
	2	76.50	-18.50	0.53	0.39	0.58	-0.02
Baltimore	33	75.73	-14.57	0.85	0.04	0.36	0.02
	5	76.28	-19.07	0.78	0.17	0.34	0.03
Boston	23	77.52	-15.52	0.05	0.12a	0.29	-0.02
	5	77.40	-19.27	0.15	0.42	0.29	-0.02
Chicago	238	89.02	-10.04b	0.11	0.29b	0.37	0.01
	5	90.00	-28.80	0.18	0.79	0.36	0.00
Dallas	2	85.18	-26.72	0.67	0.24	0.56	-0.11
	3	84.67	-11.00	0.79	0.12	0.77	-0.03
Milwaukee	140	87.37	-7.75b	0.11	0.11b	0.47	-0.01b
	42	76.40	-19.31	0.43	0.20	0.34	-0.03
New York	113	100.07	-1.43	0.67	0.15b	0.65	-0.05
	23	90.61	-6.13	0.90	0.05	0.68	-0.03
Philadelphia	51	83.02	-16.61b	0.66	0.19	0.67	-0.05a
	6	107.83	-7.17	0.67	0.21	0.67	0.02

NOTE: Non homesteading tracts are tracts that are within one standard deviation of the range for income, minority, and tenure of the homesteading tracts.

A test of significance of the difference between the change in the homesteading and the control group was done by city. Significance—two tail t-test: a = alpha of .05; b = alpha of .01.

Even though the UHD neighborhoods attracted both white and black homesteaders, the program appears to have had little or no impact on racial transition in the surrounding areas. All of the UHD neighborhoods either were predominantly black in 1970 or experienced a large increase in the proportion of blacks during the 1970's. In the three cities where both the UHD neighborhoods and the control tracts were racially mixed in 1970 (i.e. less than 50 percent black, Baltimore, Boston, Milwaukee) the rate of racial turnover was greater in the UHD tracts.

Finally, there was little evidence that the program had any effect on the conversion of buildings from rental to owner occupancy. With the exception of the control tracts in Dallas, there were only miniscule percentage changes in owner occupancy. Where there were meaningful shifts, the direction of the results varied. The Philadelphia UHD neighborhood experienced the most clearcut improvement, an increase in owner occupancy. This was in sharp contrast to the decline occurring in the control tracts. In contrast, the Milwaukee UHD's experienced more rapid declines in owner occupancy than in the control areas.

Conclusions

Proponents of housing conservation programs are bound to be disappointed by the absence of neighborhood impacts from Urban Homesteading. The hope, or fear, that homesteading would lead to gentrification was exaggerated. Homesteading neighborhoods were no more likely to experience increases in income levels or conversions from renter to owner occupancy than were the control tracts.

Two pieces of evidence imply that homesteading was not even effective in stabilizing the populations in these areas. Many of the UHD neighborhoods fell behind the control tracts with respect to shifts in income levels and owner occupancy. Furthermore, although it is impossible to determine whether homesteading sped up the process of racial change in some way, the UHD neighborhoods experienced more rapid racial turnover than the control tracts.

It would be a mistake for planners and social scientists to wait for the 1990 census to do additional evaluation research on programs like Urban Homesteading. They should monitor changes in the UHD neighborhood over time using times series information such as R.K. Polk Company data to determine whether this paper's conclusions are historically accurate.

Nevertheless, there are good reasons for believing that this study's results regarding Urban Homesteading will hold up over time since the program does not address the concerns of current and prospective residents about income and racial changes and about declines in the quality of these areas for childrearing [5] Until these difficult social issues are addressed in neighborhood conservation efforts, the prospects for these programs will be modest indeed.

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