SPATIALLY TARGETING HISTORIC NEIGHBORHOODS FOR COMMUNITY REVITALIZATION

by

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ABSTRACT

Although attempts have been made to revitalize America's distressed historic urban neighborhoods in distress, many of these neighborhoods are still struggling with blight. Common factors exist in effective revitalization plans considered to be effective that revitalize, preserve the built environment, and retain affordable housing.

INDEX WORDS: Historic Preservation, Affordable Housing, Neighborhoods in Bloom, Neighborhood Transformation Initiative, Pearl District Redevelopment, Neighborhood Revitalization, Urban Planning.

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REVITALIZATION

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CHAPTER 1

INTRODUCTION

Many older, larger cities in America have suffered from the loss of manufacturing industries and subsequent disinvestment in older neighborhoods. These areas have become blighted and are often pockets of concentrated poverty. Preserving the historic character of an urban area does not have to be an agent of gentrification or displacement of the community residents.

Many attempts at urban renewal have been made in the past, yet many older urban core areas are still in distress. Do spatially targeted attempts at revitalizing older neighborhoods and historic districts work? Is there a commonality of successful policies that eliminate gentrification and resident displacement, but keep historic neighborhoods intact? Preserving the built environment, providing affordable housing options and promoting economic development need not be mutually exclusive. By analyzing three revitalization plans in historical areas, I found patterns that have met goals in affordable housing options while preserving the historic character of the neighborhood and generating investment back into the community.

Chapter two discusses previous barriers to affordable housing and historic preservation and provides a list of affordable housing and preservation partners and funding sources.

Chapter three discusses the Neighborhoods in Bloom program in Richmond, Virginia. This plan concentrated efforts in seven distinct, small neighborhoods. There is a brief history of the urban renewal efforts in Richmond prior to the adoption of this plan, a summarization of the goals of the plan in relation to two of the original neighborhoods included in the revitalization effort and a brief evaluation.

Chapter four concentrates on the Neighborhood Transformation Initiative in Philadelphia, Pennsylvania, which was a mayoral initiative to be used through the city. There is a brief history of revitalization efforts in Philadelphia prior to the Neighborhood Transformation Initiative, a summary of the goals of the plan in relation to one of the first neighborhoods addressed, and a brief evaluation.

Chapter five covers the Pearl District Redevelopment Plan in Portland, Oregon. This revitalization plan contains a distinctly defined district that includes a commercial historic district, brownfield redevelopment, and loft style housing within former warehouses. A brief history of the Pearl District helps illustrate the subsequent summary of the goals of the plan. A summary evaluation of the plan is also included.

Chapter six compares the broader goals and policies of the three programs in an effort to find common patterns that have led to success for economic revitalization, affordable housing goals, and effective historic preservation. Using case study methodology[1] of comparing these plans, I was able to determine where elements of a plan were unique to that study, or common in terms of goals the plan was designed to meet. The comparative analysis of each plan provides insight into how the plans differ, why, and to what ends they met established goals.

Chapter seven contains suggestions for future revitalization plans based on the comparisons in chapter six and offers suggestions for further research.

[1] Francis, Mark. "A Case Study Methodology for Landscape Architecture ." *Landscape Journal*, 08 19, 2010.

CHAPTER 2

PARTNERS IN AFFORDABLE HOUSING, HISTORIC PRESERVATION, AND FUNDING SOURCES

Barriers to Affordable Housing

The definition of affordable housing from the U.S. Department of Housing and Urban Development (HUD) is: "for a household to pay no more than 30 percent of its annual income on housing."[2] Even in today's economic climate where home prices have fallen, there is still a need for more affordable housing in the United States. HUD has estimated a 20 percent rise in "worst case needs" from 2007 to 2009.[3] Worst case housing needs are defined as low-income (incomes of less than half of the median income for their area) households that spend over half of their monthly income on rent, live in severely substandard housing, or both. High unemployment and underemployment, compounded with the increasing difficulties in acquiring a home loan have added to the affordable housing shortage. Instead of homeownership becoming easier for Americans with lower pricing and mortgage rates, the problem seems to be getting worse. Both Fannie Mae and Freddie Mac, once the nation's largest suppliers of home mortgages for middle and low income people were placed into the hands of the US Treasury when dwindling mortgages, rising foreclosures, and rumors of mismanagement threatened to bankrupt both companies in 2008.

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[2] "US Department of Housing and Urban Development." http://www.hud.gov/offices/cpd/affordablehousing/ (accessed 2-25-2011)

[3] Sullivan, Brian. "HUD Reports 20 percent Jump in "Worst Case needs" from 2007 to 2009." February 1, 2011. US Department of Housing and Urban Development. Electronic press release. Washington, DC. 2011.

While no one can predict the future of the housing market on the whole, it is safe to say that given the fact that the United States has had an ongoing issue with the shortage of affordable housing, this problem is not going to go away.

In 2001, HUD entered into a joint agreement with the National Trust for Historic Preservation to address the barriers to rehabilitating affordable housing. In the report "*Barriers to the Rehabilitation of Affordable Housing*," they recognize the social and economic benefits of rehabilitating the nations aging housing stock and seek to examine the how those barriers may be eliminated or overcome in urban areas.

The barriers identified in the report that have the largest impact on neighborhood revitalization in an historic preservation context are: acquisition, cost of rehabilitation, land use restrictions, construction trade concerns, and financing a large scale project.[4]

Difficulties in acquiring properties are a major concern. For targeted area revitalization, it is difficult to gain ownership of properties for many reasons that vary greatly, depending on the particular area. The use of eminent domain to condemn a property can be a lengthy process, and the report found that many agencies seldom use this method to gain ownership.[5] Acquisition of privately owned properties will require a purchase or donation agreement, and the owners, including private citizens, banks and non-profits, may not be willing to sell at a fair price, if at all. With these two methods of gaining ownership, the agency in charge of neighborhood revitalization may end up with properties that are scattered geographically, and do not necessarily comprise a contiguous neighborhood. The report suggests that expanding eminent

[4] Listokin, David, and Barbara Cyviner Listokin. *Barriers to the Rehabilitation of Affordable Housing*. Rockville, MD: U.S. Dept. of Housing and Urban Development, Office of Policy Development and Research, 2001.
[5] Ibid. p 47.

domain powers, expediting property tax and mortgage foreclosures, and cleaning up the property ownership records to make it easier to locate a current owner may help with this issue.[6]

The cost of rehabilitation is not a precise science. Structural issues may only come to light after some level of demolition or rehabilitation occurs. It can also be difficult to find a contractor with the skills required to sensitively rehabilitate a historic property and that has the capital to undertake the job successfully.[7] The report also suggests that better cost estimation software designed to address the particular facets of rehabilitating historic properties is needed, and that better upfront inspections be conducted.

Land use, zoning restrictions, and building codes are other barriers that can cause impacts on the ability to revitalize neighborhoods. Municipal zoning boards need to be flexible in addressing zoning concerns that may limit development. Urban rehabilitation projects need to be a collaboration between the appropriate revitalization agencies and the zoning boards as these efforts are intended for the betterment of the entire community. Building codes that become so complicated that they hinder revitalization efforts by making rehabilitation efforts too difficult should be reassessed, and rehabilitation friendly building model codes should be enforced.

Financing for revitalization efforts is a substantial barrier to rehabilitation of affordable housing. There are several programs that exist to alleviate the shortage of affordable housing in the United States. These are organized by federal agencies, national agencies, selected local initiatives, tax credits,; the banking industry, and private non profits.

[6] Ibid. p 58.
[7] Ibid. p 58.

Federal Government Programs and Legislation

The US Department of Housing and Urban Development (HUD)

"HUD's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all. HUD is working to strengthen the housing market to bolster the economy and protect consumers; meet the need for quality affordable rental homes: utilize housing as a platform for improving quality of life; build inclusive and sustainable communities free from discrimination; and transform the way HUD does business." – Mission Statement[8]

HUD is the major federal agency that is responsible for national programs and policies that specifically address the nation's housing. One of the main purposes of HUD is to foster the economic development needs of a community. HUD provides housing assistance and housing rehabilitation and enforce fair housing laws. The programs that they administer are monitored on both state and local levels. Two major HUD programs that are useful to affordable housing and historic preservation are Community Development Block Grants (CDBGs) and The HOME Investment Partnership Act (HOME.)

Community Development Block Grants (CDBGs)

The CDBG program was authorized by federal legislation through the Housing and Community Development Act of 1974. (42 U.S.C. 5301 *et seq.* Regulations are at 24 CFR part 570.) These grants can be used to carry out a wide variety of functions, including community development, housing rehabilitation, and assistance to for-profit businesses for economic development activities. Grants are awarded to either a state for distribution to eligible local governments or to metropolitan cities. Funding is split up as 70 percent going to "entitlement communities" (cities of more than 50,000 in population) with the remaining 30 percent given to

[8] "Mission." U.S. Department of Housing and Urban Development. http://portal.hud.gov/hudportal/HUD?src=/about/mission(accessed October 19, 2011).

the state to distribute as needed among smaller local governments. No less than 70 percent of these funds must be used for activities that benefit low and moderate income persons, which can include historic preservation endeavors.

Neighborhood Stabilization Program (NSP)

A component of the CDBG program is the Neighborhood Stabilization Program. The NSP was established by the Housing and Economic Recovery Act of 2008 (Division B Title III) in an efforts to stabilize neighborhoods hit hard by foreclosures and abandonment of properties.[9]

This program provides grants to states, local government, and non-profit entities that act to benefit low and moderate income persons. These grants can be used for acquisition of properties, rehabilitation and resale, demolition of blighted structures and establishing land banks, or groupings of properties; as long as 25 percent of the funding is used for residential properties that will house those whose household income does not exceed 50 percent of the area median income.

HOME Investment Partnership Act (HOME)

Created by the Cranston-Gonzales National Affordable Housing Act in 1990 (42 U.S.C. 12701 *et seq*. Regulations are at 24 CFR part 92,) The Home Investment Partnership Act provides for block grants that benefit low and very-low income Americans. These federal funds are distributed to participating jurisdictions that must provide 25 percent matching funds from any other source including donations, and can be used for tenant-based rental assistance, housing rehabilitation, homebuyer assistance, site improvements and any other “reasonable activities that

[9] "US Department of Housing and Urban Development." http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg/ Internet: accessed 5 July 2011.

related to the development of non-luxury housing."[10] This program is meant to assist participating areas in increasing their supply of affordable housing.

Funding is provided for rehabilitation of resident owned housing or rental units as well as new development. Participating jurisdictions must ensure that any HOME-funded housing units remain affordable for 5 to 15 years for homeownership housing and 20 years for new developments.

The Community Reinvestment Act (CRA)

The Community Reinvestment Act was passed by the Housing and Community Development act of 1977 [11] (Amended 1995, 2005) It was designed to encourage local financial institutions to re-invest in the neighborhoods that they serve. There are no regulating criteria given for the evaluation of this act in judging whether the financial institution has met the needs of an entire community.[12] Some banks in recent years have been accused of predatory lending practices, and this act is often cited as a contributing factor to the current mortgage default increases. The act itself does not compel banks to lend to non-credit worthy or high risk persons, but the rather loose wording of the CRA may be interpreted by some to do so.

In a study about the effects of the CRA, Harvard University's Joint Center for Housing Studies asserred that banks that would have otherwise denied loans to non credit worthy borrowers were influenced by the CRA to make the loans regardless of the risk, therefore leading

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[10] "US Department of Housing and Urban Development." Portal.hud.gov. Available from http://portal.hud.gov/hudportal/HUD?src=/hudprograms/home-program. Internet; accessed 1 March 2011.
[11] *Section 801 of title VIII of the Act of October 12, 1977 (Pub. L. No. 95--128; 91 Stat. 1147), effective October 12, 1977*
[12] "The Federal Reserve Board." http://www.federalreserve.gov/dcca/cra/ Internet: accessed 7 April 7, 2011.

to the current high mortgage foreclosure rates.[13] This report did not explicitly blame the CRA for the American housing bubble burst of the late 2000's, but certain political commentators have since cited this report as actual proof that the CRA was to blame for the housing and credit crisis. Paul Sperry, an investigative journalist and author, flatly accuses politicians of directly profiting from a "beefed up CRA."[14] Other sensational journalists like Sean Hannity during his April 20th, 2011 Fox Radio news show "*Hannity*," have also blamed the CRA and other federal subsidy or grant programs for causing the economic crisis. Hannity stated: "The problem came from this notion that everybody in America had a right to a house whether they could ever afford to pay their loan back. That's what the Community Reinvestment Act was all about."[15]

Many experts disagree with the CRA's critics, including Michigan Law professor Michael Barr, who points out that "the Federal Reserve reports that only six percent of subprime loans were CRA eligible [prior to 2005]."[16] United States Senators in a 2010 special meeting argued both for and against the CRA in a subcommittee hearing, all agreeing that it warrants further discussion.[17]

The future of this act given the current criticism of predatory lenders and the ongoing congressional hearings regarding CRA reform is still up for debate, but the most significant outcome of the CRA for the purpose of neighborhood revitalization and preservation is the

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[13] The Joint Center for Housing Studies, "The 25th Anniversary of the Community Reinvestment Act: Access to Capital in an Evolving Financial Services System." 2002. p iv.
[14] Sperry, Paul. *The Great American Bank Robbery: The Unauthorized Report on What Really Caused the Great Recession*. Nashville, Tenn: Thomas Nelson, 2011.
[15] *Hannity*, Fox Radio News, April 20, 2010.
[16] Barr, Michael. "Community Reinvestment Emerging from the Housing Crisis."*Revisiting the CRA: Perspectives on the Future of the Community Reinvestment Act*. Boston, Mass: Federal Reserve Bank of Boston, 2009.
[17] Congress, House of Representatives, Sub- Committee on Financial Institutions and Consumer Credit, *Persepctives and Proposals On the Community Reinvestment Act*, 111th Cong., 2nd sess., 15 April 2010.

formation of private and public non-profit partnerships with Community Development Corporations and other organizations.

According to the United States Treasury:

"The (CRA) provides a framework for financial institutions, state and local governments, and community organizations to jointly promote banking services to all members of a community. In a nutshell, the CRA

- Prohibits redlining (denying or increasing the cost of banking to residents of racially defined neighborhoods), and
- Encourages efforts to meet the credit needs of all community members, including residents of low- and moderate-income neighborhoods." [18]

Federal Home Loan Bank System (FHLB)

The Federal Home Loan Bank Act of 1932 was created by congress during the Great Depression. The FHLB system created by this act is a "mechanism for economic stability."[19] Twelve regional cooperative banks help local lending institutions finance economic development in both rural and urban communities. Member financial institutions are given loans (called advances) at low rates for housing, economic development and community development. Because of the cooperative nature of these institutions and the scale of the member base, the FHLB network has remained viable and affordable in a cyclical and unstable market.

[18] "Office of the Comptroller of the Currency." US Department of Treasury. http://www.occ.gov/topics/compliance-bsa/cra/index-cra.html Internet accessed 7 April 2011.
[19] "FHL Banks." Council of Federal Home Loan Banks. http://www.fhlbanks.com/overview_history.htm Internet accessed 7 April 2011.

The Affordable Housing Program (AHP) is the FHLBs program that addresses affordable housing. According to their web-site, this program is the largest private source of grant funds for affordable housing in the United States. [20]

The Community Investment Program (CIP) of the FHLB offers "below to market rate loans to members for long-term financing for housing and economic development that benefits low- and moderate-income families and neighborhoods."[21] Funds can be used for a variety of needs that create and preserve jobs, build infrastructure, support growth and even provide small business loans.[22]

Using FHLB funds in conjunction with other incentives like the Low Income Housing Tax Credit and the Historic Preservation Tax Credits keeps costs low for qualifying low income persons.

Low Income Housing Tax Credits (LIHTC)

Low Income Housing Tax Credits were created by the Tax Reform Act of 1986, and are administered by HUD to a state's housing administration. The purpose of these tax credits is to increase development of affordable housing through federal subsidy tax breaks.

"Federal housing tax credits are awarded to developers of qualified projects. Developers then sell these credits to investors to raise capital (or equity) for their projects, which reduces the debt that the developer would otherwise have to borrow. Because the debt is lower, a tax credit property can in turn offer lower, more affordable rents.

Provided the property maintains compliance with the program requirements, investors receive a dollar-for-dollar credit against their Federal tax liability each year over a period of 10

[20] http://www.fhlbanks.com/programs_affordhousing.htm
[21] "FHL Banks." Council of Federal Home Loan Banks. http://www.fhlbanks.com/programs_comminvest.htm Internet accessed 7 April 2011.
[22] Ibid.

years. The amount of the annual credit is based on the amount invested in the affordable housing." [23]

This tax credit can be applied to the rehabilitation, renovation and restoration of historic properties and adaptively-used buildings, depending on the state administration policies. The amounts of the tax credit can also vary depending on the state's policy or the percentage of rental units set aside on a development for low or moderate income households.

<u>Historic Preservation Rehabilitation Tax Credit (HPTC)</u>

"The Federal Historic Preservation Tax Incentives program is the largest, most successful, and most cost-effective Federal community revitalization program. It preserves historic buildings, stimulates private investment, creates jobs, and revitalizes communities. It has leveraged over $58 billion in private investment to preserve and reuse 37,000 historic properties since 1976." [24]

The HPTC program, as revised in 1986, offers a 20% federal tax credit for rehabilitation of a historic property. The program is administered by the National Park Service (NPS) in partnership with the Internal Revenue Service and the applicable State Historic Preservation Office (SHPO.) Private and prospective owners of historic properties are offered this incentive to rehabilitate eligible buildings according to the *Secretary of Interior's Standards of Rehabilitation*. Applicants must follow application guidelines, and the timeline of rehabilitation and recommendations of the applicable SHPO. This credit can be used in conjunction with the LIHTC and any applicable state or local rehabilitation tax credits.

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[23] "How do Housing Tax credits Work?" US Department of Housing and Urban Development. http://www.hud.gov/offices/cpd/affordablehousing/training/web/lihtc/basics/work.cfm Internet accessed 7 April 7, 2011.

[24] "Historic Preservation Tax Incentives." National Park Service. http://www.nps.gov/hps/tps/tax/incentives/essentials_1.htm Internet accessed 7 April 2011.

According to the NPS, "tens of thousands of rehabilitation projects have been approved (under this program), representing billions of dollars in private investments."[25]

Nationwide Non-Profits

Local Initiatives Support Corporation

The Local Initiatives Support Corporation (LISC) is dedicated to helping community residents transform distressed neighborhoods into healthy and sustainable communities of choice and opportunity — good places to work, do business and raise children. LISC mobilizes corporate, government and philanthropic support to provide local community development organizations with:

- loans, grants and equity investments
- local, statewide and national policy support
- technical and management assistance

-Mission Statement[26]

The LISC is focused on community. They help community development groups identify priorities, challenges and potential partnerships with philanthropic groups that will help meet their goals.

First organized in 1979 by the Ford Foundation, the LISC has been able to grow from an organization that identified 50 to 100 worthy communities and an endowment of 10 million dollars in 1980 to 600 million in grants, loans and equity through 30 different national offices. They receive funding through grants, donations and lenders.

[25] "Incentives: A Guide to the Federal Historic Preservation Tax Incentives program for Income Producing Properties." National Park Service. http://www.nps.gov/hps/tps/tax/incentives/essentials_1.htm Internet accessed 7 April 2011

[26] "Local Initiatives Support Corporation." www.lisc.org/section/aboutus/mission. Internet: accessed 1 March 2011.

The Affordable Housing Preservation Initiative through the LISC was formed in 2001 to "strengthen efforts toward the preservation of affordable rental apartments whose uses were in jeopardy because of expiring federal subsidies, and to promote preservation-oriented public policies."[27] (The term "preservation" in the LISC goals pertains to maintaining the quantity or stock of affordable housing.) Supporting local and regional partnerships is one of this initiative's top goals. The LISC provides training, advocacy, and project specific assistance to non-profits, state and local governments.

In 2004 the LISC also created the Green Development Center to provide financial resources, technical information, partnership opportunities, education, and policy support to LISC programs and the community development field[28] to support sustainable development and rehabilitation.

Reuse of vacant buildings and foreclosed properties is one of the LISC's current concerns. Assistance can be provided for redevelopment of blighted areas, or for the adaptive use of existing properties, whether or not they are designated as historic.

NeighborWorks America (formerly the Neighborhood Investment Corporation)

Congress chartered the Neighborhood Investment Corporation in 1978 as a public non-profit organization.[29] (In 2005 the Corporation began doing business as "NeighborWorks America.")

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[27] "Local Initiatives Support Corporation." http://www.lisc.org/section/ourwork/national/preservation Internet; accessed 30 March 2011.
[28] "Local Initiatives Support Corporation." http://www.lisc.org/section/ourwork/national/green_dev/ Internet; accessed 30 March 2011.
[29] Congressional Act (Public Law 95-557)

"NeighborWorks America creates opportunities for people to live in affordable homes, improve their lives and strengthen their communities." – Mission Statement[30]

NeighborWorks America has a network of more than 230 CDCs working in 4,400 urban, suburban and rural communities in all 50 states, The District of Columbia and Puerto Rico. Through this network of community development corporations, they have placed a focus on community re-investment and training affordable housing professionals on a locally involved level. They advertise that they are the nation's leading trainer of community development and affordable housing professionals.[31]

Grants are available on a competitive basis to affiliated organizations and can be used for training purposes as well as the program's "Green Initiatives," which supports using local assets, resources, materials, history and culture in neighborhood revitalization.[32]

Local Non-Profits and Programs

Community Development Corporations (CDCs)

A community development corporation is a not-for-profit organization designed to provide programs, services and other activities to better a specific community. Often they focus on community development in low income areas as a means to revitalize that area. They are

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[30] "NeighborWorks America." http://www.nw.org/network/aboutUs/mission/default.asp Internet; accessed 30 March 2011.
[31] "NeighborWorks America." http://www.nw.org/network/aboutUs/history/default.asp Internet; accessed 30 March 2011.
[32] "NeighborWorks America." http://www.nw.org/network/neighborworksProgs/leadership/activities.asp, Internet accessed 05 July, 2011.

usually specific to a small market and can vary a great deal in purpose, size and structure.[33] Funding for these not-for-profits is from a variety of sources, depending on the organization.

Due to the private nature of these organizations, they can be extremely flexible in where they devote their efforts. Providing and retaining affordable housing is a common concern of a CDC which often includes preserving historic structures for use as affordable housing, re-use of existing structures, and new construction.

CDCs are focused on the community that they serve by their very nature, and can be an important partner in any neighborhood revitalization effort.

Lease to Purchase Programs

A lease to purchase program is often sponsored by a CDC active in a particular area. Under one of these programs, the customer, qualified by the corporation, makes an initial deposit at the time of the lease, with the agreement that each monthly payment, collected as rent, will be deposited as a mortgage payment. When the renter qualifies for a mortgage loan, the down payment and portions of the rent deposited as mortgage payments will become the down payment on the new mortgage. These payments are to demonstrate the renter, (now purchaser's) intent and commitment to the property, while allowing them an affordable option to setting aside a large down payment at one time. The typical process of renting before purchase is 12 to 24 months. The actual terms of the rental, down payment and other considerations will be determined by the participating CDC.

[33] Ford Foundation. *Community Development Corporations; A Strategy for Depressed Urban and Rural Areas*. 1973.

Although not directly affiliated with historic preservation, this tool can be used to keep historic areas from becoming unaffordable to its long-standing residents.

Community Land Trusts (CLTs)

A Community Land Trust is another private non-profit community based organization that acquires land to hold permanently in order to build and sell affordably priced homes on that land. The land itself stays in the hands of the land trust, thereby allowing the home placed on it to be separate in price from the value of the land, in turn maintaining affordability of the house.[34]

CLTs can also be very flexible in the kind of community services that they provide, whether it is new construction of affordable housing, restoring and preserving historic architecture, or easement holding. The flexible nature of these organizations makes them another solid choice for community partnerships when undertaking a neighborhood revitalization effort.

Tax Increment Financing

Increased property values due to public improvements such as a new park create a higher tax rate. Using this increased amount in tax rates to pay back the money for that particular public improvement within a specific district is called tax increment financing.[35] This is a local government mechanism, enabled by state legislation, that does not rely on federal or state funding. Money can be borrowed or bonded by the local government based on the amount of presumed tax increases and used in a variety of ways to make improvements, depending on the enabling legislation.

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[34] Institute for Community Economics (Springfield, Mass.). *The Community Land Trust Handbook*. Emmaus, Pa: Rodale Press, 1982.
[35] Barnett, Jonathan. *Redesigning Cities*. Chicago (Ill.): American planning association, 2003 p 289

Conclusions

Every community will differ in its resources and ultimate goals for revitalization. There are many forms of financial aid and incentives to low income housing and historic preservation available. Bringing together opportunities and partners for each given situation can be puzzling, especially given the competitive nature of grants. Finding the right mix of resources and partners for a community also takes a great deal of research and effort. When spatially targeting an area for revitalization, it is important to research, identify, and utilize all resources available. It is also important to have the facts and estimates correct at the onset of the planning stage.

CHAPTER 3

RICHMOND, VIRGINIA: NEIGHBORHOODS IN BLOOM

A Brief History of Urban Renewal in Richmond

Richmond, Virginia was one of many urban areas that suffered from “white flight” to the suburbs after World War II. Disinvestment in the older urban core of the city led to a rise in crime, a rise in homelessness, a decline in the quality of education, vacant buildings, and blight.[36] Richmond historically used the urban renewal principals of demolishing areas of blight, typically of lower and middle incomes, through the use of eminent domain and then revitalizing these areas by concentrating on commercial development.[37] These practices are often contrary to historic preservation practices which is unfortunate since Richmond has always contained a substantial number of historic buildings; the city dates back to colonial times and has the distinction of serving as the Confederate capital.

In Richmond nearly 70 percent of the region’s most impoverished neighborhoods are within ten minutes of City Hall and the State Capital. Increased development in the suburban areas, highway construction, large scale public housing, and even the urban renewal strategies all

[36] Hollander, Justin B. *Polluted & Dangerous: America's Worst Abandoned Properties and What Can Be Done About Them*. Burlington, VT: University of Vermont Press, 2009. p 204.
[37] Tyler-McGraw, Marie. *At the Falls: Richmond, Virginia and Its People*. Chapel Hill: Published for the Valentine, the Museum of the Life & History of Richmond, by the University of North Carolina Press, 1994. p 298.

led to the decline of these areas. As a result, crime went up, school performance went down, and properties lost value.[38]

Urban renewal projects of the 1960's to the 1980's in Richmond did give way to a more preservation friendly approach with the use of Community Development Block Grants during the late 1980's, however; these efforts at revitalizing neighborhoods were an across-the-board approach where CDBGs were evenly distributed amongst high poverty areas that had become blighted or distressed. This approach produced very few positive changes in these areas because the money was spread out too thinly, and as a result the city leaders re-examined the way they would address the problems of the target areas.[39]

The Neighborhoods in Bloom Approach

The Neighborhoods in Bloom (NiB) program began in 1999 in an effort to address the needs of Richmond's inner city high poverty neighborhoods and previous failed attempts at revitalization. This local government's program would target a few specific historic neighborhoods in the hopes that economic investment through public and private partnerships would generate interest from the public, thereby creating a reversal of fortune for these neighborhoods."[40]

During the evaluation of the potential target neighborhoods the strength of neighborhood civic associations was considered help stimulate interest of local residents.[41] Other evaluation

[38] Virginia, LISC. *The Ripple Effect: Economic Impacts of Targeted Community Investments.* The Federal Reserve Bank of Richmond. Richmond, 2005. p. 6
[39] Reid, Carolina, "Neighborhoods in Bloom: Measuring the Impact of Targeted Community Investments" Community Investments, Winter 2006 newsletter p. 24.
[40] Reid, Carolina, "Neighborhoods in Bloom: Measuring the Impact of Targeted Community Investments" Community Investments, Winter 2006 newsletter p.24-25
[41] City of Richmond, Virginia. "Neighborhood Planning," http://www.richmondgov.com/neighborhoods/ (accessed March 6, 2011.)

criteria included the number of vacant properties, crime statistics, poverty levels, home ownership rates and housing quality.[42] The necessary infrastructure for an inner city neighborhood was already in place in each of the selected neighborhoods. Of the initial targeted areas, only 26 percent of the structures were owner occupied, 25 percent of parcels were vacant lots, and 21 percent of buildings were vacant and abandoned.[43] Over 70 percent of the 970 properties had building or environmental code violations.[44]

Funding for this program comes from HUD CDBGs, local funds for public improvements through the city's Capital Improvement budget, nonprofit organizations (including CDCs) , and HUD's HOME Investment Partnerships program. Guidance from the Richmond office of the Local Initiatives Support Corporation (LISC), and the Federal Reserve Bank of Richmond were also vital to the program's initial operations and success. In addition to federal funding, NiB received other funding from the HOME Investment Partnership. The LISC (Local Initiative Support Corporation), one of the nation's leading community support organizations also aligned its grants and loans with the city's investments.[45] The continued investment from private entities and persons would be the ultimate test of sustained improvements.

In the beginning of this revitalization program, 80 percent of the federal housing dollars that Richmond received was used within the six to twelve block areas within the targeted neighborhoods.

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[42] Ibid.
[43] Virginia, LISC. *The Ripple Effect: Economic Impacts of Targeted Community Investments.* The Federal Reserve Bank of Richmond. Richmond, 2005. p. 9
[44] Ibid.
[45] Virginia, LISC. *The Ripple Effect: Economic Impacts of Targeted Community Investments.* The Federal Reserve Bank of Richmond. Richmond, 2005. p. 2

Goals of NiB

Realizing that public and non-profit investments were not enough, the NiB initiative focused on attracting sustained private investment. Concentrating the efforts of revitalization into targeted areas has had a greater impact locally than previous revitalization efforts and the initial private investment makes continuing private investment in these areas more appealing.

With the help of non-profit partners, the NiB program is able to:

- Buy vacant houses, rehabilitate them, and sell them for homeownership
- Buy vacant lots, build houses, and sell them for homeownership
- Provide homebuyer education classes and counsel potential buyers in determining affordability and purchasing power
- Provide down payment assistance
- Assist owner occupants with house repair and renovations[46]

NiB also offer credit counseling services, down payment assistance through HOME, NOW Loans (through the Neighborhood Housing Services of Richmond, a local non-profit,) NeighborWorks second mortgage loans, and Virginia Development Authority Loan programs for those who qualify for one or a combination of loans.[47] These can be used in conjunction with state and federal historic tax credits and real estate tax abatement for qualifying historic structure rehabilitations. These options are provided for new owners and established owners that need funding for rehabilitation projects.

One of the strategies of acquiring neglected properties has been to enforce code violations on structures that are not building code compliant through the statewide Spot Blight

[46] City of Richmond, Virginia. “Neighborhood Planning,” http://www.richmondgov.com/neighborhoods/ (accessed March 6, 2011.)
[47] City of Richmond, Virginia. “Financial Incentives” http://www.richmondgov.com/content/neighborhoods/programs.aspx#now (accessed 9-27-2011.)

Abatement Program. If the owner cannot pay the fines or rehabilitate the property within a given time frame, the city can take over a property through eminent domain or condemnation. There is also a statewide list of vacant properties: the Vacant Property Registry which lists all vacant properties that NiB can also reference for acquiring, rehabilitating and reselling a vacant property.

Neighborhoods of NiB

All of the targeted NiB neighborhoods have historic resources, even if not yet designated locally of nationally as a historic district. Included among the first selected neighborhoods were the Jackson Ward National Historic Landmark District (historic designation achieved in 1978,) and the Church Hill Central neighborhood. Both neighborhoods are significant to the history of Richmond in terms of growth, African American history, social history, architecture, and engineering.[48] Both are on the National Register of Historic Places and are locally designated with Richmond's "Old and Historic District" overlay zoning. These two neighborhoods are the focus of this case study.

[48] Loth, Calder. *Virginia Landmarks of Black History: Sites on the Virginia Landmarks Register and the National Register of Historic Places*. Charlottesville: University Press of Virginia, 1995.

Figure 1: The seven original NiB target areas (Virginia, LISC. *The Ripple Effect: Economic Impacts of Targeted Community Investments.* The Federal Reserve Bank of Richmond. Richmond, 2005.)

In each of the NiB communities, care is taken to preserve the historic integrity of the built environment while at the same time preserve affordable housing opportunities.[49] Both the Jackson Ward and the Church Hill National Register historic districts have local over-lay zoning with architectural review boards and design review guidelines that follow the *Secretary of Interior's Standards for Rehabilitation*. In comparison with the NiB neighborhood areas from

[49] Virginia, LISC. *The Ripple Effect: Economic Impacts of Targeted Community Investments.* The Federal Reserve Bank of Richmond. Richmond, 2005. p. 47

Figure 1, the targeted blocks fall partially within the Old and Historic District Overlay zones or are adjacent to those districts (Figures 2, 3, 4 and 5) Church Hill North was the city's first local historic district,[50] and is adjacent to the NiB area of Church Hill Central, which was partially included in the National Register boundary increase in 2000. As of August 2001, four of the five neighborhoods had pending applications for the National Register as districts.[51]

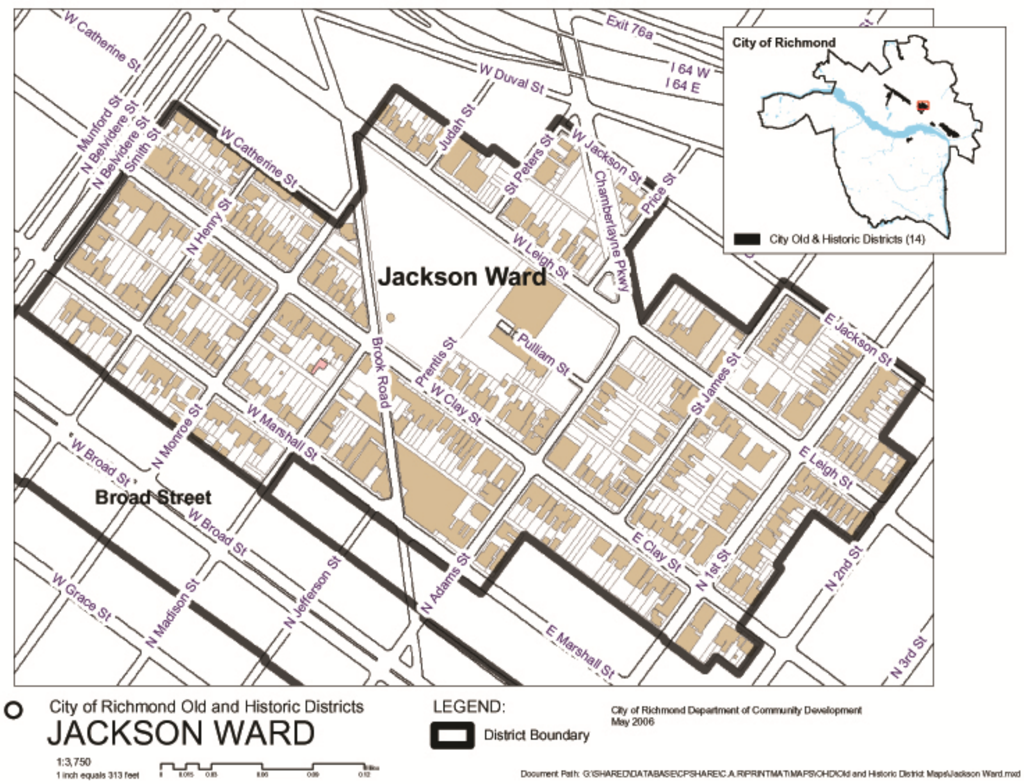

Figure 2: Jackson Ward Historic District Overlay zone (from Richmond Planning and Development Review Board)

[50] City of Richmond http://www.richmondgov.com/content/neighborhoods/churchhill.aspx (accessed March 14, 2011.)
[51] LISC Center for Home Ownership, *Best Practices Profile Richmond LISC Building partnerships: What works, where and why- and how to replicate success.* August 20, 2001.

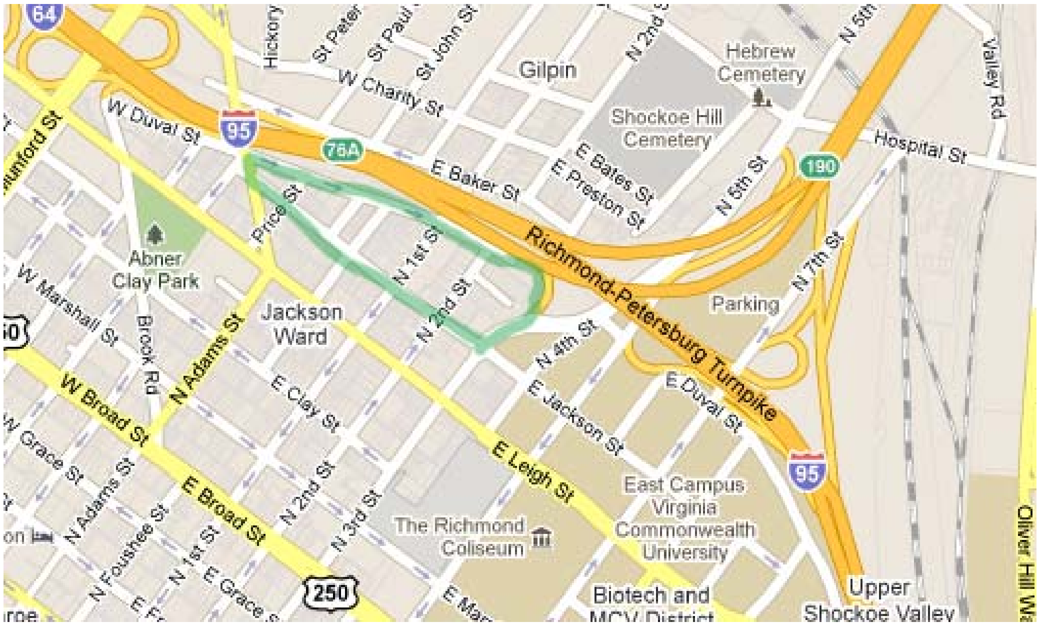

Figure 3: Jackson Ward redevelopment area (Richmond Development and Housing Authority, Image from Google Maps with illustration by Author)

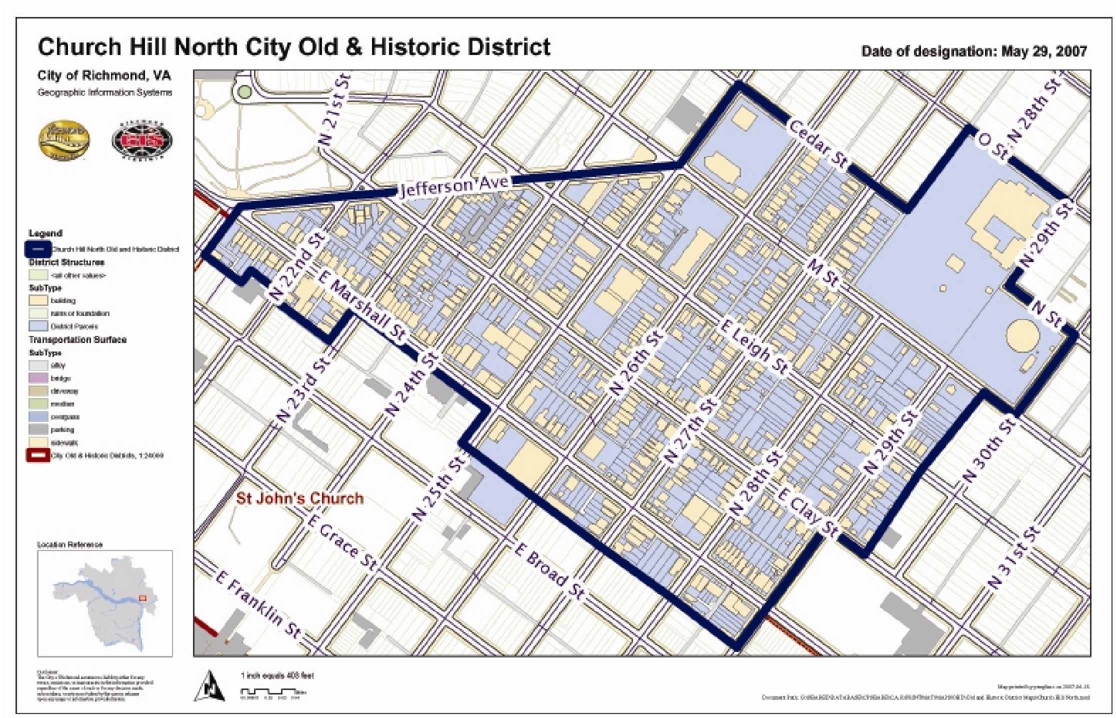

Figure 4: Church Hill North Historic District Overlay zone (Richmond Planning and Development Review Board)

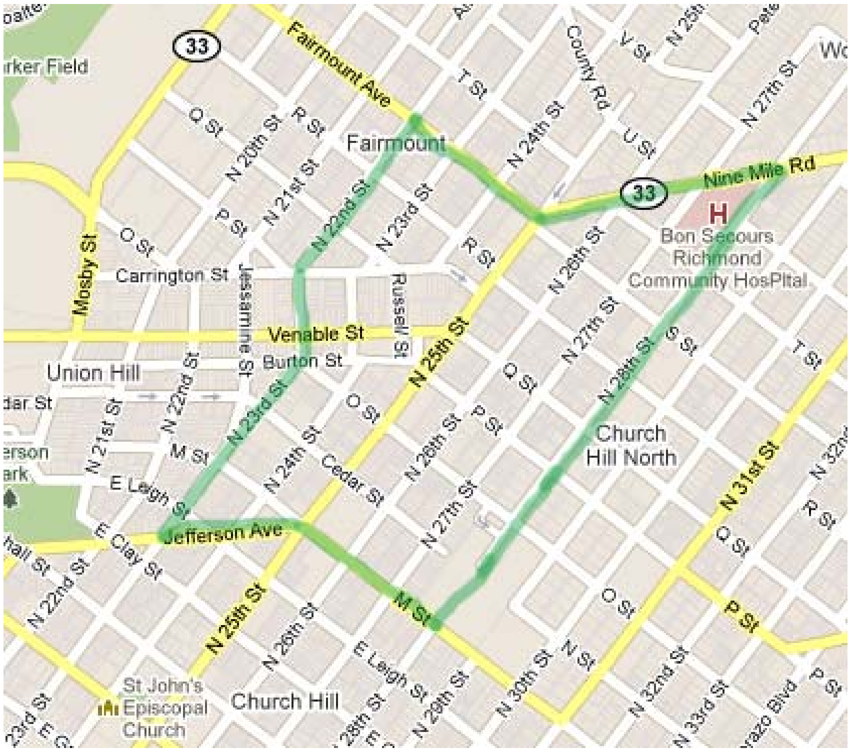

Figure 5: Church Hill NiB Boundary (Google Maps with illustration by author)

Evaluation of the NiB Initiative

In a study commissioned by the Federal Reserve Bank and conducted by the LISC in 2005, the numbers for the first five years were very encouraging. Although it is impossible to know for sure what would have happened in those neighborhoods without these investments, the results of the NiB program in those first years clearly showed an increase in property value of the targeted neighborhoods above the citywide average. "Housing prices in these areas increased at a rate of 9.9 percent per year faster than the city-wide average." Not only did the target areas realize property value increases, the areas immediately adjacent to the NiB focus areas also increased in value 5.3 percent for those closest with investments increasing in the entire target area.[52] (See Figure 6.)

[52] Ibid. p. 4

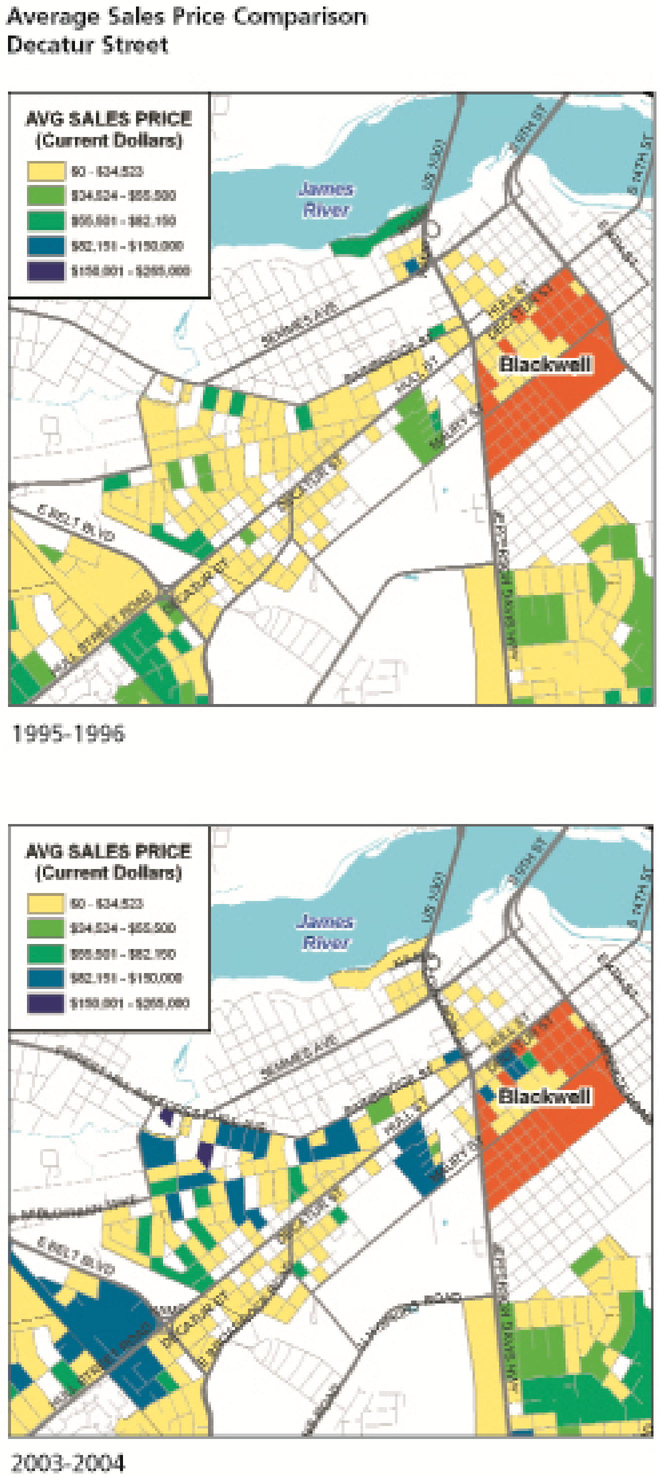

Figure 6: Blackwell target area and surrounding area sales price comparison before and after NiB investments (Virginia, LISC. *The Ripple Effect: Economic Impacts of Targeted Community Investments.* The Federal Reserve Bank of Richmond. Richmond, 2005.)

For all of the NiB neighborhoods, by the end of 2005, almost 400 new or renovated houses were sold or under development, more than 130 existing owners repaired their homes, property values in these areas increased from 44 to 63 percent, and crime decreased by 19 percent, compared to a 6 percent citywide reduction.[53]

A less quantifiable result of this program is the recommitment of the residents. But this new commitment and increase in property value creates the very distinct possibility of gentrification. Although the NiB program has allowed and encouraged resident involvement, the active involvement of CDCs and CLTs is necessary to keep the original residents in their homes. In Jackson Ward, there have been fears that the neighborhood once called the "Harlem of the South;" is both disintegrating while gentrifying. In a 2008 article, the Richmond Times quoted Rachel Flynn, the acting director of community development in Richmond: "You can't get anything in Jackson Ward anymore for the bargain prices. It's expensive now, particularly the good architecture."[54] The public investments in Jackson Ward were so great during the first few years of the NiB program that it is no longer one of the targeted areas in 2011. When the number of market rate housing units increased and the property values went up for those still in their traditional homes, many chose to sell. Using both state and federal historic tax credits can often make the purchase of a home in a historic district very appealing to a homebuyer who wants to live in a historic district. A balance of new private investors and traditional residents will be fundamental in maintaining the history of Jackson Ward. A stepped approach to rehabilitating and maintaining these areas is then employed, first affordable, then moderate, then market rate housing.

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[53] Ibid. p. 5

[54] Michael Paul Williams, "The rebirth of Jackson Ward combines history and change." *Richmond Times-Dispatch* May 17, 2008. http://www2.timesdispatch.com/news/2008/may/17/-rtd_2008_05_17_0107-ar-119028/

Many of the neighborhoods still have a way to go. (See figures 7, 8, 9 and 10.) There is still evidence of abandonment of some of the structures and with current data estimating that one in ten houses across the nation is in foreclosure or vacant,[55] it may still be some time before the ultimate success of Neighborhoods in Bloom can be measured.

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[55] Michael Snyder, *Business Insider,* "12 Signs That the Worst Housing Collapse In U.S. History is Getting Worse." February 2, 2011. http://www.businessinsider.com/worst-housing-collapse-in-us-history-2011-2 (accessed February 10, 2011.)

Figure 7: Residential area with restored buildings in Carver Newtowne along the 700 Block of West Clay Street (December 2010, by Author)

Figure 8: Residential area with abandoned and neglected buildings in Carver Newtowne along the 900 Block of West Clay Street (December 2010, by Author)

Figure 9: Jefferson Avenue at 24th Street, Church Hill Central Neighborhood, with abandoned and neglected buildings. (December 2010, by Author)

Figure10: Before and After 1600 Block of Decatur Street in Blackwell Community (Reid, Carolina, “Neighborhoods in Bloom: Measuring the Impact of Targeted Community Investments” Community Investments, Winter 2006 newsletter p. 25)

CHAPTER 4:

PHILADELPHIA, PENNSYLVANIA: BLIGHT CERTIFACTION AND NEIGHBORHOOD TRANSFORMATION INITIATIVE

A History of Blighting Philadelphia

Philadelphia was once one of the nations's most populated cities, with a peak population of 2.1 million people in the 1950's. But urban disinvestment and suburbanization caused the urban core population to decrease to 1.4 million by the year 2000.[56] Inside the city limits properties were abandoned, becoming unsafe, unsightly, and blighted. Not far removed from the City Center, or downtown Philadelphia, older residential neighborhoods were suffering the devastating effects of depopulation and neglect, and as of 1992, the Department of Licensing and Inspections reported that 27,000 residential buildings had been abandoned. The 1990's blight - fight of Philadelphia's city planners would focus on demolition of these properties, with around 1,000 structures demolished per year through the decade of the 1990's.[57]

The city of Philadelphia has been undergoing urban renewal in one form or another since the 1920's. Any city that is 300 years old will have areas that decline and rise in popularity with population trends; but such a drastic loss of both residents and architecture in recent decades raises a red flag concerning the nature of city planning strategies in Philadelphia. What will become of these older neighborhoods if nothing is done to preserve their character and make them appealing to investors?

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[56] Hughes, M. A. "Dirt Into Dollars: Converting Vacant Land into Valuable Development." *Brookings Review* 18 no. Part 3 (2000): 36-39.
[57] Ibid.

The Blight Certification and Redevelopment Plan has been the among the city's long standing efforts to revitalize urban core areas. The 1945 Urban Redevelopment Law of Pennsylvania (Public Law 991; no. 385. 1945) allowed for the removal of blighted properties by newly created redevelopment authorities. An area of Pennsylvania could be blighted under this law if that area met only one of the established criteria. The most commonly used criteria were: (1) unsafe, unsanitary and inadequate conditions, (2) economically or socially undesirable land use, and (3) faulty street and lot layout.[58] This law was super ceded by PA Senate Bill 881 (2005), which now requires that a *majority* of properties within an area are documented as blighted. This change in legislation also provides clarification and better definitions of what constitutes blight in Pennsylvania. (Redevelopment plans written previous to the 2005 Bill will be carried out as written.)

What happened as a result of the 1945 Redevelopment law is complicated. City leaders and planners ended up "blighting" enormous sections of Philadelphia in order to get scarce funding for improvements in their own districts. Because of the competition for that money, the number of improvements that could be made were dispersed over vast amounts of land. There was a lack of spatial targeting of funding and revitalization planning, creating a situation where efforts were diluted instead of being concentrated on an area in need.

Compounding the issue was also the large number of agencies and politicians involved in each step of the certification and renewal efforts. For the most part what was happening on the renewal front from 1945 to 1999 was mass demolition under the name of "slum clearance." Preserving the architecture of blighted areas took a back seat to public safety and welfare. New construction was mostly in the suburbs, driven by private investors and built and sold at market

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[58] Philadelphia Planning Commission http://www.philaplanning.org/plans/areaplans/areaplans.html, Accessed April 11, 2011.

rate prices. Affordable housing was left in the hands of HUD and the Philadelphia Housing Development Corporation (governed by the Philadelphia Office of Housing and Community Development.)

Given the problems with cost estimating rehabilitation and adaptive use, it makes sense that the city preferred to market large, empty lots to developers rather than areas containing existing structures in need of rehabilitation. This approach was problematic because the administration of a vacant properties was, and is still, divided amongst fifteen different public agencies.[59] Acquisition of abandoned properties is a difficult and lengthy process. [60]

The new housing market inside Philadelphia from the 1970's to 1990's was mostly federally subsidized and therefore had low income housing requirements attached to the funding. Market rate housing was not a priority, and private investors and developers had already concentrated on building in the suburbs.[61] In an effort to address the suburbanization of market rate housing, the city devised a ten year tax abatement program in 1997. Originally the tax abatement was for converting existing buildings into residences, but it was expanded in 2000 to include new residential construction as well, and eventually for commercial construction.[62] The abatement would hold the predevelopment tax rate for ten years, providing developers an incentive for construction without burdening the city with financing. Developers using this tax abatement would not be forced to compete for scarce federal funding and they would not be saddled with federally mandated affordable housing criteria. This strategy was appealing to the developers and to the city, because the city would not have to provide any financing at all. The

[59] Hughes, M. A. "Dirt Into Dollars: Converting Vacant Land into Valuable Development." *Brookings Review* 18 no. Part 3 (2000): 36-39.
[60] Vitiello, Dominic. *"Twenty-First Century Urban Renewal in Philadelphia: The Neighborhood Transformation Initiative and its Critics."* Progressive Planning. Winter 2007. p 1, 7-10.
[61] Kromer, John. *Fixing Broken Cities: The Implementation of Urban Development Strategies*. New York: Routledge, 2010. p 20.
[62] Chamberlain, Lisa. "Tax Breaks Drive a Philadelphia Boom." *New York Times* 08 Jan 2006, Print.

city was also seeing little or no tax revenue in these areas prior to redevelopment due to the number of abandoned and blighted properties.

Although new investments were being made in the Center City in existing buildings and new construction due to the abatement, few developers wanted to invest money on below market rate housing and most of the construction growing out of the abatement was catering to a market that had the potential to make the developers a profit. New development is important to the prosperity of an area and Center City was becoming much more viable and attractive to investors. But was the abatement fair to existing and long-term residents?

Due to the development that resulted from the tax abatement, owners of older buildings saw an increase in the value of their properties. They also received higher tax bills. Long term residents were at a disadvantage-[63] they had no access to capital improvement funding and would therefore receive no abatement. Affordable housing was still the responsibility of HUD and the Office of Housing and Community Development. Historic preservation of neighborhoods was not a priority.

Neighborhoods outside of the Center City were still in decline and were less attractive to developers, regardless of tax abatement. The schools in the areas had poor reputations and the infrastructures were aged. The low property values in these areas and the reduced rates on new developments meant little infrastructure or community improvements, which made them less appealing for any development.[64]

[63] Kromer, John. *Fixing Broken Cities: The Implementation of Urban Development Strategies*. New York: Routledge, 2010. p 41.
[64] Ibid.

The Neighborhood Transformation Initiative

In 2001, Philadelphia's newly elected Mayor John Street (2000-2007,) a former housing reformer, launched a new initiative to fight Philadelphia's blight. His "Neighborhood Transformation Initiative" (NTI) was a five year plan that included the proposed demolition of 14,000 vacant buildings, cleaning up 40,000 vacant lots and creating 16,000 new housing units.[65] The projected cost was $300 million dollars, $250 million of which would come from the sale of general obligation bonds.[66] While most of this funding would be allocated for demolition efforts, $30 million was set aside to encapsulate and preserve 2,500 homes for future rehabilitation and 20 million was allocated for neighborhood preservation.[67] All of these efforts were initiated with the hope that Philadelphia's population inside the city limits would increase by five percent as a result by the year 2010.

It was to be a new partnership between the Mayor's office, HUD, The Philadelphia Housing Authority (PHA) the Office of Housing and Community Development (OHCD,) and the City of Philadelphia. In the past, working relationships between these offices was tenuous, there was little collaboration.. The major differences between this new initiative and urban renewal under the Blight Certification plan were the private sector involvement and the idea of reforming the government.

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[65] Vitiello, Dominic. *"Twenty-First Century Urban Renewal in Philadelphia: The Neighborhood Transformation Initiative and its Critics."* Progressive Planning. Winter 2007. p 1, 7-10.
[66] Defined by Businessdictionary.com as: Government bond issued with the government's commitment to use its full taxing and borrowing authority (and other revenue resources) to make timely payment of interest and principal.
[67] McGovern, Stephen J. "Philadelphia's Neighborhood Transformation Initiative: A Case Study of Mayoral Leadership, Bold Planning, and Conflict." *Housing Policy Debate* 3, no. 17 (2006): 529-570. Fannie Mae Foundation. p 541.

The goals of the NTI were:

- **Planning:** Facilitate and support community based planning and the development of area plans that reflect citywide and neighborhood goals.
- **Blight Elimination:** Eradicate blight caused by dangerous buildings, debris-filled lots, abandoned cars, litter and graffiti to improve the appearance of Philadelphia streetscapes.
- **Blight Prevention:** Advance the quality of life in Philadelphia neighborhoods with a targeted and coordinated blight prevention program that enforces city codes and abates public nuisances.
- **Assembling land for redevelopment:** Improve the city's ability to assemble and dispose of land for redevelopment and establish a land bank that will oversee the continual maintenance of such land over time.
- **Neighborhood investments:** Stimulate and attract investment in Philadelphia neighborhoods.
- **Leveraging resources:** Leverage resources to the fullest extent possible and invest them in neighborhoods strategically.[68]

The Reinvestment Fund (TRF), a private consulting firm in Philadelphia, was hired to analyze neighborhoods to determine how policies should be developed to benefit the specific needs in each community.[69] Five sets of principals were established by the TRF, in collaboration with the Mayor's office:

- NTI would be a city-wide program
- NTI would be a long-term endeavor (although the bonds would be allocated over a five year term)

[68] City of Philadelphia. *Neighborhood Transformation Initiative*. Philadelphia: , Print. Available online: http://www.phila.gov/ohcd/conplan31/strategy.pdf
[69] McGovern, Stephen J. "Philadelphia's Neighborhood Transformation Initiative: A Case Study of Mayoral Leadership, Bold Planning, and Conflict." *Housing Policy Debate* 3, no. 17 (2006): 529-570. Fannie Mae Foundation. p 538

- NTI would be market driven and concentrate on areas that had economic viability as opposed to worst case needs areas.
- Data would drive the public policies, and political influence would not play the major role.
- Promotion of government reform and reorganization was necessary to streamline the process.[70]

TRF's analysis of the targeted areas used a market value approach to plotting out the city's neighborhoods. (Figure 11 shows the market value analysis of Philadelphia from 2001 from TRF's website.) They defined the areas that were in need of the most reinvestment and revitalization. Although this information was useful as an analytical tool, the NTI was supposed to be a city-wide endeavor with all ten city council districts included, and was to be market driven, not based on the areas that were in the most need. City planners would need to decide how to take this information and plan out where the money would be spent in the long-term.

[70] McGovern, Stephen J. "Philadelphia's Neighborhood Transformation Initiative: A Case Study of Mayoral Leadership, Bold Planning, and Conflict." *Housing Policy Debate* 3, no. 17 (2006): 529-570. Fannie Mae Foundation. p 540

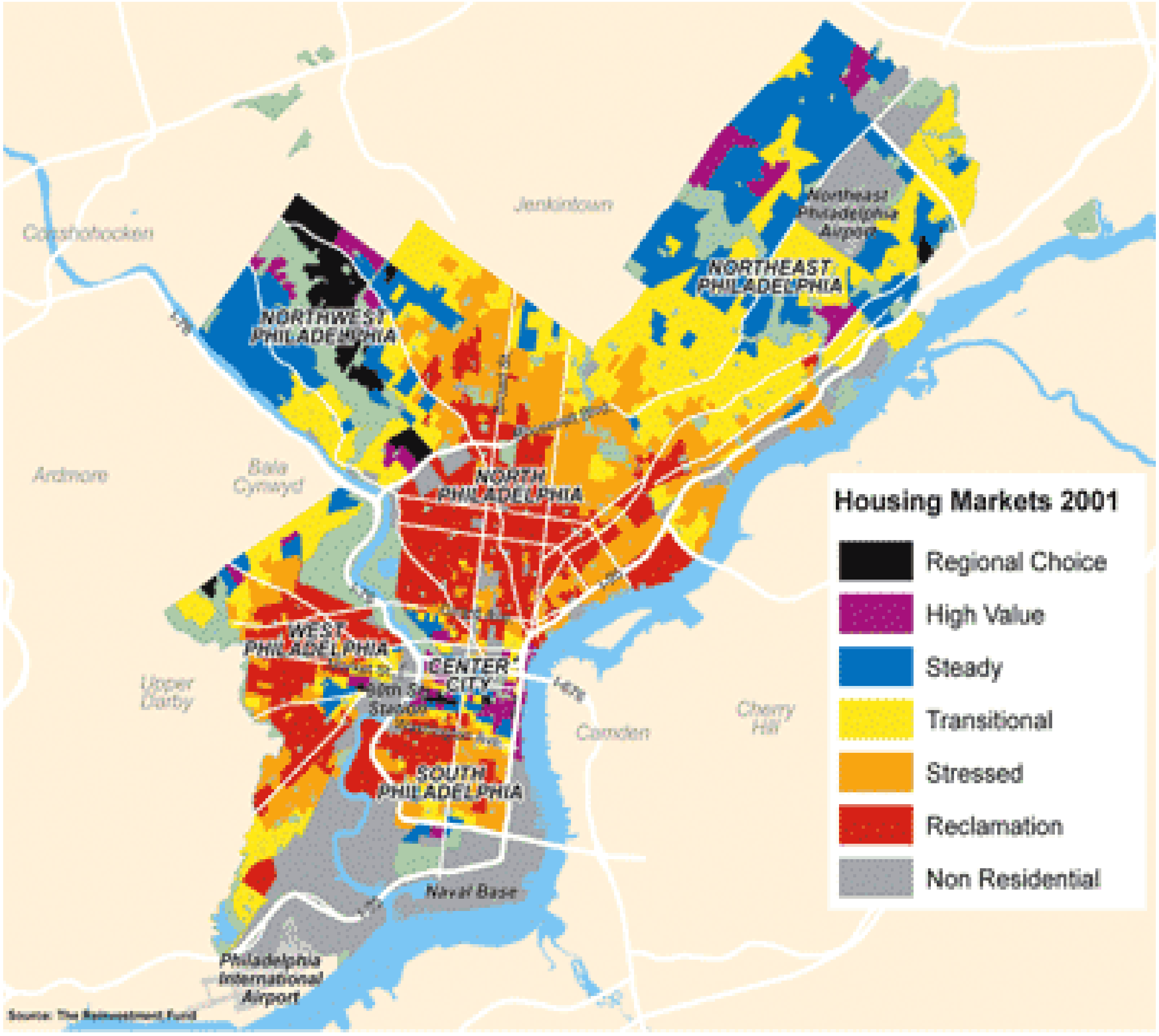

Figure 11: The Reinvestment Fund's Housing Market Analysis Map. Based on TRF's analysis, six market clusters were identified for the City of Philadelphia. These maps depicts the market types for the city of Philadelphia in 2001 and 2003, with orange and red indicating markets in severe distress, and yellow indicates markets in transition.[71]

[71] "The Reinvestment Fund." http://www.trfund.com/planning/market-phila.html, internet accessed 9-5-2001.

Strawberry Mansion and the NTI

Strawberry Mansion was a neighborhood that had the potential for a successful revitalization effort. Bounded by 33rd Street along Fairmont Park (the largest public park in Philadelphia,) on the west, Sedgley Street and the AMTRAK corridor to the east and Lehigh Avenue to the north, it was already seeing housing values rise in 2000 due to the proximity to the City Center. (See figure 12.)[72] It also had 1,845 abandoned properties, more than any other neighborhood in the city.[73] It was one of the first pilot areas for the NTI.

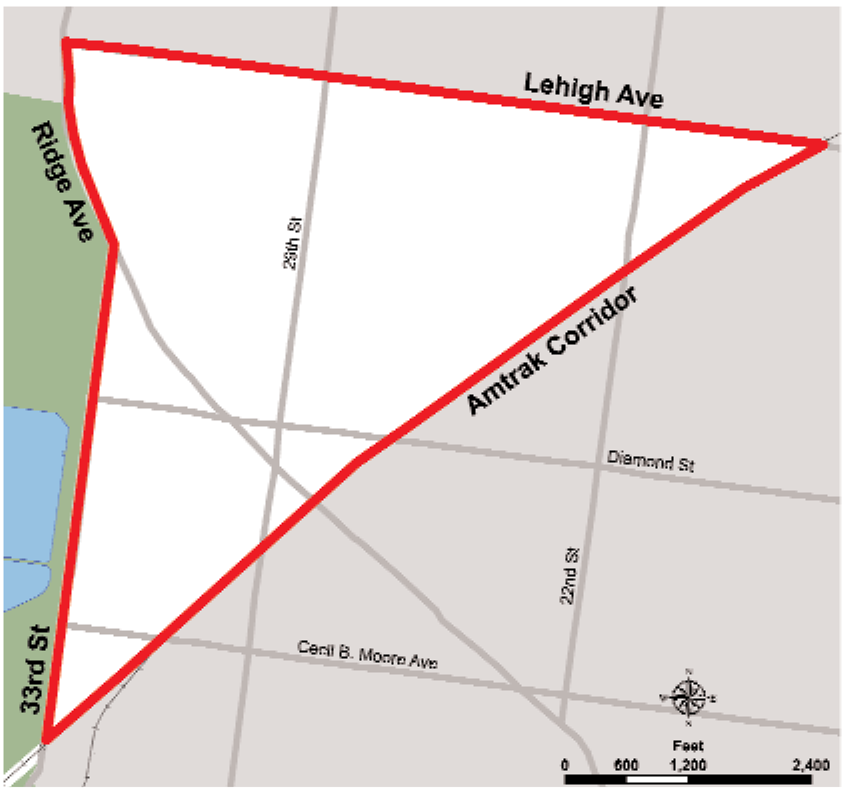

Figure 12: Strawberry Hill NTI Target area

[72] City of Philadelphia. *Strawberry Mansion Community Plan: Strategies for Neighborhood Revitalization*. Philadelphia: , 2004. Print.
[73] McGovern, Stephen J. "Philadelphia's Neighborhood Transformation Initiative: A Case Study of Mayoral Leadership, Bold Planning, and Conflict." *Housing Policy Debate* 3, no. 17 (2006): 529-570. Fannie Mae Foundation. p 543.

Named for a 1790's mansion that sits in Fairmount Park where fields of strawberries once dotted the landscape, the neighborhood developed in the late 1800's as a working class community. The land use is primarily residential, consisting of various size row houses of varied architectural styles. There are also commercial corridors along many of the wider streets and some industrial use to the north of the neighborhood. The proximity to recreation and the existing transportation routes are also an appealing aspect of Strawberry Mansion.

Private investments in the community were already under way when the NTI plan was unveiled, and although there were a substantial number of vacant and dangerous lots, many of the existing structures contributed to the historic character of the area. The Preservation Alliance for Greater Philadelphia wrote: "virtually the entire area consists of historic houses built primarily at the end of the 19th century." [74] They also noted that the original proposal included demolition of 150 structures, but information was only provided for 45 of those structures, two of which were in the National Register District. Encapsulation for future rehabilitation and re-use would only amount to roughly 20 structures per targeted neighborhood. [75]

It is understandable that in an area with so much deferred maintenance and abandonment, not everything can be saved, but the NTI did not list historic preservation as a clear goal. As a result of several meetings with neighborhoods residents, who voiced concerns over the number of demolitions and unclear data available about the number of relocations, the project was postponed, and later scaled back considerably.[76] The revised comprehensive redevelopment plan

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[74] Historic Preservation and The Neighborhood Transformation Initiative. http://www.preservationalliance.com/news/news-nti.php (accessed August 11, 2011)
[75] Ibid.
[76] McGovern, Stephen J.. "Philadelphia's Neighborhood Transformation Initiative: A Case Study of Mayoral Leadership, Bold Planning, and Conflict." *Housing Policy Debate* 3, no. 17 (2006): p 543. Fannie Mae Foundation.

was published in April 2004 that took all of these concerns into consideration, three years after the initial revitalization was to begin.

Although some improvements have been made city-wide, the plan fell short of what it was intended to accomplish. One example of a missed opportunity is the suggested improvements at the intersection of 33rd and Dauphin Streets. This is an important corridor for transit and commerce and contributes to the character of adjacent Mansion Row historic District. The 2004 plan called for street improvements seen in figure 13 and 14.[77] Figure 15 shows that no improvements were made on this corridor ten years after NTI was launched.

Figure 13: Dauphin and 33rd Street as of 2004

Figure 14: Suggested improvements from strategic proposal

[77] City of Philadelphia. *Strawberry Mansion Community Plan: Strategies for Neighborhood Revitalization*. Philadelphia: , 2004. Print.

Figure 15: Same View as of 2010. Photograph from Google Street View. No Street improvements were undertaken.

Evaluation of the NTI

Community planning was an important part of the NTI, and Mayor Street's administration authorized hiring additional planning staff to address the neighborhood oriented goals of the program. These new community planners began the task of assessing Philadelphia's neighborhoods and determining which seven areas would be the most successful use of the program's funding. Using the data provided by TRF, and taking community involvement into consideration, they identified seven areas in which to concentrate efforts. Unfortunately, City Council members, using the same set of data, requested that more neighborhoods be included. The list went from seven neighborhoods to thirty-four.[78] Mayor Street had also seen the benefit of offering each City Council member NTI resources for their own districts when authorization of the bonds that would fund the program was at stake.[79]

Blight elimination and blight prevention were also major goals of the NTI. During the first few years of the NTI implementation, it became clear that the cost of demolitions had been seriously underestimated. Original estimates were $11,500 per unit, but by the end of the first

[78] Kromer, John. *Fixing Broken Cities: The Implementation of Urban Development Strategies*. New York: Routledge, 2010. p 126.
[79] McGovern, Stephen J. "Philadelphia's Neighborhood Transformation Initiative: A Case Study of Mayoral Leadership, Bold Planning, and Conflict." *Housing Policy Debate* 3, no. 17 (2006): 529-570. Fannie Mae Foundation. p 547.

year the actual cost per demolition was closer to $22,000. Only 350 of the projected 2,000 demolitions took place.[80]

Protests by area residents not only in Strawberry Mansion, but the second target neighborhood, Mantua, caused delays. The unclear and vague language of the original plan caused community residents to feel ill informed of the plans intentions.[81] As a consequence, the Street administration had to make policy adjustments. Scaling back the number of demolitions and relocations was one change. The notification process for residents was another. More time was necessary for community involvement before the plan was to mobilize. Reducing the number of demolitions and relocations meant that the areas for redevelopment could be more like pock marks in a neighborhood instead of the large lots that would attract major developers.

As part of the government restructuring, the Philadelphia Land Bank was created to act as the clearinghouse for acquired properties and a reorganization of city housing agencies was underway by 2003.[82] Through the use of eminent domain and streamlining the process of property acquisition, the NTI was approved to procure 5,000 parcels by 2003, when the former methods of acquiring properties was previously an average of 200 properties per year. [83]

There was progress made in spite of these obstacles. By the end of 2003, the construction of 10,626 market-rate units was underway. There were 6,175 units for affordable housing units, 19,076 investments were made in housing preservation and there were 4,319 units planned to be completed before 2004. [84]

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[80] Ibid. p 545.
[81] Ibid p 544.
[82] Kromer, John. *Fixing Broken Cities: The Implementation of Urban Development Strategies*. New York: Routledge, 2010. p 116.
[83] McGovern, Stephen J. "Philadelphia's Neighborhood Transformation Initiative: A Case Study of Mayoral Leadership, Bold Planning, and Conflict." *Housing Policy Debate* 3, no. 17 (2006): 529-570. Fannie Mae Foundation. p 545.
[84] Neighborhood Transformation Initiative: A Vision Becomes a Reality, Progress Report 2004

As of 2005, the redevelopments that had a direct benefit from NTI dollars were small market rate developments or larger, subsidized developments that CDCs and the Philadelphia Housing Authority governed. [85] It was not shaping up to be the grand scale revitalization that Mayor Street had envisioned.

As mayor John F. Street was nearing the end of his second term in 2007, the NTI was called everything from a wild success to a failure.[86] The plan had met and surpassed its goals for the 16,000 market rate units and the built and underway 6,000 affordable units, but failed in the demolition goal by 10,000 units.[87] Housing values had risen in the city by approximately 30%, but it is not clear that NTI could be given any credit. According to the 2010 census data the population increase from 2000 to 2010 in Philadelphia County was only 0.6% whereas for the entire state the increase was 3.4%. [88]

In June 2008, newly elected Mayor Michael A. Nutter's administration found severe accounting and management problems with the NTI and shut the program down indefinitely.[89] The NTI appears, in retrospect, to have been a poorly thought out and planned program that, lacking in significant leadership, fell short of its goals.

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[85] McGovern, Stephen J.. "Philadelphia's Neighborhood Transformation Initiative: A Case Study of Mayoral Leadership, Bold Planning, and Conflict." *Housing Policy Debate* 3, no. 17 (2006): 529-570. Fannie Mae Foundation. p 552

[86] Vitiello, Dominic. *"Twenty-First Century Urban Renewal in Philadelphia: The Neighborhood Transformation Initiative and its Critics."* Progressive Planning. Winter 2007. p 1.

[87] Ibid.

[88] "Census Quick Facts." U.S. Census Bureau. http://quickfacts.census.gov/qfd/states/42/42101.html (accessed September 11, 2011).

[89] Thomas, J. W. "Gillen to take over RDA in wake of NTI mess." *Plan Philly*, June 5, 2008, Planning Philly section, 2 edition, http://planphilly.com/node/3254 (accessed July 20, 2011).

CHAPTER 5

PORTLAND, OREGON: REVITALIZATION OF THE PEARL DISTRICT

The Pearl Within a Shell

The Pearl District in Portland, Oregon has gained a world-wide reputation for urban renaissance, but it wasn't always the darling of city planning. It was originally platted as an addition to the city in 1869, and later developed as housing for blue collar workers and European immigrants, spurred by the Lewis and Clarke Exposition World's Fair in 1905.[90] Portland itself saw a population growth first from the confluence of the Northern Pacific Railroads and the Pacific Northwest Railroads, located in the Pearl District (known as the River or Industrial district at the time,) and growing commerce adjacent to the rail yards and shipping ports along the Willamette River. The area developed and multi-story warehouses and commercial buildings gave the area its character. By 1910, Portland's population had tripled in five years to 250,000 people, making it the largest city in the Northwest United States at the time.[91]

Like many other major cities in America, Portland reflected the dynamics of the loss of industrial commerce starting in the 1950's, and this industrial area became increasingly vacant and neglected. Changing transportation patterns also made the large areas of rail yards and tracks underutilized and unsightly. Increasing interstate and air shipping also led to a decline in the

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[90] Pearl District Business Association. "The Pearl District: An Urban Gem Renewed." *Pearl Pulse Newsletter* Aug/Sept. (2005): p 7.
[91] Jewell, Judy, and W. C. McRae. *Oregon*. Berkeley, CA: Avalon Travel, 2010. p 31.

waterfront commercial area.[92] Prior to 1990, abandoned warehouses and industrial sites were common in this area of Portland.

The Pearl District was, however, becoming attractive to a new type of tenant in the late 1970s- those who wanted in-town, low cost loft space for either start up businesses or art studios.[93] Powell Books opened up shop in 1971, and private investors had begun purchasing old warehouses and converting them to living spaces. According to one story, "when this was an industrial warehouse area with its contingent of abandoned buildings and street characters, Thomas Augustine, Gallery Director of Janice Griffin Gallery, saw through the surface to the artists and their environs and referred to them as "The Pearl" within the shell.[94]" The name stuck. Area residents and city planners realized the potential for renewal and development.

In 1973, Oregon passed a comprehensive land-planning act that set the boundaries of new growth within each city. The boundary set around Portland played a major role in shaping what the metropolitan character would be, and where development and growth occurred.[95] Residents and business owners knew that they had something special in the Pearl; and The Portland Development Commission (PDC) and private investors sensed that the marginalized industrial zone was the future growth zone of the metro Portland area. But instead of razing large buildings and building brand new, like in other past urban renewal plans, they chose a different revitalization strategy.

In the early 1980s planning efforts began with great collaboration. Urban design studies and vision plans were adopted over the course of the next two decades, but the largest and most

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[92] Pearl District Business Association, "The Pearl District: An Urban Gen Renewed." *Pearl Pulse Newsletter* Aug/Sept. (2005): p 12
[93] Ibid.
[94] Pearl District Business Association. " How did the Pearl Get its Name? http://www.explorethepearl.com/pearl-district-faqs internet accessed 9-01-2011.
[95] Barnett, Jonathan. *Redesigning Cities*. Chicago (Ill.): American planning association, 2003. p 80.

comprehensive was the twenty year 2001 Pearl District Redevelopment Plan (figure 16 shows the area of the study and plan from page 7 of the plan). It was drafted by a 26 member steering committee that included members representing private investors: the Pearl District Neighborhood Association, the General Services Association, the Portland Institute for Contemporary Arts, the Housing Authority of Portland, architectural firms, community centers, private schools, the Bureau of Traffic Management, the Bureau of Parks and Recreation, and private planning companies.[96] The steering committee met several times over the course of a year to evaluate current plans, focus on the priorities that the neighborhood deemed important, all in conjunction with the PDCs overall city plans.[97] Incorporated into the plan were the tax increment financing for improvements within the district, established in the previous 1998 plan.[98] The target area is large, approximately 100 city blocks- but unlike the spatially diverse areas in Richmond's Neighborhoods in Bloom program and Philadelphia's Neighborhood Transformation Initiative's targeted neighborhoods, it is one self contained area with distinct boundaries.

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[96] Portland Development Commission. *Pearl District Development Plan: A Future Vision for a Neighborhood in Transition: Plan Approved by City Council, October 2001*. Portland, Or: Portland Development Commission, 2001.
[97] Ibid. p 5
[98] Pearl District Business Association, "The Pearl District: An Urban Gem Renewed." *Pearl Pulse Newsletter* Aug/Sept. (2005): p 13

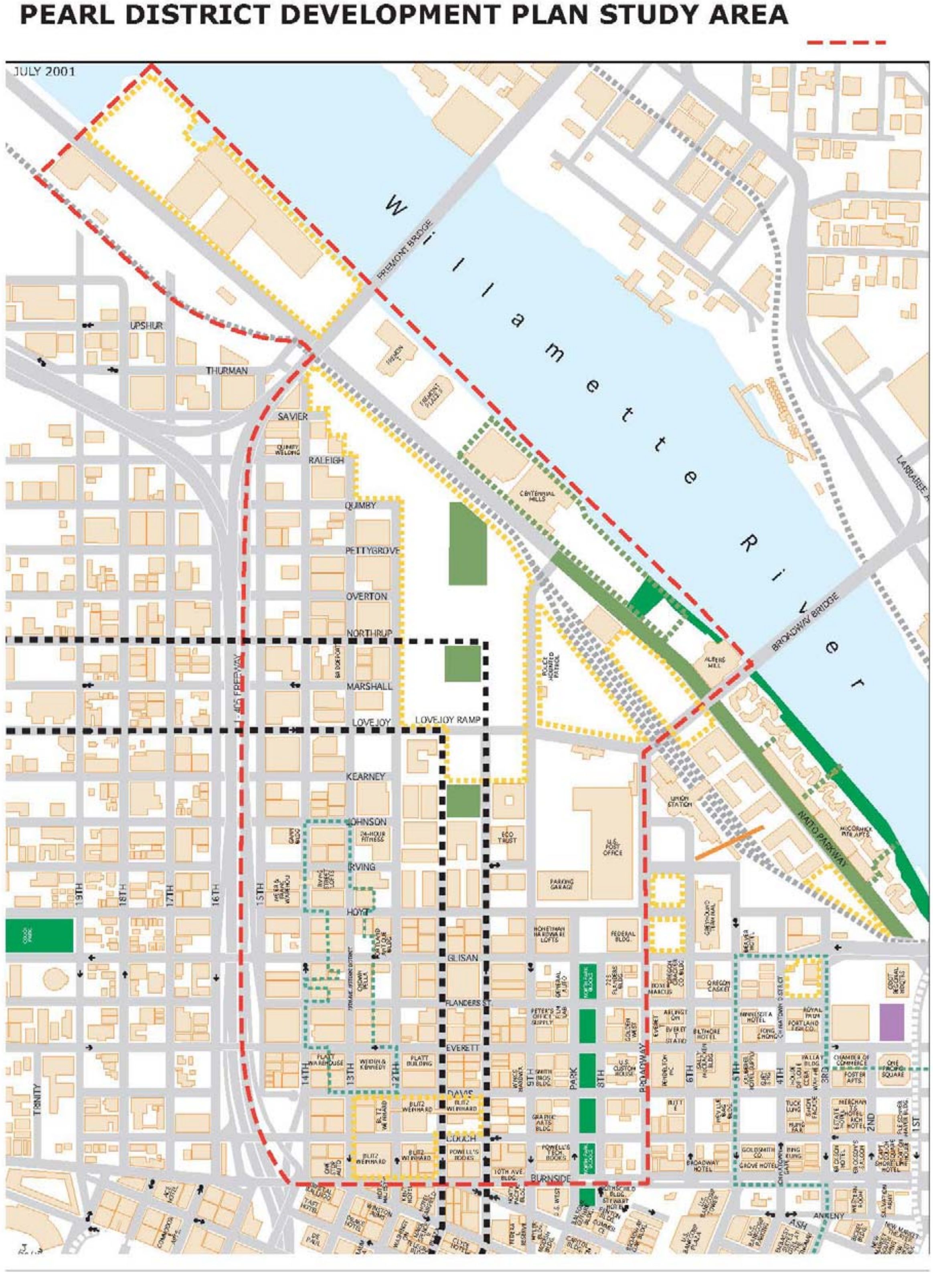

Figure 16: Pearl District Development Plan Area Study Map

The Pearl District Development Plan

The plan to redevelop the Pearl District was adopted by the City Council in late 2001. Included in the plan are seven major goals, with clear and well defined objectives for each goal. Goals of the Development Plan are summarized in Table 1.[99]

Financing for such improvements would come from a multitude of sources. It is of note that Oregon, although having no sales tax can charge from 9.4% to 11.4% (depending on tax bracket) for income taxes. This is the third highest rate in the United States.[100] Due to the growth boundary limits set in 1973, the housing prices in Portland have also remained steady, and high, affording for more tax revenue for public improvements. According to some critics, this system is too expensive. One study concluded that "planners made housing unaffordable to force more people to live in multi-family housing or in homes on tiny lots."[101] Tax increment financing for affordable housing, Brownfield redevelopment (re-using abandoned or underutilized former commercial or industrial land,) tax incentives from the Federal Government and HUD Brownfield redevelopment funding, and Commercial Property Development Loan Programs have all played a part in revitalizing the Pearl.

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99 Compiled from the 2001 Pearl District Redevelopment Plan.
100 Portland Connected. http://www.portlandconnected.com/index.php?module=pagemaster&PAGE_user_op=view_page&PAGE_id=940&MMN_position=1340:1340, Internet accessed 9-10-2011.
101 O'Toole, Randall. "Debunking Portland: The City That Doesn't Work." *The CATO Institute Policy Analysis*, July 9, 2007. p 1.

Table 1: Goals of the Pearl District Development Plan

Built Environment: New public and private development will be urban in character, will respect the Pearl District's heritage and will see bold and adventurous designs that work within that context to enhance the District's distinctiveness.
Objective 1: Recognize the character of historic/architectural resources.
Objective 2: Create and promote high design standards.
Objective 3: Ensure that new development supports and reinforces public infrastructure investments and are integrated into and enhance the vitality of the district.
Objective 4: Promote mixed-use development that contributes to a dense urban environment with an eclectic mix of uses.
Objective 5: Promote a rich, diverse, active streetscape and pedestrian life.
Objective 6: Reduce the dominance of the Post Office and integrate it into the fabric of the community.
Neighborhood Amenities: As a successful high-density neighborhood, the Pearl District will be a vibrant urban neighborhood with a range of quality amenities that support people who live and work in the neighborhood, as well as those people who come to enjoy its services and amenities.
Objective 1: Establish services and facilities that are appropriate and needed to serve the Pearl District and adjacent neighborhoods. (This includes schools, daycare facilities, and retail; access to public libraries and medical facilities was already established by street-car routes that were begun in 1999.)
Objective 2: Maintain and enhance public open spaces.
Housing: The Pearl District will have diverse inventory of housing available to different types of households at all income levels.
Objective 1: Encourage a diverse mix of housing types that is affordable to a range of households.
Objective 2: Provide opportunities for households with children to live in the District.
Arts and Culture: Artists, galleries and art institutions will continue to play an essential role in the identity and character of the Pearl District.
Objective 1: Support the Pearl District's identity as an artistic and creative community.
Objective 2: Foster partnerships within the community to create and support cultural spaces and activities.
Economic Opportunities: The Pearl District will offer a wide range of employment opportunities through a diversity of businesses that enable people to live, work, shop, and play within the neighborhood.
Objective 1: Encourage new employment opportunities that capitalize on the Pearl District's location within the Central City. (By preservation of existing buildings that house a wide range of businesses that are already established and including affordable spaces for start-up businesses.)
Objective 2: Support existing businesses that are an important part of the character and diversity of the neighborhood.
Edges and Gateways: Strengthen connections between the Pearl District and its adjacent neighborhoods, enhance its relationship to the Willamette River, and reinforce the identity of the areas of the district at the edges.
Objective 1: Strengthen the connections to the Willamette River and ensure that the riverfront is developed as an engaging public space.
Objective 2: Improve connections across Burnside Street top the West End and Downtown.
Objective 3: Encourage redevelopment of NW Broadway Avenue as a connection between the Pearl District and Old Town/Chinatown.
Objective 4: Enhance local street connections over and under I-405. (As shown in the Redevelopment Plan map, Highway I-405 separates this district from adjacent neighborhoods.)
Objective 5: Enhance and reinforce the identity of the Pearl District gateways.
Transportation/Parking: The Pearl District will become a compact, high density, urban neighborhood with reduced reliance on the automobile.
Objective 1: Recognize that there will be congestion and conflicts between different types of users.
Objective 2: Support transportation plans and enhancements that offer multi-modal alternatives for travelling to, from and within the Pearl District.
Objective 3: Create pedestrian-friendly streets that provide for an active, interesting and safe environment.
Objective 4: Preserve the historic character and richness of the neighborhood by protecting and maintaining streetscape features such as cobblestones in the streets.
Objective 5: Ensure an adequate amount of parking without detracting from the vitality of the neighborhood.

Historic preservation is a vital component of the plan, not only in the 13th Avenue National Register District (Figure 17), but where eligible individual buildings can be adapted to new uses and placed on the National Register of Historic Places in order to receive the Rehabilitation Tax Credits.

Figure 17: 13th Avenue National Register District. From City of Portland Corporate GIS, City of Portland 2011.

The built environment goals of the plan include several preservation-related incentives. These include updating the inventory of historic resources, providing financial assistance to property owners for seismic improvements, encouraging owners to list properties on the National Register, modifying the development code of the city to encourage preservation when necessary, providing assistance for storefront improvements on historic properties, and the development of design guidelines for developers.[102] Notable projects that have taken advantage of the tax incentives and improvement loans are the Crane Building, located in the Brewery Blocks Development, in the National Register District as well as the adjacent Armory Building.

In the Brewery Blocks, a local developer, Gerding Elden (Wieden and Kennedy were the architects) bought a former brewery site in 1999 after the 150 year old manufacturer sold its last beverage. The intent was to develop the property as a mixed use project in this neglected part of town. The former brewery included a chimney that served no purpose to the redevelopment, but Gerding Elden still spent $750,000 to restore the chimney and "keep it standing because it is so iconic."[103] They also salvaged the smokestack, weather vanes and rails to be used as a skylight, achieved LEED platinum status, while keeping the integrity of the building strong enough to maintain its National Register listing status. [104] Although this development was previous to the 2001 development plan, it set a precedent for preservation examples in the area, and when the 1909 Crane Building was rehabilitated by SERA Architects, similar efforts were made to sensitively adapt the building to mixed use. Parking for this adaption to mixed use was created in the understructure, an additional floor was added for penthouse suites and the façade was maintained.[105]

The Armory Building, another Gerding Elden project, was rehabilitated for use as a performing arts center in 2006. The Armory was built in 1891 to house the Oregon National

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[102] Portland Development Commission. *Pearl District Development Plan: A Future Vision for a Neighborhood in Transition: Plan Approved by City Council, October 2001*. Portland, Or: Portland Development Commission, 2001 p 11-12.

[103] Ikenson, Benjamin. "Tale of Three Cities: By Blending New Urbanism and Historic Preservation, Developers Create Hip Places to Live." *Preservation Nation Online* July 20, 2007 (2007), http://www.preservationnation.org/magazine/story-of-the-week/2007/tale-of-three-cities.html(accessed September 13, 2011).

[104] Ibid.

[105] "The Crane Building." Sera Architecture. http://www.serapdx.com/project.php?category=14&project=106(accessed September 19, 2011).

Guard, and was almost forgotten after years of neglect and under-use when it was purchased in 1968 by Blitz-Wienhard, one of the loft space building pioneers from the 1970's. It sat mothballed for decades because no plan developed for re-use until a plan for a Portland Center Stage was envisioned in 2002 by the Mayor, Vera Katz.[106]

Placed on the National Register of Historic Places in 2000, the building retained its historic status and was the first building on the National Register that achieved LEED Platinum certification. Funding was provided by private developers, HUD economic development grants, and federal tax credits.[107]

By 2007, the five historic "Brewery Blocks" were transformed from a neglected area with dilapidated structures and a small workforce of 250 workers into a mixed-use development with jobs for over 2,700 workers[108] and between 3,000 to 4,000 people living and working there.[109]

Affordable housing was also a large component of the 2001 Development Plan. According to the plan's background information, in 2001 the available housing units in the Pearl District were approximately 850. There were vast transformations and strong market forces driving developments in the area and the City of Portland applied the housing targets for the entire city to new developments within The Pearl in an effort to keep the area affordable to all income levels (Figure 18.) Extremely low income level units were 0% of the total number of new housing units from 1999 to 2001. In order to reach the intended goal of 11% new units city-

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[106] "A Brief History/ About the Renovation ." Portland Center Stage. http://www.pcs.org/about-the-armory/ (accessed September 19, 2011).
[107] "Block 3: The Gerding Theater." Gerding Elden. http://www.gerdingedlen.com/project.php?id=66 (accessed September 19, 2011).
[108] *Principles of place: standards for creating vibrant, inspiring and sustainable places* . (2007, May 07). Retrieved from http://www.gerdingedlen.com/files/pdf/principles_of_place.pdf p 24.
[109] Ikenson, Benjamin. "Tale of Three Cities: By Blending New Urbanism and Historic Preservation, Developers Create Hip Places to Live." *Preservation Nation Online* July 20, 2007 (2007)

wide, affordability requirements would be addressed in all parts of the city, including the Pearl District.

Summary of New Units Since 1999			
Household Income Category	**Housing Targets (% of Total)**	**Approximate number of New Units Needed To Meet Updated Target**	**Number of New Units Since 1999** (% of new units)
Extremely-Low (0-30% of MFI)	11%	359	0 (0%)
Low (31-50% of MFI)	11%	365	72 (10%)
Moderate (51-80% of MFI)	13%	440	129 (19%)
Middle (81-120% of MFI)	24%	797	26 (4%)
Upper (121%+ of MFI)	41%	1,389	461 (67%)
Total New Units To Be Built	100%	3,350	688

Figure 18: Housing Targets for City of Portland in 1999. From the 2001 Pearl District Development plan

The affordability requirements for one project, the Hoyt Street Project, were 15% for extremely low and low income and 20% for moderate income levels out of 723 total units. (A-21 of the Pearl District Development Plan.)

The Portland Development Commission's 2008 Central City Housing Inventory report shows that as of 2008, there was still a shortage of affordable units available for ownership, the emphasis having been placed on rental units using section 8 vouchers.[110] The study showed that between 2005 and 2008 the River District (including the Pearl Development area and the adjacent China-Town and Old-Town Districts,) had zero affordable housing units for ownership in the 0-80% Median Family Income range. The affordability requirements from government funding for new developments were mainly placed on rental units.

These affordability requirements are placed on all new developments, but when the LIHTC, Brownfield redevelopment Tax incentives and other grants, local loans and bonding

[110] Portland Development Commission, Housing Department, *2008 Central City Housing Inventory: Final Report.* Portland, Or, 2008.

incentives were applied, developers didn’t seem to hesitate to start the building process. Figure 19 shows the completed projects and planned projects as of 2007.

Figure 19: Development Projects in Pearl District as of 2007

Evaluation of the Pearl District Development Plan

It is impossible to know if the Pearl District would have become revitalized or not without the growth boundaries imposed in 1973 on Multnomah County and the Portland metropolitan area. Portland has been a unique story in urban renewal because it has not suffered the over-all population loss that many other cities have experienced due to de-industrialization. It has been the collaboration between residents, planners and other stake-holders that made the development plan so comprehensive and successful.

The historic preservation incentives and emphasis on adaptive use, used in conjunction with affordable housing requirements, make this a vibrant and attractive place to work and live. Criticisms have come from citizens that want to have larger lots and greater land use rights, but it may be that the way of city planning in the future is up and not outward. Providing an alternative to sprawl is not necessary a bad thing; mandating that alternative is what draws criticism. But it just may be that we have no choice in the future.

The lack of affordable housing purchase options is something to consider in the future of this plan. Relying on Section 8 vouchers and other rent subsidies for affordability seems a little short-sighted when these funds are in high demand.

The Pearl District Development Plan is a good model for cities with similar distressed areas, and can provide insight on how to involve the community into the planning process. Strong preservation ethics, good transportation, mixed use incentives, affordable housing components and mixed use development are all reasons that the Pearl District thrives.

CHAPTER 6

COMPARISIONS AND ANALYSIS

Although any revitalization plan with historic preservation and affordable housing components will have unique circumstances, there are several key features of each plan to consider before implementation. By analyzing the three case studies in previous chapters and the components of each plan, it to possible to discern a pattern of which methods are successful and which methods do not meet their intended goals. These components have been broken down into six categories for comparison: 1) Basic overview of each plan, 2) Partners, acquisition methods, and funding sources, 3) Community involvement, 4) Community improvements, 5) Incentives for historic preservation, and 6) Incentives for affordable housing.

Basic Overview

Table 2: Basic overview of each plan

	NiB	NTI	PDDP
Scope of the plan	7 distinct neighborhoods (6-12 blocks)	Entire metro area	Approximately 100 city blocks
Length of time	Indefinite	5 years of funding, long-term action (not defined)	20 years

In limiting the number of neighborhoods that were to receive benefits from the efforts in Richmond’s Neighborhoods in Bloom, they were able to extend the program indefinitely since the funding resources were not limited by time. When the Jackson Ward neighborhood, one of the original targeted areas, had been revitalized, they simply substituted another neighborhood in need and moved on.

The Neighborhood Transformation Initiative was originally to be majority funded through general obligation bond sales lasting five years. There was no time limit imposed on the length of time to spend the proceeds. The entire city was to benefit from improvements after the proposal of The Reinvestment Fund for seven initial neighborhoods, which was expanded to include 34 neighborhoods, at least one in each city council district. These neighborhoods were considered a focus of the revitalization area, but efforts were not limited by the plan itself or subsequent policy changes to any specific neighborhood.

The Pearl District Development Plan covers a very large area comparatively, but the length of the process seems sufficient to meet the goals of the plan. When broken down by how many blocks per year of the plan (which it is not in terms of actual implementation), the average is 5 blocks per year. (100 blocks/20 years= 5 blocks per year.)

Table 3: Goals of each plan

	NiB	**NTI**	**PDDP**
Affordable Housing	Major component	Incidental (to funding source)	Major component
Blight removal	Major component	Major component	Major component
Community reinvestment	Major component	Major component	Major component
Population growth	As considered in terms of homeownership	Major component	Major component
Business development and job creation	Incidental	Major component	Major component
Property value increase	Incidental	Major component	Major component
Historic preservation	Inherent in neighborhood selection	Project specific only	Major component

Table 3 is provides a means to understand the basic philosophy of each plan, and not as a means of measurement of each goal. Where the term “major” is used, the plan includes provisions for reaching that goal. Where the term ‘incidental’ is used, the plan assumes that addressing and/or achieving the other goals of the plan will create an atmosphere subsequently conducive to improvement in that area. In the NTI plan, affordable housing was considered when required by the agency, such as HUD, which would supply supplemental funding. Population increases are assumed in NiB, depending on the number of formerly foreclosed and vacant homes made available for rental and ownership and the number of infill housing units, but this is not a specific written goal of the program. Historic preservation will be addressed in the Incentives for Historic Preservation section of this chapter.

Partners, Acquisition Methods and Funding Sources

Table 4: Major Partners

	NiB	NTI	PDDP
Private	Per defined neighborhood	General obligation bonds Contractors	Contractors Donations for reuse of historic properties
Non-profits	NeighborWorks CDCs LISC Community associations	Project specific	Pearl District Business Association Northwest Triangle Business Association Pearl District Neighborhood Association
Federal programs	HUD CDBG HUD HOME Federal Reserve Bank (guidance)	HUD CDBG	HUD CDBG
Local or State government	Richmond Capital Improvement Budget funds	Mayor’s office RDC	Portland Development Commission (PDC)

Partnerships with various levels of private and public groups should be formed at the beginning of any revitalization project. Of the three case studies the NTI was the only plan that did not have focus groups or private citizen input before the initial work began, which led to public protest amongst those who felt they were ill-informed about whether they would be displaced in Strawberry Mansion. In the Pearl District both the community resident's and business owner's input helped shape the way that the plan was prioritized. This was also the case in NiB, although on a smaller level due to the size of the neighborhoods and the fact they those neighborhoods are not contiguous.

What has worked in the PDDP as far as business development has been the involvement of business and neighborhood associations. Both the NTI and the PDDP recognized that the newly developed commercial areas would bring in new business, but it only seemed to work in Portland. This may be due to other infrastructure improvements in the Pearl like public transportation and other community amenities, and the availability of housing for people who work in the area. The NiB program does not have a focus on business development, but we may begin to see small businesses move into these revitalized areas to provide necessary services when economic times are amenable to new start-ups.

Federal level partnerships provide a wealth of knowledge about other community based revitalization projects and can advise about what methods have been successful where and why as well as providing financial and technical advice. Relying solely on HUD for either funding or as an advising partner only allows for the affordable housing component when so much more goes into a community than housing.

Table 5: Acquisition Sources

	NiB	NTI	PDDP
Land Trust Models	Per property	No	Yes
Eminent Domain	Spot Blight Abatement Program	Yes	No
Other	Vacant Property Registry	Land Bank proposed	Donations Brownfield Redevelopment

One of the barriers to affordable housing previously identified is land acquisition. The availability of properties will, of course, vary with any given situation, and the method of acquisition should be carefully researched. Whether or not to use eminent domain depends on state legislation and would best be used only in the case of abandoned or blighted properties that cannot be brought up to code by the owner within a reasonable amount of time. This has been the approach that both the NiB and NTI used, and both plans used or use eminent domain only as a means of acquisition when a property has been abandoned or severely neglected.

The spot blight abatement program in Virginia gives a government entity the right of first refusal for a foreclosed or blighted property that cannot be brought up to code by the owner in a reasonable amount of time. The Vacant Property Registry is a state-wide database that lists all abandoned properties that the government entity, in this case, the Richmond Housing Authority, has the ability to use in the NiB, or similar, programs.[111] Before that measure is taken, there are CBDG grants, rehabilitation tax credits and other options that can be explored to get a property up to code. The involvement of community CDCs in Richmond has also insured that existing residents will not be displaced unless there is no other alternative. The use of land trust models for rehabilitated properties also insures that in Richmond's NiB neighborhoods, these homes remain affordable and available for ownership.

Previous to NTI, methods in Philadelphia included a right of first refusal for foreclosed properties or "Sheriff's Sale," but the attempt at centralization of the process during Mayor Street's term made condemnation an easier outlet for acquisition.[112] The land bank proposed in the NTI roll-out was never instituted. In May of 2010 there were still an estimated 40,000 vacant properties in Philadelphia, of which only 25% were owned by the city, still divided amongst

[111] "Sustainability." Richmond, Virginia Government. http://www.richmondgov.com/sustainability/index.aspx (accessed September 9, 2011).
[112] City of Philadelphia. *Neighborhood Transformation Initiative*. Philadelphia: p 27.

many agencies.[113] Land-banking of these properties would be a great opportunity for future revitalization efforts, and addressing the housing needs of Philadelphia.

The Pearl District's abundance of former industrial sites for redevelopment is an anomaly in the three case studies. Large tracts of land that were once rail yards provided an opportunity for a new development component, with the use of HUD Brownfields Economic Redevelopment Program funding. While Brownfield funding may not be a consideration in every revitalization plan due to the resources in each area, it certainly shouldn't be overlooked when available in any city or town.

There was very little need for the use of eminent domain in Portland's Pearl District. Most of the warehouses were renovated by private contractors or developers without the need for government intervention. At the onset of the redevelopment plan there were few completely abandoned buildings and demolition due to blight was minimal.

Although the affordable housing component in Portland is mainly addressed with rental assistance, one visionary component of the plan is a land trust model for small businesses. Diversity in the types of business was important to the goals of the plan, and the Pearl had a history of incubating small businesses. The Portland Development Commission (PDC) works with property owners in creating commercial space that is of a smaller, more affordable nature than market rate spaces. They may have fewer amenities, but are attractive to start-ups and smaller companies that cannot afford the more expensive renovated or rehabilitated spaces that have been built in the Pearl. The PDC also works with local businesses and property owners to

[113] Lucey, Catherine. "Activists say land banks could help Philly's vacant-lot woes." The Inquirer Daily News: Philly.com. http://articles.philly.com/2011-05-07/news/29520235_1_land-bank-tax-foreclosed-properties-vacant-land (accessed October 1, 2011).

promote the use of land trust ownership models for small businesses.[114] Although residents benefit from a variety of retail services offered due to the inclusion of smaller businesses in the neighborhood, it is missed opportunity on the part of the PDDP to not have extended this land trust model as an incentive for housing ownership in the District.

Table 6: Major Funding Sources

	NiB	NTI	PDDP
Federal	HUD CDBG LIHTC	HUD (project specific)	HUD CDBG Brownfield LIHTC HPTC
Local Non Profits	CDC	Project specific	Project specific
State and local	Façade Improvements	Project specific	TIF
Private		Bond	Developers

Major funding for each plan was according to redevelopment or revitalization type. Since the focus of the NiB plan was housing and small neighborhood areas, the major funding is provided by housing related organizations. NiB does have a great deal of CDC involvement, and the federal, state and local agencies all seem to have come together seamlessly to get work done under one program with relatively little private investment. Considering that these neighborhoods are small scale revitalizations, the system of funding seems to work.

General obligation bonds provided the NTI program the freedom from federal funding stipulations for affordable housing, in the hopes that the land acquired for sale would be more appealing to investors. It may have worked if not for the problems encountered in trying to create the land bank and the problems with creating contagious tracts of land in certain areas. HUD funding and other public funds were used on a case by case basis for renovations or conversions

[114] Portland Development Commission. *Pearl District Development Plan: A Future Vision for a Neighborhood in Transition: Plan Approved by City Council, October 2001*. Portland, Or: Portland Development Commission, 2001. p 32

to public and elderly housing. The NTI plan itself did have an affordable housing component as a major goal, and the city was able to meet many of its goals in 2006 including new low income rental units and assisted units for ownership.[115] Just how many of these goals were met as a result of the NTI plan itself is debatable.

The Pearl District Development Plan is primarily funded by tax increment financing (TIF.) The increased tax base and subsequent revenue generated from previous revitalization projects (that were funded primarily thorough federal and other grants provided) has been able to provide approximately 71% of the PDF's overall budget.[116] Many of the project specific renovations and repairs were private investments, with LIHTC and in some qualifying cases Historic Preservation Rehabilitation Tax credits provided to property owners. The new developments qualified for HUD CDBGs and Brownfield grants, where applicable. The shift from grant funding to TIF seems to have been well thought out since CDBGs are offered on a competitive basis.

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[115] City of Philadelphia, Office of Housing and Community Development. (2006). *Consolidated annual performance and evaluation report*. Philadelphia:

[116] "Funding for PDC." Portland Development Commission. http://www.pdc.us/about_pdc/pdcfunding.asp (internet accessed Oct 9, 2011.)

Community Involvement

Table 7: Community Input into Plan

	NiB	NTI	PDDP
Businesses	N/A	No	Yes
Residents	Yes	No	Yes
Historical Societies	Yes	No	Yes
Focus groups held	Yes	No	Yes
Housing Authorities	Yes	Yes	Yes
CDCs	Yes	Yes	Yes
Political involvement	No	Yes	Yes

Involving the community before finalizing the plan contributed to the success of both the NiB and the PDDP. A lack of community involvement led to protests during the NTI. Perhaps due to the number of abandoned properties. this oversight cost valuable time and led to policy changes that could have been avoided if the NTI was properly researched, and if the findings of the research were written into the plan before it was implemented.

Involving local historical societies and preservation organizations is important in any revitalization effort when a historic structure or district is involved. Historical societies, local CDCs and housing authorities played major roles in the drafting process of both the NiB and the Pearl District plans, and as a result, the existing buildings of historic significance were rehabilitated and reused in both plans with few exceptions. The NTI plan relied heavily on housing authorities and CDCs in the implementation stages, but there is little evidence that there was input from preservation organizations during the planning process.

It may never be possible to remove all political considerations from a revitalization plan. Concentration of funds and efforts by a separate city staff in NiB, along with the clearly identified criteria for what neighborhood would qualify has been a successful means to remove political issues in Richmond's targeted revitalization efforts. What is unfortunate for the NTI plan was the inability of the Mayor's office to streamline the processes and consolidate offices, both of which were determined early on as crucial to the success of the plan. The bond funding needed approval from City Council, whose members in turn voted for the bonds, with the assumption that their district would benefit. Spatial targeting on a small scale was no longer possible for the NTI plan.

The PDDP has been able to avoid obvious political divisions. Growth boundary limits for the city, clearly defined boundaries of the revitalization area, and a firmly defined set of goals and responsibilities has helped avoid political debates about the plan.

Community Improvements

Table 8: Planned Improvements

	NiB	NTI	PDDP
Infrastructure	Streetscapes	Clearing up vacant lots	Transportation Walk-ability Streetscapes Public Art Installments
Economic incentives for New Developments	Yes	Yes	Yes

Community improvements in the revitalization areas have been made in each plan to various degrees. In Richmond the neighborhoods themselves were ranked based on revitalization criteria that included quality of the existing housing. Further improvements to the neighborhoods have been made through CDBGs and other public financing on a smaller scale for street and sidewalk improvements. Suggestions have been made in Philadelphia for street improvements, but the most successful component of the NTI plan related to infrastructure was vacant lot clearing.

The most comprehensive infrastructure and community improvement plan of these case studies is in the PDDP. The program addressed transportation, traffic improvements, and streetscapes, included public art displays, and identified public parks as a crucial element in the plan.

Economic incentives for new development were utilized in all three plans for housing. Business development was addressed only in NTI and the PDDP.

Because of the vast differences of existing amenities in the three revitalization areas, a comparison of whether or not community improvements led to meeting the goals of each plan is not feasible, but the inclusion of additional improvements in the PDDP shows that community improvements are possible on a large scale undertaking.

Incentives for Historic Preservation

Table 9: Historic Preservation Considerations

	NiB	NTI	PDDP
Government led	Yes	No	Yes
Community led	Yes	Yes	Yes
Part of plan or policy	Yes	No	Yes
Historic districts involved	Yes	Yes	Yes
Historic Landmarks involved	No	Yes	Yes
Adaptive use projects	No	Yes	Yes
Economic incentives used for HP	Yes	No	Yes
Infill design guidelines	Yes	Yes	Yes
Measures against resident displacement or gentrification	Yes	No	Yes

Each of the three case studies involved a local historic district or National Register Historic District or structures adjacent to a district that could be considered having contributing characteristics. How the plans address those historical structures and districts varies.

In NiB, each neighborhood was selected based on revitalization potential, so it is not surprising that six of the seven original neighborhoods had either been listed on or were pending a National Register District nomination by the end of 2001, orchestrated by the city itself, and all of the neighborhoods were considered historical by the drafters of the plan, whether or not they had an official designation. Richmond also has local historic district design guidelines for renovations and infill for each of its historic districts, and new infill in the NiB neighborhoods has followed those guidelines. The existing homogeneity of the target neighborhoods and the governmental push for historic districts are unique to this case study, and are both reasons that historic preservation efforts in NiB have been so successful.

The NiB emphasis on home ownership, not only for new residents, but existing ones as well had been successful in keeping the displacement of people to a minimum level. Although it is true that home prices in Jackson Ward for renovated properties that do not have income restrictions have risen, but measures have been taken to keep low and below median level housing available in all of the NiB target areas. After all, it was part of the built in measure of the success of the plan that the neighborhoods became more economically viable to new investors. Continued partnerships with CDCs and down payment assistance for qualifying purchasers helps with this goal as does providing assistance with repairs and renovations to ensure that a structure won't be condemned and the owner displaced unless absolutely necessary.

The NTI plan did have funding allocated to rehabilitation and stabilizing structures that could be used at a later date, but did not involve local preservation non-profits or historical societies in the planning process. This led to questioning what would happen to historic structures within the planned areas. Only certain blocks of Strawberry Mansion were in the official National Register Historic District, but the NTHP and local organizations felt that the entire neighborhood was comprised of contributing structures. Since the areas that were to benefit from the funding were so spread out and so many of the lots were vacant or blighted to the point where they could not be restored, according to the NTI goals there was little need to consider historic preservation as a priority. Since the plan's funding through bonds was meant to keep federal affordable housing criteria out of the development equation, it makes sense that the historic preservation component would also be kept to a minimum when qualifying for preservation tax incentives also come with regulations and restrictions.

The NTI was nonetheless instrumental in the adaptive use of several buildings. Notable among them are the Brewerytown Loft project, adjacent to Strawberry Mansion, which reused a former brewery for 200 market rate apartments[117] and the restoration adaptive use for affordable senior housing of The Vernon House, a 1910 apartment complex that was abandoned in Strawberry Mansion.[118]

The goals for affordable housing in the NTI plan included both homeownership and creation of rental units so anti-gentrification was addressed. Displacement due to condemnation or demolition just was not a main consideration at the beginning of the plan because so much of the blight was due to the population losses Philadelphia had already suffered.

The PDDP also had historic preservation as a high priority. Given that so much of the new construction would be on former industrial sites, the rest of the district was not in jeopardy of being torn down to make room for new development. The character of the 13th Street historic district remained and design guidelines, land use zoning, height restrictions and placement of commercial spaces was carefully debated and diagrammed before the plan was adopted. Measures against displacement and gentrification came in the form of rental assistance and affordable housing requirements for new buildings.

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[117] McGovern, Stephen J.. "Philadelphia's Neighborhood Transformation Initiative: A Case Study of Mayoral Leadership, Bold Planning, and Conflict." *Housing Policy Debate* 3, no. 17 (2006): Fannie Mae Foundation. p. 551.
[118] City of Philadelphia. *Strawberry Mansion Community Plan: Strategies for Neighborhood Revitalization*. Philadelphia: , 2004. Print. p 43.

Incentives for Affordable Housing

Table 10: Economic incentives for affordable housing:

	NiB	NTI	PDDP
Land Trust model used	Yes	Yes	No
Federal credits or grants	Yes	Project specific	Project specific
Local credits or grants	Yes	No	Yes
Homeownership assistance	Yes	Yes	No
Rental Assistance	Yes	Yes	Yes

The methods of providing affordable housing creation are fairly similar in each case study. All plans had affordable housing requirements because they used HUD funding on certain projects and all had affordable housing listed as a goal of the plan. All three plans created a number of affordable units for rental, either reaching or surpassing their goals. All three plans concentrated efforts in areas of their respective cities in already impoverished areas.

Home ownership is a major goal in NiB, because it enforces the community investment goal of the plan. Offering advice and down payment assistance, low interest loans, and partnering with CDCs to insure that the land trust held properties remain affordable for a long period of time has also increased home ownership rates in NiB neighborhoods. The resulting mix of market rate housing and affordable housing in Jackson Ward exemplifies the ultimate goals of the NiB plan.

Ownership was also a priority for NTI. Depending on the specific project, there is market rate housing and low income housing available, either for ownership or rental. Mixing income levels in smaller areas was not addressed in the plan itself, however, and it is not certain that if the plan had continued the areas of concentrated poverty would have been eliminated.

Of the three plans only the PRDP did not have ownership for lower income brackets as a goal. The demand for rental assistance through Section 8 is rising, and depending heavily on federal or state rental assistance for low income housing is potentially disastrous.

Table 11: Other Barriers to affordable housing addressed

	NiB	NTI	PDDP
Cost Estimation	Not an issue	Failure	Not an issue
Land Use Restrictions	N/A	Not an issue	Addressed w/Brownfield & zoning
Qualification of contractors in Rehabilitation and restoration	Not an issue	Not an issue	Not an issue

Other than acquisition, other barriers to affordable housing were handled differently in each plan. Finding qualified contractors was not an issue in any of the case studies. Each city has historic districts that have already been renovated and contractors that have done those renovations know what to expect.

The most obvious failure was the severe underestimation of how much demolitions would cost in Philadelphia. The data gathered was simply incorrect. The source of this data was not publicized, so it is uncertain if this could have been avoided. Underestimations will continue to be a problem in any construction effort as long as the lowest bidder is the one who wins the job.

Prequalification of restoration contractors is something that should be considered in any revitalization plan that has a historic preservation component. Public projects should only be open to invited bidders. This eliminates contractors who may not be qualified for certain projects.

Addressing cost estimating problems will become easier as more contractors gain experience and training in adhering to the *Secretary of the Interior's Standards for Rehabilitation*. Cost estimating is still a human function, and mistakes are never completely unavoidable, but better training for personnel in materials and standards is possible and up to date estimating software is crucial to the bidding process.

There has been no criticism of cost estimation in the PDDP or NiB, most likely due to the case-by case basis approach that they used when considering each individual project undertaken.

There was no need to address any land use restrictions in Richmond. All of the neighborhoods are residential, and the effort at revitalization is also all residential. Philadelphia was also able to avoid land use restrictions by clearing the land for new development and zoning it appropriately for the purchaser's intent. Even the Pearl's Brownfield redevelopment was carried out without any major issues since the plan was fully mapped out and zoning issues addressed before any ground was broken.

CHAPTER 7

CONCLUSIONS

Key Features for Successful Community Revitalization Plans

Every community or neighborhood will differ in needs and extent of resources. Successful policies have certain aspects in common that help generate reinvestment while preventing displacement of current residents, preserving heritage, and maintaining affordable housing options. The common elements in the three case studies of this thesis are:

- Geographic concentration or defined area
- Clear leadership and defined policies
- Public input and on-going involvement
- Historic preservation components clearly defined
- Affordable housing component clearly defined

Recommendations for Future Revitalization Plans in Older Neighborhoods

Based on the findings of the case studies, I have compiled a list of recommendations for future revitalization plans with historical resources.

1. Define the area geographically
2. Concentrate efforts based on where the impact will be the greatest
3. Clearly define policies and measurable goals of the plan
4. Get the community involved

5. Draft design guidelines for new construction
6. Provide incentives for rehabilitation and repairs for new and existing owners
7. Include both rental and ownership options for all income levels

When spatially targeting an older neighborhood with historic resources for revitalization, it seems that either working in a small area or a geographically defined area works best. Efforts can be concentrated at first on a small area and then move outward over time as more funding becomes available. Not targeting specific neighborhoods or defined districts results in less impact on a community. Since the amount of funding often dictates the scope of a revitalization plan, concentrating efforts based on where the impact will be greatest seems to be the underlying key to success. Although growth boundaries within a city is a state-wide decision and may not be feasible for future endeavors, it should be a consideration in states that find disinvestment in their older, larger cities, as has been the case with Pennsylvania.

There is a distinction between flexibility and vagueness. Flexibility in funding resources, zoning decisions and what types of new growth can occur is a good thing, but not having clearly defined policies and measurable goals is not. The lack of centralized leadership and accountability in the NTI led to widespread criticism, and the ultimate abandonment of the plan. Clearly stated intentions, goals, policies, and agency responsibilities have eliminated many of the political debates and questions about the NiB plan and the PDDP.

Full community input should be considered before the adoption of a plan. This should include community meetings, city council discussions, involvement of preservation organizations and historical societies, town hall meetings, and any other resource available: private and public. This creates the less measurable, but no less desirable, emotional community investment that makes a neighborhood a community. Without public input a plan can seem more like a mandate than revitalization, as we learned from Strawberry Mansion and the NTI.

Revitalization efforts in historic neighborhoods and districts need to have design guidelines for new construction, incentives for rehabilitation and repairs available to new and existing owners, and should strive to provide grants when a property owner does not have the means to make a code violation repair. This method has been very successful in Richmond. The creation of historic districts has also allowed for preservation tax credits and fosters a community identity that appeals to market rate investors.

Providing affordable housing options for rental units is important, but ownership options should be available as well. Options for both rental and ownership in lower income brackets for a percentage of new developments and renovations should be available at or above HUD mandated percentages. It should remain as affordable housing, either as land trust housing or rental assisted housing. Sustained mixed income levels in a community that are perpetual by governmental mandates help alleviate the concerns over gentrification and creating centralized poverty zones.

Suggestions for Future Research

Additional research into the barriers to affordable housing in historic districts should be on going. Do these barriers still exist? Many of them were addressed in these three case studies. However; additional analysis in other plans could show a pattern of which barriers have been avoided, eliminated or are still causing problems.

The current housing and mortgage situation may have changed the way we look at housing market, partners and development in the future. The foreclosure phenomenon happening right now will be worth looking into in the future in regards to historic preservation, affordable housing and urban renewal.

An opportunity for revitalization exists in older neighborhoods. Mixed use developments, tiered affordability and preservation of both the built environment and the current residents can all be incorporated successfully in a revitalization plan.

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