MAKING EQUITABLE REVITALIZATION A REALITY

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Equitable revitalization

A neighborhood’s health is powerfully driven by the extent to which it has a competitive housing or real estate market; that is, the extent to which individuals choose to live in that area rather than other areas to which they could move.
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- A neighborhood where nobody wants to live, and where people live only because they have no other choices, will not be a healthy neighborhood.
- As people who live in such a neighborhood gain choices, they move out.
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Healthy neighborhoods are neighborhoods of choice – a neighborhood of choice is a neighborhood where:

- People who have enough income to choose between neighborhoods **choose** to move into the neighborhood
- People who have enough income to leave the neighborhood **choose** to stay
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- Choices are reflected in housing market strength – the more people choose to stay in or move into the neighborhood, the stronger the local housing market becomes.
- Housing market strength translates into other positive neighborhood changes
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**Housing Market Strength**

- Increased neighborhood competitiveness
  - More new residents move into neighborhood
  - Increased buying power
  - Increased retail and service volume and quality

- Increased property values
  - Existing residents invest in neighborhood
  - Increased resident attachment to neighborhood
  - Increased community cohesion
  - Increase in property improvement
  - Property owners value properties
  - Reduction in tax and other foreclosures
  - Infill construction increases
  - Increased municipal fiscal resources
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- The same dynamics of housing market change that can build stronger neighborhoods can also destabilize neighborhoods, impose excessive cost burdens on residents, and push them out of their neighborhoods.
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Creating healthy, economically integrated neighborhoods demands two things:

- Building the housing market - turning neighborhoods into neighborhoods of choice that attract a diverse economic mix of residents
- Preserving opportunities for lower income people to remain in the neighborhood – fostering equitable redevelopment.
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Before one can build the market, one must understand the neighborhood from a market perspective:

- What are its physical features?
- What are its market conditions and which way are they trending?
- What are the problems discouraging market activity?
- What are the assets that can potentially help build the market?
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ASSETS

Hurley

Carriage Town

Flint River

Kettering University

UM Flint

Downtown

FLINT, MICHIGAN
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How do you build a neighborhood housing market?

- Increase the desirability of the neighborhood’s housing stock
- Increase neighborhood stability
- Increase neighborhood amenity value and quality of life

These are all ways of influencing consumer choices
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Increasing the desirability of the neighborhood’s housing stock:

- Physical characteristics of housing do not reflect market demand
- Cost to build or rehabilitate housing exceeds market value of new or improved property
- Properties in neighborhood are not appreciating, or are losing value
- Potential buyers are unaware of availability of desirable housing stock
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Increasing neighborhood stability:

- **Reduce** property abandonment
- **Reduce** foreclosures
- **Reduce** concentrations of poverty
- **Reduce** crime
- **Increase** homeownership rate
- **Increase** property investment by owners
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Enhancing neighborhood amenity value and quality of life:

- Neighborhood appearance (curb appeal)
- Parks and open space
- Economic opportunities
- Transportation
- Shopping and services
- Schools
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How do you preserve opportunities in appreciating neighborhoods for lower income people?

- Preserve and/or expand the affordable housing stock
- Prevent or mitigate involuntary displacement
- Build resident incomes and wealth
Managing neighborhood change

Preserving and expanding the affordable housing stock:

- Preserve existing subsidized or affordability controlled housing
- Preserve affordability in the private market housing stock
- Convert private market housing into affordability-controlled housing
- Create new affordability controlled housing
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Preventing or mitigating involuntary Displacement:

- Homeowners
- Tenants in private market housing
- Tenants in publicly-assisted or affordability-controlled housing.
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Building resident incomes and wealth

- Job strategies
- Business development strategies

This is a complementary, not a primary, strategy for equitable revitalization – even if effective, most residents will not see incomes rise at same rate as prices.
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- Affordable housing preservation and creation strategies are development-oriented
  ➔ they require money
- Strategies to prevent displacement are more regulatory
  ➔ they require legal authority.
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Both require more than money or legal authority:

➔ They require political will
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Timing is everything

- Each market building or equitable revitalization strategy ‘fits’ better or worse, depending on current market conditions and market change taking place in the neighborhood
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For market-building activities, the key question is:

- **what are the current market conditions in the neighborhood?**

For equitable revitalization, the key question is:

- **what is the course of market change in the neighborhood?**
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How can one know whether and how a neighborhood is changing?

- Track market change through indicators of change:
  - House price trends
  - Incomes of new homebuyers
  - Volume of real estate activity
  - Vacancies/abandoned properties
  - Tax delinquencies
# Equitable revitalization

<table>
<thead>
<tr>
<th>STAGE OF CHANGE</th>
<th>INDICATORS OF CHANGE</th>
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<tbody>
<tr>
<td>1</td>
<td>Slight improvement in market conditions – property values and rents still low, slight increase in speculative, large market gap, continued disinvestment/abandonment</td>
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<tr>
<td>2</td>
<td>Moderate improvement in market conditions – moderate property values, increased sales (more LM homebuyers), reduced market gap and disinvestment/abandonment</td>
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<tr>
<td>3</td>
<td>Strong improvement in market conditions – property values increasing, increase in homebuyers and homebuyer incomes, market gap and disinvestment disappearing</td>
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<tr>
<td>4</td>
<td>Strong improvement in market conditions – moderately high values, many economically diverse owner-occupant buyers, development moderately profitable, high maintenance level</td>
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<tr>
<td>5</td>
<td>Sustained strong market conditions – high property values and rents, homebuyers mostly middle/upper income, development very profitable, consistently high maintenance.</td>
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Evaluate and change strategies as neighborhood market conditions change:

- Track neighborhood market change
- Change the mix of market-building and equitable revitalization strategies as market conditions change
- Change specific strategies and activities to reflect changes in neighborhood conditions
## Equitable revitalization

<table>
<thead>
<tr>
<th>STRATEGY</th>
<th>STAGE OF NEIGHBORHOOD CHANGE</th>
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<tbody>
<tr>
<td></td>
<td>0</td>
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<tr>
<td>Rehab grants and loans to landlords</td>
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<td>Rent control ordinance</td>
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<tr>
<td>Tenant right of first refusal ordinance</td>
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<td>Acquisition of privately-owned properties</td>
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<td>Land bank for future affordable housing</td>
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<td>Inclusionary zoning ordinance</td>
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All neighborhoods are different

- Each neighborhood has different assets and problems that create different conditions for market change and different opportunities for equitable revitalization.
- There is no one “right” economic mix for a neighborhood – different people seek out different neighborhoods for different reasons.
- In the end, the mix must be driven by the neighborhood’s characteristics and assets.
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Neighborhood change happens in a citywide and regional context:

- Opportunities for economic mix are both created and limited by citywide and regional housing markets.
- Neighborhood strategies should be designed to work within the framework of citywide economic growth strategies.
- The need for affordable housing strategies is affected by affordable housing opportunities elsewhere in city and region.
Making equitable revitalization a reality

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