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The Importance of Attracting Middle-Class Homeowners to Cities

The riots in Los Angeles that followed the verdict in the trial of four white policemen accused of beating black motorist Rodney King have led to a renewal of concern about America's cities. *Time Magazine*, a good bellwether of American attention, sounded like the Kerner Commission (U.S. National Advisory Commission on Civil Disorders 1969) of twenty-five years earlier when it concluded that the result of "suburbanization, the most irresistible demographic trend of the past 40 years . . . is an America that is rapidly dividing into two worlds separated by class, race, and drive time" (Lacayo 1992: 31).

This book analyzes how cities can help to overcome this irresistible force—relentless suburbanization and the resultant neglect of urban social problems. We believe that the vitality of American cities depends in part on their ability to retain and attract the middle class. While the focus of recent years has appropriately been on equity and minorities, cities have been losing their middle-class

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base. We believe that policies and programs can be developed to begin to reverse this trend, thereby making it possible to address urgent social problems. We believe that cities can take actions to become more attractive to both middle- and lower-income individuals.

Our focus in this book is on homebuyers. We review the literature on mobility as well as on housing and school policies to determine what we know and what we need to find out about why households stay in and are attracted to cities, and what role housing and school policies play in this process. We examine two metropolitan areas—Cincinnati, Ohio, and Wilmington, Delaware—in depth to further understand this process. Homebuyer surveys and case analyses serve as the basis for our exploration of city-suburban housing choice and related policies and programs. Finally, we propose a number of actions that cities and other jurisdictions could take to begin to reverse the so-called irresistible force of suburbanization.

City advocates looking for a "magic bullet" to reverse historical trends will be disappointed with this book. While we have identified segments of the homebuyer market that are and could be attracted to cities, we also confirm many strong decentralizing tendencies. For example, we show that Wilmington's metropolitan desegregation plan may have changed attitudes about city schools without changing decisions about city living. We confirm that many urban amenities are now as likely as not to be found in the suburbs, attracting those with urban values to urbanized suburbia. Therefore, the types of programs that will attract middle-class households (especially those with children) will require resources and awareness of trade-offs and, ultimately, strong political leadership.

Suburban apologists will also be unhappy with our findings. We have identified households that would like to live in cities and have willingly moved to city neighborhoods. We have found successful efforts to blend the needs of lower-income city residents with middle-class desires for various services and amenities. Thus, prophecies of "doom and gloom" for central cities are, for the most part, premature.

We conclude that programs and policies can be shaped to encourage middle-class homeownership in cities, and we try to specify what will be necessary to do so. Our perspective is empirical, local, pragmatic, and programmatic. We are interested in what cities can do within the current political and economic structure to attract and retain middle-class homebuyers. We indicate that appropriate finan-

cial incentives, marketing of city homes and neighborhoods, and educational initiatives can improve the ability of cities to revitalize, even within the current structures of the economy and government. While recognizing an equity issue—the need to address the issue of the underclass—we feel that there is a need for a balanced approach, which addresses the housing and schooling needs of middle-class households. Unless cities are sensitive to middle-class householders' search for educational quality for their children and housing quality for their families, cities will continue to lose such families to the suburbs. In this case, cities will lack the tax base to fund programs for the underclass.

Our conclusions indicate that, while in the short run cities will not be able to reverse long-term patterns of suburbanization, empirically based programs could help slow down this trend, especially in cities that have amenities (for example, panoramic views of rivers, hills, and parks; lively downtowns) attractive to the middle class. The success of such programs will require improved leadership at the local level as well as access to greater financial resources from state and federal governments. At the present time, only meager resources are available. Furthermore, there is a lack of awareness of the need to fund these efforts. But to judge our recommendations, the reader should begin with our more detailed argument concerning suburbanization and the need for cities to attract middle-class homebuyers.

THE SIGNIFICANCE OF CENTRAL CITY REVITALIZATION

Since the mid-1970s, journalists and social scientists have observed the increased incidence of neighborhood revitalization in American cities (Black 1975). Neighborhood revitalization is a product of a number of forces—one being demographic and lifestyle changes at the societal level. For the last twenty years, researchers have pointed to a new generation of young people who place less emphasis on childrearing and a traditional family lifestyle and to women who work outside the home as increasing the demand for central city living (Gale 1984, 1987; Palen and London 1987). Some scholars, such as Alonso (1982), believe that these changes will lead to the rebirth of cities.

Countering these optimistic writings is the reality that in American metropolitan areas, the long-term trend is suburbanization. During the 1970s and 1980s, many medium and large cities in

the northeast and upper midwest experienced population decline (Holthaus 1991). Twice as many people were moving from the cities to the suburbs as in the opposite direction (Goodman 1978). Finally, most of those moving to revitalizing neighborhoods were coming from other city neighborhoods rather than from the suburbs. Therefore, the notion of a "return to the city" was a widely believed myth.

The 1990 United States census indicates that metropolitan areas grew in the last decade, but most of the population growth continued to be in the suburbs (U.S. Bureau of the Census 1991b). Central cities did fare better in the 1980s than in the previous decade, when most cities lost population at a rapid rate. The census bureau reports that only thirteen of the forty largest cities lost population in the 1980s. The midwest had the largest number of population losers—Chicago, Detroit, Milwaukee, Cleveland—but the south and east had some declining cities—Memphis, New Orleans, Baltimore, Philadelphia. The most rapidly growing major metropolitan areas are in the south or the west. So while the south and west continue to grow, in each region there are cities that are demographic winners and losers.

A disproportionate number of families moving to the suburbs are middle-class, and thus the city-suburban income gap is widening (Long and Dahmann 1980). Furthermore, the dispersion of multifamily housing and entertainment spots to the suburbs has increased the attraction of "nontraditional households" such as singles, couples without children, and gays to suburban areas (Gross 1991; Nemy 1991). These demographic shifts have increased the seriousness of problems facing central city policymakers, problems that include a declining tax base as well as declining political power, difficulty in achieving racial and class integration in the public schools, and difficulty in attaining cooperation with suburban governments because the service priorities on both sides of the city-suburban boundary are so different.

The preceding urban problems are exacerbated by the mismatch between the limited skills of the remaining urban residents and the requirements of the postindustrial white-collar jobs that have been created. Most of these jobs have gone to suburban commuters. The inability of central city residents (many from minority groups) to take advantage of these jobs has contributed to high levels of unemployment, poverty, welfare dependency, and related social ills.

As suggested by the census data cited above, the seriousness of

the problems of suburbanization and increasing inequalities varies by metropolitan area. Some cities are adapting to the postindustrial era more successfully than others. In these locations, as service jobs replace manufacturing ones, middle-class householders are replacing blue-collar workers in gentrifying neighborhoods, and this partially compensates for the urban-to-suburban flow. In contrast, in many other metropolitan areas, central city living is not perceived as desirable; as a result, the suburbanization rate is greater.

How can we account for continued patterns of migration from central cities? Human ecologists, geographers, and other social scientists have debated the importance of different "pull" and "push" forces in explaining suburbanization. The "pulls" include the wider availability of jobs and housing along the edges of the metropolitan area; the "pushes" encompass inadequate schools, crime, and similar problems.

Demographers (Frey 1979, 1985; Frey and Kobrin 1982) have tested for the importance of these push and pull forces, using aggregated data and examining, among other things, the correlation between citywide crime rates and both the overall mobility rate and the incidence of city-to-suburban moves. This type of research, which uses aggregated data, is deceptive because it produces assertions about individuals based on the examination of groups. (This is called the ecological fallacy.) It is conceivable, for example, that those people least concerned about crime in high crime areas are the ones most likely to choose suburban locations.

For this reason, survey analysis that focuses on individual households is the appropriate analytic approach to improve understanding of mobility decisions. Unfortunately, there has been a large gap between theoretical models of household choice that have been developed (see chapter 4) and over descriptive empirical research. In recent years, social scientists concerned with intraurban migration have chosen the individual household as the unit of analysis and have conceptualized mobility as consisting of two steps: the decision to stay or to move, and the search for and selection of an alternative (Herbert 1973; Knox 1982; Moore 1972.)

Unfortunately, there has been limited research on the second issue. Most recent mobility research has focused on the decision of *whether* to move, and has ignored the decision of *where* to locate (Moore 1972; Simmons 1968).[1]

Research on factors affecting the likelihood of moving generally shows policy variables having little ability to hold middle-

income families in central city locations. Whether these policy variables can help to attract such families to the central city is an unanswered question, however (Varady 1983). According to Rossi and Shlay (1982), the critical issue for mobility research is why families choose a particular location and whether public programs might influence this decision:

> The problem is not why families move but why families choose to move where they do. . . . The prospects of addressing social policy issues through the study of residential mobility can be considerably enhanced if the focus of such research shifts to residential location processes. (25)

This book represents an effort to reduce the gap in existing research on relocation decisions by considering the relative importance of different background demographic characteristics, such as marital status and the presence of children, and residential attitudes, such as the quest for urban or suburban attributes and concerns about public schools and housing prices, in distinguishing city and suburban homebuyers and in distinguishing between those planning to remain and those planning to move in the near future.

RETAINING AND ATTRACTING THE MIDDLE CLASS

One approach to solving the existing ghetto problem is to disperse the poor of central cities by building low-income housing in the suburbs. The obvious advantage of this strategy is to better link low-income householders with suburban jobs. However, this strategy faces formidable obstacles, including entrenched patterns of racial discrimination and the unwillingness of central city minority politicians to give up their political power (which would occur if a massive dispersal policy were implemented). Thus, for the foreseeable future, the most realistic policy to deal with America's urban problems will be a core strategy aimed at improving housing and social conditions in the central city.

In order to implement a core improvement strategy, cities need to expand their tax base. This will require better linking housing and economic development. More specifically, cities have to replace those activities that they are losing (typically manufacturing) with ones where they are competitive (specialized service jobs like finance and advertising). The problem for large cities like New York is

that the companies that they are trying to attract find that their middle management staff tend to live in the outer suburbs. Given the costs and uncertainties of commuting, such firms find it increasingly tempting to locate in the suburbs. The challenge for cities is to stimulate the production of market-rate housing for such white-collar workers.

Thus, to be successful in the long run, cities need to meet two distinct types of housing needs; or to put the matter somewhat differently, cities need to develop balanced housing policies encompassing both equity and economic growth considerations. Emphasizing equity alone is impractical and counterproductive:

> One group of low- and moderate-income people, the "shelter society," requires the basics of adequate physical housing. Members of a second, more affluent group, the "post shelter society," want housing to serve also as a symbol of prestige and a vehicle for capital accumulation. The primary consideration in choosing a dwelling for these people is not whether one can afford the investment, but whether it is retrievable at a profit. For the young members of this group, location close to core areas of jobs and consumption is an equally key concern. (Sternlieb and Listokin 1985: 385)

Up to now, we have stressed the need for a middle-income housing policy to expand the tax base so as to fund programs for the underclass and, more generally, to adapt to the transformation from an industrial to a post-industrial society. Such a policy has other advantages. Because of its purchasing power, a larger middle-class population would improve the prospects for viable downtown and neighborhood shopping districts. In addition, because of their greater political acumen, middle-income families would probably pressure local bureaucracies for better services. Finally, a larger middle-class population (including families with children) would facilitate neighborhood class and racial integration as well as integration in the schools. If the latter occurred, this could help to raise test scores among low-income minority students.

Programs like tax abatements have been shown to be effective in stimulating middle-income housing construction. Furthermore, empirical studies have shown that these programs pay for themselves within a relatively short time (Sternlieb and Listokin 1985). However, the programs have sometimes been viewed as controver-

sial. Opponents contend: (1) that the benefits of such programs rarely, if ever, filter down to the poor; (2) that city efforts to work with private developers often hurt the poor (through either direct or indirect displacement, the latter referring to relocations resulting from general price rises in the area); (3) that these funds are more appropriately spent helping the poor; and (4) that the middle-income families locating in the city under these programs would have done so anyway.

The debate over these middle-income subsidies is partly empirical in nature, including the issue of whether these programs do in fact have spillover benefits for the poor. The research on this subject is, in fact, meager. More basically, the argument revolves around ideology. Those who are against such subsidies on principle are not likely to change their minds even if they are provided with evidence demonstrating the existence of spillover benefits.

Our aim in writing this book is not to convince the reader of any ideal balance between equity and economic growth considerations. Rather, we attempt to answer several more straightforward empirical questions. For example, are middle-income economic incentives such as tax abatements as controversial as might be expected, based on academic journal articles? Can coalitions be developed at the citywide and community levels willing to address both types of housing needs, or are the two positions so strongly held that compromise is impossible?

This book would hardly make sense unless we were convinced of the importance of addressing middle-income housing/schooling needs. We have found Daniel Monti's 1990 study, *Race, Redevelopment and the New Company Town*, persuasive. Paraphrasing him, cities can be rebuilt in a way that accommodates both the rich and the poor. A review of the literature and a case study of private sector redevelopment in the central corridor of St. Louis make him (and us) relatively optimistic about the prospects for such a balanced approach. It is worth reviewing the major points of his argument.

Monti begins by noting that, historically, there is much basis for skepticism about the desirability of these efforts based on governmental programs in three types of communities (downtowns, gentrifying communities, and neighborhoods experiencing incumbent upgrading). In all three, minority and low-income families have tended not to benefit from redevelopment. Urban renewal is probably the best known example of a well-intentioned program aimed at promoting the return of the middle class that hurt the poor.

Turning from history to theory, Monti notes that both Marxists and ecologists are pessimistic about the ability of private corporations to address the needs of poorer citizens as part of redevelopment efforts:

> Ecologists would not argue that private corporations have an obligation to remedy these problems or to rebuild the city in a way that its citizens deem responsible. Marxists would argue that private corporations should do this, but rarely do. In neither case does it seem that theorists offer an especially hopeful view of cities or the ability of persons living in cities to shape the world in which they live. (9)

The "city as polity" perspective, held by only a minority of academic experts on the subject, is much more optimistic about the role that private corporations might play in efforts to redevelop particular areas:

> Some thirty years ago . . . political scientist Norton Long had hoped that business leaders would find a responsible way to reassert themselves in the daily affairs of cities. He viewed the modern corporation as competing with the city itself for the loyalty of its personnel; and he worried about the loss of civic-minded stewards who could help guide the city. He thought that if unions and corporations found an agreeable way to invigorate the political process, it might be possible to build a more united community and a set of ethical standards everyone could adopt. . . . Long resurrected the nineteenth-century American idea that the city's business leaders could be instrumental in drawing everyone else together. (xvii)

In reality, Monti's case studies of redevelopment in five communities in the central corridor of St. Louis supported the third perspective, "city as polity." That is, on the whole, the redevelopment process in these communities worked out rather well, certainly better than would have been expected based on Marxist or human ecological writings:

> Today, these areas not only look better but they also have a racially and economically mixed resident population. The political debates inspired by redevelopment work did not ignore

the problems inherent in building a more pluralistic neighborhood. Indeed, the behavior of public and private leaders fueled such arguments. The lessons learned in these areas have yet to be widely shared with other parts of St. Louis. Nevertheless, they are readily available for others to adopt as they see fit. (xviii)

Thus, the St. Louis study seems to show that, in order to make redevelopment happen, it is necessary to create a coalition of business leaders, elected officials, civil servants, and some grassroots leaders. Whether the coalition will be effective is dependent on local circumstances (for example, the personalities of leaders) rather than on external forces (for example, broad economic trends, national housing policy).

Monti's work makes us optimistic about the possibility for developing and implementing "balanced" housing and schooling policies—that is, policies addressing both economic growth and equity concerns. This premise provided the basis for our doing this research and writing this book. We believe that cities need middle-class homeowners for their financial, political, and social viability. They can address their needs while simultaneously helping lower-income families.

Our premise—that cities need middle-class homeowners and should shape policies to retain and attract them—may be controversial. The thrust of much of the literature about cities and the recent politics of cities focuses on the search for more equity in cities and for the empowerment of minorities. The pronouncements from academics and politicians after the Rodney King verdict show how tempting it is to stress equity (and to sound politically correct) rather than to face the more difficult and controversial task of developing housing/schooling policies that promote equity in the context of expanding the city's economic base.

We believe, as most Americans probably do, that the time for white-led divisive racial policies, inequitable service delivery, and government school segregation has long passed. But we have also witnessed an overcorrection as reflected by those who want to stress equity to the exclusion of all other factors. Cities cannot afford to ignore or discourage homeowners, of whatever race, who can help finance equitable policies, share leadership in city and community organizations, and support policies of higher jurisdictions that impact on cities. Yet they have. Writers such as Davidoff and Krumholz

have opposed virtually all efforts to fund middle-class housing/schooling programs (see, for example, Krumholz and Shatten 1992).

As Tom Bier, who read an early draft of this manuscript, argued, "I believe that you could go as far as to say that the history of the past forty years demonstrates that there is no hope for most cities until government policies that influence the location choice of middle-class people are changed." Bier's comment reflects an understanding that so many governmental programs have had the net effect of stimulating suburbanization. These programs include overgenerous funding for highway construction and the lack of effective regional planning. Such programs have enabled the proliferation of development and suburban malls, thus undercutting the viability of central cities. We agree with Bier and in this book address how this could be changed.

Cities need to attract more middle-class householders whether they rent or own. However, we have decided to focus on homebuyers because the goal of homeownership is so strongly held by members of the middle class, because homeownership has been promoted by federal tax/housing policy, and because owners usually have stronger residential ties to their areas than renters. Thus, attracting middle-income owners is a way to strengthen the fabric of cities. We therefore use "middle-income" as shorthand for middle-income homeowners.

If policymakers are to develop effective policies to stem population loss, they will require improved information on the composition of the homebuying population, the structure of metropolitan housing markets, the factors affecting locational choices, and the extent to which different homebuying subpopulations are attached to their current locations. Revitalization is also related to the nature and the quality of the public schools serving city residents, for perceptions of schools can be a significant factor in homebuying decisions of families. The chapters that follow address gaps in research in all of these areas.

ORGANIZATIONAL FRAMEWORK

This book seeks to answer three sets of questions. First, what are the gaps in existing research regarding the underlying causes of suburbanization and central city inmigration? What insights does our analysis of recent Cincinnati/Wilmington homebuyer mobility

offer into the underlying causes of these trends? Second, what does the research literature suggest concerning the conflict over middle-class housing and schooling programs developed and implemented towards these ends? What additional insights do our Cincinnati/ Wilmington case studies offer into the ability of cities to simultaneously address middle- and lower-income needs? Finally, based on our empirical analysis and case studies, what additional research is needed and what types of programs ought to be tried?

More specifically, this book examines the problem, process, politics, and potential of central city revitalization and metropolitan development through a comparative analysis of homebuyers in Hamilton County, Ohio (which includes Cincinnati and many of its suburbs), and New Castle County, Delaware (which includes Wilmington and its suburbs). The analysis helps us to understand what factors play a role in homebuying decisions, especially with respect to city-suburban choices. We focus on the role of schools and housing characteristics in this decision. The inclusion of the major Cincinnati metropolitan county allows us to examine the impact of the city's historic magnet school plan on homebuyers. Similarly, the inclusion of the Wilmington metropolitan area permits us to analyze the effects of a metropolitan school desegregation plan on home-buyer attitudes and decisions. Although both metropolitan areas have school plans that should make the central city more attractive to middle-class homebuyers, New Castle County's metropolitan school districts probably offer more potential for stemming white middle-class outmigration. In addition, both cities have begun to struggle with the issue of providing housing for the middle class in the context of economic difficulties. This provides us with a context to examine the bureaucratic and political issues involved in implementing housing programs aimed at middle-class families.

ORGANIZATION OF BOOK

In this introductory chapter we have stated our premises and our research questions. Chapter 2 places our work in the context of the larger literature on central city revitalization. In this chapter we review selected works in urban political economy, urban sociology, and metropolitan planning. We specify research questions from these three literatures. Chapter 3 discusses the setting for our research and our methodology (the types of questions that we included

in the mailed questionnaires, the numbers of survey forms that were sent out and that were returned, and so forth). In order to provide a base for the chapters that follow, we present and discuss statistical profiles of recent homebuyers in the two metropolitan areas. In doing so, we seek answers to two questions. To what extent has the homebuying population been affected by the demographic and life-style changes discussed earlier in this chapter? To what extent is it possible to identify (using a technique called cluster analysis) a "cosmopolitan" group of buyers, and how large is this group, if it does exist?

Chapter 4 begins the second part of the book, The Mobility Process. The merged Cincinnati/Wilmington homebuyer survey data set is utilized to examine the types of families most likely to make city choices.

Even if certain types of young householders are attracted to cities, there is no certainty that they will remain there through later stages of the life cycle. Chapter 5 seeks to determine what types of recent homebuyers are most likely to move quickly and what the relative importance of particular background attitudinal and demographic characteristics is in influencing moving plans. An especially important issue that we examine is whether urban-oriented buyers who have purchased in the city plan to stay put (because of the match-up between their values and their current residential situation) or whether they intend relocating as they anticipate moving through later stages of the life cycle.

Whereas chapters 4 and 5 focus on the determinants of mobility decisions (where and when to move), chapter 6 looks at the consequences of these decisions—that is, how recent homebuyers are distributed in space. We use cluster analysis to test for the existence of identifiable groupings of neighborhoods defined by demographic and attitudinal characteristics. The results show that Cincinnati (and to a lesser extent, Wilmington) contains cosmopolitan neighborhoods where the level of affluence and housing prices approach that of the most expensive suburbs.

Part 3, Developing Programs to Attract Middle-Income Families, examines the political and bureaucratic issues that cities face as they try to stimulate the production of market-rate housing. In chapter 7, we assess whether it is possible for cities to prepare citywide housing strategies that address both market-rate and below market-rate housing issues. As we point out, American local housing efforts during the last twenty years have tended to focus exclusively

on low-income housing problems. Most of the initiatives and funding have been federal, and the delivery local (Nenno and Brophy 1982). The chapter uses an "insider's perspective" to evaluate why it was possible for a Cincinnati task force (the Housing Blueprint Technical Working Group) to produce a plan dealing with market-rate as well as below market-rate housing. (The Ohio author of this book was a member of, as well as a consultant to, the Technical Working Group, thereby facilitating an insider's viewpoint.)

Chapter 8 examines the practicality of local government efforts to use tax abatements and other economic incentives to attract middle-income families. It may come as a surprise to some readers of this book to learn that a number of cities, including Cleveland, Montreal, and St. Paul, have used these incentives and have been able to do so with relatively little controversy based on the equity issue. Those raising this issue ask: How can middle-income programs be funded when there exists so much low-income housing need? The chapter explains the lack of controversy. Later in the chapter, we use the results of the Cincinnati/Wilmington homebuyer surveys data set to examine a related set of questions. What is the level and nature of demand for tax abatements and below market-rate mortgages among homebuyers? What factors are most important in predicting interest when we take into account the interrelationships among the different determinants?

Programs like tax abatements have a spatial dimension; they are often implemented in conjunction with projects aimed at constructing new market-rate units (or rehabilitating existing ones) in declining central city neighborhoods. Frequently, these projects are resisted by residents from the surrounding area because these residents fear being displaced as a result of conversions or because of rent/property value increases. Chapter 9 first looks at the social science literature to see what suggestions it offers to cities facing this manifestation of the "not in my backyard" (NIMBY) syndrome. From the literature review we turn to a case study of Cincinnati's East End, where the city was able to overcome community resistance to a land use plan that included additional market-rate housing. To achieve community approval, the city involved the community in preparing a plan much broader than the one originally envisaged, one including regulations to protect the character of the area and to address the area's low-income housing needs.

In the following two chapters we shift from housing to school programs. In chapter 10 we analyze the court-ordered metropolitan

school desegregation plan implemented in the Wilmington area. We examine the legal basis of this plan, as well as a number of implementation issues, focusing on whether this metropolitan plan has successfully served the needs of low- and middle-income families. Our analysis indicates the limitation of this approach—for example, the busing burden on city children, the refocusing of attention from educational quality to racial equity and discipline—for retaining and attracting middle-class families to cities. In chapter 11 we analyze the Cincinnati public schools, examining closely the city's alternative schools program and whether magnet schools can help retain and attract middle-class families to cities. We see some hope in the reform of this city's schools, and an attractive magnet and a selective college oriented junior and senior high school. We also point out the limits of this approach—concerns about student selection to magnets and discipline/safety in the schools.

Chapter 12, Future City Revitalization Efforts, outlines the major lessons to be derived from our analysis and offers an agenda for future research.