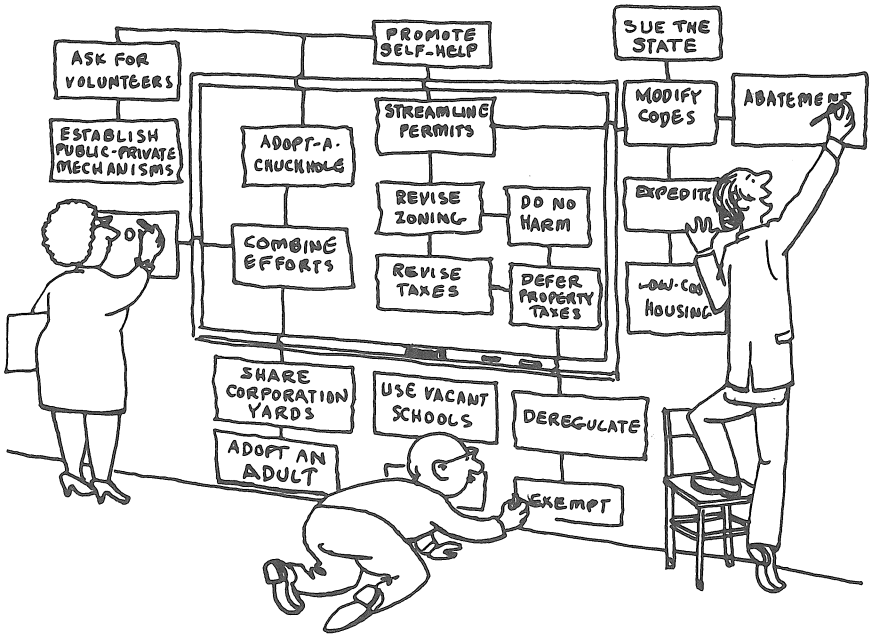
REDISCOVERING GOVERNANCE

Using Nonservice Approaches to Address Neighborhood Problems

A Guide for Local Officials



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February 1980

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SRI Project 7136

The preparation of this report was financed in part through grants provided by the National Science Foundation and the Charles F. Kettering Foundation

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FOREWORD

The research on which this guidebook is based was funded primarily through a grant to SRI International from the National Science Foundation, with supplemental assistance provided by the Charles F. Kettering Foundation. The survey and field data used in the research were provided to SRI by member jurisdictions of the Urban Consortium for Technology Initiatives (sponsored by Public Technology Incorporated) and were collected from the 37 major cities and urban counties that make up the Urban Consortium. Urban Consortium Project Review Committee members and PTI staff also reviewed the research and provided significant assistance in shaping the study.

The Urban Consortium is a national organization of the nation's 28 largest cities and 9 urban counties which have joined together to increase the relevance of national research and development programs to urban needs. Public Technology Inc. (PTI) serves as Secretariat.

PTI is a national non-profit organization doing research and development for local governments. It was established in 1971 by the major public interest groups representing state and local governments. PTI's Board of Directors includes the Executive Directors of the National League of cities and the International City Management Association and officials from five local government subscribers of PTI.

Robert Fichter, Chairman of the Urban Consortium Project Review Committee, and Tom Chmura and Donna Sorkin of Public Technology, Inc. played especially important roles in shaping the final research products.

Finally, a variety of individuals in the Federal government and in other organizations have helped to support SRI's continuing investigation into the use of nonservice approaches to urban problems. This continued support is acknowledged with gratitude.

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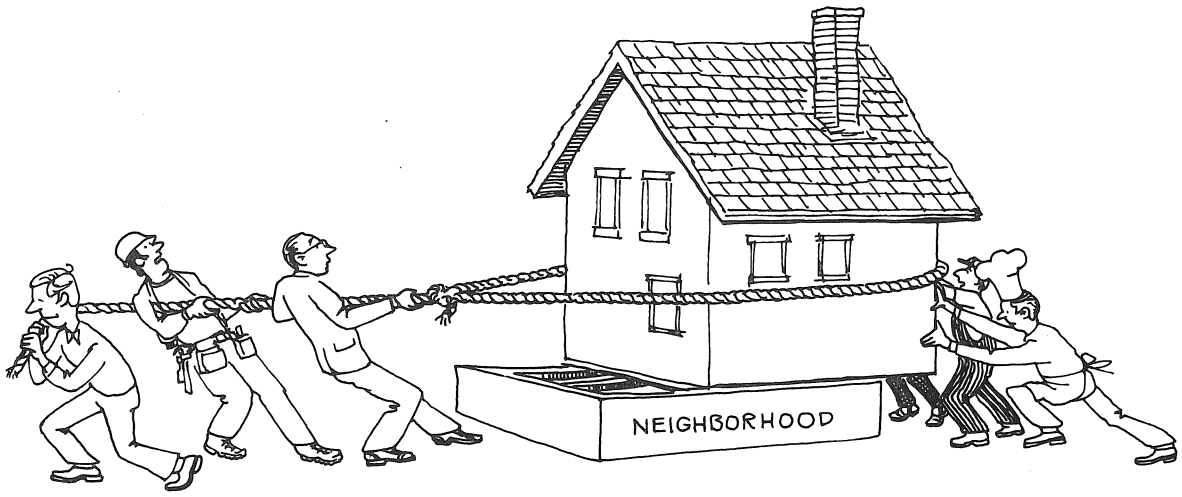
"We are talking about setting aside the problem solving approach which says: when a problem arises we will institute a service/program, publicly funded, to solve it . . . . instead we ask how we can help bring the full range of resources that exist in a community into the problem solving process.

. . . . The approach we are exploring, by definition, seeks to draw people, their talents, and resources into the solution process. This can expand city resources and substitute or supplement private, voluntary, and other agency resources for dwindling or nonexistent city resources."

— from a letter by Donald J. de la Pena,
a member of the Project Review Committee,
to Steven A. Waldhorn



I INTRODUCTION

Purpose

The purpose of this guidebook is to provide city and county officials with information about an array of policy tools employing local governance powers that can be used to address neighborhood problems. It is the product of an 18-month study undertaken by SRI International in collaboration with local government officials of the Urban Consortium for Technology Initiatives. This study examined how local governments use their powers to govern (i.e., regulate, tax, administer, and collaborate) to address neighborhood problems, rather than (or in addition to) their power to spend.

The study found that local governments are increasingly:

- Using their *regulatory powers* to adapt zoning ordinances and codes to address special problems, such as the preservation of low-income housing, in ways which reflect the market realities of neighborhoods.
- Using their *tax powers* not just to raise revenue but to aid special groups such as the poor elderly and to encourage private investors to participate in neighborhood revitalization.
- Using their *administrative powers* to target local government spending into economically depressed areas where it will have the greatest effect and to make sure that municipal resources such as school facilities are made available to encourage neighborhood self-help efforts.
- Using *collaboration* to involve private corporations, neighborhood organizations, and residents in neighborhood revitalization efforts.

The policy tools described herein are "new" only in that they entail using traditional governance powers in new ways to meet particular local needs. Because they do not depend primarily on the direct provision of services or major capital investment, the tools are known collectively as "nonservice" tools.

Table 1
NONSERVICE APPROACHES AND THE PROBLEMS THEY MIGHT ADDRESS

Nonservice Approach	Housing Stock Decline	Business Strip Decline	Social Services	Social Stability
Regulatory powers				
Zoning changes (downzoning, upzoning)	■	◒	◒	□
Zoning exceptions, waivers	■	■	◒	◒
Institutional master plan	■	■	□	■
Differential code enforcement	■	■	◒	◒
Targeted code enforcement	■	■	◒	□
Condominium conversion regulation	■	□	■	□
Rent control	■	■	■	□
Control of lending institutions	■	■	□	□
Taxation powers				
Tax abatements for improvements				
Owner occupied	■	□	□	□
Commercial structures	□	■	□	◒
Tax exemptions/deferrals for elderly or poor	■	□	■	◒
High transfer tax to slow speculation	■	■	□	□
Cut in length of time tax delinquency allowed on rental units	■	◒	◒	◒
More use of taxes other than property taxes	■	■	□	□
Administrative reform powers				
Targeted procurement set-asides	◒	■	□	◒
Requirement that city employees live in the city	◒	◒	■	■
Expedited take-over of tax-delinquent rental properties	■	◒	■	◒
Permit streamlining	□	□	□	□
City funds deposits only for affirmative action lenders	■	■	□	□
Allowing other groups to use public building	◒	◒	■	◒
Collaboration powers				
Using corporate assistance	□	□	◒	□
Targeted corporate investment	■	■	■	□
Promoting advantages of neighborhood	■	■	■	■
Affirmative action lending	■	■	◒	◒
Private augmentation of public services	□	■	■	■
Encouragement of self-help efforts	■	■	■	■

Key: ■ Likely to Affect (Positive or Negative)
◒ May Have Some Effect
□ Unlikely to Affect

Collectively, these tools represent an important complement (or even alternative) to the frequent pattern of creating a new governmental service program for every urban problem that arises. They suggest that there is more to the role of local government than just operating sevice delivery programs. Table 1 shows some nonservice strategies and the kinds of problems they might address.

However, while nonservice tools are often effective in addressing these issues, it is also important to note that cities and counties using these tools are having a number of serious problems regarding the effective development and application of programs associated with their use. Some local governments have failed to:

- Adequately consider the potential negative effects of tax, regulatory, or administrative reform approaches.
- Effectively integrate governance approaches with service-delivery programs.
- Consider the dynamics in and between different neighborhoods in developing nonservice approaches.
- Adequately assess the political issues involved in applying such approaches to housing and economic development problems.
- Integrate the variety of plans and policies of different agencies.

Despite these problems, the trend toward less reliance on the direct delivery of special services by local government is well established and the increased use of nonservice tools as alternatives to address housing and economic development problems at the neighborhood level is likely to continue.

The specific nonservice tools presented in this guidebook are aimed primarily at stabilizing or revitalizing urban neighborhoods. This can include maintaining or improving the housing stock, strengthening neighborhood business districts, increasing the array of services available to neighborhood residents, or reducing the need for other types of services, and addressing problems associated with neighborhood instability.

Limitations of the Guidebook

This guidebook presents practical ideas, but it does not present recipes for action. The choice of which nonservice tool to use depends not only on specific local needs, but also on specific local constraints. Important constraints may be imposed by local political dynamics, by particular market and economic situations, by state and Federal laws and regulations, or by the absence of a particular capacity needed to make the tool work.

Nonservice tools cannot replace either needed basic services or needed capital investment. For example, an antilitter campaign won't make it possible to disband the street-sweeping department, although it may allow keeping it the same size and having cleaner streets. Also, nonservice tools are not free; for example, most of the administrative reforms identified entailed at least the temporary use of staff to coordinate and monitor the reform, while the tax abatement measures can entail foregoing substantial tax revenue. In addition, a local government so poor that it has no extra staff capacity to carefully plan and analyze its policy options may find it impossible to do the kind of careful assessment and diagnosis needed to use nonservice tools effectively in stabilizing or revitalizing a particular neighborhood. If so, the first step is to find some way to ensure that local officials have enough time available to allow them to plan, to seek and make use of input from community groups, residents, and merchants associations, and to consider likely consequences of the options available.

Like any kind of government action, nonservice tools have risks associated with their use. Applying municipal tax, regulatory, and administrative powers in new ways can lead to new problems. For example, downzoning can make a housing shortage worse; an antispeculation tax may inhibit longterm home ownership; mandating city residence for city employees may unduly complicate union contract negotiations. Also, collaborating with new sets of actors can lead to new conflicts. For example, if the planning department has become used to holding only citywide public hearings, a requirement to work closely with neighborhood residents may lead to considerable delays.

Reasons for Considering the Use of Nonservice Approaches

If nonservice approaches are often inapplicable, are not free of cost, and their use imposes risks, then the question of why they should be tried is a reasonable one to ask. In general, cities and urban counties are meeting increasing fiscal constraints — bond issues are increasingly being turned down by voters, and tax limits have been enacted in several states — but the constraints on revenues are not matched by constraints on problems. The rising cost of labor and materials cuts as surely into local government operating budgets as into family budgets. Interest rates and related economic trends have slowed the growth of local tax bases. Even in Sunbelt cities there are neighborhoods that have remained untouched by prosperity. Ways of solving problems that are within the reach of strained budgets are essential.

But fiscal distress is not the only reason for examining nonservice approaches. Local government officials began to see the defects of fragmentation accompanying Federal categorical grant programs in the later 1960s and early 1970s. Attacking only one part of a problem (and that not to the fullest extent) with another neighborhood service program often wound up having little effect on the totality of a problem, particularly when the grant was given for a limited time and the service it funded then had to be taken over and funded by the local jurisdiction. Moreover, many categorical programs operated as though market forces did not exist and problems were isolated from all such forces.

As local governments have grown in management and planning capacity, they have come to better understand the many forces affecting urban change, both on a citywide and neighborhood level. In addition, local community organizations and public interest groups have increasingly brought pressure on local government to adopt a broader approach to problems and have promoted specific reforms, such as those embodied in the Community Reinvestment Act. Academic work on the unintended effects of Federal policies has also highlighted the importance of local tax, regulatory, and other policies in affecting what happens in neighborhoods. Cities have come to recognize that the "policy space" within which they can affect neighborhoods is real and includes more than just the ability to spend Federal grant monies. Even though what they can do is often constrained by both local and intergovernmental restrictions and by programs sponsored by either local agencies or other governments which work at cross-purposes, there is room to act. This emerging awareness, which is referred to as policy planning in some cities and neighborhood analysis in others, represents a critical part of the foundation for the use of nonservice approaches.

Implementing Nonservice Approaches

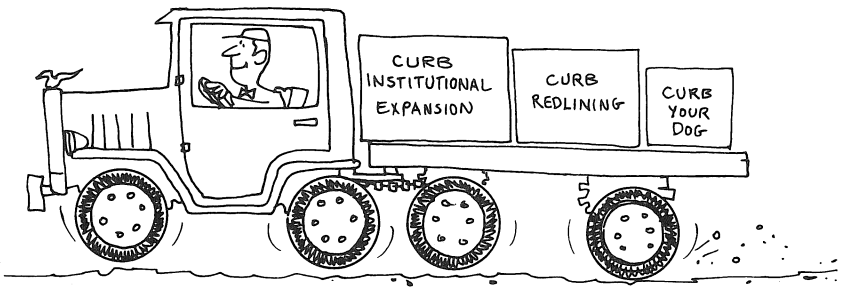
In all of the nonservice approaches studied, several implementation issues came up over and over. One problem is the resistance of service delivery providers. Even ineffective service programs generate strong constituencies within neighborhoods and within government itself. To the extent that alternative governance or nonservice approaches threaten existing service delivery systems, resistance is certain.

Like service programs, governance approaches require attention to careful policy analysis by local governments — looking not only at the costs and benefits, or the incentives and disincentives, but at who wins and who loses and how different actors in the neighborhood are affected.

While some informal measures of outcome have been developed, local governments cannot assess either the direct or indirect impacts of nonservice approaches applied to neighborhood problems in the same way they count numbers of people served by traditional service programs (or numbers of abandoned cars towed, miles of streets swept, or numbers of condemned buildings removed). For example, the effectiveness of a tax abatement measure is only partly dependent on how many people or businesses take advantage of it; some of its effectiveness may depend on the extent to which it affects private decisions and/or existing service or capital improvement programs. The assessment of many outcomes may have to be done using cruder standards, such as whether symptoms of neighborhood decline are getting better, getting worse, or staying about the same.

The discussion of each type of nonservice measures in the following sections attempts to give enough general information to guide local officials in deciding whether or not to investigate any particular measure further. The tables presented in the discussion of individual nonservice approach types describe not only specific tools and what they are intended to accomplish, but also what unintended or secondary effects they produce, what kinds of cost they entail and how they shift costs, what group or agency (actor) is likely to urge or initiate use of the specific nonservice measure, and who must put it into practice. All of the specific nonservice measures entered on these tables are known to be in use in one or more cities or counties; the names included are not by any means an all-inclusive list of who uses the tool.

Adopting any nonservice measure solely because it is described in this guidebook has only a small chance of being successful. A measure that acts one way in one neighborhood may have a different effect in another because it was implemented at a different point, because of unrecognized differences in neighborhood dynamics, or because it needs the support of companion measures in order to be strong enough to make a difference. Local officials must study particular approaches carefully and adapt them to their local settings if they are to be effective. The last chapter of this guidebook discusses the use of nonservice approaches and suggests the kind of questions that must be considered in the planning, implementation and evaluation of such approaches.



II NONSERVICE APPROACHES USING REGULATORY POWERS

Basis of Governance Power

Local government has historically, through state enabling legislation and municipal charters, been empowered to adopt ordinances and resolutions that regulate the activities of businesses and individuals. These regulatory powers are grounded in various sections of municipal codes and serve to guide various public actions.

Traditionally these powers have been employed to guide the overall growth and development of communities and prevent undesirable conditions such as improper land use, incompatible industrial and commercial development, and actions by individuals detrimental to the health and safety of the residents.

In examining nonservice approaches based on using regulatory powers, it is important to realize that increased regulation by local government may be perceived as being inflationary, excessive, or both. The Federal government is currently turning in many areas to revisions of its own regulatory system or to deregulation to remove the inflationary aspects of what seems to many to be overregulation affecting the entire national economy. Local governments that use regulatory strategies too bluntly may find themselves perceived as adding new burdens to local private development rather than redirecting market forces in ways that meet local policy goals.

How Regulatory Powers Are Being Used

SRI's study of the use of nonservice approaches in large cities and counties has shown that many local governments are now beginning to use their police and regulatory powers in new ways to:

- Help meet neighborhood housing needs
- Control the expansion of institutions

- Promote small business vitality and commercial strip revitalization.

Table 2 shows a selection of the more important uses of regulatory powers to address these neighborhood problems. As the table shows, large cities and counties are using both traditional regulatory tools — such as zoning statutes, and code enforcement policies — and newer tools — such as condominium conversion ordinances — to address these problems.

Zoning ordinances are being changed not only to enhance city ability to encourage existing and new forms of needed housing, but also to assist commercial enterprise, preserve historic structures, prevent negative impacts of university and hospital growth, facilitate commercial revitalization, and promote the neighborhood revitalization process through accommodating unique neighborhood housing requirements.

Zoning densities are being changed through downzoning to stabilize neighborhoods by preventing rapid conversion of single-family to multifamily units, prevent encroachment of commercial areas (particularly central business districts) on residential neighborhoods, and control the size of service demand in neighborhoods. Cities using downzoning find it important to increase neighborhood resident participation in zoning decisions and small area planning.

Differential code enforcement is being used to better take account of neighborhood housing and economic differences, to shift enforcement from a punitive to a collaborative remedial effort, to better target concentrated code enforcement on habitual violators, such as absentee landlords, and to ensure access for the disabled living in neighborhoods.

How Regulatory Approaches Are Being Used

Meeting Neighborhood Housing Needs

Neighborhood revitalization depends, to a large extent, on how well city policies and programs assist or complement the private housing market in meeting the needs of individuals and families who live, or want to live, in a neighborhood. Local governments have in the past relied heavily on public subsidy programs to address housing needs and have implemented many service delivery programs focused on low-interest loans or rehabilitation grants, housing counseling services, and heavily subsidized construction programs. These programs, however, have been primarily addressed to low-income families and individuals, and have often been ineffective. In addition, they have failed to adequately take into consideration the full range of families and individuals in a neighborhood who must be considered if revitalization is to occur. A number of the local governments are now using regulatory reform to address these problems in new ways.

MAINTAINING A BALANCED HOUSING MIX THROUGH DOWNZONING

Chief among the existing land-use regulation strategies that have been used in new ways to direct or appropriately respond to neighborhood change is downzoning.

Many Urban Consortium cities and counties in SRI's survey indicated that they were using downzoning as a principal technique to influence neighborhood housing markets and better meet existing demand. In each of the cases reviewed, downzoning was designed to achieve one or more objectives:

- To reduce the conversion of single-family dwellings into multiple family units and protect single-family housing stock.
- To prevent the encroachment of central business districts or commercial districts on unstable residential neighborhoods to preserve residential character and stock.

Table 2
NONSERVICE APPROACHES USING REGULATORY POWERS

Policy Approach	Actors (initiating and implementing)	Objective(s)	Unintentional Effects	Cost or Cost Shifting Effects	Reporting Jurisdictions
Downzoning	Neighborhood groups; City Planning Department	Prevent conversion of single family homes to multifamily or commercial.	Raise housing prices, displace poor tenants, aggravate housing shortage.	Shifts cost of housing purchasers, developers citywide.	Atlanta, Chicago, Denver, Jacksonville, Los Angeles, Memphis, Philadelphia, San Francisco, Seattle.
Differential code enforcement (enforce health and safety only)	Planning Department, Office of Community Development; Office of Building and Housing Inspections	Avoid precipitating abandonment by owner-resident, give tenant recourse against absentee landlord.	Reduces value of housing stock, may still promote abandonment of multiunit housing.	Can increase inspection cost, fixes maintenance cost on owners.	Cleveland, Denver, Philadelphia, Portland and Salem, Oregon, Seattle.
Require Master Plan for institutions	Neighborhood groups; Planning Commission or City Planning Department	Can prevent too much loss of housing, provide job opportunities, provide community facilities	Might cause institution to leave city or build new facilities in other neighborhoods	Increases cost to institution.	San Francisco
Revise zoning, provide exemptions for special uses, or restrict undesirable uses	City Planning Department	Can promote needed housing (group homes, in-law apartments), aid neighborhood business, eliminate adult entertainment (or contain it)	Too high a concentration of group homes may increase need for services, reduce integrity of neighborhood; living over stores aids safe streets.	Can lower housing cost for individual, raise cost for excluded business.	Boston, Dade Co., Denver, Detroit, Los Angeles, Memphis, New York, Phoenix, Pittsburgh.
Condominium conversion regulation	City Planning Department or Office of Building and Housing Safety	Avoid displacing poor tenants without due process, help to preserve rental stock.	May discourage construction of new units, reduce maintenance of existing units.	Shifts costs to investors in multiunit housing.	Los Angeles, New York, Washington, D.C.
Rent control	Tenants or voters; Rent Control Administration Office	Slows rent increases in existing housing and helps low income tenants remain	Can cut incentive to build new apartment buildings, or maintain existing ones at high standards.	Shifts costs to investors who subsidize some housing as a result.	Los Angeles, New York
Regulation of private lending institutions.	Neighborhood groups; Mayors Office, Mortgage Review Board. (Usually preempted by state law and by Federal Community Reinvestment Act)	Prevent discrimination in lending, increase credit availability (for other loans as well as mortgages).	Some institutions may close branches rather than comply.	Slight increase in risk assumed by lending institution.	Seattle, Washington, D.C., states of California & Illinois

- To control high-rise development in multifamily zoned neighborhoods, and its impact.
- To increase neighborhood group participation in zoning decisions and area planning.

While downzoning has sometimes been carried out as part of a city-wide rezoning, it has more often been neighborhood focused. In San Francisco, Chicago, Jacksonville, Denver, and Seattle, downzoning changes were developed following petitions from neighborhood residents. In Los Angeles, Memphis, Philadelphia, and Atlanta downzoning was developed by public planners as a neighborhood strategy for bringing zoning into conformance with land-use plans, to prevent conversion of single-family housing into multifamily units, and to facilitate conversion of warehouses and commercial structures into residential buildings. These actions can protect and stabilize single-family neighborhoods by discouraging changes in housing character, discouraging speculation, and promoting maintenance of homes (see Exhibit 1).

San Francisco, Denver, and Seattle are all grappling with how to ensure neighborhood stability while also increasing housing availability. They are also recognizing the need to more appropriately differentiate between neighborhood needs and protect themselves against the unintended consequences of downzoning. In particular, they are finding they must be aware, as all cities must be, of what can be called "the 180 degree phenomenon," when the gap between recognition of the problem and response to it is so long that the market conditions reverse and negate the intended effect of the policy. For a city where

Exhibit 1

DOWNZONING IN THREE CITIES

San Francisco, Denver, and Seattle provide three good examples of how downzoning can work. In each case the approach was somewhat effective in constraining developments. However, changing market conditions affected downzoning in each city and made it necessary for them to reconsider the impact of the strategy over time.

In San Francisco, downzoning evolved out of a movement away from traditional areawide and redevelopment oriented zoning. This movement was a response by different city constituencies to specific neighborhood issues. Middle income neighborhoods were concerned with maintaining single family housing. One lower income neighborhood was concerned with protecting the neighborhood's varied single and multifamily mix against the encroachment of the central business district. In other areas, the problem was gaining recognition for nonconforming land uses, including family stores, and joint commercial-residential use of structures.

While the city-wide rezoning has apparently been somewhat successful in protecting existing neighborhood housing, questions are now being raised concerning the impact of downzoning on the capacity of the city to meet housing demand either through conversion or construction of new housing. The major policy problem in San Francisco currently is how to bring down housing costs.

* * * * *

Exhibit 1 (Concluded)

Denver initiated its downzoning practice in response to an evaluation of the existing high-density zoning envelope which planners found was enacted to accommodate greater growth than actually occurred. After analysis of market conditions, city officials found that permissive zoning encouraged deterioration of existing housing by encouraging haphazard conversion to multiple units and/or new business uses and the city adopted new downzoning policies as a stabilizing influence on neighborhoods.

However, conflicting views developed both within and outside City Hall on the issue of downzoning. One conflict concerned whether or not the downzoning should be instituted through neighborhood level review or through a general rollback of zoning densities. Some city line agency officials felt that allowing neighborhoods to determine their zoning would lead to city-wide protective zoning that would exclude any new or higher density development and work against the objectives of City policy. Others in the Mayor's Office and Planning Department felt that neighborhoods should be able to protect their investments. The private sector felt that zoning rollbacks would reduce the housing market's capacity to satisfy demand and hurt everyone, while encouraging deterioration of homes purchased as investments for conversion to multi-family structures (due to loss of investment potential).

* * * * *

Seattle developed neighborhood downzoning specifically to protect housing that might be subject to conversion during the economic pressures caused by the local recession when Boeing production temporarily collapsed. The objective was to reduce both speculative investment and the incentive for conversion. Following downzoning, neighborhood housing values were found to have increased, while non-downzoned areas purportedly stagnated. This stimulated a large number of neighborhoods to seek a change in their zoning. However, as the new downzoning policy was implemented at about the time that the local economic conditions began to improve the consequence was that housing vacancy was low and prices were already rising – particularly in downzoned areas. The end result of the downzoning, as interpreted by the city's planners, was that the approach was introduced too late to have the intended protective influence, and instead helped to inflate values in an already inflationary market. Currently, the city is attempting to develop a downzoning policy that responds to neighborhood interest in self-preservation as well as low and moderate income housing objectives (in a city with 2% vacancy rate). This is becoming a prominent city issue as 65% of the city is single family dwellings, and 85% of the remaining buildable land is zoned single family.

there is an unstable neighborhood housing market, downzoning (if applied soon enough) can deter conversion and increase stability. However, where the approach is introduced after the market for single-family housing has strengthened, downzoning merely inflates values and deters conversions that might help meet housing demand.

PROMOTING HOUSING CONSERVATION THROUGH DIFFERENTIAL CODE ENFORCEMENT

Housing and building codes are the oldest forms of city regulation used to control development and preservation of housing. In general, codes are used to ensure compliance with minimum health and safety standards in residential and commercial structures.

The object of flexible or differential code enforcement is to insist on corrections that are necessary for the health and safety of residents or to meet urgent social objectives without insisting on amenities that might be too expensive, thus avoiding negative consequences for the neighborhood or its low-income residents. Differential or flexible code enforcement can be implemented as a strategy for neighborhoods most in need of correction of serious violations, or to facilitate adaptive use of structures.

The primary objective in development of a flexible or differential code enforcement reform is to design a policy within which specific neighborhood housing needs and conditions are differentiated from those in other areas where comprehensive code enforcement is appropriate. Types of housing may also be distinguished, so that a converted warehouse does not have to meet all the code requirements for a newly built apartment.

Flexible enforcement efforts may include the use of sensitive codes that allow different housing standards for different neighborhoods, reflecting different social, economic, and physical factors. A citywide flexible code enforcement policy may involve the designation of different code districts in the city, the use of variable housing codes based on the age of housing stock, or the use of special building codes in rehabilitation.

In Philadelphia a sensitive code enforcement policy was designed to bring every property in the city up to code through voluntary compliance with the housing code on a block to block basis. Inspectors are permitted to interpret code requirements flexibly according to the severity of the violations and the financial ability of the residents.

Seattle residents may request an advisory inspection to determine if a house meets the city code. Repairs are required only if the inspection has been mandated by the lending institution at the time of the sale of the structure, or if a hazard has been detected.

Cleveland targets its code enforcement efforts in selected areas. The city's Legal and Community Development Departments work together on a house by house code enforcement project on targeted streets. The team offers public and private grants and loans to correct deficiencies. Violators are first given a "Code Enforcement Misdemeanor Citation" rather than a fine. Where there is failure to comply with required changes, a team of legal interns and lawyers handles enforcement and communication with the courts.

In Jacksonville, the city's housing code enforcement policy prevents undue hardship to low and moderate income persons by allowing occupants to continue living in a unit which is not brought up to code. However, once the unit is vacated, the city discontinues electrical service and refuses to reconnect until the new owner brings the unit into compliance.

MEETING UNIQUE HOUSING NEEDS THROUGH REVISION OF ZONING AND OTHER ORDINANCES

Zoning ordinances which apply to single-family residential areas of communities do not generally permit more than one single-family dwelling on the lot or allow more than a set number of unrelated residents in the primary structure. In many neighborhoods, however, there is a need for shelter-service

living arrangements, for both elderly and for special need populations, such as the disabled, delinquent youth, or foster children. Cities are now working with neighborhoods to develop policies that effectively permit, and set densities and locations for, group homes of these types. Rezoning, special use permits, conditional use permits, or covenants have been used to open neighborhoods to development of these needed forms of housing while controlling their location. Such variant zoning provisions have been developed in Chicago, Los Angeles, Phoenix, and other cities.

When the deinstitutionalization movement first started, there were often no regulatory policies to guide the development and location of needed forms of housing, and there was reluctance on the part of many residential neighborhoods to accept them. This often resulted in allocation of such housing to certain vulnerable areas, in high concentration, as has happened in downtown San Jose.

Currently, shared housing arrangements are now illegal in some cities. In others variances for group living must be applied for. In a third set, explicit zoning and housing code regulations do not directly prevent unrelated individuals from living together but may require costly modifications (of questionable value) to the structure to comply with the legal statutes.

Revising existing zoning to appropriately accommodate group living arrangements can have several beneficial effects at the neighborhood and city levels. First, this mode of housing can provide low cost housing for the aged, as has been demonstrated by shared housing concepts in Los Angeles, Chicago, Washington, D.C., Richmond, Virginia, and New York City. Group living arrangements can reduce demand for certain services by increasing use of self-help networks and more efficient utilization of existing service programs. Furthermore, these supportive living arrangements reduce the need for institutionalization, and the cost of supporting long-term care patients. Finally, such arrangements increase the availability of single-family housing by enabling over-housed elderly to live with one another. This also has the effect of helping to reduce the demand for multiunit housing often built for the aged.

Cities are also changing codes to give access to handicapped. In most cities building codes and public safety codes now mandate that public facilities be accessible to the handicapped. The cost implication of these code changes can be severe; however they also bring about major change in the physical infrastructure of the community which can expand the mobility and life-style of disabled persons in and out of neighborhoods.

PROMOTING HISTORIC PRESERVATION THROUGH ZONING REFORM

Another important aspect of maintaining the stability of an older neighborhood is historic preservation. Appropriate preservation strategies can either aid stability or attract new persons into neighborhoods where there are large number of historic structures. Historic preservation designation by a city can boost the value of existing housing and increase motivation for upgrading housing stock. Use-exception ordinances have also been used to facilitate preservation of unique units of housing that might otherwise be destroyed. Denver has used such a policy to a limited extent. In Denver, the exception ordinance permits altering the use of the unit of housing by, for example, converting it to a commercial function, such as a gallery or law office. This economic incentive has saved a number of Denver structures. Used on a broad scale, however, such exception ordinances may encourage residential neighborhoods to go commercial.

Historic preservation district zoning is commonly used in middle and upper income neighborhoods to help preserve the stability of the area. Efforts to increase the use of this approach in lower income

neighborhoods are increasing, although such approaches can lead to displacement unless carried out sensitively. Where carried out appropriately, this approach can help stimulate housing improvement, and become a catalyst for local resident linkage to locally sponsored rehabilitation programs.

Protecting Neighborhood Integrity through Institutional Master Plans

Land use policies have traditionally had very little effect on the serious problems of institutional expansion into inner-city neighborhoods. The problem itself is quite common. Typically, major inner-city institutions, such as hospitals and universities, have purchased land and developed new facilities with very little consideration of the secondary consequences of new development for local neighborhoods. As parcels in older, declining neighborhoods are often purchased one by one or well in advance of actual demolition and construction, little can often be done to prevent the ultimate encroachment of new structures, more traffic, greater population densities, and the attendant externalities on the existing physical and social structure of the neighborhood.

One tool that has received little attention but has important regulatory potential for protecting neighborhoods against the damaging effects of the expansion of institutions, such as hospitals and universities is the Institutional Master Plan. The Institutional Master Plan is a plan review process, based on a city ordinance, that requires all hospitals, sanitariums, and institutions of higher learning such as universities, to file a comprehensive master plan which enables the City Planning Commission to evaluate the growth plans for their necessity, desirability, and compatibility with the neighborhood in which they would locate. The review process enables the Planning Commission and community to assess the plans and request specific changes, which can be negotiated, if the plans do not meet city guidelines or specific community concerns. If plans are acceptable, then conditional variances are granted (see Exhibit 2).

Assisting Neighborhood Business through Use Exception Ordinances

Cities are recognizing how regulatory policies affect the vitality of neighborhood businesses, and the importance of maintaining these facilities for neighborhoods. Consequently, new approaches have been developed to promote their well-being and encourage their growth. Contemporary zoning and health and safety codes have helped lead, all too often, to the demise of the family store and combined residence and work place. Urban planners have for years pointed out that allowing the store owner to live over the store is an effective anti-burglary approach and makes it less likely that business strips will be deserted at night. Now, revised zoning has helped neighborhoods to protect and stimulate their small business economy.

Examples of this new approach are found in San Francisco's citywide rezoning which officially recognized the validity of the family store and artist's loft/workshop. Similarly, Denver's Use Exception Ordinance for Historic Structures enabled both preservation of older (deteriorated and condemned) buildings, and development of small scale business in residential areas. Pittsburgh's rezoning of C-1 and C-3 commercial districts has attempted to work this process in reverse by promoting the residential use of upper stories in neighborhood commercial areas.

Memphis has eliminated a concern of small businesses by modifying an ordinance that required separate bathroom facilities for men and women in all local stores, many of which were small and only

had one facility. On the other hand, ordinances such as the Adult Entertainment District policies of Detroit, Los Angeles, and Boston have, in different ways, attempted to protect the heterogeneity and acceptability of the neighborhood business setting either by requiring broad dispersal of "undesirable" businesses (Detroit and Los Angeles), or by limiting them to one specific area (Boston's "Combat Zone").

Exhibit 2

SAN FRANCISCO'S INSTITUTIONAL MASTER PLAN REQUIREMENT

San Francisco has had an institutional master plan process for several years. In 1976 an ordinance was passed that required all hospitals, sanitariums, and institutions of higher learning to submit comprehensive master plans with the City Planning Commission for review. The required master plan would provide notice and information to the City Planning Commission, community and neighborhood groups, and would provide for a public forum where all sides could communicate.

The plan had to include the history of the institution, and its services, a description of the current physical plant, specifics on future development plans, data on conformity to the city's master plan, neighborhood impacts, alternatives that might lessen those impacts and proposed action to mitigate adverse impacts.

This approach provided the city, for the first time, with detailed information on the plans of nonprofit institutions that the city could use in planning. It also encouraged interaction and coordination among institutions themselves, as well as the community.

Such an approach is preventive in its orientation, using the plan as a basis for institution, neighborhood, and city response to prospective impacts. While the plans themselves do not require specific action they do permit city and neighborhoods to anticipate impacts and possible compromises the expanding institution might make at the neighborhood level (e.g., using its procurement practices to help local employment and business, providing services to the local residents, investing in housing rehabilitation, etc.). Other city permit processes provide vehicles for enforcing these demands.

Selecting Regulatory Strategies

In order to select the appropriate remedy, it is necessary to define the problem clearly and accurately. Thus, the first step in selecting a regulatory strategy is to carry out a careful diagnosis of the neighborhood. The regulatory strategies used are likely to be quite different if the neighborhood is declining, if it is just recovering from a decline and is stabilizing again, or if it is rising (or overheating). Furthermore, the

dynamics of neighborhoods differ not only by ethnicity or demography but also by the mix of business and residential uses, the degree of isolation from the rest of the city, the level of services (including transportation) provided to the neighborhood by the city, and so on.

For example, consider the different needs of three neighborhoods:

- Neighborhood A is isolated from the rest of the city by the railroad yards and a freeway built in the early 1960s. Heavy industry — the original reason for the neighborhood — has mostly moved elsewhere. The commercial strip is many blocks of burned out or boarded-up stores, with here and there a liquor store, bar, or store-front church.
- Neighborhood B is demarcated from the rest of the city, but not isolated. It is an area of Victorian houses, many with stores on the first floor, and most of them have now been lovingly restored. Boutiques, gourmet grocery stores, and antique dealers pay high rents for their stores, traffic on weekends has become a serious problem, and parking is almost unobtainable.
- Neighborhood C was made notorious a decade ago when it objected so strongly to being annexed by the city that crowds blockaded the streets and refused to let in city police on routine patrols. Things have settled down since then, but the neighborhood still considers itself to have a separate identity from the rest of the city that almost surrounds it. However, the amount of real-estate activity has recently been going up because an industrial park has been built adjoining the neighborhood and because elderly residents are moving away.

Examining the nonservice approaches listed in Table 1, which is not an exhaustive list of what could be done but a list of the more important examples of what is being done, it can be seen that while downzoning might have an effect on Neighborhoods B and C, it would be unlikely to have any effect in Neighborhood A, although differential code enforcement and regulation of private lending institutions might. Similarly, rent control might cool down some overheating in Neighborhood B, but would be unlikely to affect Neighborhood A and might have a deleterious effect in Neighborhood C.

Providing for the unique needs of those requiring congregate living arrangements in neighborhood settings, while a valid and necessary policy objective, can stimulate decline if too much concentration results. Code enforcement can help neighborhood revitalization, but it can also cause displacement of low-income families, discourage outside investment, and inflate housing costs disproportionately to actual market values.

Likewise, constraints on institutional expansion, if applied too bluntly, can cause service deficiencies in the neighborhood and further decline. Regulatory strategies designed to encourage expansion of small business may be inconsequential unless coupled with some form of operating subsidy program.

Cities and counties have started to differentiate more carefully be tween neighborhoods in order to apply regulatory strategies appropriate to the specific problems individual neighborhoods face. The capacity to differentiate is not yet fully developed, however, and local governments have more to learn about the dynamics of neighborhood-specific problems, the selection of regulatory approaches, and the problems of targeting and implementing approaches in a timely way.

Implementing Regulatory Strategies

The timing of regulatory approaches has been a key issue in implementation in the cities that have used these tools. Delays in implementing regulatory approaches may result in unintended and undesirable effects if market conditions change substantially from the point when the approach is selected to the time when it is actually implemented. For example, although downzoning applied to Neighborhood B will

have an effect because the neighborhood is already slightly overheated, the effect will not be to allow existing residents to remain in their homes, but to increase market values and assure their displacement by wealthier newcomers eager for the benefits and amenities available. Applied to Neighborhood C, on the other hand, downzoning could have the effect of assuring the retention of existing family housing, although a year from now (or perhaps even six months from now) some other measure may be more appropriate. Other zoning revisions, such as use exception ordinances and historic preservation designations, can have similar effects.

Local agency roles in implementation are also critical. The development of regulatory approaches may be severely constrained by a lack of understanding or cooperation from local zoning, planning, or other agencies whose roles in implementation will be vital. For example, if the City Council mandates differential code enforcement for Neighborhood A but the building inspection department feels it is critical to adhere strictly to the original health and safety objectives of city codes, the effect of the mandate may be zero. If the City Council mandates an end to discriminatory lending and strong enforcement of the Community Reinvestment Act and entrusts enforcement to the City Treasurer's Office, which feels that the mandate is of low priority, the only effect may be a further diminution of the credibility of the local government.

When regulatory measures are implemented, attention must be paid to the linkages between the use of service dollars and the new measures. For example, if differential code enforcement, zoning exceptions, and regulation of private lending institutions to prevent discrimination have all been mandated to encourage small business in a low-income neighborhood, it may be that the effect would be greatly strengthened if services such as removal of abandoned automobiles and trash were increased, and if some city offices were decentralized to that neighborhood.

After regulatory strategies have been put in place and their enforcement has been assured, their impacts need to be examined in terms of the effects on different public, private and community actors in the neighborhood. Since these governance approaches aim at establishing appropriate incentives/disincentives for these actors, nearly every approach has a set of winners and losers. It is important to identify whether the intended target groups are really being influenced in the way planned, or whether unanticipated consequences are hurting other groups. However, it is clear that few (if any) regulatory approaches can alter basic market forces. At best, the tools work at the margin by stimulating, dampening, redirecting or substituting for market factors.

Summary

- Local governments are using traditional regulatory tools in new ways and developing new tools to help address neighborhood development problems.
- However, at a time when the Federal government is focusing on deregulation, increased regulation by local government of private development activities may be perceived as excessive and harmful meddling in the private development process.
- There is also a very real danger that local government can over-complicate the workings of the private market through excessive regulation without actually redirecting the market in desired ways.
- Development of regulatory approaches also may be constrained by institutional resistance within traditional regulatory agencies of local government unwilling to adopt new roles.

- Despite these factors, effective use of local regulatory powers, particularly controls on development, represent a positive tool local governments can employ to address neighborhood problems.
- Differential regulatory strategies (e.g., code enforcement) enlarged to specific neighborhood conditions can be an appropriate means of dealing with different neighborhood settings.
- Effective use of regulatory approaches is especially dependent on changing conditions in the market. Delays in implementing regulatory approaches may result in unintended and undesirable effects if market conditions change substantially between the time the policy is adopted and the time when it begins to take effect. A local government may find its actions completely out of phase.
- Some new regulatory tools like the institutional master plan are especially useful for the way in which they involve citizens in the planning process.
- Many regulatory approaches (such as sensitive code enforcement) appear to work best when carefully combined with appropriate service programs that can help in the correction of any deficiencies.

III NONSERVICE APPROACHES USING TAX POWERS

Basis of Governance Power

Local governments have the power to tax businesses and individuals in various ways, although they are constitutionally limited in their ability to collect taxes. Most states limit the taxing powers of local government both in terms of rates and sources of revenue. Local governments are also often preempted from major revenue sources by state and Federal government action. Finally, most local governments, unlike the Federal government and many state governments, must operate on a balanced budget.

The primary locally generated revenue vehicle for local government has traditionally been the property tax. This particular form of taxation has been a constant source of debate and is currently the subject of a large number of citizen-initiated tax reform measures. Tax reform efforts have also been instituted in many jurisdictions in an attempt to correct the inequities of the property tax system. These reforms have had to cope with the need to adjust overall revenues to overall expenditures while keeping tax rates as low as possible. In this context, local governments are attempting to use their tax structure to achieve some of the objectives which they formerly addressed through direct service delivery programs.

How Tax Powers Are Being Used

Local governments are more and more frequently taking into consideration both the revenue and nonrevenue implications of tax policy and are trying to use taxes to stabilize or leverage change at the neighborhood level. This view of taxation is relatively new in that it involves the recognition that tax policies can discourage or encourage activities critical to the stability of neighborhoods by treating different income and population groups, such as low-income or elderly, in different ways and by treating different neighborhoods differently. Such approaches to using tax strategies also involve a willingness to

reduce tax burdens in anticipation of an indirect payoff — higher future tax revenues, or lower demand for costly services or income transfers, for example.

In general, local governments have developed tax policies which try to aid neighborhood revitalization by:

- Meeting (or helping to meet) neighborhood housing needs
- Improving the economic base in and outside of neighborhoods.

Specifically, they are using tax policy to:

- Promote home ownership
- Create incentives for housing rehabilitation and new housing development
- Encourage economic development through incentives to business in and outside of neighborhoods
- Reduce property tax burdens (by shifting to alternative tax sources).

Table 3 shows the more important tax policy nonservice approaches, their effects, and implementation factors.

Types of Taxation Approaches in Use

Promoting Home Ownership through Tax Deferral and Abatement

Home ownership is a vital aspect of neighborhood revitalization. Home ownership not only provides for increased stability in a neighborhood but also enables low and moderate income families to take full advantage of the Federal income tax deductions. In the past, local governments have sought to increase home ownership primarily through direct subsidy programs. However, a number of municipal governments included in this study are also addressing the issue of home ownership through new tax policies.

Tax Collection Procedures — Exemptions, Deferrals, and Revisions

Property taxes are not usually designed with the economic differences of payees in mind; they are often regressive in effect. However, these taxes can impact the stability of neighborhoods. For example, a neighborhood may attract new young professionals returning to the city, and market values may climb so swiftly as to leave long-time elderly residents unable to pay their property taxes from pensions that have shrunk over the years. A tax deferral measure can allow those elderly residents to keep their homes. Similarly, an industrial plant may close or relocate, leaving a number of employees jobless for several months until they can find other work; if they can defer property taxes either until the property is sold or until they have found new jobs and regained some financial stability, the benefits to the family can be considerable.

In some low-income areas, maintenance or rehabilitation of housing or commercial structures may result in raising assessed values, and hence taxes, to the point where the owner who improves the property he is living or working in drives the tax beyond his ability to pay. In such neighborhoods, a method by which only a new owner is assessed the full market value including the added improvements, after the property has been sold may encourage rehabilitation and maintenance that can add to the value of the whole neighborhood, and make it easier to promote the neighborhood as a good place to live.

Local governments have found that they can use taxes to affect neighborhood stability through the use of both tax deferral and homestead exemption policies. Although virtually all states support tax subsidies for special groups (44 states currently operate circuit breaker programs, 40 have homestead

Table 3
NONSERVICE APPROACHES USING TAX POWERS

Policy Approach	Actors (initiating and implementing)	Objective(s)	Unintentional Effects	Cost or Cost Shifting Effects	Reporting Jurisdictions
Tax abatement for single-family residence	City planning and community development departments; City or county assessor's office.	Reduces penalty for home improvement.	Benefit may not be needed by all homeowners, may be too small to influence decision, may be too restricted.	Shifts cost to other taxpayers and revenue providers.	Chicago, Cleveland, Indianapolis, Kansas City, New York, Philadelphia, Pittsburgh, Seattle, St. Louis.
Tax abatement for improvement in commercial, business structure.	City planning and community development departments; City or county assessor's office.	Reduce costs associated with business improvement and expansion.	Benefit may be too small to influence decision or, if large enough, may cut tax revenue.	Shifts cost to other tax payers and revenue providers.	Chicago, Cleveland, Indianapolis, Kansas City, New York, Philadelphia, Pittsburgh, Seattle, St. Louis.
Tax exemptions or deferrals for aged or poor homeowners.	Homeowner; City or county assessor or comptroller. (Bank may hold lien and thus be involved.)	Reduce chance home will be lost during period of unemployment or because pension has not kept up with taxes.	May be too small to influence decision; deferral cuts size of estate for heirs.	Shifts cost to other taxpayers or to state; deferral shifts cost to future.	Chicago, Cleveland, Los Angeles, Milwaukee, San Diego — almost all states have some measure.
Antispeculation tax	Community groups and Mayor's office; Recorder's office and city or county assessor's office.	Deter speculation in unstable neighborhoods, promote housing improvement, slow housing price increases.	Can deter investment in housing by new homeowners; does not encourage maintaining units owned beyond time limit.	May reduce profits to speculators enough to slow market or shift it to other area.	Davis (Calif.), Washington, D.C.
Property tax differentials by class or property.	State law enables; City or county assessor.	Distributes cost for municipal services according to degree of use — less for homes, more for commercial.	Added burden may be too much for some businesses, influence decision to close or relocate.	Shifts cost to nonresidential land use.	Massachusetts
Increase use of other than property taxes	Initiative usually from Mayor's office or city/county treasurer; implemented by agencies charging fees for service, granting licenses or permits, or by ordinance for higher sales tax, personal income tax.	Shifts burden from homeowners to service users, consumers, or commuters.	May be regressive; may serve as a disincentive for business development or influence decision to relocate.	Shifts cost to new sources of revenue.	Atlanta, Dade County, New York, Philadelphia, many California cities.

exemptions) many local governments — using discretionary power provided by the state — are now providing exemptions or deferrals to special groups as part of neighborhood stabilization efforts, e.g., to encourage home ownership, rehabilitation, and home maintenance, to aid the elderly to remain in the community, and to assist low income groups in maintaining their homes until their economic condition improves. Cities are also linking the provision of property tax exemptions to discounts or rebates on other taxes such as special assessments and utility taxes.

A few property tax relief programs enacted by states are designed so that localities can elect both to administer and finance property tax relief programs. Delaware's local option program supplements the state-mandated elderly homestead exemption. Other programs of this type are in states where the responsibility for all the relief programs is left to the individual local governments. In Virginia and Utah, localities are permitted to establish deferral programs while three other states require all local governments in their jurisdiction to offer tax relief variances and deferrals to all elderly homeowners who elect to delay payment of taxes. The circuit-breaker programs are further enhanced in two states by a tax freeze. Seven states — not necessarily those permitting local administration of tax exemption programs — have both circuit breaker programs and homestead exemptions, while seven other states have more than one type of homestead exemption in operation.

San Diego, Milwaukee, Washington, D.C., Seattle, Cleveland, and Chicago use homeowner exemption or deferral programs designed to help neighborhoods. The arrays of policies being experimented with by these local governments are described below.

ENCOURAGING HOME OWNERSHIP IN UNSTABLE NEIGHBORHOODS THROUGH TAX DEFERRAL

Washington, D.C., has developed a deferred property tax policy to ease the financial burden of property taxes on individuals in the District, and to encourage owners to retain their properties for longer periods of time. This policy was developed when District officials found that rising property taxes and rising housing prices were destabilizing lower income neighborhoods. The high property taxes, with their regressive impact on lower income homeowners, were both discouraging home maintenance, and, in many cases, precipitating rapid property turnover in neighborhoods. In order to help stabilize neighborhoods the District passed an ordinance which permits owners who maintain their residence for five or more years and have incomes less than $20,000 to defer a portion of property taxes until sale of the home.

The policy is administered by the Department of Finance and Revenue of the District of Columbia. Although this practice was introduced in 1975 as a preventive measure to encourage continued home ownership, very few applications have ever been made. The absence of high participation is thought by D.C. officials to be due to the stringent requirements for qualification, which are currently being reconsidered.

AIDING ELDERLY AND LOW INCOME HOMEOWNERS THROUGH DEFERRALS AND EXEMPTIONS

Tax relief policies vary in both target beneficiary and amount of benefit.

In California, for example, as reported by San Diego, local residents who are over 65 and have incomes less than $20,000 can receive both a deferral and a homestead exemption from property taxes. The deferral is perceived by officials as providing the greatest immediate benefit. Those who qualify may

defer all property taxes until transfer of property title (sale of home). However, there is a requirement of a 7% interest payment on deferred taxes, as well as a mandatory lien on the property where taxes are deferred. The state, in this case, encourages the local government to use this strategy through reimbursement of any revenues the city loses through the deferral. These programs have a high participation rate in California.

Cleveland also provides a homestead exemption for homeowners with incomes less than $10,000 annually who are either disabled or over 64 years old. Cleveland reports that this policy, operated under the auspices of the state, is widely used. The city feels, however, that the benefits should be increasd to cover low income adults as well as the elderly and the disabled.

Chicago has a program in which the assessor can reduce the assessed value of property owned by an older adult by $1,500. This reduction means a tax savings of about $120 a year.

Many cities also provide elderly and low income groups with utility rate discounts (Seattle and Cleveland) and utility tax rebates (Los Angeles) as a means of further reducing fiscal burden of service costs and promoting continued residence in neighborhoods. Milwaukee permits deferral of special assessments from the Public Works Department for mostly indigent resident property owners to prevent further fiscal burden and potential displacement. To qualify in Milwaukee applicants need to have an income less than $7,000 per year. From 1975 to 1977, 459 properties were reviewed and only 69 were accepted. In 1977, 119 properties were reviewed and 33 were accepted. The funds to offset the loss from the exemptions came from other city funds for public improvement.

The amounts provided for in exemptions generally seem to be, by agreement of those reporting them, insufficient to really help the aged or low income by comparison to tax deferral. However, because the deferred taxes have to be paid, sometimes with interest, deferrals may pose problems for the older resident who has had to forego future return on the value of his/her home in return for present reductions in tax payments. Not only do such practices reduce the amount received by heirs, they may also reduce the funds needed by the elderly to pay for institutionalization or care. Moreover, encouraging older residents to remain in their homes beyond their need can constrain filtration of neighborhood housing stock or reduce the availability of units to new families. This in turn boosts neighborhood competition for existing and new units. The issue facing local government is whether it is better to pay the costs of replacing natural support systems built up by the elderly over many years in the neighborhood (relocation costs, or institutionalization costs) so that the housing filtration process can continue unimpeded or to allow the elderly to remain in their homes and seek other answers to the diminished stock of available housing. These trade-off issues are difficult to resolve, and must be examined in terms of the needs of the local elderly and cyclical changes in particular neighborhoods.

Relatively little is known about how well deferral and exemption practices work for other target groups, by promoting homeownership generally, or by assisting families temporarily in need of tax reduction. However, the potential effects of these strategies could be significant in low income neighborhoods where marginal increases in tax burden might precipitate involuntary moves, displacement, or lower housing maintenance.

CHANGING FORECLOSURE PRACTICES

A few cities are recognizing the low utility of pursuing tax delinquency cases among low income families where the delinquency is not deliberate tax evasion. These cities have learned that it is more useful to permit residents to remain in their homes and let them try to pay back taxes over time, when

temporary economic hardships hopefully have ended, than to claim property for defaulting on tax payments.

Instead of pursuing owners of single family homes, Pittsburgh, for example, has increased its examination of property tax delinquency cases to separate tax evasion from hardship delinquency. The object is to force payment from the landlords of multifamily properties who intentionally avoid payment. The result is collection of larger amounts of back taxes, and in some instances, precipitation of default, placing structures owned by such landlords in the hands of the city.

Creating Incentives for Housing Investment through Tax Abatement

Local governments of all sizes have long recognized the incentive for industrial expansion that can be derived from manipulation of the tax structure. Indeed, much of the new growth in some localities is attributable to the use (or misuse) of this governance tool.

More recently, however, larger cities and counties have been giving attention to the use of this type of incentive to address neighborhood revitalization objectives. Some local governments involved in this study are developing a variety of tax abatement strategies to encourage the development or revitalization of housing in urban neighborhoods. Basically, these tax strategies attempt to encourage residential construction, improvement, or conversion in neighborhoods by reducing the costs associated with increased taxation of improvements.

ENCOURAGING RESIDENTIAL DEVELOPMENT

Tax abatement strategies designed to encourage residential development in urban neighborhoods do so by attempting to promote the construciton of new units or the rehabilitation of existing homes. They provide incentives to developers to target their activities in selected neighborhoods and encourage residents to undertake improvements they might otherwise not attempt.

Philadelphia has tried to encourage private investment in the rehabilitation of residential property, stabilization of neighborhoods, and ultimately increases in the property tax base, through abatement of taxes on improvements resulting from rehabilitation (for property with values after rehabilitation of $10,000 or less) for 5 years, declining from 100% in increments of 20% a year. The program is administered by the City Council and Board of Revision of Taxation.

Although the policy was introduced in 1975, only 10 of 110 applications had been approved as of 1978. The city believes that potential applicants may find the level of abatable improvements too low to justify participation and may fear imposition of additional requirements for building code compliance despite the fact that there is a "sensitive code enforcement" policy in effect as part of the Neighborhood Housing Program. Inadequate public information is another reason why the policy is not thought to be widely requested.

Pittsburgh, with a similar policy in effect (no increased assessment on improvements for 3 years), has found other problems. In Pittsburgh, this policy is inhibited because additional assessments are made independently by the County and School Districts which are not using the abatement strategy. This is a major institutional complication in other cities with separate property taxing administrations.

Seattle and Indianapolis have strategies similar to those of Pittsburgh, with some variation. Seattle permits a 3-year moratorium on increased property taxes as a result of property improvement and rehabilitation with public assistance. This permits a targeting of the tax benefits through the eligibility criteria of the public programs, and links the two together. Indianapolis, on the other hand, provides 5

years of abatement for property taxes due to redevelopment or rehabilitation only in geographic areas where there is identified deterioration and need for upgrading.

ENCOURAGING THE RESIDENTIAL CONVERSION OF COMMERCIAL BUILDINGS

There is increasing innovative use of tax incentives to help neighborhoods improve and meet demand for housing. New York has modified an earlier tax abatement strategy designed originally to encourage upgrading and rehabilitation of existing housing to promote conversion of commercial structures into new housing units. This approach (the J-51 program) provides a 12-year exemption for property taxes assessed for an improvement, plus an abatement of taxes on up to 90% of the certified reasonable costs of the project. No more than 8.33% of the total allowable costs can be deducted per year for a period of 9 to 20 years. The housing must be rented or bought within 3 years of the completion of construction and the units must conform with rent stabilization requirements.

The J-51 Program is administered by the city's Department of Housing Preservation and Development, who receives the applications and confirms eligibility for participation. Thousands of units have been converted since the program started. However, the city has observed that the trend toward conversion of commercial structures to residential use has grown independent of the incentive provided by J-51. The city is now fearful that development in some areas that does not require the J-51 incentive, even though projects qualify under the original ordinance, is costing the city significant tax revenue. Many private sector firms, on the other hand, argue that it is the incentive that is encouraging new conversions, and not the marketplace.

The city is also concerned that the trend toward conversion might encourage property owners to displace tenant businesses in neighborhoods in order to put the structures to residential use. New York is now establishing a task force to consider the conversion problem and how it affects displacement of small industrial and commercial firms.

Using New Taxes to Discourage Speculation

Among the market factors to which neighborhoods are most vulnerable and responsive are changes in housing demand. These changes often affect older neighborhoods in cities, where there is housing stock of some aesthetic value, with reasonable access to urban amenities. One of the problems of older neighborhoods of this type, particularly where there is abandoned housing and housing badly in need of upgrading, is that when the demand in this area increases, investors tend to buy and sell properties for short run profits, often not improving the structures but still reaping significant profit. These transactions (called "flipping") frequently raise local housing prices rapidly, and also encourage local owners of rental housing to sell their structures for existing or new uses — possibly resulting in displacement of tenants. While individual homeowners who sell may profit, low and middle income home buyers tend to be priced out of the market.

To counter speculative activities that boost housing or land prices in a hot market, some cities are developing antispeculation taxes. The object of such a tax is to penalize "flip" sales where no value is added to the property while the price is raised, and to provide an incentive for housing improvement by investors in neighborhoods where housing is in need of improvement.

The antispeculation tax usually has four main characteristics: it is based on changes in value rather than absolute value; it is imposed at the time of property transfer or on receipt of permission to develop; it is limited to real estate; and it is imposed partly as a result of unearned increases in value. One version

of this tax approach is used in Ontario, Canada. The tax ordinance structure is quite detailed and though it contains many exceptions, it is generally applied to all nonresource properties except if the property (a) is a principal residence on vacation property, (b) is a developed commercial or industrial property, (c) has been substantially improved by the seller, or (d) has been owned by the seller for at least 10 years. Other variants of the antispeculation tax are used in Australia and New Zealand. The taxes in these other areas are quite similar to those in Ontario, and vary essentially in the degree of rigor with which the laws are drawn.

A real estate speculation tax has also been recently implemented in Washington, D.C. (see Exhibit 3) and has been in effect in Davis, California for several years. The District of Columbia developed its

Exhibit 3

THE WASHINGTON, D.C. RESIDENTIAL REAL ESTATE PROPERTY TRANSFER EXCISE TAX

Washington, D.C. is a city with many unique circumstances. It has a large Federal government presence and a highly transient local population. There is also very little local industry and a large white collar professional commuter population. For various reasons the local housing market faces a number of problems. In 1975 the District Council examined its real estate market and found that properties were being bought and sold very frequently, and that the value of the properties sold tended to exceed the income level of many local residents who were not part of the transient professional/ government employee population.

The Council found that houses in certain areas of the District were becoming more expensive through the process of speculators purchasing and selling properties, without making meaningful improvements, to capture the marginal increase of the property produced by an extremely active market. Eventually most properties were purchased by an investor who would rehabilitate the shell or older structure. Often, by this time, the price of the house (when it went back on the market) had to include the profit captured by all the speculators who had briefly held the property or the contract for the property. Many older, lower income tenants were being displaced by this process and many persons were being priced out of the market.

In 1975 the District City Council decided to try and stabilize housing prices, and attempt to make the market less volatile *by reducing the incidence of sales* with only speculative profit attached.

In creating the Residential Real Estate Property TransferTax the District wanted to penalize only the nonresident speculator. Therefore, a graded tax was established that provided for a number of exemptions that would not constrain more normal market functions. Resident homeowners (for at least 6 months) were exempted from the tax. Those who fixed up the property and were willing to submit to and pass a building inspection, and give a warranty on household appliances could be exempted. New

Exhibit 3 (Concluded)

construction, nonprofit organizations, foreclosure sales, divorce transactions, and inheritances are also exempt.

The tax was designed to take up to 97% of profit on property transactions owned for less than 3 years. The tax is calculated using two factors, the profit on a transaction as a percentage of the initial investment, and the time the property is held. A tax table compares the percent profit to the time held. A sale within one year with 50% profit could be taxed 60% of the capital gain.

Originally, the law required that the tax be paid within 30 days of recording the property transfer. This posed problems for collecting taxes from reluctant taxpayers. This has since been changed so that the tax must be paid in order for the sales transaction to be recorded. There were many objections to this procedure in that it could penalize the homebuyer who could have to wait until taxes are paid to take ownership of a building.

Thus far (during the first year) compliance has been about 20%. Those complying have principally been persons who are exempt from the tax. There has only been one case of tax payment. Those who have not complied are now receiving notices from a Task Force created to monitor the implementation of the tax policy.

The District has instituted other practices to enable it to monitor speculator activity. The District has required that those who buy and sell for themselves (rehabilitation firms, redevelopers, speculators . . . people who own and sell three or more homes within 2–30 months) must register for the District government and pay for a business license. This provides the District with knowledge of who is active in the speculation market and allows it to track down violators of the antispeculation tax using the property transfer data.

The District's use of an antispeculation tax has led a number of District offices to coordinate activities. Warranty provisions on homes are monitored by the Office of Consumer Protection. Housing inspection is carried out by the Housing and Community Development Office, who issues a certificate on inspection which must be submitted with exemption applications at sale. The Recorder of Deeds Office is involved with the conduct of property transfer and qualification for exemptions, using certificates from the other departments. The Department of Finance and Revenue is involved with audits of the transactions. The Department of License, Investigation and Inspections provides the licensing function for the real estate business and the Real Estate Commission hears complaints of harassment of tenants to make them leave and efforts to scare people into moving out of neighborhoods (blockbusting).

Enough data has not yet been collected for District officials to evaluate how well their approach is working, but clearly some progress is being made in grappling with this problem.

policy based on the experience of others. The D.C. policy is designed to affect only residential real estate, not improved, not lived in by the owner, and owned less than 5 years. The tax is calculated using a formula that considers the ratio of investment to profit, and provides for exemptions. The policy is designed to address a short term instability in the local real estate market, and will be terminated in 3 years. The antispeculation tax used in Vermont is relatively lenient: it applies only to the sale or exchange of some land and not at all to buildings. It does not apply to most land used as the site of a principal residence, and applies only to land held for less than 7 years.

Encouraging Commercial Development in Neighborhoods through Tax Abatement

Many large cities have used tax abatement strategies for revitalizing central business districts. Many of these efforts proceed under state authorizing legislation designed to promote urban redevelopment. Recently, some cities have been using the same approach in neighborhoods.

New York is actively using its Tax Incentive Program (TIP) to encourage development and return of business to innercity neighborhoods. The program offers a maximum exemption for new facilities of 50% a year, declining by 5% a year over 7 years. The policy was implemented in 1977, and has already been used to grant $378 million in exemptions involving the retention and attraction of 12,600 jobs.

Philadelphia has a property tax abatement policy for industrial and commercial rehabilitation as part of its effort to promote the revitalization and stabilization of the city's tax and employment base. Under the abatement policy, improvements as a result of rehabilitation are exempted from property tax assessment and payment for 5 years. After 5 years, the improvements are assessable and taxed normally.

The difficulties in the use of tax abatement are well illustrated by the experience of Cleveland, where the city has been debating the merits of this approach (see Exhibit 4).

Modifying Tax Structures to Reduce Property Tax Burden

The high cost of municipal services is viewed by many as one of the major contributors to urban decline. Families and individuals move to the suburbs seeking tax relief and investors are reluctant to place funds in older urban neighborhoods. This in turn reduces the locality's tax base and makes provision of necessary neighborhood improvements and services more difficult. In light of these factors some local governments included in this study are reviewing their tax policies as a vehicle for maintaining essential neighborhood services.

USING OTHER TAXES RATHER THAN INCREASING PROPERTY TAXES

Many states have now passed expenditure limitations — such as Proposition 13 in California — that affect local government use of the property tax. Two trends have emerged as a result. First, states are now providing more tax incentive tools for use at the local level. Second, cities and counties are seeking new ways to meet the demand for revenues formerly generated by the property tax. The limits on property tax have been particularly helpful to the elderly and low-income families in neighborhoods where market values had been rising swiftly and reassessments were frequent, and of less value in neighborhoods where market values were stagnant or declining. However, the loss of revenue has meant a loss of funds for services and, in particular, a loss of fiscal margin that would have allowed the improvement of services and municipal physical improvements in areas that need them.

Exhibit 4

THE TAX ABATEMENT DEBATE IN CLEVELAND

Cleveland has developed a property tax abatement strategy to promote redevelopment and economic development – particularly creation of new jobs, retaining of existing jobs, increases in city income tax, and eventual increase in property tax. The tax strategy is permitted under the Ohio's Impacted City legislation which enables granting of abatements up to 30 years, on one-, two-, and three-unit residential structures and up to 20 years on other commercial properties. Under the legislative provisions, property owners must pay a service charge in lieu of taxes on the improvements, and must pay the full taxes on the property existing prior to improvements. The use of the abatement is permitted only in areas defined as being "blighted," e.g., where there has been extensive damage or deterioration of the city.

The business community in Cleveland claims that little if any substantial private investment would occur in downtown Cleveland without the incentive provided by the city's tax abatement. One leading businessman argues that tax abatement is merely a postponement and not an elimination of real property taxes. In the meantime, each dollar of tax abatement is currently multiplied many times over by the local and state income taxes and other benefits generated by hundreds or even thousands of employees in a new building.

The Mayor and Planning Director argue that tax abatement is "socialism for the rich and free enterprise for the poor." Their principal arguments are these:

- Tax abatements granted to date represent developments that would have occurred even without the incentive provided by the tax abatement.
- Scholarly literature is cited to show that local taxes are usually not a significant factor in business location decisions.
- Statistics are cited to demonstrate that tax abatement projects produce severe loss of municipal, school, and county tax revenues.
- Finally, all tax abatement projects have occurred in commercial, downtown Cleveland. Not one residential or industrial project has been developed in the City's "blighted areas."

City officials argue that tax abatement is a public subsidy of private enterprise that can be justified only if public benefits are "palpably present." In a speech to the National Municipal League, a city official said: "New development is not an end in itself, we seek the long-term revitalization of the City. To that end, new development is valuable only to the extent that it benefits present or future city residents or the city's fiscal base.

Exhibit 4 (Concluded)

To support their view of tax abatement, the Cleveland Planning Commission has conducted a detailed evaluation of tax incentives as a means to encourage redevelopment. The conclusion of the Planning Commission's report provides criteria to serve as the city's guide in considering future tax-abated projects:

"In all cases where the City is asked to provide support for industrial or commercial development (by assuming a share of the project cost, by granting a tax abatement or by providing other types of financial incentives), and where the benefits to the City are alleged to be the maintenance of or an increase in jobs and/or tax revenues, the following information may be required for review by the Commission:

(1) Number and type of new jobs which will be created by proposed project or the number of jobs which will be lost to the City in the absence of the proposed project.

(2) Number of these jobs (new or retained) which may be or are filled by City residents.

(3) Anticipated increase in City income tax revenues which will result from the proposed project, or the loss in income tax revenues which will occur in the absence of the proposed project.

(4) Anticipated increase in City property tax revenues which will result from the proposed project or the loss in property tax revenues which will occur in the absence of the proposed project."

One consequence of the shift is that cities and counties are increasingly using nonproperty taxes to offset tax pressures on property owners and provide necessary revenues. Sales taxes, for example, in use in many cities already under state authorization, are now being evaluated, and new taxes are being considered. In cities such as Atlanta, low fares on transportation are subsidized by a 1% sales tax. This program subsidy has had the effect of increasing ridership 30% and has provided funds for future transit needs. Bay Area cities in California pay a 1/2 cent tax to support the Bay Area Rapid Transit System. Oregon lets its cities collect a severance tax on forest products, while other states let their cities collect hotel occupancy taxes, extraction taxes for coal or oil, or taxes on luxury items (such as cigarettes) to fund local services, such as schools or senior centers. The form and level of taxation varies, with the state often playing the key role in redistributing revenues collected.

Many cities have also increased their use of income taxes as a means both of shifting the tax burden from residents and in some cases, increasing the share paid by commuters who consume city services. Cities such as New York, Philadelphia, Cleveland, and Washington, D.C., already have income taxes and Washington, D.C., has unsuccessfully tried to raise funds by imposing taxes on all individuals employed in the District (which would result in collection of revenues from nonresidents).

The imposition of user fees has also greatly increased since Proposition 13. Although many services

provided by local government have traditionally had a nominal fee attached to them, these have rarely reflected the actual service cost. As part of the effort to place the cost of services on the consumer, many cities and counties have increased service fees. Dade County, in fact, has implemented an effort to maximize nonproperty tax revenues from all possible sources, including bus fares and license fees.

Immediately following the passage of Proposition 13, California cities implemented a barrage of new local levies. In La Mesa, California, the cost of a sewer connection was raised 1200%. Beverly Hills increased business license taxes for retailers, wholesalers, manufacturers, and residential and commercial rental properties to raise $3.1 million in annual revenues. Culver City increased its utility users tax from 8% to 14% and generated $13 million. Sacramento imposed a new entertainment tax on concerts and outdoor sporting events, a new real estate property transfer tax of 0.25%, adopted a tax of 1% of the construction cost of new buildings, increased the transient occupancy tax on hotel room charges from 6% to 10%, and adopted a park development tax on residential construction, based on the number of bedrooms. Los Angeles increased the fees on dog licenses to collect $500,000, hiked building and safety inspection charges to raise $1.8 million more, and generally added fees at parks, swimming pools, golf courses, museums, zoos, and on- and off-street parking. Public schools are also now charging fees for use of their facilities. The City of Oceanside in San Diego County increased the fee for a zone change from $300 to $1000 and similarly raised fees for conditional use permits, and general plan amendments.

In order to shift the cost for municipal improvements required by new suburban growth away from existing, older neighborhoods, San Jose has placed a surcharge/tax on building permits and property transfers, in proportion to estimated value of the property and improvement. These revenues have been allocated to the Building Inspections Department and the Department of Public Works to help cover costs of new growth and part of the cost of rehabilitation or renovation of existing public improvements in older areas. The policy generated $4 million in the first year of its use.

Officials in San Jose reported that this strategy of revenue generating is useful as revenues rise with cost of construction and the growth of development in the city. However, many cities have found the construction industry to be severely opposed to such a measure since it places additional costs on their development activities. In San Jose, however, the city government made it clear that this cost had to be borne by developers if continued growth was to take place. This approach is unlikely to be easily implemented in areas where there is little new development, however. Other cities are also very direct in placing costs on developers — the development impact fee and fees in lieu of dedication are becoming much more popular as local land and improvement costs grow.

USING DIFFERENTIAL OR TAX CLASSIFICATION TO ADJUST PROPERTY TAXATION

A major objection to traditional property tax structures is that they fail to adequately distinguish among the economic capacity of those paying, and thus treat very different classes of tax paying properties (single family, multifamily, commercial) the same, when in fact their service consumption patterns and ability to bear tax costs are widely divergent.

While almost all property tax systems, to some extent, classify property for tax purposes at different established percentages of market value, a system that is more sensitive to differences could be more equitable, provide for a more dependable tax revenue stream, and eliminate certain incentives for abandonment or outmigration by neighborhood residents. Such a responsive approach could also help forestall an outright city or statewide tax revolt, such as occurred in California under a system that failed

to adequately differentiate among properties, in addition to taxing beyond the capacity of taxpayer tolerance.

Normally, owner-occupied residential properties and farmlands are assessed at the lowest values, with higher values for income-producing property. Often utility companies pay the highest property taxes of any property owner. However, many cities have uniform assessment rates which unfairly burden residential neighborhoods, since residential values rise faster than commercial properties as a result of higher turnover rates.

An improved approach to property classification would recognize the limitations and lack of flexibility inherent in narrowly defined classification systems and would expand the number of classifications available for use. In this way, some objectives of the community could be reflected in the property tax rate system. Selective amplification or constraint of market forces could take place to encourage or discourage specific activities.

Classified rate systems designed to support neighborhood revitalization levy lower than normal taxes on property in the process of being rehabilitated or levy higher than normal taxes on activities that entail less productive use of centrally located land. Certain types of economic activity could be fostered or inhibited according to whether those types of activities met or conflicted with public objectives.

Massachusetts recently legalized a classification structure for taxation. Certain areas, such as the Dorchester and Roxbury sections of Boston, had been taxed under the original de facto differential policy at rates set when the neighborhoods were still flourishing, so that local residents paid more even as values declined. Other city areas, such as Charlestown and East Boston, had maintained low assessment levels for many years to prevent citizens from having an incentive to move to adjacent municipalities that were taxing at lower rates. The new policy is likely to increase taxes marginally in the Charlestown and East Boston areas while rates in Dorchester and Roxbury will decrease. In this instance the new classification system was an effort to legitimize earlier informal but de facto practices of assessment differentiation that had been used in making neighborhood assessments.

The new classification measure will introduce 100% valuation, with different rates for different types of structures. In the past, residential structures were valued at 40%, commercial at 65%, and open space at 25% of the full market value. Residential exemptions were also provided to reduce the impact of the taxes; thus, homeowners could receive a $5000 exemption on their assessment. This system was ruled illegal when a Massachusetts city challenged this practice and called for 100% assessment with no exceptions. The Mayor of Boston, perceiving this change as a potential windfall for business and a new burden for neighborhoods, organized citizens and fought for passage of the tax classification amendment.

Selecting Nonservice Approaches Based on Tax Powers

As this section has shown, tax incentives are being used to encourage improvement of housing and commercal structures, as well as to pomote new development. Tax structures are being modified to permit reducing the fiscal burden taxes placed on elderly and low income individuals, and to promote continued residence in unstable neighborhoods. New tax structures are being created to channel market forces to upgrade housing rather than increase its price in unstable areas. Modifications in tax structure are permitting better distribution of the neighborhood tax burden, while new collection strategies are helping to ensure that taxes do not displace temporarily vulnerable home owners.

The primary issue in selecting nonservice approaches based on the use of existing tax powers is how to provide the maximum benefit with the least loss of revenue and the fewest undesirable side effects. As in

New York City, there is the possibility that a tax incentive may be offered in a situation where the desired activity would occur anyway, with the result that revenue has been uselessly foregone. On the other hand, a tax incentive too small to influence many decisions is not only ineffective, it may also cast doubt on the credibility of the local government. (The assumption is that if the government really wanted to encourage the desired activity, it would grant an incentive big enough or easy enough to get to provide a significant benefit.) In a period of inflation, the border between an effective and an ineffective tax relief or tax incentive measure may be purely temporal — what was large enough last year may be too small this year, or what had a high-enough top income limit to be meaningful two years ago has become too low now.

The implications are that nonservice approaches based on the use of tax powers entail considerable sensitivity to economic conditions. Tax relief measures that set limits on income or specify a dollar value of tax relief and tax incentives that are expressed in dollars rather than percentages are much more vulnerable to becoming ineffective because of inflation than tax deferral, percentage-based antispeculation taxes, or tax abatements expressed in percentages.

In addition, tax measures need to be assessed very carefully in terms of undesirable effects. A business tax that barely affects a large department store may prevent a neighborhood drygoods store from expanding and send a "mom-and-pop" grocery into retirement.

In selecting tax measures to stabilize, strengthen, or revitalize a particular neighborhood, careful diagnosis is required even though the measure may have to be applied throughout the jurisdiction. The differences can be illustrated by the following:

- Neighborhood A was settled as a "Little Italy" just before World War I, and after World War II, when many of the sons and daughters of the original settlers had moved to the suburbs, it became known as a Bohemian, then a Beatnik, then again an increasingly ethnic area (this time Chinese). As the original Italian-focused businesses dwindled, some were replaced by similarly ethnic businesses and others by small garment manufacturing operations. Most owner-occupiers have been replaced by absentee landlords. Much housing is crowded and deteriorated.

- Neighborhood B is an older neighborhood of small homes that has recently become the focus of considerable speculative interest because of the extension of the rapid transit system. An earlier blockbusting effort was stopped by a concerted effort of local clergymen and community groups, but the result has been a somewhat uneasy situation. Many elderly homeowners wish to sell but community groups — which have stayed strong and active since the original movement began — want to make sure that the neighborhood remains a stable family neighborhood, with a high proportion of homeowners.

- Neighborhood C is also an older neighborhood of mostly small row houses originally built to house the workers in a nearby shipyard, but the shipyard closed about fifteen years ago. Several years ago, a promoter tried to develop a complex with a marina and a shopping mall; the marina went in but the shopping mall remained nothing but a promise for years. Meanwhile, many of the small houses had been bought and restored (or significantly upgraded) by young professional people who liked the proximity to the water and the relative isolation from the big city provided by a long slough. Two years ago, the shopping mall was finally constructed — although unlike the original design it incorporated the old buildings of the original shipyard. Land values have skyrocketed as the area has become fashionable.

In Neighborhood A, where there are now many absentee landlords, the primary problem is to

minimize further deterioration of the housing and avoid abandonment. In Neighborhood B, the primary problem is to assure the continued presence of as many owner-occupiers as possible. In Neighborhood C, the primary problem is to allow current owner-occupiers to remain in their homes despite the tremendous increase in land values. If all three neighborhoods are in the same city, then the following set of tax measures might be considered (to the extent that they are possible under the overlying county, state, and Federal laws):

- Tax abatement for improvements in residential properties
- A stiff antispeculation tax for properties not held more than X years if owner occupied or more than 2X years if rented.
- A tax deferral method for owner-occupied housing only, with strict enforcement of tax-delinquency collection procedures for property owned by absentee landlords.

The explicit trade-offs and benefits involved in these changes are likely to stimulate extensive political debate. However, once the policies are in place, they tend to keep on working regardless of changes in Federal policies, while categorical grant programs may or may not be renewed as the economic situation changes. Furthermore, except for the antispeculation tax which requires the cooperation of the records office (to identify changes in property ownership that may qualify for the tax), these measures can be fitted into existing tax administration structures.

The question of whether or not the tax measures will be sufficient to influence decisions depends not only on the market situation but on other forces as well. In addition, the question of whether or not the city will lose needed tax revenue to provide these neighborhoods with services is just as important as the turnover rate in maintaining neighborhood stability. This question must be faced in particular real situations; it cannot be decided theoretically. Where business tax abatements have been used successfully, there has generally been an explicit quid pro quo between developers and either the city or the neighborhood so that a beneficial trade-off is achieved.

Using Tax Measures

In addition to the legal and intergovernmental constraints mentioned above, taxation approaches require close continuing liaison with state agencies to ensure that original state approvals for such taxation are met with adequate local administrative action. At times, it will be necessary for the state to play a direct role in administering new taxes; in other cases, the state role will be limited to monitoring local efforts. But it is rare that a state will provide new authority to any locality and then withdraw completely from the administration of the tax policy.

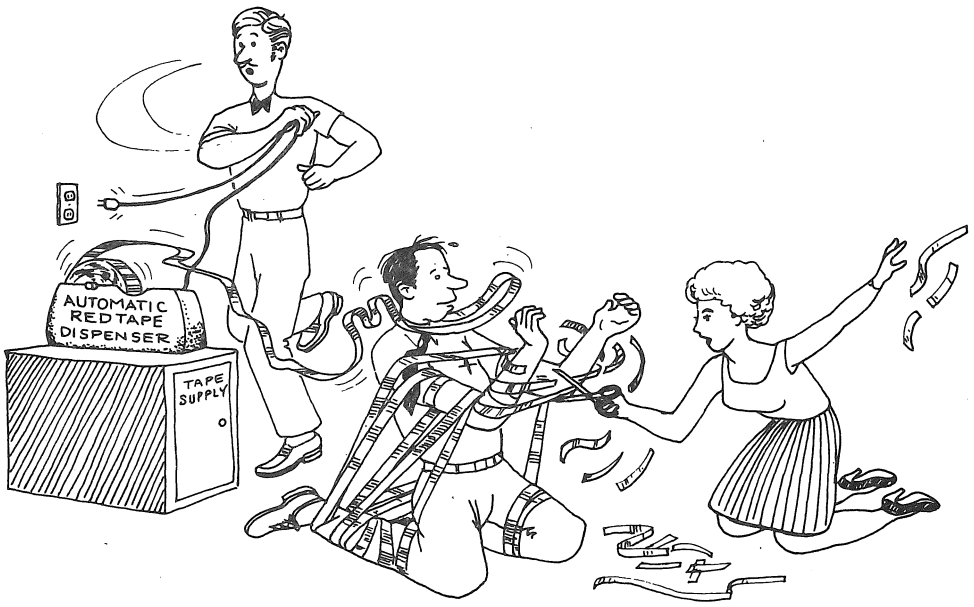
Perhaps the most important issue of implementing taxation approaches is the difficulty of stopping or redirecting such approaches. It is very difficult to deny tax abatement to those persons or firms who have made investment and spending decisions based on such policy. Changes in tax policy, moreover, often require legal changes that are hard to achieve, as shown by the growing number of tax reform plebiscites.

Tax policy changes other than abatement or deferral also often present problems in targeting. Because many taxes, such as the property or sales tax, must be applied citywide, intended effects must be developed with attention to the possible unintended consequences to neighborhoods and individuals. An antispeculation tax, for example, needs careful definition if it is not to discourage investment in existing or new housing within city neighborhoods.

Impacts must be assessed not only during the planning phases, but during the actual implementation of any taxation approach, to determine how the incentives and disincentives work out in actual practice.

Summary

- Local governments are using more traditional taxation tools in new ways and developing new tax tools to help address neighborhood development issues.
- Tax incentive programs are sometimes developed without a full understanding of the importance of taxes in private development decisions and the full costs incurred by others in the city when a tax incentive is granted. There is wasteful loss in employing tax incentives beyond the point at which the desired result is induced.
- Tax abatement, deferral, exemptions and the like are not free. They simply shift burdens to others. It is important to examine the capacity of the "others" to pay and compare it to benefits.
- For tax incentives to be meaningful and beneficial to the public, there is need for a quid pro quo between the developer and the city/neighborhood. The city must examine what it is getting (e.g., jobs for city residents, future tax increments) versus what it is paying out (e.g., city services, lost tax revenues).
- Development of taxation approaches by local government may be severely constrained by policies, rules, and regulations of local, state, and Federal governments.
- Tax incentives are reliable and do not depend on administrative process the way service delivery programs do. They also can often be integrated into existing local tax processes and thus require less staff than service delivery programs.
- Effective use of taxation approaches is especially dependent on changing conditions of private market forces, so that appropriate timing and targeting are key issues for local users. Accounting for delays in lead time is essential.
- Many taxation approaches are often difficult to stop or redirect once they have been in place.
- Although there has been much debate and considerable literature, local governments have little experience in understanding causal relationships between tax incentives and private development decisions. "How much is enough" and "would it happen anyway" are still difficult questions to answer.



IV NONSERVICE APPROACHES USING ADMINISTRATIVE REFORM POWERS

Basis of the Governance Power

A city is, among other things, an economic entity with the power to buy, to sell, to maintain its property, to employ persons, to contract with firms to do part of its business, to manage its cash resources, and to issue permits to those doing business within its boundaries. It can exercise these powers to meet a variety of public goals, one of which can be the revitalization of a neighborhood.

How Administrative Reforms Are Being Used

Like regulatory and tax reform, administrative reform is an ongoing concern of local government officials. Pressing demands for public services combined with equally pressing demands for reduced expenditures have led local governments to institute a number of management improvements designed to reduce the cost of government and make public programs more effective.

Management reforms, such as the introduction of program budgeting and performance measurement, have become a regular part of the management process in many local governments. Some cities and counties have also instituted broader, more policy-oriented, administrative reforms in an effort to better deal with the problems they face. These governments have utilized their governmental powers to achieve objectives that extend beyond improved delivery of public services. Some are now experimenting with administrative reform as a tool for neighborhood revitalization. These local governments are using their administrative powers to:

- Improve housing stock.
- Improve economic opportunities for local businessmen and for those seeking jobs.
- Encourage both self-help and decentralized service delivery in neighborhoods.

In order to accomplish these objectives, these local governments are:

- Managing their economic power so that the consequences of routine administrative actions aid neighborhood stability.
- Using their legal powers in new ways to protect neighborhoods.
- Removing obstacles posed by traditional administrative practices and procedures in order to encourage desirable development activities in neighborhoods.
- Making municipal resources — such as schools — available to the human service sector in order to strengthen the social and institutional fabric of neighborhoods. Table 4 shows a selection of the more important administrative reforms cities are using.

Types of Reforms in Use for Different Purposes

Improving the Housing Stock in Neighborhoods

The condition of housing stock is understood to be an important factor in neighborhood decline. In the past, local government has relied primarily on service delivery programs such as Sec. 8 and CDBG block grant funds to improve housing stock, particularly in older neighborhoods. Some local governments, however, have been able to institute administrative reforms to complement these programs.

USING LEGAL POWERS TO DEAL WITH ABANDONED PROPERTIES

Dealing with abandonment is difficult in any setting because of the fundamental economic factors usually involved. However, a number of cities and counties in this study are using their legal powers in new ways to try to cope more effectively with this issue.

In Philadelphia, for example, the city has implemented a Vacant Property Review Committee, authorized by a code amendment, which can accept abandoned property as a gift in exchange for forgiveness of overdue taxes on the property. The State of Ohio has a similar law which is being used by several local governments.

Recent studies have found that delaying foreclosure on properties often contributes to residential abandonment. Massachusetts has cut the period within which an owner can redeem the title to his property by paying delinquent taxes from 2 years to 6 months. In Baltimore, if annual taxes are not paid within 8 months, the city can sell a property to recover the amount of taxes. Cutting the length of time the title to a property can be in limbo is expected to cut the length of time properties can be subject to unchecked deterioration.

Another useful use of legal power is exemplified by Baltimore's Emergency Repair Program. When a landlord fails to comply with a residential code violation order, the city Emergency Repair Program makes those repairs needed to remove health and safety defects and institutes legal action to recover the costs from the owner. Recovered funds are placed into a revolving fund to finance repairs to other structures. If the costs are not recovered, the city forecloses on the building. This tends to prevent the situation, common in decayed northern city neighborhoods, where a property is transferred to a new owner after having been seized for health violations (such as a nonoperating furnace), the new owner collects rent during spring and summer, and the same health violation (lack of heat) causes its seizure and resale again the following winter.

New York City, because it faces the most extreme problems of property abandonment and deteriora-

Table 4
ADMINISTRATIVE REFORM APPROACHES

Policy Approach	Actors (initiating and implementing)	Objective(s)	Unintentional Effects	Cost or Cost Shifting Effects	Reporting Jurisdictions
Use of public procurement	Purchasing Office, Office for Special Programs (Sewerage, etc), individual agencies.	To strengthen neighborhood businesses until they are capable of broader market competition.	Reduce quality of procurement, undermine some local business through subsidy to other firms; set up barriers between local areas.	Minor cost shifting effect, due to not taking lowest bid for goods and services.	San Francisco, Oakland, Los Angeles, Cleveland, Phoenix, Dade County, Pasadena.
Use of Mandatory residence	Mayors Office (Personnel)	To strengthen neighborhoods and city economy through increased middle class residents.	Less skilled personnel, perhaps fewer skilled middle managers.	Shifts cost for helping to upgrade city to individual employees.	Boston, Chicago
Expedited In Rem and abandoned housing maintenance practices	City Planning Department	To prevent abandoned housing from staying unoccupied for long, prevent deterioration of units and adjacent areas by putting units back on market quickly.	Can permit abuse through sales process where owners buy cheap, collect rents and abandon again.	Maintenance costs must be borne by city.	New York, Milwaukee
Alternative use of schools and public buildings	Mayors Office, City Planning Department; School boards, neighborhood groups.	To increase productive use of existing or closed facilities by community.	Can increase neighborhood demand for services from city.	Costs of not selling space borne by school district	Boston, New York, Seattle, Denver, San Jose.
Permit streamlining	City Planning, Office of Building and Housing Safety, Economic Development Department	To reduce costs of rehabilitation and development in neighborhoods through expediting permit processes.	Too rapid development without adequate controls/review.	Cost to reform permits system must be borne by city.	Indianapolis, Portland & Salem, San Jose, Phoenix, Dade County, Los Angeles, Oakland
Targeted code enforcement	Office of Building and Housing Safety; Neighborhood residents	Increase pressure for code compliance on absentee landlords and reduce pressure on marginal homes in unstable neighborhoods and reduce abandonment.	Precipitate abandonment of multi-family units and permit deterioration of homes in unstable areas.	Cost of compliance borne by landlords and passed on to tenant, or born by homeowners who must comply with minimum standards.	Cleveland
Leveraging city deposits to prevent redlining	Comptroller, Mayors Office, Planning Office	City only deposits funds with S&L's and banks who disclose investments and do not redline.	May lower city return on deposits by narrowing number of banks willing to comply and compete for funds.	Cost supported by city, through deposits, as well as bank, through compliance in non-discrimination.	Chicago, Cleveland

tion, has come up with an especially comprehensive set of administrative reforms which it has combined with service strategies in an attempt to halt decay of its neighborhoods (see Exhibit 5).

Exhibit 5

IMPROVED ADMINISTRATIVE PROCESSES FOR DEALING WITH ABANDONED PROPERTY IN NEW YORK

Thousands of dwellings in New York are abandoned each year. The effects of rent control, high maintenance costs, and refusal by tenants to pay rents in especially run-down buildings, lead many owners to withhold their property taxes and walk away from their buildings. In the past several years, two factors have caused the number of foreclosed properties to increase, greatly magnifying the overall problem of housing disinvestment and straining the city's ability to manage these buildings. First, the interrelated pattern of tax arrears and disinvestment has spread to every part of the city; in lower income neighborhoods no block is untouched and abandonment is common. Second, a new tax delinquency law, which took effect on January 1, 1977, requires the city to act after tax arrears of one year only, rather than after 3 years, as previously required. As of December 1977, after one year of the new law, the Department of Real Estate had an inventory of approximately 7,300 buildings – four times the number for 1976. As many as 140,000 dwelling units in the city may be abandoned by the end of fiscal year 1978–79. Many of these units – which will soon constitute 7–8% of the city's housing stock – are occupied, at least partially.

The city is streamlining its so-called In Rem procedures to deal with these problems. By foreclosing more quickly on abandoned buildings, the city may avert some of the destruction that often occurs while buildings are in the indeterminate state between private ownership and city takeover. Also, some buildings in marketable areas may be sold to other owners. Finally, some residential buildings may be recycled into community use, e.g., through negotiated sales to community groups or through being auctioned off for special use such as day care centers.

The city's new procedures are specifically designed to avert the selling of buildings to owners who buy them for virtually no down payment, skim the rent for a few months, especially during the summer when heating costs are low, and then allow them to fall into In Rem status again.

An important part of the city's approach includes working with community groups. In one neighborhood near Columbia University, 250 out of 500 buildings are In Rem. Of these, 75 are vacant and the other 175 are only partly filled. A Tenants Association is helping keep this neighborhood viable (see Chapter Four) by working closely with the city to see that heat and essential maintenance services are delivered.

Exhibit 5 (Concluded)

The city is also using service strategies to attack these problems. Massive amounts of Community Development funds will be used for the management, maintenance, and operation of these city-owned buildings. A work force of community residents is being assembled to carry out some of the repairs and improvements needed to upgrade occupied buildings and to prepare them for eventual ownership by tenants or nonprofit community organizations or for resale in the private market.

The city intends to establish a new civil service job title – such as "Community Repair and Rehabilitation Specialist" – under which community residents would be hired to form the In Rem work force. This title will be part of a new career ladder leading to the "Real Estate Manager" series in New York's Civil Service, and would provide a guarantee of security and upward career mobility that has been absent from previous programs.

Finally, trial programs are being established to make use of both the management expertise of private real estate business and that of the New York City Housing Authority, and manuals incorporating standard management procedures for the use of the program staff and tenants' groups are being produced.

FACILITATING NEW CONSTRUCTION IN NEIGHBORHOODS

In their desire to maintain orderly physical development processes, municipal governments often — unintentionally — set up obstacles to neighborhood revitalization. An important category of administrative reform activities being carried out focuses on expediting new construction, rehabilitation, or repair activities carried out in neighborhoods.

Phoenix, Arizona, has established a Developer's Assistance Office, to facilitate communication between the development community and local government about development policies and procedures. The office also acts as an ombudsman. To encourage developers to build on vacant central-city land, Phoenix also has waived zoning and site plan fees for such developments. To expedite the process of zoning variance, Phoenix has improved the administrative procedures for review of applications and has provided a directory of development requirements and administrative agencies responsible for regulation. Kansas City and San Antonio have similar aids to development.

Some administrative reforms in this area focus more specifically on the needs of older neighborhoods. To cut down the length of time it takes developers to find out about inner-city property that could be developed, New York City has developed a procedure of notifying developers when properties are declared abandoned and are available for purchase. Community organizations that might want to act as developers are similarly notified.

Permit process streamlining can also remove obstacles to carrying out redevelopment activities in both newer and older neighborhoods. In Dade County, Florida, a "Quick Track" processing system has been set up in which developers submit two sets of the same plans to speed review. The City of Portland

has streamlined its building permit operation by putting three different permit offices (buildings, plumbing, and electrical) together in a single location to cut down the number of trips that a contractor has to make (Exhibit 6), while Salem, Oregon has developed a permit center for a variety of different permits, and has standardized forms and even eliminated some obsolete permits (Exhibit 7).

A very important part of the continuing vitality of any neighborhood is the availability of loan funds.

Exhibit 6

THE PORTLAND PERMIT SYSTEM IMPROVEMENT EFFORT

Portland, Oregon, improved the efficiency of three permit counters through consolidation. Merging the Electrical and Plumbing permit counter functions with the Building permit counter made it possible to reduce the number of clerical staff needed to support permit application. This change also increased the accessibility of permit counters to permit applicants.

The project also moved to increase the effectiveness of the Bureau of Buildings permit processing activities by improving inter- and intra-governmental cooperation and coordination. The Bureau of Buildings permit system improvement project staff held meetings and training sessions with city and county agency personnel responsible for permit processes with overlapping authority and review roles.

The issue of better serving the public has been directly addressed. A public directory of permit system phone numbers has been developed to assist individual access to permit offices. In addition, a Homeowners Night was established in the Bureau of Buildings in the Fall of 1977. Every Thursday evening from 5 to 8 p.m., permit application and review staff are now available at an overtime expense to the City) to assist homeowners seeking to make home improvements.

Under a new procedure, developers wishing to anticipate difficulties in the review process may call for an appointment to scope out large projects and decide which technical representatives the City and the developer need to have available for a conference in which an attempt will be made to raise all pertinent applications questions. This is thought to expedite the permit approval process, saving time and money for both the city and developer.

Finally, a document control section has been initiated to monitor the status of permits in the Bureau of Buildings processing system. As part of the status monitoring system, residential permits held for review over one day, and commercial permits held more than four days are issued held notes by plan checkers. These notes are forwarded to Document Control and help to notify applicants as to the status of their permit request.

Exhibit 7

PERMIT SYSTEM IMPROVEMENT IN SALEM, OREGON

Salem, Oregon, has created a Permit Application Center (PAC) in the City's Building and Safety Division. The PAC entailed a reorganization of the permit application functions of nearly all the City's permits and licenses into a single center where individuals can come to apply, pay fees for, and be issued permits and licenses.

Examining the structure of the permit system in Salem showed that the different permit applications used by the City's departments had fundamentally similar characteristics that would benefit from some standardization. Standardizing the size and general layout of application forms reduced nearly 20 different sizes and shapes to one design.

The Salem permit system improvement project, in addition to standardizing application forms (and eliminating eight) has also succeeded in consolidating construction permits for driveway, sidewalk, street opening and storm drains into a single permit. (The eight licenses eliminated no longer served any important regulatory function.)

Cleveland's policy is shown in Exhibit 8. In Chicago, all banks receiving deposits of city money must provide data to the city showing geographic distribution of deposits, mortgage loans, and other residential financing. The city does not grant or withhold deposits solely on the basis of the furnished information, but it does become a part of the public record, available to community organizations.

Improving Economic Opportunity in Neighborhoods

Neighborhood revitalization depends basically on the economic ability of residents to maintain themselves and their homes. Residents must have opportunities not only for jobs but for careers that offer the hope of upward mobility. A number of cities and counties included in this study have employed administrative reforms to assist in achieving these objectives.

SUPPORTING LOCAL BUSINESS FIRMS THROUGH LOCAL PROCUREMENT POLICY

Some cities and counties now require that a certain percentage of goods be purchased from local suppliers, even though the cost may not be the lowest possible, and others require that a certain amount of service contracts be restricted to local minority firms. Cleveland has adopted a policy of encouraging procurement from local firms that, in 1976, gave them nearly $69 million of a total of $79.5 million. To increase the multiplier effect of these local purchases, Cleveland is considering asking firms that trade with the city to, in turn, make their purchases within the city as much as possible. In addition, the city is considering making contract requirements less strict (to reduce elimination of local firms from competi-

Exhibit 8

CONTROL OF REDLINING THROUGH DEPOSIT POLICY: CLEVELAND

The city of Cleveland has developed a redlining ordinance which requires all lending institutions wishing to be depositories of city funds to submit certain kinds of lending and deposit information to the City of Cleveland's Director of Finance. The information is submitted on city forms with each bid. The information required includes loan number and total amount, interest rate, downpayment, term, and type of loans made by census tract in the City of Cleveland, as well as dollar balance for all savings accounts registered in bank branches (except for the downtown area).

The ordinance states that the City will analyze the data to determine if there is a "reasonable and fair relationship" between city deposits and residential loans. If the City finds that such is not the case, it may refuse to accept the bid for City funds on the grounds that the bid "is not in the public interests."

The ordinance was passed following community action in Cleveland during 1975–76, including a study of mortgage activity in the Buckeye-Woodland neighborhood and the near West Side. (A report was completed, entitled "You Can Bank On It: Redlining in Cleveland.") Cleveland's political leadership, reacting to these and other national factors tried to model an ordinance to prevent redlining, based on Chicago's disclosure law, which had been developed in 1975, but with the follow-up powers Chicago's law lacked.

To date, there is very little information with which to assess the impact of the ordinance. No agency was assigned responsibility for assisting banks and savings and loans in filling out the required forms, and for collecting and analyzing the data to see if the ordinance has been working. Moreover, the Finance Department, whose responsibility it was to carry out the basic tasks connected with the ordinance, has had very little interest in pursuing enforcement of the policy because its central mission lies in other areas which have little to do with improvement of mortgage availability in the inner city.

tion), and is looking at ways to increase the awareness of local officials as to the importance of local purchases and ways in which local products might be usable alternatives to foreign (out of city) products.

In Pasadena, California, the city's redevelopment agency has a policy of hiring local business to carry out the rehabilitation of commercial and residential structures, as well as major demolition and clearance activities. The result has been to encourage the emergence of such firms.

Dade County, Florida, has established a formal goal of 15% of all county business to go to local small business, and established a Small Business Assistance Center that provides information and referral services.

While many of these policies are not targeted specifically to neighborhoods, the procurement policy

set up by the City and County of San Francisco offers a good example of how economic opportunities in minority neighborhoods can be increased through reform of administrative policy (see Exhibit 9).

Exhibit 9

PROCUREMENT POLICY IN SAN FRANCISCO

Under Section 201 of the Clean Water Act of 1972, the Federal Environmental Protection Agency is making nearly $1.5 billion available to San Francisco to construct a new sewage transport and treatment system. San Francisco city management decided to establish a special projects office. The Mayor and the Special Projects Director, who were committed to an improved affirmative action policy, negotiated an agreement between the North Bay Division of the Associated General Contractors (AGC), minority contractors, minority workers, and the building trade unions. This agreement, in addition to satisfying the Equal Employment Opportunity Council hiring requirements, makes 10% of the dollar amount of all contracts available to minority firms. The AGC agreed to this because building the 10% requirement into the bid specifications allowed all contractors to compete on an equal footing. It was also calculated that the 10% requirement was far enough ahead of actual minority enterprise capacity to produce real growth in these firms without exposing them to demands they could not fulfill.

The final policy required a set proportion of the project funds to go to minority firms, through contracts and subcontracts by specific subareas of construction. The firm hired for overall management of the project was also required to let 10% of *its* contracts to minority firms, as well as to provide technical assistance where needed to put minority enterprises together in joint ventures with more established contractors. Furthermore, minimum goals for the employment of ethnic minority persons and female apprentices were established by groups of trades, based on an incremental schedule.

Because construction was booming at the time of the implementation of the policy (1977), few objections were raised to the plans. There was more than enough work for building trades around the city. This abundance permitted specification of 50% minority *resident* hiring on projects located near predominantly black areas, as in the case of Hunter's Point where the Southeast Treatment Plant was to be developed.

The policy to date has resulted in giving 15% of all contract dollars to minority contractors ($30 million). The project has stimulated joint ventures between white contractors and black, Latino, and Japanese-American firms. In a number of cases no local minority firms could carry out the job and minority firms from out of state were needed. The joint venture concept has enabled large, long-established firms to assist minority contractors to meet bonding and management needs.

Exhibit 9 (Concluded)

While there have been few problems in the implementation of the policy and monitoring of compliance, more minority participation in union apprenticeships is needed. As long as construction demand for labor is high, unions can afford to follow affirmative action guidelines. The Department of Labor and the City of San Francisco are subsidizing efforts to provide union teachers in construction programs to help meet training requirements. The overall policy implemented by San Francisco has served as a model for the Department of Labor. The projects will have provided $150 million to minority contractors and $400 million to local minority labor wages. The local treatment plant project has also provided $30 million in contract dollars to the city's poorest black neighborhood, Hunter's Point.

San Francisco illustrates how the intergovernmental aspect of resource availability (the waste water management funds from EPA) can be applied in conjunction with governance tools (local procurement powers) to achieve greater local impact. Compliance with equal employment opportunity requirements is not sufficient in addressing neighborhood economic problems. San Francisco used the opportunity provided by the waste water project to focus on the development of economic opportunities for small minority business and labor citywide and in the Hunter's Point neighborhood in particular and development of the specialized procurement policy and negotiation process has enabled meaningful change.

IMPROVING JOB OPPORTUNITIES THROUGH RESIDENCE POLICIES

A number of cities have developed policies mandating that city employees reside within the city limits, thus keeping their spending power at home and increasing their stake in the welfare of the city. Because the lack of steady jobs contributes significantly to neighborhood disintegration, imposing a requirement that city workers live within the city limits can contribute to neighborhood revitalization. Other cities have sought to achieve similar objectives by sending affirmative action teams — or affirmative action communications — into minority neighborhoods to make sure that residents know they are eligible for city jobs. Still others have reassessed job qualifications to make sure that unnecessary barriers are not set up that might prevent the local poor from obtaining city jobs.

The City of Boston has established a policy that city employees must live within the city limits. Despite protests that such a requirement violates employee civil rights, the mandate remains. San Francisco had such a requirement but rescinded it when it was declared unconstitutional. The City of Chicago has also established a policy that employees must live within the city. The purpose of the policy was specifically to aid urban immigration and neighborhood revitalization.

The City of San Jose, California, has evaluated city positions to make sure that minimum qualifications were not set unreasonably high, and that tests reflected actual tasks that would be performed on the job. In addition, the city has set up an outreach effort to make sure that local minority residents are aware of the existence of city jobs and to encourage them to apply.

Little evaluation of these provisions has been carried out to date and forced city residence can impose significant burdens on public employees with large families.

Providing Neighborhood Infrastructure

Budgetary constraints and the lack of available land often prevent local government from providing the facilities and recreational space desired in many urban neighborhoods. Several cities and counties included in this study have developed approaches to facilitating the use of school property for this purpose.

USING SCHOOL PROPERTY TO AID NEIGHBORHOODS

For various historical reasons (the need to isolate children from bad influences, the need of school boards to be independent of city administrations, the need to protect valuable school property from venal administrators), schools have long been single-use facilities whose dedication to the purpose of education was assured by law. The result was that many cities found themselves with very valuable properties — school playgrounds and classroom buildings — that were in use only a tiny fraction of the possible time. Often, great effort was spent in keeping children out of school playgrounds weekends and during the summer. Insurers compounded the problem; insurance policies were often written to cover only the mandated school use under the supervision of teachers.

Changes in residential patterns and urban outmigration, as well as the decline in family size, have made schoolrooms — and even whole schools — surplus. However, residents tend to fight the closing of neighborhood schools, particularly elementary schools, on the basis that the presence of such a school contributes to the attractiveness of a neighborhood to young families. Closing a school threatens to cut off the number of young families seeking to locate in that neighborhood, and thus cuts off a source of potential neighborhood stability.

Faced with these problems, some local jurisdictions have come up with plans and strategies for joint use of schools and for reuse of surplus schools. Arlington, Virginia, has built a new junior high school as a combination school and community center, with shared library facilities and with a shared cafeteria (which also serves meals to the elderly). Atlanta leases schools no longer in use for educational purposes to nonprofit civil organizations for $1 per year. New York City's Department of Real Property has leased approximately 100 unused city-owned buildings throughout the city, some of them schools, to a wide variety of community groups (see Exhibit 10).

Boston has developed a Community School Program that focuses on multiuse of school facilities to meet community needs beyond the education of children, including needs for recreation and community buildings or other facilities must be improved or upgraded (see Exhibit 11).

Efforts at multiuse and reuse have not always been successful, however, as shown in the Seattle case described in Exhibit 12.

Selecting a Nonservice Approach Based on Administrative Reform

Because administrative reforms occur within local government, they tend to be independent of constraints from overlying jurisdictions, unlike tax measures or regulatory measures. Because administrative reforms require a change in "the way we've always done it," however, they are often difficult to implement. Therefore, in considering a nonservice approach based on administrative reform to aid a particular neighborhood, it is essential to make sure that the reform will contribute enough to that end to

Exhibit 10

SCHOOL REUSE AND ALTERNATIVE USE IN BOSTON

The Boston Community Schools Program is based in existing schools. The Program, developed by the Mayor, uses local Community School Councils, which are selected independently by the neighborhood of the school they represent. Each Council has a right to use school space when available and is given a budget from the Mayor's Office. The Councils have control over their budget and can use funds to hire staff for administration of the Community Schools Programs or to provide services in available space. A coordinator in each school works with community organizations and local government to provide education, recreation, training, child care, and advocacy functions. The Council budgets for the Program are very small, and generally serve mostly to provide administrative funds which the Councils use to try and pull new resources to the school.

The relationship of the programs to the school system has not been smooth, but has improved as the working relationships developed over time. Under the conditions of the program, the Community Schools exist within the school facility, and after school. The Program must provide some janitorial support, and provide the majority of their own resources for program activities. The school board only accepted the program after it lost a court fight with the mayor.

Citizen participation is an important part of the Boston Program. Before the actual program was developed many communities had already organized to make their input into the improvement of the schools in their neighborhoods. Many of the groups managed to significantly affect the school design so that the school facilities include housing for the aged, health clinics, community centers, and other amenities, all within the confines of or connected to the school infrastructure. Once the Program had started, many community groups have attempted through their coordinators to address other community issues, such as institutional expansion into neighborhoods, and location and design of a nearby regional transit corridor. However, for the most part, the Programs have incorporated (as encouraged by the City) and used their position to acquire state and Federal grants in education, child care, and other areas. The Schools Program has enabled many community organizations to have a physical forum in which to work and meet. Few major changes have emerged – the Program has served as a clearinghouse for those looking for opportunities to work together, and has had some success in helping local residents with their general education requirements and in seeking further training.

Critics of the program feel that there are some quality control issues that are attributable to the informal organization and management of the Programs, and that there is little difference between the neighborhood based program and city provided services. Administrators of the program on the other hand, feel that they are leverag-

Exhibit 10 (Concluded)

ing a three to one return of the dollar invested in their efforts. In this regard, it should be pointed out that, because of the basic program subsidy and the use of CETA and grants for specific activities, the Community Schools Program is both a service and nonservice program. Relatively inexpensively, it makes an expanded use facility available to neighborhoods which, in turn, generates neighborhood demand for services.

Exhibit 11

REUSE OF A NEW YORK SCHOOL

In New York many school buildings are no longer in use, and are maintained by the city at considerable expense. Buildings are frequently vandalized and soon become significantly deteriorated. To promote the reuse of school facilities no longer in use, the city has begun to make these buildings available to community based organizations – to preserve the structures and reduce the burden of maintaining vacant buildings.

The reuse of former school buildings is administered by a task force of representatives from the Board of Education, the Youth Board, and the Departments of City Planning and Real Property. The Department of Real Property is the lead agency for the administrative process. Starting on an ad hoc basis, the Department of Real Property has leased approximately 100 buildings City-wide, with a wide spectrum of community groups as tenants. Multi-service community centers are the major users of these structures. As more public services are curtailed due to lack of funding, observers feel that facilities such as firehouses and hospitals may also become available for alternative uses.

A typical reuse group is a nonprofit corporation. In one case, the users of the facility had taken over an old five-story school building to establish a community center. The nonprofit organizations used volunteer labor, neighborhood fund raising activities, rental fees, small grants, CETA staff and some CDBG funds to repair and maintain the structure. The corporation offers a variety of cultural and recreational activities, as well as office space for community organizations, such as the Brooklyn Tenants Union and a nonprofit rehabilitation corporation.

Although the organization that adopted the old school building is itself a nonprofit, nongovernmental group, it has made increasing demands for city services. It has secured CETA funds for building maintenance staff, and CDBG funds for rehabilitation of the building. It has made a number of other proposals to the city and local school

Exhibit 11 (Concluded)

board, designed to give the corporation access to lower priced fuel, teachers, and police protection. It has also requested a longer lease (it is currently on a month to month lease).

Several points are of interest in describing the New York strategy. The strategy has been successful in generating productive use of space. However, there is apparently little recognition of the reuse policy as a meaningful neighborhood-oriented activity going on in the city. The Department of Real Property has little interest in developing capacity to facilitate the process of building acquisition by community groups – it has no policies to resolve competing demands for structures or to meet longer term requests made by building occupants. The absence of any real neighborhood perspective on the role of building reuse suggests that some traditional line agencies in the city have no incentive or knowledge to encourage them to support neighborhood revitalization or stabilization efforts.

A final point which should be recognized is that once the community organizations are established in the buildings they begin to make demands on the city for increased services, and to advocate on behalf of the surrounding community for better services. It is ironic that the conditions that provided the community with a new physical resource (lack of funds) help to intensify the demand for the services that are no longer available. It is interesting to speculate whether city government would have leased the building if it knew all the service demands in advance.

justify the effort entailed in implementing it. Careful diagnosis of the economics and demographics of the neighborhood is essential.

The difference in the utility of various reforms can be illustrated as follows:

- Neighborhood A is a heavily minority neighborhood whose unemployment figure is far above the city average. For cultural reasons, however, many middle-income minority members have stayed rather than moving to a suburb, and some have worked very hard to upgrade the economic status of their community. However, most of the stores in the local business district have been abandoned, and in some blocks the only going concerns are a small ethnic grocery or specialty food store, a notary public or travel agency, and a social club.
- Neighborhood B was built just before World War II to house employees of a defense industry; after World War II, the company converted to a number of lines of consumer goods but closed down its production lines one after another. The last line was closed down in 1976, as was the school. The only remaining source of jobs in the neighborhood is the municipal car barn. Convenience stores are scattered through the neighborhood, but there is no business strip.
- Neighborhood C is a congested downtown neighborhood of studio apartments and residence hotels. Turnover in building ownership is high, maintenance is generally poor, and abandonment is becoming a problem.

Exhibit 12

SCHOOL REUSE AND ALTERNATIVE USE IN SEATTLE

In Seattle the city's school district has attempted to find a satisfactory response to the redundancy of schools. While five schools closed between 1965 and 1974, only two closures were related to declining enrollment and there was little public resistance. However, resistance blossomed when seven elementary schools were recommended for closure in 1974. The city estimated that, by 1980, 30 schools might need to be closed or at least might be considered excess. Because State law in Washington requires voter approval before any school is sold, a complex tripartite authority is involved in any changes in school use – the city, the school district, and the residents of the school district.

While both the city and the School District accept the concept of joint use or reuse, there are problems with identifying the appropriate alternatives. Both parties recognized that reuse policies could save the school building for future school use, generate revenue for the school district, create a means for community service in the neighborhood, and meet service agency space needs. Yet zoning restrictions, need for uses compatible with the structure, the limited utility of small school size, building codes, and the demand that the District receive income rule out many possibilities.

Current land use policies and small school size prevent anything but nonprofit uses, such as galleries, libraries and community centers in most residential zones. Private profit-making enterprises would be prohibited in 79% of schools. Many community services, such as drug rehabilitation and Girl Scouts, are thought to be incompatible with one another, and would not fit well into a single school. Compliance with building codes is another issue; since most of the schools are 49 years old, or more, any new use could require significant levels of upgrading to comply with codes.

The Office of Neighborhood Planning in Seattle has proposed amendments to the zoning ordinance to facilitate joint uses, and an advisory committee has been set up to define unique performance standards appropriate for the new use of each school. Under the proposed amendments Special Exceptions would be reviewed and granted to permit the new use.

The school closing issue has caused a reaction in city politics. A Councilman expressed the fear that efforts to close schools might cause potential immigrants to Seattle to perceive it as having "a School District on the skids." The Mayor has also stated that he is concerned that diminishing school population may keep families away from the city. Seattle neighborhoods have been very active in the school closing debate. One neighborhood spent $17,000 to fight school closure in the court. A judge found that the School District had not filed an environmental impact statement, and prevented the School District from carrying out the closure.

Most schools remain open, and few have multiple uses. What is apparently missing is a means of resolving neighborhoood fears and administrative bottlenecks that prevent formulation of satisfactory alternative uses.

New ways of dealing with abandoned housing would have an effect on both Neighborhoods B and C, but not Neighborhood A. Targeting local procurements would have little effect on Neighborhood C, some effect on Neighborhood B (depending on whether the area is being resettled or not as the elderly die or move away), and a strong effect on Neighborhood A. Similarly, the benefit from a permanent reuse of the school (converting it to a branch office building for a city or county service agency, for example) would depend on whether or not Neighborhood B were being resettled by young people who might very soon have school age children or by the elderly displaced from other neighborhoods. Requiring city employees to live within the city would help both Neighborhoods A and B, but not C.

Finally, the condition of the housing stock may determine the appropriateness of some possible solutions. If Neighborhood B, for example, were jerrybuilt while Neighborhood C's buildings were once fairly grand apartment houses that have been subdivided into smaller and smaller units, then a different approach to abandoned buildings in the two neighborhoods would be appropriate. For example, in Neighborhood B the city might put together land packages for developers, while in Neighborhood C they might encourage restoration of the original five- and six-room apartments where appropriate (with the addition of some other nonservice policies for the dependent persons who are displaced by abandonment, such as the development of group housing and shared housing scattered throughout the city).

It should be remembered that many types of procurement set-asides or preferential employment efforts may require extraordinary training or economic development assistance if disadvantaged communities are to be able to take advantage of them. Politically, a set-aside program is much easier to implement when a city is starting a once-in-a-generation project, such as San Francisco's sewerage system, than where existing suppliers and their employees have an interest in present contracts. The reallocation of city resources from one set of interests, such as large firms, to another, such as small minority firms, frequently presents a very difficult political tradeoff for city officials. It may be completely impossible to implement in times of overall economic distress when it would mean depriving one group of jobs in favor of another.

The power of a city to employ persons can be a valuable resource in neighborhoods whose populations tend to be underemployed. However, there is no necessary connection between a citywide residence requirement and improvement in any specific neighborhood. Moreover, while requiring city employees to live inside the city limits has obvious utility, it may penalize some lower-paid employees who have families, particularly in cities where housing costs are high.

Deposit policy, particularly if it can be combined with an insurance anti-redlining policy, seems to offer considerable merit, even when no legal force exists beyond the disclosure requirement. Such policies encourage institutions dealing with the city to recognize their responsibilities to help ensure healthy city and neighborhood economies. However, it can be difficult to get traditional city agencies with a different mission, such as the comptroller's office, to enforce such ordinances. If no agency is assigned clear responsibility for assisting banks and savings and loans in filling out the required forms, or for collecting and analyzing the data, the ordinance will not work.

The joint use of schools has several advantages: it embeds schools more firmly in the institutional fabric of a neighborhood, it tends to cut down the age-segregation that many psychologists feel contributes to the alienation of the young, it provides greater value for money since the buildings and playgrounds are in use for more hours, and it tends to increase the number of activities available to residents and thus enrich the neighborhood. Reuse of schools that have been closed does not have all of these advantages, but it does have the advantage of exploiting what might otherwise be a vacant building to provide needed facilities for community groups, for recreation, and for enriching community life.

Joint use is more difficult to implement, because it entails bringing together two traditionally isolated municipal bodies — the city government and the school board — and breaking down a good many barriers that have historically grown up to prevent their acting together. Reuse — particularly when neighborhood demography has changed — can turn what would otherwise be a useless facility into a valuable asset. It can be so successful, however, as to bring the facility back to the point where it requires nearly the same level of services as it received when it was a school.

Facilitating building permit applications also present problems. In the absence of sensitive administration, new processes may only promote fringe development and do little to assist in neighborhood revitalization. Certainly, such reforms have relatively little impact by themselves.

Implementing Administrative Reforms

Administrative reforms, more than any other nonservice tool, require staff capacity and management capacity to implement, although not necessarily to operate once the reforms have been put in place. For example, even a relatively inoffensive effort such as centralizing permit applications and standardizing permits can take several months for a full-time staff member reporting directly to the Mayor or City Manager. Making school playgrounds and unused classroom space available for community groups may take considerable negotiating. In one city, negotiating the sale of a vacant school for conversion to a health center for senior citizens dragged on for 18 months at least in part because nobody had been assigned to do the negotiating and answer all the questions both sides had. In another city, a measure to target city deposits of funds only into banks that did a satisfactory amount of lending in poor areas foundered because the effort was enforced by a city department that felt its mission was to get the highest possible interest on city deposits.

However, administrative reforms can also be powerful if properly targeted and implemented. If a number of different departments get together and coordinate their services, the results can be greatly enhanced effectiveness. For example, having building inspectors also note trash piles, rat droppings, and obvious fire hazards and write citations for them as well as for such code violations as broken plumbing not only saves the city some inspection time, but increases the likelihood that landlords will feel pressure to make repairs. Speeding up the process by which abandoned buildings are taken over by the city and either repaired or sold to developers in a package can make abandonment less profitable. Procurement set-asides and employment residence requirements can aid poor neighborhoods significantly, as shown by the San Francisco experience.

Evaluating the Effect of Administrative Reforms

Some administrative reforms a city can institute may have an extensive effect on several neighborhoods that is visible only over time. An example is allowing city employees flex-time, where they have to be at work during a set of core hours (say 10 a.m. to 3 p.m.) but can come in at 7 a.m. and leave at 3:30 p.m., or work from 9:30 to 7 in the evening. This kind of scheduling allows working parents to make better child-care arrangements and often allows them to keep their jobs where absenteeism is grounds for dismissal. The result can be to encourage both the single-parent and the two-paycheck family to greater stability and to stronger participation in the housing market. However much such a set of related events might contribute to neighborhood stability, there is no way of establishing any cause and effect relationship because so many other variables are also important.

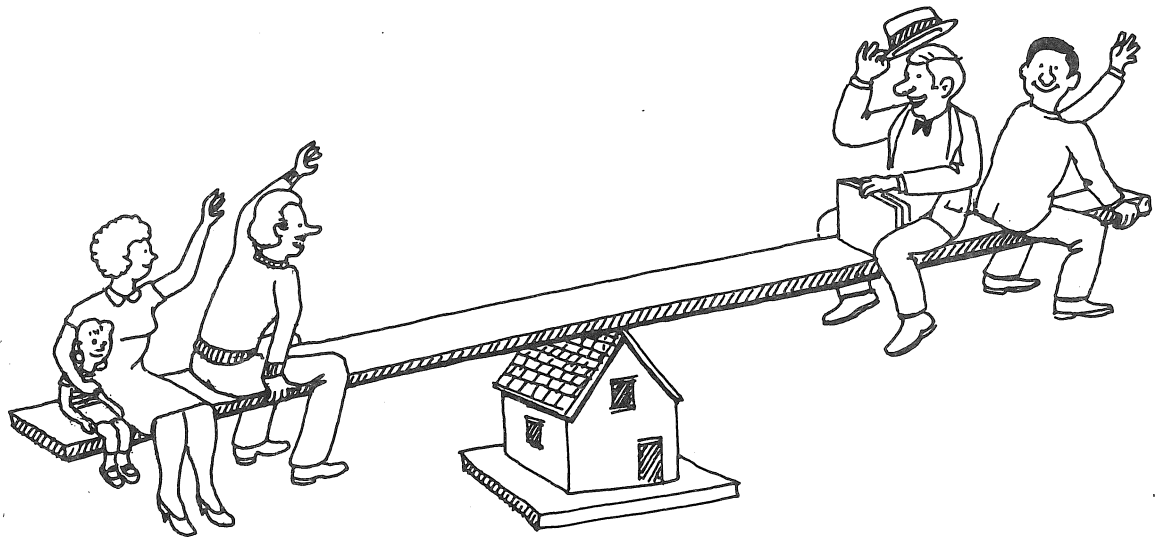
Some administrative reforms, particularly in combination, can have a directly visible effect on a target neighborhood. For example, a measure to coordinate several city services having to do with structures

and sanitation so that their effectiveness is increased, combined with adopting a number of administrative reforms targeted to a specific neighborhood (depositing city funds only in lending institutions willing to lend in the neighborhood, adopting procurement set-asides, recruiting new city employees from the neighborhood, moving a branch or two of some city offices into neighborhood store fronts, making sure that a vacant school is put to some productive use) might well have a dramatic effect in a neighborhood that had begun to decline, provided the decline had not progressed too far. If the decline has progressed unchecked to the point where the neighborhood is becoming derelict, nonservice approaches may not be enough to save it. If the neighborhood has only just become unstable, on the other hand, too much intervention may have an effect exactly contrary to what is desired.

Finally, the impact of some administrative reforms, such as procurement set-asides and vigorous recruiting in a particular neighborhood, may result in developing economic dependency if continued for too long.

Summary

- Local governments are continuing to experiment with an increasing variety of administrative and institutional reforms, many of which grew out of earlier reform movements.
- While administrative reforms are difficult to develop, the potential for achieving neighborhood objectives through such purposeful use of the city's administrative and economic powers appears substantial.
- Administrative reform efforts often require traditionally separate municipal bodies (city council, school board, hospital board) to interact and play new roles in policy implementation. Many historical barriers may need to be overcome before such interaction can be effective.
- Administrative reform approaches involving the city's purchasing powers often result in the reallocation of city resources from one set of interests (e.g., large firms) to another (e.g., small minority firms) which may pose difficult political tradeoffs for city officials.
- Traditional city line agencies with little experience in neighborhood issues and generally poor reputations for innovations may cripple promising administrative reform efforts.
- Administrative reform approaches involving the city's employment powers may be resisted by employees, by unions, and by others.
- Many administrative reform approaches may be especially difficult to target to specific neighborhoods, as the nature of many of these efforts is necessarily city wide.
- The economic impacts of many administrative reform strategies make some approaches easier to implement during prosperous periods than during economic slowdowns.
- Administrative reform approaches, perhaps more than any other non-service activity, require fundamental changes in the thinking and role of traditional city line agencies.



V COLLABORATION WITH THE NONGOVERNMENTAL SECTOR

Basis of the Governance Power

Local governments can, if they choose, collaborate with business and community organizations in a variety of ways. In this regard, governments can view the private sector (business, voluntary groups, citizens) in two ways: In the first way, the private sector is the object of government — to be taxed, regulated, tallied, and appealed to for votes and campaign contributions. In the second way, the private sector is the other half of the governmental equation; the object of government is problem-solving. From this viewpoint, although the need for regulation, taxation, and the like do not disappear, problems are not defects in the private sector that government must remedy, but difficulties of a particular kind that afflict both sides of the government equation, public and private. A declining neighborhood is not just a matter of government concern, but a matter of concern to everyone who lives and works there and whose employees or customers live or work there. Government need not (and probably cannot) seek to solve these problems by itself; it can (and probably should) seek the collaboration of all the actors who play any role at all in the situation.

This view entails a shift in the "arms length" relationship that many feel is the only proper relationship between government and the private sector. It can be trivialized (the annual businessmen's breakfast with the Mayor) or it can be corrupted, but it need not be; it can be highly effective.

How Collaboration with the Nongovernmental Sector Is Being Used

Local governments included in this study are increasingly recognizing the need for reordering their relationships with the nongovernmental sector and are working with local business, industry and citizen groups to bring some of the resources each controls to bear on:

- Improving housing in neighborhoods,

- Strengthening economic development activities that affect neighborhoods,
- Improving services in neighborhoods.

Specifically, large cities and counties are collaborating with the nongovernmental sector to:

- Secure corporate commitment to help solve public problems and increase corporate investment in ways beneficial to neighborhoods.
- Ensure that adequate mortgage capital is available in neighborhoods.
- Stimulate neighborhood business strips.
- Protect neighborhood housing markets in collaboration with neighborhood residents.
- Encourage individual self-help efforts to supplement traditional service delivery in neighborhoods.

Table 5 shows selected important nonservice approaches based on collaboration with the private sector.

Types of Collaborative Approaches

Collaboration with Business and Industry to Achieve Revitalization Goals

The goal of urban revitalization has all too often been seen by public and private industry leaderships as the sole concern and responsibility of the public sector. The two sectors were seen as independent and, in many cases, adversaries regarding the achievement of community objectives. This attitude is beginning to change on both sides. Some corporate leaders are beginning to see a vested interest in city and neighborhood revitalization and public officials are enlisting this new resource in several ways.

SECURING CORPORATE COMMITMENTS TO SOLVING PUBLIC PROBLEMS

There is significant evidence that corporations are taking an increased interest in promoting urban revitalization, both within central business districts and in neighborhoods. This trend has manifested itself in both firms already located in cities where revitalization is needed (where improvements will affect the business and personal lives of corporate managers and employees) and in firms with nationwide concerns which have increasingly shown an interest in helping to improve the economic and quality of life aspects of urban neighborhoods. Virtually every large city is currently interested in this area.

Some firms have taken a direct action to assist their communities. A number of large firms based in Oakland, California — including Kaiser, Clorox, Safeway (California), and World Airways — have decided not only to keep their firms in the city but to play a major role in addressing a range of public problems (see Exhibit 13).

TARGETING CORPORATE INVESTMENT

A relatively new development in public-private collaboration is the increased targeting of corporate investment to neighborhoods to help address employment, housing and service problems. Some firms have developed policies on their own, independent of local government.

Taft Broadcasting — a large media-oriented conglomerate especially active in the Midwest — has a policy that directs the location of its new facilities into marginal neighborhoods. Their practices include investment in the renovation of housing stock for use by low and moderate income families in neighborhood revitalization. It recently invested $5 million in a housing project in Minneapolis. General Motors is carrying out a comprehensive revitalization effort in the neighborhood adjoining its Flint,

Table 5
COLLABORATION WITH THE NONGOVERNMENTAL SECTOR

Policy Approach	Actors (initiating and implementing)	Objective(s)	Unintentional Effects	Cost or Cost Shifting Effects	Reporting Jurisdictions
Local government collaboration with corporations to encourage investment in city.	Mayors Office, individual corporation (banks and other firms); City Planning Department	Create new employment, housing units, services in CBD and neighborhoods.	Can crate conflict-of-interest situation or lead to excessive profits if too many advantages given.	Firms provide capital; city may provide public improvements.	Philadelphia, Cleveland, Dallas, San Jose, Minneapolis, Atlanta
Local government collaboration with neighborhood business.	Mayors Office, Office of Economic Development, Planning Department; Neighborhood business associations, local development corporations.	Stimulate business through marketing of business area and improvements to businesses and infrastructure.	May alter balance between neighborhoods enough to improve target business district at expense of others.	Costs shared by both city and neighborhood business.	Indianapolis, Denver, Baltimore, Seattle, San Francisco, Oakland, Los Angeles.
Collaboration with neighborhood groups in neighborhood promotion.	City Planning Department, Human Rights Commission; Board of Realtors, local small business.	Prevent blockbusting, affirmatively market neighborhood to stimulate investment by prospective homeowners.	Can overheat market —and result in increased housing prices and displacement of low income tenants as well as fewer low income housing opportunities.	Reduces losses due to panic sales, enriches present homeowners.	Boston, Pittsburg, Cleveland, New York.
Collaboration with neighborhood group in augmenting services.	Different City Departments — Police, Fire, Sanitation, City Planning; Neighborhood residents.	Provides services to neighborhood otherwise not available at adequate level — including police, fire, and monitoring of housing conditions.	May not be as effective as desired or may result in demand for new services.	Shifts part of costs for services to neighborhood instead of city.	Washington D.C., Los Angeles, Milwaukee, New York, Seattle, San Jose.
Self-help	Individual neighborhood residents, and groups; City Offices may provide land, materials, technical assistance.	Individuals meet service needs through their own means in areas such as home repair and improvement, litter reduction, public protection, recreation.	Failure to do a satisfactory job can lead to creation of new problems and service demand.	Shifts costs directly to neighborhood residents.	Dallas, Kansas, Seattle, Los Angeles.

Exhibit 13

CLOROX'S ACTIVITIES IN DOWNTOWN OAKLAND

Clorox and the City of Oakland have been closely working together on revitalization issues in downtown Oakland. Both the City and the firm have expended significant effort in making this effort work. Clorox has located its corporate headquarters in the revitilizing area. It has committed staff time to negotiating with other potential private sector in-movers, and local government in the revitalization process. Oakland has committed local resources and applied for and received a $13.8 million UDAG grant.

Clorox has also contributed to the construction of the East Oakland Youth Center. In order to help the project, which was priced at $1.5 million, Clorox put in $300,000 of its own funds for capital investment, and $50,000 per year for operating expenses.

Clorox has also "adopted" a high school and funds remedial reading programs; provides matching grants to employees seeking further education; provides funds to colleges and universities where it conducts its major recruitment programs (33 schools); and is heavily involved in Oakland cultural activities.

Finally, Clorox lends manpower to the county United Way and the National Alliance of Businessmen, and participates in four Oakland organizations – the Oakland Council for Economic Development, the East Bay Committee on Corporate Social Responsibility, the New Oakland Committee (Urban Coalition), and the Oakland Chamber of Commerce.

Both City and Clorox top leadership have helped make Clorox's relationship with the city work. The Corporation has maintained close contact with Oakland City Hall in regard to all aspects of its involvement in urban revitalization activities and the support of the corporation's chief executive office (CEO) has been a major factor in the ability of the corporation to contribute significantly to public affairs.

Michigan assembly plant. Obviously, close city-corporation coordination is needed to make these efforts work.

Other companies such as Control Data Corporation have worked closely with governments at all levels. Control Data purposefully locates manufacturing plants in declining neighborhoods. It has also tried to help meet the housing and human service needs of its employees in these neighborhoods directly and through subsidiaries (see Exhibit 14).

IMPROVING THE CLIMATE FOR NEIGHBORHOOD BUSINESS DEVELOPMENT

Increased national attention has been devoted to the problem of revitalization of neighborhood business districts and local commercial strips. Public-private collaboration has emerged as an essential

Exhibit 14

CONTROL DATA'S COLLABORATION WITH LOCAL GOVERNMENT TO IMPROVE NEIGHBORHOODS

Through working with local government in site selection and construction, Control Data Corporation has successfully established three inner-city manufacturing plants in St. Paul, Minneapolis, and Washington D.C. and is now planning a fourth. The employees of these plants are principally mothers with school age children and high school students. The workers are 90% minority, the management 100% minority. The firm's policy in operating the plants has been to promote local employment, continue employee skills development, and to provide certain ancillary services, such as child care and financial counseling.

In Minneapolis, Control Data established the nonprofit Northside Child Development Center in 1971 to meet the local child care needs of its working mothers. The center, which now has 130 children, has since moved to larger facilities; it is financed by several Minneapolis businesses, parent donations, and government grants.

In Baltimore, perceiving the need to strengthen the neighborhoods near its plant, Control Data developed a subsidiary corporation – Commercial Credit, which in 1975 initiated Project HELP. This project included the purchase of 10 row houses scheduled for demolition in Baltimore's inner city, rehabilitation of the housing, sale of the homes for low down-payment and a mortgage rate of 6½% subsidized by the city of Baltimore and Commercial Credit. The project was a joint venture which, because of its success, could lead to more private market rehabilitation in the areas near CDC's plants.

component of reversing decline and bringing economic viability back to these areas. Increasingly, cities have found it useful to link both individual businesses and neighborhood business organizations to public planning processes. Neighborhood businesses are involved in planning improvement of local infrastructure through the allocation of public works and community development funds for streets, lighting, and parking; they are helping improve basic services such as fire, police and sanitation; and they are collaborating in planning zoning and building code reform. Cities are increasingly providing local businesses with technical and management assistance; help in promoting neighborhood activities and aid in obtaining needed financing.

In Baltimore, elected officials and the city's business community have collaborated to try to offset decline in commercial strips in the city's neighborhoods. The effort involved the Mayor's Advisory Committee on Small Business which identified prospective target areas that have good chances for revival. Special ordinances requiring the upgrading of structures in an area are designed and passed, public works improvement funds allocated, and necessary financial commitments negotiated with area merchants and property owners. These efforts have been so successful that many neighborhood organizations have pushed local merchant associations to apply for them.

Philadelphia has had an ongoing commercial revitalization effort which has been conducted through their Neighborhood Commercial Revitalization Program in the Office of Housing and Community Development. In each project area the form of collaboration varies ranging from service to nonservice. In one instance an ethnic business association requested a market study from the city; in other areas public improvements by the city have helped stimulate local businesses to seek out private funds to upgrade their stores.

UTILIZING CORPORATE MANAGEMENT EXPERTISE TO IMPROVE PERFORMANCE

Local governments have found private firms can help them deal more effectively with public management. Consequently, they are establishing mechanisms through which corporate personnel and expertise can be linked to public management problems hindering effective local government problem solving.

Many corporations participate in joint public-private forums or advisory councils to assist cities. Cincinnati's Business Committee, the Central Atlanta Progress Organization, Minneapolis' Downtown Council, Philadelphia's Committee for Progress in Allegheny County, and San Francisco's Committee for San Francisco are examples of this form of collaboration in the improvement of public management (see Exhibit 15).

Collaboration with Financial Institutions to Provide Mortgage Capital

Many banks and commercial enterprises have a stake in what happens to neighborhoods where they have branches or do business. The role of banks in helping improve declining neighborhoods has been a significant issue for some time. Both the Federal and state governments have passed recent new regulations. Cities, however, have sometimes taken the initiative in promoting bank reinvestment and, in some cases, the banking industry has initiated some programs in neighborhoods. Neighborhood businesses have also become involved directly in promoting the commercial areas in which they are located. Businessmen's associations in many cities are working to improve the economic viability of neighborhoods in a variety of ways including increasing the availability of financing, improving physical conditions, and promoting neighborhood shopping.

Since the early 1970s, a period of severe disinvestment in urban neighborhoods, local governments have sought means of inducing reinvestment in neighborhoods where credit availability had diminished or disappeared and deterioration of housing and business ensued. Initially, cities were by and large unable to gain the cooperation from savings and loans and commercial banks in allocating credit to the areas surrounding their branches. Washington, D.C. was the first jurisdiction to prohibit redlining (in 1973). Cities such as Seattle initiated efforts to prevent redlining by requiring savings and loan institutions to disclose lending pattern information and reasons for credit refusal.

These local government efforts, for the most part, appear to have achieved little, as savings and loans are principally responsible to the state, from which they receive their charter, while commercial banks are Federally governed. Massachusetts took major steps to control banks in 1976, through its State Department of Banking, and implemented the first neighborhood focused regulations of savings and loan activity. The Massachusetts effort led to requirements for disclosure of lending and credit refusal information, as well as for some demonstration of neighborhood service as a requisite for branching.

National concern over bank-neighborhood behavior culminated in 1978 with the passage of the Community Reinvestment Act which integrated neighborhood credit issues and methods employed by Massachusetts and others into a new set of regulatory guidelines that now require some measure of bank

Exhibit 15

THE COMMITTEE FOR SAN FRANCISCO, AN EXAMPLE OF PUBLIC-PRIVATE SECTOR COOPERATION TO IMPROVE PUBLIC MANAGEMENT

Following the passage of Proposition 13 San Francisco's Mayor announced the formation of a "13 Member Committee for San Francisco." The Committee is composed of the top executives of over a dozen major firms, the League of Women Voters, the San Francisco Chamber of Commerce, and two unions. It was convened to review the operations of city departments and identify and suggest ways that waste and inefficiency could be eliminated.

The Committee was modeled on prior city efforts to identify city problems and find solutions for them in partnership with the private sector. The city had had success in revising procedures in the comptroller's office and in improving the operations of the Adult Probation Department. In the case of the latter, Pacific Telephone had lent the city private management experts who worked within city departments for several months to identify and implement changes.

The Committee was expected to examine the operations of city departments and consider where services provided by the public sector could be transferred to the private sector, or where criteria are met, provided by contract to the city. The Committee would also examine how duplication of services could be eliminated, and where revisions of city charter might facilitate more effective operations.

After its inception the Committee developed a plan for identifying departments and procedures in which changes would help and which presented feasible tasks for the Committee. The Committee members designed an interview instrument and carried out team interviews in many of the city's departments, and developed recommendations which resulted in a final set of task force projects: Adult Probation, cash management, purchasing, office space, public works management, the municipal railway, food service, city contracts, the Fire Department, Data Processing, Audit Compliance, Police management, and the city permit process.

The task force panels are now working on their specific problems with the objective of completing a report identifying the changes that could be introduced.

The Committee for San Francisco is an example of the provision of policy advice as well as the loan of experts from corporations. Furthermore, the members of the Committee have provided some moderate sums of money for specific services connected with the work of the Task Force. The Committee takes its basic policy direction from the Mayor's Office, but basically runs on the energy and insights of the Committee members whose expertise is being actively sought by city government officials and effectively brought to bear on urban management problems in the spirit of public-private sector collaboration.

and savings and loan performance with regard to community and neighborhood needs. However, even before it became law many banks and savings and loans were participating, to some degree, in collaborative city-neighborhood-lending institution attempts to improve housing and economic development. This trend has been speeded up by the law, as well as by the growing recognition among financial institutions of the need to stabilize cities, and their neighborhoods, through making credit available.

The participation of financial institutions in the Neighborhood Housing Services Demonstration Program illustrates one aspect of emerging local financial institution activity. In this program, started by the Federal Home Loan Board and HUD in 1974, cities, neighborhoods, residents and the lending industry work to increase reinvestment in local neighborhoods.

The principle of NHS is interaction between the neighborhood and local government with the private sector. Neighborhoods agree to make improvements to their property, city governments agree to make public improvements, and lending institutions agree to make home improvement loans to qualified buyers, plus contribute to high risk loan pools.

Cleveland has developed a collaborative program, analogous to the Neighborhood Housing Services model, in which the city processes loan applications for financing to correct code violations and at the same time makes recommendations to a public-private loan review committee (made up of two bank officials, two savings and loan officials, and one city official) as to the "bankability" of borrowers. This decision is based on mutually agreed upon standards developed by the 22 participating lending institutions and city staff.

Cities and banks are exploring additional ways of increasing investment in neighborhoods. A concentrated effort to "greenline" — an affirmative lending approach to neighborhood investment — has been made over the past several years by South Shore National Bank in Chicago. After almost going out of business, the bank was purchased in 1970 by the Episcopal Church and the United Church of Christ. The new owners made a commitment to Chicago's neighborhoods and initiated a vigorous program of reinvestment in declining areas. The bank is doing very well now and has helped to stabilize many rundown neighborhoods.

In Denver in 1976 six banks and a savings and loan established a nonprofit corporation to fund mortgages for homes, particularly older homes, in areas where there was a lack of conventional credit. The nonprofit group had approved $5.8 million by 1977.

In 1976, the Pittsburgh National Bank began to work with 100 real estate brokers to increase home mortgages in six key areas of the city (17 zip code areas). Mortgages loaned in these areas constituted 27.6% of the banks' total city mortgages. Interestingly enough, this bank had declined membership in the local Home Mortgage Opportunity Committee created to oversee mortgage activity in Philadelphia, because it had not recognized the presence of credit discrimination requiring a monitoring program.

In San Jose, the city has worked with area leaders to develop an agreement whereby purchase and rehabilitation financing for older homes in center city neighborhoods could be made at the same rates and terms as new homes (the principal market for area banks).

In Boston, First Citizens Bank for Savings has developed a neighborhood-oriented affirmative action lending program, in which the bank has undertaken a program of active solicitation of applicants from the neighborhood (Dorchester) surrounding the bank. The program uses a special set-aside of bank funds, which started at $3 million and has increased to $16 million, to make loans specifically in the Dorchester area and also carries out special programs (see Exhibit 16). A similar effort, the Philadelphia Mortgage Plan, has been in effect in Philadelphia for 4 years, sponsored by First Pennsylvania Savings,

Exhibit 16

CHANGING BANK INVESTMENT IN NEIGHBORHOODS: "THE FIRST FUND FOR DORCHESTER"

In 1977 the First American Bank for Savings, the 16th largest "thrift institution" in the Boston area, was labeled by the media and community groups as a villain in the story of the decline of the Dorchester neighborhood. The bank had been picketed by Dorchester "Fair Share" community organization, and had been accused of redlining and a policy of gradual withdrawal from the area of 150,000 residents – which had experienced some problems in housing abandonment and speculation.

Research by an MIT student, which compared the change in deposits by savings institutions in the area demonstrated that loan availability diminished as minorities moved into the neighborhood. The report showed that from 1971 through 1974 (a period when the bank's assets averaged approximately $260 million) the bank made only $1.6 million in mortgage loans, per year.

In reaction to this documented condition the then State Banking Commissioner held up permission for the bank to open its new branch in Stoughton. Furthermore, a Dorchester state Representative urged that Dorchester residents withdraw their deposits from the bank.

Although denying the charge of redlining, the bank president admitted that the bank had not been actively trying to maintain or increase investment or meet latent demand.

In reaction to all the above factors – and a rising market in neighborhoods – the bank established a special pool of funds and a program of active solicitation of applicants for loans in the neighborhood. This program was called the "First Fund for Dorchester." This included review of rejected applications, when requested, by neighborhood and community members, as well as the Boston Mortgage Review Board (created by state law) which was composed of neighborhood and bank representatives.

The key component of the bank's program is an aggressive promotion of the First Fund through newspapers, radio and through a series of seminars conducted by a former journalist and neighborhood activist hired by the bank as community relations officer. He maintains a very visible role in many facets of community life in Dorchester. Some of the methods used by the bank to suggest its renewed confidence in the neighborhood include the printing of a full page ad in neighborhood newspapers that said: "We're staying . . ." when the large First National Bank announced it was closing one of its local branches. The bank also prints its own annual report for the community in newspaper format which has articles on the impact of the First Fund, new confidence in local neighborhoods, and the success of the Neighborhood Housing Services

Exhibit 16 (Concluded)

Community Housing Program – which the bank contributes to as part of a pool from local banks.

No evaluation of the actual impact to date of the bank's program is available. However, the Bank has achieved a good reception from both government and the public since the First Fund went into its second year. The Boston City Council presented a City Council resolution to the Bank President. The President has been interviewed on television numerous times about the bank's program and about redlining. He had appeared with other members of the Mortgage Review Board – of which he is an active member – and discussed problems of loan underwriting and affirmative lending. He makes frequent appearance at community meetings – the bank helps neighborhood health centers and supports a community track team. He admits that his "born again" attitude has had unexpected good results and hopes that it will promote positive change in other neighborhoods.

Ford Society, and Philadelphia National Bank. It is now being expended to cover insurance companies as well.

Local Government Collaboration with Neighborhood Residents and Groups to Prevent Decline

City-neighborhood collaboration has taken many forms. In the 1960s, minority neighborhoods were the focus of significant activity. The Economic Opportunity Act of 1964 led to formation of local Community Action Agencies, intended to stimulate greater participation of local residents, particularly the poor, in planning and implementing programs in their own communities. The Model Cities Act in 1966 created City Demonstration Agencies which were to develop responsive programs in collaboration with both citizens and local agencies.

In the 1970s, a new neighborhood movement has evolved which has encompassed virtually every large city. This movement has been reflected at the Federal level in HUD's neighborhood revitalization efforts and by the establishment of the National Commission on Neighborhoods. There is a new emphasis on neighborhood participation and encouraging collaborative planning to strengthen neighborhood economic and social well-being.

Three kinds of activity have emerged in cities which assist in the process of strengthening neighborhoods:

- Neighborhood stabilization — Where cities work with important actors in the neighborhood (such as real estate agents, small businesses and home owners) to redirect market activity in such a way that the neighborhood housing market is protected from blockbusting or made more attractive generally to individual investors.
- Collaboration in service delivery — Where neighborhood residents help augment basic services (such as police or fire services) or help provide other services (such as tenant monitoring of housing conditions) that the city cannot provide as cheaply alone.

- Promotion of self help — Neighborhood residents can be encouraged to help prevent problems such as litter, or to help physically improve their homes and neighborhoods through training programs and other education campaigns.

Just as cities have created mechanisms for collaborative efforts to revitalize Central Business Districts and neighborhood commercial areas, they have recently been developing new mechanisms for working with residents in planning of revitalization efforts at the neighborhood level. These mechanisms are used both to plan service delivery improvements and to undertake governance-type activities. Seattle, for instance, has established a neighborhood planning program under which neighborhoods are given a $200,000 Community Development Block Grant allocation to spend on neighborhood improvements. In addition, neighborhood citizen groups draw up priorities for the spending of bond issue funds for street improvements in neighborhoods. Seattle has allowed the community in the Southeast district to retain a planning consultant, using funds that would have provided city planning staff assistance to the community, to assure residents that planning for their community will be done by someone who is responsible to them as well as to the city.

PROTECTING NEIGHBORHOOD HOUSING MARKETS

Neighborhoods are vulnerable to an array of forces that can be applied in both positive and negative ways by both the public and the private sectors. In the 1960s, the ability of the private sector to contribute to destabilization in neighborhoods was graphically demonstrated by the blockbusting practices of many real estate companies. These companies precipitated panic sales at low prices in stable neighborhoods, obtained credit, often in illegal ways, for minority, low income homebuyers through usurious financing arrangements, and made inappropriate use of Federally guaranteed mortgages — obtaining them for homebuyers likely to default. The combination precipitated disinvestment in many neighborhoods and a downward trend in neighborhood housing quality.

Cities have found that they can both stop and prevent neighborhood decline by halting or deterring blockbusting through educational and regulatory approaches, by encouraging neighborhood involvement in surveillance of market conditions and affirmative marketing of their neighborhood, by encouraging banks to make credit for purchases and home improvement, and through targeting neighborhood improvements for the neighborhood in collaboration with city agencies.

New York has developed an approach to stopping blockbusting that has occurred in many of the city's neighborhoods. Other cities, such as Philadelphia, Boston, Pittsburgh, and Cleveland have developed similar approaches which they are using to affirmatively promote neighborhoods that have not shown major symptoms of decline, but can be stabilized and strengthened through marketing strategies.

New York's approach to the stabilization of neighborhoods that have been vulnerable to blockbusting is directed through the Commission on Human Rights. The Commission's Neighborhood Stabilization Program combines enforcement of laws against blockbusting and against racial steering with the development of stabilization techniques that involve the participation of block, tenant, and merchant associations, affirmative marketing of the neighborhood, pre-purchase and pre-default counseling to homebuyers and owners, and assistance to community groups and city agencies in the development of neighborhood targeted community improvement projects (see Exhibit 17).

Philadelphia has formed a joint committee composed of the city's Commission on Human Relations and the Human Rights Committee of the Board of Realtors, and the Philadelphia Realists to educate

Exhibit 17

NEW YORK NEIGHBORHOOD STABILIZATION PROGRAM

The New York City Commission on Human Rights Neighborhood Stabilization Program attempts to ensure neighborhood stability and reduce blockbusting through a variety of programs. The program combines enforcement of the laws against blockbusting and racial steering with the development and implementation of a series of community-oriented stabilization techniques.

The program was a response to events in the 1960s, when many neighborhoods in Manhattan, Brooklyn, Queens, and Bronx were affected by realtors operating in single-family neighborhoods who used a variety of illegal practices to expedite blockbusting. "Newspapers" would be distributed in the neighborhood which exploited racial fear. Realtors falsified credit information for blacks and bribed credit appraisors working for banks and FHA so they would accept falsified credit applications. Even the New York City FHA Real Estate Director was "on the take" and was indicted. As a result of these practices, the default rate among new blacks in neighborhoods was very high. Between 1960 and 1978 over half of the housing in east New York neighborhoods was lost through blockbusting of this type. Once defaults started, the cycle of abandonment would quickly overtake neighborhoods.

The city's Human Rights Commission developed, in conjunction with the Secretary of the State of New York, "nonsolicitation orders" which barred realtors from using practices designed to change the racial composition of neighborhoods. The Commission can issue orders that prohibit real estate brokers from soliciting home sales or rentals through uninvited communications to homeowners, canvassing or other techniques which encourage rapid turnover of properties.

The Human Rights Commission's Neighborhood Stabilization Program complements its anti-solicitation activities in several ways. Commission staff provides technical assistance to neighborhood groups in starting programs, such as community police patrols; provides small grants to pay for neighborhood newsletters and neighborhood marketing brochures; and coordinates city agencies activities related to improvements in the neighborhood.

A major focus of the program is community organization. As a program brochure explains: "The Neighborhood Stabilization Program cannot function, much less succeed, unless there exists a cohesive, caring community of people who wish to remain in their neighborhoods.

"The program uses a number of stabilization techniques including block and tenant associations, a Housing Organization Clinic, security patrols, merchants' membership, security, traffic, and promotional projects, a community service directory, a

Exhibit 17 (Concluded)

resource library, and a newsletter, 'Stabilization News.' Flight and panic have been blunted by the Commission's nonsolicitation order barring uninvited solicitation of sales by real estate salespeople in this long-integrated community, making it possible for racial change to bring stability and renewal rather than fear and tension. These efforts tell the story of neighborhoods in the Bronx attending to their own survival."

The Neighborhood Stabilization Program is not expensive. It operates in seven areas at a total cost of $1.5 million. Although the program has been given a very positive reception in the neighborhoods in which it has operated, its overall effects are hard to measure. Other factors – including both new equal opportunity and anti-solicitation laws – may have ended blockbusting. However, by focusing attention on neighborhoods and giving organizations a role in upgrading efforts, the program virtually assures itself of continuing support.

real estate brokers about their responsibilities in buying and selling homes and how to manage antisolicitation campaigns.

While more cities are linking defensive measures, such as prevention of blockbusting, to affirmative marketing of neighborhoods, Boston's Neighborhood Marketing Project is perhaps the best example of a city collaborating with residents, local business, lenders and other agencies of government to proactively strengthen neighborhoods before decline can become too strong (see Exhibit 18).

However, even this preventive measure can have negative effects. Where neighborhood marketing is not correctly targeted it may overheat the local housing market — inflating rents and sale prices for dwelling units and can result in displacement of residents. Furthermore, the use of the market tool itself poses problems. If many neighborhoods are marketed, the competitive aspects of the market place will assert themselves, resulting in a broader distribution of the strategy's benefits as more competing neighborhoods seek their "market share." Nevertheless, the exhibits show how city-neighborhood collaboration to prevent inappropriate manipulation of the neighborhood housing market, combined with neighbor-promotion can significantly help stabilize and improve neighborhood conditions.

AUGMENTING PUBLIC SERVICES THROUGH COLLABORATIVE ACTIONS

Cities have found that there are limits to their capacity to provide certain categories of services to neighborhoods, particularly under the increasingly strained fiscal conditions created by tax reform movements across the county. Many services that are needed are either too expensive to provide or cannot be provided as well by the city alone as they could be by city-neighborhood collaboration.

In cities such as New York, Seattle, Los Angeles, and San Jose, efforts have been under way to promote neighborhood-resident augmentation of essential services, such as police and fire.

For example, in New York, the city recruits local volunteers to augment police and fire department activities to increase neighborhood public safety. These include such volunteer activities as block watches which have helped improve response time to emergencies of different types.

Seattle has an anti-burglary neighborhood block watch system in which from 10 to 15 households are

Exhibit 18

BOSTON'S NEIGHBORHOOD MARKETING PROJECT

Boston's Neighborhood Marketing Project had its origin in the early 1970s when a small number of city planners living in the city's Dorchester neighborhood became sensitive to the problem of neighborhood image. Living in a pleasant, but somewhat depressed neighborhood, they discovered that metropolitan realtors were insensitive to the neighborhood's potential, that banks were reluctant to lend money to home owners; merchants were uneager to invest, and the local housing market less vital than it otherwise might have been.

An article by one of the founders describes the evolution of the project:

"Acting as concerned residents (rather than as city employees), these planners produced a handsome poster made up of colored photographs of Dorchester. On the back was a detailed map. The original production costs were covered by the city, with a subsequent reprinting underwritten by a local bank.

To everyone's surprise, the response was amazing. Posters were framed and hung up in hundreds of homes. Posters appeared in dozens of city hall offices. Posters were given away by neighborhood banks. Quite clearly a nerve had been touched. The Dorchester poster made it clear that neighborhood people were hungry to see the place where they lived presented in a legitimately positive light. Furthermore, the poster and the activities that followed that pioneering venture have awakened a new interest on the part of such important actors as real estate brokers (both city and suburban), lenders and the media, as well as potential new residents."

The city entered the picture in the spring of 1976 when a staff research unit in the Mayor's Office brought together realtors, bankers, state, Federal, and local officials, journalists and neighborhood residents for a neighborhood tour, a visit to several homes and an afternoon conference to discuss issues of image, perception, housing market strength, and confidence in the future of the area.

A HUD innovation grant allowed the city to mount the neighborhood marketing project as a follow-up to the conference. The project had three major goals: to improve the confidence of existing residents in target neighborhoods, to attract the interest of potential new buyers, and to work with the all important "actors in these same neighborhoods." Under the leadership of the Office of Program Development, those goals have been vigorously pursued for the past year. A prime-time public-service television special offered a closeup look at a city neighborhood and at its inhabitants. The project team has helped to garner well over two dozen newspaper stories, concentrating on a life-style approach to city living. A citywide booklet introducing city neighborhoods

Exhibit 18 (Concluded)

to potential homeowners and renters is now underway, and a booklet on Boston's much ignored but intriguing "triple decker" housing stock will soon be distributed.

In 1978 the Neighborhood Marketing Project was evaluated by MIT. The evaluation found that the project's materials reached a broad array of individuals, affected newspaper coverage of the neighborhood, and helped create working relationships between realtors, bankers, and others. At the same time, the evaluation concluded that immigration into Boston probably accounted for much of the project's "success" in encouraging rented investment.

The marketing project seems to have achieved broader acclaim in the neighborhoods in which it is operated. It has provided a missing link to complement physical rehabilitation. Although the project is basically a public relation exercise, it in effect "leverages" the city's larger investment in capital improvements by promoting awareness of the basic soundness of the neighborhood.

Projects like the Neighborhood Marketing Project must be targeted carefully. In some rising neighborhoods such activities could overheat the housing market. Conversely, in very unattractive neighborhoods, such projects would almost certainly be ineffective. The challenge to city planners is finding those marginal neighborhoods in which such a program could make a difference. However, as the MIT evaluation suggests, it is precisely in such cases that one could never know whether it would have happened anyway.

formed into Block Watch groups, each of which elects its own leader and establishes its own standards for property marking, home security, and other "target hardening" activities.

Seattle has also established a program that holds juveniles accountable for their crimes to their neighborhoods. Judges refer juveniles to neighborhood accountability boards that assign and monitor restitution efforts.

Los Angeles and many other cities have also promoted neighborhood crime watch programs. Local police from the various neighborhood stations educate neighborhood residents and businesses on security and anticrime measures, and on the importance of reporting suspect situations to the police. Local police also work with the Building Department to make sure that new buildings have the stronger doors and adequate locks required by the city's crime prevention ordinance.

Finally, there are some situations, particularly in declining neighborhoods, where cities must work with community groups. In New York, the city has worked closely with a tenants' organization near Columbia University, where 50% of the housing has In Rem status. While the city is using its In Rem status powers to claim the tax delinquent properties and try to return them to the market, the tenants' organization is helping to keep the neighborhood viable. Volunteer members work with the city to see that heat and essential maintenance services are delivered to buildings undergoing transition. If a new role for tenants had not been established, there would have been little the city could have done to closely monitor the many service problems facing these neighborhood residents.

As efforts to revitalize neighborhoods spread, cities are realizing they can utilize the abilities of neighborhood residents to achieve revitalization objectives. Similarly, the residents of neighborhoods have found that they can have a major impact on neighborhood stability by helping to prevent or solve problems.

A good example of how citizen education can help prevent a problem is provided by the District of Columbia's efforts to reduce litter in neighborhoods. The District of Columbia carried out a citizen education campaign aimed at reducing litter that included the distribution of a calendar which showed the exact days on which different trash removal services were provided in neighborhoods and different services available; the posting of posters in neighborhoods; and the development of special curricula for use in neighborhood organizations and schools. The campaign was part of a productivity improvement effort by the city sanitation service since it was recognized that no educational campaign would substitute for adequate city services. Not only was litter reduced in the target neighborhood but the percentage of residents expressing pride in their neighborhood increased as well.

Cities are now also increasingly providing training and technical assistance to neighborhood residents to help them improve the physical conditions in the neighborhood and in their homes. The City of Dallas has been using community development funds to hire a contractor to provide training in the areas of plumbing, electrical work, carpentry, and construction management. Moderate income homeowners who enter the five-week course are given hands-on experience. The course is a recognition that much home repair is going to be do-it-yourself, and that it is to the advantage of the city to have it done competently. Kansas City has developed an urban design guidebook for use by residents who cannot afford to hire a design professional; it covers landscaping, signs, and building orientation. This effort is aimed at trying to reduce the unattractive designs that might tend to downgrade a neighborhood. Seattle has the Greenlake Housing Cooperative whose purpose is to help fix up the older homes in a neighborhood. Members of the cooperative barter their skills and work on each other's homes with the number of hours of labor being debited and credited on the basis of the level of difficulty and the skill required. Milwaukee has established a Housecoping Program in which volunteers are used to help people (referred by the court) to comply with standards of housekeeping and trash removal expected in the community. This program also has as its aim preventing the visible deterioration of a neighborhood as residents (through illness, old age, or lack of capacity) become unable to carry out needed tasks.

Some cities are also helping neighborhood residents to improve the amenities in their daily lives and increase access to self-help resources. Seattle, for example, maintains a "P-Patch Program," in which the city's Department of Human Resources leases public land to be used for raising gardens, at a nominal fee. The Department prepares the soil for planting and also provides water lines, if needed. (Similar programs in other areas have been started enthusiastically but have lagged because of the problem of theft of garden produce just ready to pick.) The program allows residents not only to grow some food for their own use or to sell or barter to others, but also to engage in a productive activity usually denied to apartment dwellers.

Selecting a Collaborative Appoach

The swift growth of state and local government has reflected, to some extent, the notion that community problems are susceptible to technical solutions that are available to public administrations professionals, urban planning professionals, and the like. It has taken several years of community

activism and legal advocacy to break down the idea in some local officials' minds that working with the public is somehow "yielding to pressure groups," and violates some unwritten canons of public administration. Similarly, over many years, neighborhood business has been seen as an activity primarily important to government as a source of taxes and fees (and work for regulatory agencies) rather than as an important source of neighborhood economic health and stability. Although some public administrators kept local business at arms' length at least partly to avoid the imputation of corruption, others did so because they genuinely did not realize the importance of neighborhood business.

As local governments in large cities and counties have watched neighborhoods disintegrate and their tax bases decline, they have begun to understand that collaboration and negotiation can be very powerful and very positive tools in dealing with community problems. They have understood that a police department cannot be the only anti-crime measure in the city, that a fire department can only do so much, and that meeting the service needs of the disadvantaged is less efficient as a use of public resources than trying to prevent the neighborhood disintegration that leads to dislocation. Similarly, local goverments have more and more come to understand the economies of preservation and reuse of the existing stock of buildings, and the diseconomies of destruction and replacement of the building stock.

The possibilities of collaborative approaches can be illustrated as follows:

- Neighborhood A is a heavily minority neighborhood that originally grew up to house workers in the heavy industries at its periphery. Obsolete plants and products, and the cost of meeting air quality controls, have driven almost all of the heavy industry from the area, but much of the infrastructure that used to support it — rail spur lines, truck terminal, and barging facilities — still remain. The city has spent, over the last decade, several hundred thousand dollars trying to lure a large manufacturer into the area, with little success.
- Neighborhood B is a residential neighborhood with a badly declining business strip that is beginning to result in a kind of spreading decay. The vacant stores are frequent victims of vandalism, and the remaining merchants have demanded much more frequent police patrols to control juvenile crime. At least one of the problems is a large new shopping center that has been built little more than a mile away, drawing off the more vigorous merchants from the area, and most of the customers.
- Neighborhood C is an old neighborhood of small, brick row houses. It is on the edge of a historic district, but rehabilitation efforts have focused on the other edge of the district, overlooking a large park. Neighborhood C has no such amenities; the row houses are run down, some are vacant with plumbing ripped out and sold for scrap, and although many people would like to acquire one of the old Federal row houses and rehabilitate it, insurance (without which the banks and other financial institutions will not lend) is impossible to get, with the result that mortgage money is impossible to get, as are home improvement loans.

In Neighborhood A, it would be appropriate to consider establishing a "small business incubator" project such as those pioneered by Control Data, to be sponsored by a local development corporation. The presence of small manufacturers or small assembly operations that could be encouraged to locate there (by low rents for space in buildings acquired by tax default) would have multiplier effects. A joint business-government opportunity committee might investigate these and other possibilities that could be supported by the city with very little extra investment compared with what might be needed to bring in a large manufacturer or assembly plant, for example (assuming that was even possible).

In Neighborhood B, a collaborative effort with the merchants' association might uncover, as it did in one Los Angeles neighborhood, that the composition of the neighborhood had changed but the range of merchandise and the selling style of the local merchants had not, and that this was a part of the reason for the resentment (expressed in vandalism) of local youth. There were opportunities for new businesses aimed at the newer residents, but the banks had no affirmative action lending plan for the business strip. After several months of discussion, a joint action plan was carried out that began to produce not only cosmetic changes in the neighborhood but new business. In another area, part of the answer might have been to convince a voluntary organization to rent a storefront or two to provide some services needed in the neighborhood, or to hold a contest for the best mural design from among neighborhood youth, with a prize given by the merchants association.

In Neighborhood C, a collaborative effort with banks and insurance companies and perhaps with a large company or two headquartered in the city might be developed that would aim at solving the problem of freeing up mortgage money so that housing for company employees within the city might be possible. It might be possible to convince a large company that it must pay — in lower productivity if nothing else — for the long commutes of younger employees who cannot afford the close-in suburbs, and that it might just as well make it possible for those employees to live in town where they are fifteen or twenty minutes from work, rather than an hour and a half. And that in addition, the company would benefit from having a stronger, higher-quality neighborhood replace the slum, even if very few of its own employees lived there.

Generally, a danger with collaborative efforts is that they may be seen as carrying more of the load of the public responsibilities than they really can. If such efforts were all it took, many government services would never have developed and disinvestment would not have occurred. If considered in context with other city efforts, however, collaborative efforts can be of value in urban areas that are basically sound, those that are being strengthened by urban inmigration, and those in trouble. However, the kinds of collaboration appropriate in each will vary.

Implementing Collaborative Efforts

Collaborative efforts can help redress an imbalance that has developed in many areas of concern to both the public and private sectors. They reflect a recognition that government powers and resources are limited, and that the major forces that shape a community still lie in the nongovernmental sector. However, it is important to realize that the same kinds of collaborative efforts cannot work in every neighborhood, or even in every city. Leadership may be lacking in one neighborhood, local commitment in another, or trust in a third; history may interfere with the ability of city government to develop a collaborative effort with "downtown interests" or with the large corporations headquartered in the city. Finally, collaboration is not free — there is a need for public sector support (staff time at the least) and often for the use of resources and incentives to encourage a collaborative effort and move it forward.

Because public-private efforts are often implemented haphazardly, the power that they offer may tend to be obscured. Of all of the nonservice approaches studied, public-private collaboration often seems to have the greatest potential because it can affect individual decisions in so many ways. Studies have been done, for example, of the added business that can be directly related to the presence of a privately supported opera company, or a public museum that receives support from private citizens. However, it is imperative that government not lay its own burden on the private sector and walk away. Small neighborhood merchants, for example, may have neither the time nor the energy to take from their businesses to meet with city officials and engage in promotional campaigns; they may have no funds to

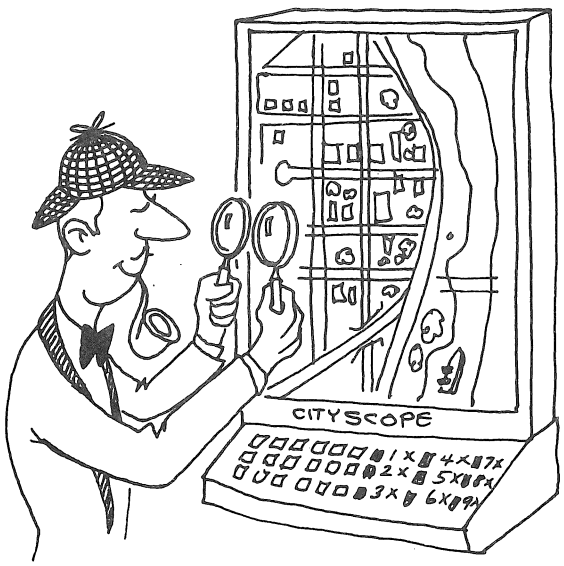
invest in their business district. Neighbors in a tough neighborhood may have long since barred their windows and locked their doors, and may be too frightened to participate in a crime watch or block watch scheme. A neighborhood that is isolated from other parts of the city by a drawbridge that won't close may be insensitive to any measure that does not include reconnecting the neighborhood by fixing the bridge.

Evaluating the Effect of Collaborative Measures

The effect of a collaborative measure should be examined not only in terms of what happened in the neighborhood as a result, but also in terms of what new actors and new resources have been mobilized. It is clear that the process of collaboration, even though the original end may not be reached, has benefits that can be lasting.

Summary

- Local governments are clearly moving towards more public/private/community partnerships as new vehicles to help address neighborhood development issues.
- The most important finding in the area of collaboration may be the increased recognition by local governments that public agencies are not the only problem-solving resources available to a city.
- Such strategies get various neighborhood actors to agree to return to the performance of their natural roles: banks process loans and lend dollars, neighbors watch each others' houses, city government delivers basic public services.
- The danger with collaborative efforts is that they may be incorrectly seen as capable of carrying more of the load of public (governmental) responsibilities than they really can.
- The fanfare often associated with the announcements of public/private/community efforts may raise citizen expectations beyond reasonable levels and lead to disappointment and frustration when those expectations are not met.
- The role of local elected officials in supporting collaboration with the private and community sectors and in establishing an environment of trust in which such collaboration can occur is critical.
- Collaborative efforts cannot work in every neighborhood. Certain often intangible preconditions (leadership, commitment, and trust) must exist or be developed before collaboration can even be attempted.
- Collaboration is not free. It almost always requires supportive public sector activities to be workable. It also seems to require some system of rewards (incentives) for the participants.
- A possible test for the "success" of a collaborative strategy appears to be whether or not the implementation of the strategy results in the community being more self-sufficient or more government-dependent.
- Some "collaborative" approaches may simply lead to greater demands on the city's service delivery system. An apparent no-cost strategy may, in fact, end up being very costly.



VI MAKING NONSERVICE APPROACHES WORK

In the late 1960s and early 1970s, Federal policies led many local governments into the pattern of creating a new "program" for every problem that was identified. The general failure of the multiplicity of separately targeted public programs to solve complex and interrelated urban problems has been reflected in a number of catch phrases that express important themes in contemporary thought, such as "You can't solve problems by throwing dollars at them," "Small is beautiful," and "We need to lower our expectations about what government can do." It has been reflected negatively in the spread of the tax limit initiative (Proposition 13) and positively in the recognition that "A new partnership of government, the private sector, and neighborhoods is needed to solve urban problems."

The use of governance approaches to problem-solving is a shift away from the governmental habit of setting up a new program every time a problem is identified. It suggests that government's capacity to "do something" is not limited to spending on a wide variety of special service programs. It entails a more careful diagnosis of problems in specific neighborhoods than the "program" approach, but in return it often offers a higher problem-solving potential per dollar of public funds. Governments using these nonservice approaches seem more likely to consider a wider range of city policies and resources, and to be more active in trying to bring the private sector, community groups, and individual citizens into the problem-solving process than do governments using only "program" approaches. Because of these factors, important aspects of complex problems are less likely to be overlooked.

The process of making nonservice approaches work has four parts: analysis of the problem, selection of a possible approach (or set of approaches), implementation of the approach, and examination of the effect of the approach. Each part is discussed below.

Analysis of the Problem

The central issue here is not to determine what class or category of problem exists, but to examine a particular neighborhood with a view to what has gone wrong and how it might be set right, or at least

made better. What has gone wrong may be relatively easy to identify — housing is deteriorated, the business district or strip is run down and there are vacant stores or undesirable businesses, the grammar school is closed or only partly in use and subject to vandalism, and so on. However, the other part of the diagnosis problem — how it might be set right or at least improved — requires a different kind of assessment. The strengths, resources, and dynamics of the neighborhood must be assessed in a way different from the way the government usually looks at a neighborhood. It is difficult to do this from City Hall by looking at tables of statistics. It almost has to be done in the neighborhood with the help of neighborhood residents and the private sector.

The analysis of the problem should begin with what has gone wrong in the particular neighborhood. That is, in contrast to a stable neighborhood where the process of the housing market works well and the businesses succeed each other in orderly fashion as needs change:

- How is the neighborhood malfunctioning?
- Which actors are not performing their expected roles?
- Which of the usual "coping mechanisms" have broken down?

The neighborhood can malfunction in terms of physical plant (rundown housing, stores deteriorated), in terms of economics (severe unemployment, either because of loss of business or because of excessive concentration of dependent families and individuals), or in terms of societal infrastructure. The key actors can be political or business leaders, church or community group leaders, realtors, lenders, landlords, tenants, insurers, owner-occupants, city building inspectors, social welfare caseworkers, school administrators, union leaders, journalists, or police. "Coping mechanisms" can range from ways to bring community pressure on undesirable marketing practices, ways of giving youth jobs to help them out, policing by adult male residents of the behavior of youth, or subtle ways of harassing the resident who doesn't keep his property up to neighborhood standards.

The malfunctioning can occur because the city or county has inadvertently set up disincentives to proper functioning. For example, the city or county may have a property tax system that penalizes improvements or upgrading of houses and business establishments and makes abandonment profitable; it may have zoning or building code ordinances that make common-sense solutions (living above the store, sharing a house) illegal. A new rapid transit line under construction may have isolated the neighborhood, as may the loss of an old bus line or failure to repair a connecting bridge.

The malfunctioning can occur because the private sector has failed to accommodate to changes in the neighborhood. Lending institutions and insurance companies may cling to outmoded lending or underwriting criteria. Merchants may still be trying to market to the previous residents and failing to appreciate the newcomers. Older community institutions may be trying to deal with the newcomers in unproductive ways.

It is just as important, once the malfunctions have been identified, to identify the strengths of the neighborhood and the resources available there. The strengths may include amenities such as parks, historic buildings, good transit connections to the rest of the city, and vigorous institutions (schools, community groups, recreation centers). They may include such intangibles as housing that is fundamentally sound and esthetically pleasing, although currently run down, "interesting" streets or structures, esthetically pleasing views, or simply a strong ethnic identity. The resources that can be brought to bear may include resources outside of the particular neighborhood, such as large corporations whose employees live in the declining neighborhood or get mugged by those who do, young people who can no

longer afford to take their places in the suburbs at the end of a long commute and would like to live closer to their city jobs, and so on.

The final step in analyzing the problem is to answer the question as to why "do nothing" is not an appropriate response to the problem. The question is neither frivolous nor trivial; any intervention is likely to have undesirable effects if the problem was not properly diagnosed, if the situation is changing swiftly but the city can respond only slowly, or if the city lacks the management capacity to carry an intervention through. The principle of "Do no harm" should guide the decision.

Selecting an Approach or Set of Approaches

In general, nonservice approaches are intended to influence individual decisions, not to provide one remedy for all members of a category that must be strictly defined. Because important decisions rarely rest on a single factor, it may be necessary to consider more than one nonservice approach or a nonservice approach in conjunction with a service to aid a particular neighborhood. For example, if housing has deteriorated physically and the property tax is so administered that upgrading the housing results in immediate reassessment and a tax increase, an alteration in the administration of the property tax or a tax abatement may not be enough to influence the decisions of many property owners to upgrade. Increased availability of mortgage money and home improvement loans may influence a few decisions, as may an information campaign about the availability of housing that can be upgraded. But altering the administration of the property tax, improving the availability of loan funds, informing people of the opportunity to obtain housing in the neighborhood, and setting up a selective code enforcement effort *together* may influence a great number of decisions.

The analysis of the problem indicated which actors were not carrying out their roles as they would in a well-functioning neighborhood, and what the disincentives to their proper performance were. The first step in selecting an approach or set of approaches is to examine which of the range of city governance powers and resources can address the problem, and what roles the actors outside city government could play. The following questions should be asked:

- How does the city relate to each of the actors in the neighborhood — does it tax them? License them? Buy from them? Deposit funds with them? Regulate their operation in any way?
- Can any city activity be adjusted to serve as an incentive to act in a way that will help the neighborhood or to remove a disincentive to such action? What can the city stop doing?
- Are there any actors in the nongovernmental sector who could, if they only knew it would be useful, perform new roles that are within their capabilities and thus help to resolve the problem?

This exercise should provide a tentative list of possible nonservice approaches to be examined.

The next step is to examine each of the possible approaches on the tentative list in terms of the following questions:

- What are the legal constraints to using this approach? Is it permitted under Federal, state, and local laws, regulations, policies, and rules? If not, what would have to be done to remove the legal constraints?
- What are the political constraints to using this approach? Would it be considered a "giveaway," a confiscatory measure, or one that interferes in the customary administration of private property? Would it be seen as helping one neighborhood at the expense of others that need it more?

- What costs and benefits would be associated with the approach? Who will win and who will lose if it is carried out?
- How long will the approach take to begin working? (A property tax measure may take longer to show effects than an affirmative lending program, or a promotional campaign.) What will have happened in the meantime?
- What harm could occur if the approach did not work as planned? If it were to have harmful effects, how easily could it be withdrawn?
- If it does work as planned, how will it affect the way city agencies do business?
- If a nonservice approach is meant to substitute for or to complement a service program, how will the clientele of the service program be affected?

Each of these questions is applied to each of the potential nonservice approaches identified for a specific neighborhood, in order to divert decision-making from adopting particular nonservice approaches because "everybody's doing it," or because "we have to do something." Precisely because nonservice approaches are uses of the city's governance powers, rather than more or less temporary service programs mandated and funded from some other level of government, they require careful policy analysis. No benefit will derive from implementing a jumble of fragmentary nonservice measures that offset each other, increase the inequities for disenfranchised groups, or otherwise mimic the worst features of categorical programs.

Implementing a Nonservice Approach or Set of Approaches

Once a set of possible nonservice approaches has been decided on (or, in some rare cases, a single nonservice approach has been selected), the next step is to find a way to make it happen. The following questions should be considered here:

- If the city is the primary performer — that is, exercises the governance power directly — then what city agency will take the lead?
- What systems, changes, and new approvals are needed to put the new approach into operation?
- If the agency tasked with implementing the new approach finds the neighborhood strategy troublesome to work with and not relevant to the primary mission of the agency, is there another agency that could implement it? Is there some way of altering the attitude of the agency?
- If the city is the secondary performer — that is, helps the nongovernmental sector in its effort to change — what agency (or agencies) will provide the support?
- If the actors in the nongovernmental sector start slowly, or if the effort languishes at first for lack of credibility or a mistaken diagnosis of the actual leadership available, can the city find another set of actors and start over?
- If the approach complements a service delivery system, as do some crime watch and block watch approaches, is the service delivery staff, such as the police, willing to work through the early problems that result from inexperience on both sides?
- If the approach requires that new groups work together, such as community groups sharing school classrooms must work with school administrators, is the city prepared to provide support to both groups while early problems are ironed out?

The point of these questions is that implementing nonservice approaches is not always easy and may require considerable support from the city over a long period, until the approach is functioning well. If an approach is initiated, and problems arise that have not been anticipated, the city must decide whether to stay with the approach or abandon it. It is easier to abandon an intervention early, before too many people have come to expect or depend on it, and before it is too obviously a failure. There is a great deal to be said for starting with a small measure first that appears to be easy to put into place. (Measures that are generally not easy to put into place include joint use of schools entailing sharing school space with nonschool groups during school hours, adminstrative reforms that ask several agencies to make significant changes in the way they operate, and measures that change long-standing custom, such as putting half-way houses into middle-income residential areas by means of a zoning exception.)

Identifying the Effects of Nonservice Approaches

The fact that nonservice approaches attempt to influence individual decisions, and thus work at the margin of market forces, makes any sort of detailed assessment of their effects difficult. It is not altogether clear whether a particular homeowner, for example, upgraded his or her house because of the removal of a property tax disincentive, because of the availability of loan funds, or because the family next door did it earlier. The number of people who participate in a nonservice approach, then, is only part of how well it worked. However, since the vitality and stability of a neighborhood are also a result of individual decisions, it is possible to examine some surrogate measures. For example, are there more or fewer vacant stores or small business quarters? Are there more or fewer people on the streets? More or fewer group meetings and interactions with city government?

In addition to the impressionistic overall view of the neighborhood, the following more specific questions should be considered:

- Has the set of nonservice approaches put in place made the neighborhood more dependent upon service programs, or less dependent? If the housing market in the neighborhood has suddenly come alive, for example, it may be that some very low-income families will be displaced and their need for social services may increase.
- If the neighborhood has become more dependent on service programs, is the dependence likely to be temporary, or should the city consider that it has a new problem that must be dealt with?
- What has happened to other neighborhoods as a result of focusing on this one?
- What has happened to city agencies as a result of instituting the nonservice measures? What has happened to city revenues? Expenditures?

The implementation of governance approaches does not necessarily lead to fixing problems permanently. Organizations, neighborhoods, and the dynamics between neighborhoods change almost continuously, sometimes more rapidly and sometimes more slowly. After revitalization has progressed in a neighborhood, the neighborhood may overheat, may continue to improve slowly over time, may become static, or may gradually begin to decline again. Meanwhile, all of the other neighborhoods in the city also change, perhaps some in part because of the nonservice measures put in place citywide (such as tax measures) initially to help the first neighborhood.

Table 6 summarizes in checklist fashion the key questions described in this section that local officials must consider in planning, implementing, and evaluating nonservice approaches to neighborhood problems.

Table 6
CHECKLIST OF QUESTIONS FOR USING "GOVERNANCE" APPROACHES TO ADDRESS NEIGHBORHOOD ISSUES

General Questions — Analyzing the Problem

- What is the specific problem being addressed? What is it that local government seeks to accomplish?
- How is the neighborhood "system" malfunctioning? As compared to a stable, well-working neighborhood, which actors are not performing their expected roles? Which of the neighborhood's usual "coping mechanisms" have broken down?
- What is the range of city powers and resources available to address this problem?
- What roles could the private sector and community-based sector play in helping to address this problem?
- Who are the key actors in the neighborhood for this particular issue? How does the city relate to these actors — does it tax them? License their operation? Provide them with funds? Provide them with infrastructure? Regulate their business? Can any of these activities be adjusted to serve as an incentive/disincentive to help resolve the issue at hand?
- Why is "do nothing" not an appropriate local government response to the situation?

Development Questions — Selecting an Approach

- What are the "politics" associated with any approach being considered?
- Policy analysis is a must. What costs and benefits are associated with each approach? Who will win and who will lose if a particular approach is chosen?
- How will each of the major neighborhood actors (bankers, realtors, tenants, insurers, homeowners, merchants, organizers, etc.) be affected by the approach? What, if anything, will they be encouraged/discouraged to do?
- Neighborhood diagnosis is a must. What are current neighborhood conditions? How do residents and others feel about the neighborhood? How have these conditions and attitudes been changing?
- Can the approach being considered be legally used? Is it permitted under Federal and state law, policies, rules and regulations? If not, what is required to remove legal obstacles?
- Will a particular approach affect the way city agencies do business? How?
- If an approach is meant to substitute for or complement a service strategy, how will the clientele of the service program be affected?
- How much of the city's motivation for using the tool is that "everybody else is doing it?" How much is desperation — "we have to do something" — a factor? Have these factors discouraged or influenced objective policy analysis in any way?
- What are the political problems in targeting the tool to those neighborhoods where it appears most appropriate? If the policy is citywide, what will be its effect on various kinds of neighborhoods?

Table 6 (Concluded)

Implementation Questions — Initiating an Approach

- How long will it take for the tool to start working? Are neighborhood market conditions likely to have changed by then? If so, what will the tool do given the new market conditions?
- What steps must be taken to implement the approach? What approvals are required? What new "systems" are needed?
- What city agency will take the lead in implementing the governance strategy? If the strategy is intended to accomplish a neighborhood objective, will the lead agency be sensitive to the neighborhood perspective or will it pay more attention to agency preferences? Does the agency see its role as serving the public and neighborhoods or carrying out function X? If it's function X, how seriously will the agency take the task of putting in place a neighborhood strategy that may be troublesome and may not seem relevant to the main agency mission?
- Does the approach relate (or should it relate) to any aspect of the city's service delivery system? How will the service/nonservice integration be achieved?
- If, after implementation, the approach is found to have totally undesirable effects, how easily could the policy be withdrawn?

Impact Questions

- What measures of outcome will be used to assess the impacts of the approach?
- What are likely to be the *different* impacts of the approach on the different public, private and community actors in the neighborhood?
- What impacts will using the tool have on the city's service delivery system? Will it reduce the need or expand the demand for public services?
- Once the approach has made its impact, will the affected neighborhood be made more self-sufficient or more government dependent?
- What would happen in the neighborhood if the new tool wasn't used and the city did nothing?

Summary

Neighborhood problems must be diagnosed accurately if they are to be addressed effectively by nonservice approaches. The diagnosis should look not only at what has gone wrong in the neighborhood but at what remains right with it — what the strengths and assets of the neighborhood are. The diagnosis must also consider what factors can be affected by local governance measures, properly timed, and what will respond only to service or spending measures. When the measures have been put in place, it may be difficult to isolate the effect of any one of them, but some informal measures of success can be used to assess the effectiveness of the package. However, neighborhoods are dynamic, so that any one set of measures is not likely to have the same effect on that neighborhood after several years as it did originally.

APPENDIX

A DESCRIPTION OF INDIVIDUAL NONSERVICE APPROACHES

APPENDIX

CATALOG OF NONSERVICE APPROACHES

Regulation

Taxation

Administrative Reform

Administrative Reform (con't.)

Public-Private Collaboration

Adult Entertainment Zoning Plan

Goal: Prevent deterioration of neighborhood business and residential areas.

Description: The proposed plan would attempt to limit the number of adult bookstores and theaters in commercial areas, and isolate them from residential neighborhoods.

Other examples: Detroit, Boston

Contact: City Planning Commission
Los Angeles, California

Advisory Code Inspection Program for Residential Sales

Goal: To assist home buyers by providing them with information on existing code violations.

Description: Under this program, a home buyer may request the local government to perform an advisory code inspection of a house being considered for purchase. While the inspection is advisory, repairs may be required by some lending institutions before a loan can be made.

Issues: The program provides a potential buyer with a full disclosure of information about structure, without actually compelling the owner to make repairs. Hence, it helps assure fair practice and encourages housing maintenance. On the negative side, when lending institutions "mandate" the repairs before a sale can be made, lower-income sellers may find it more difficult to sell. The program might be improved if the inspection function could be more closely linked to local government's housing rehabilitation financing programs.

Contact: Building Department
Seattle, Washington

Aggressive Zoning Enforcement

Goal: To systematically enforce certain provisions of the zoning ordinance.

Description: Rather than continue its zoning enforcement on a complaint-only basis, the city established a policy to assign field inspectors to systematically seek out certain violations. In addition, the city adopted a policy of not responding to anonymous complaints on the assumption that these largely involve personal and neighborhood squabbles. Other variations of aggressive enforcement have emphasized enforcement in certain neighborhoods of the city.

Issues: It is often difficult to detect those violations that are not visually obvious. More public notice and awareness is needed for an effective enforcement effort.

Other examples: San Diego County

Contact: Building Safety Department
Phoenix, Arizona

Amending Building Codes To Increase Access for the Handicapped

Goal: To increase the accessibility of buildings to the physically handicapped.

Description: A series of building code amendments requires that all new and renovated buildings and facilities be accessible to physically handicapped people. The building code changes apply to both public and private buildings.

Other examples: Seattle

Contact: Office for Coordination of Services to the Handicapped
Prince Georges County, Maryland
(301) 952-3210

Building Code Variance for Rehabilitation of Older Buildings

Goal: To facilitate preservation and restoration of older buildings, especially historic landmarks.

Description: To encourage restoration, Denver permits some older structures to undergo rehabilitation or change in occupancy without fully meeting building code requirements. The owner must demonstrate that the structure is sound and will not endanger the safety and welfare of occupants.

Contact: William J. Miller, Director
Building Inspection Department
Denver, Colorado
(303) 575-5843

Citation System for Residential Littering Violation

Goal: To reduce the number of court cases related to rubbish violations.

Description: To cut down on unnecessary court appearances, the city passed a new ordinance authorizing the issuance of citations for residential littering violations. The Building Maintenance Inspection Section was trained to issue the citations. The procedure is quick and inexpensive to administer.

Issues: Occasionally, it is difficult to identify the actual violator.

Contact: James F. Brangosz
Supervisor for Training and Technical Services
Department of Building Inspection and Safety Engineering
Milwaukee, Wisconsin
(414) 278-2503

Community Facility Zoning Bonus

Goal: To encourage private developers to provide needed community facilities.

Description: This approach authorizes a higher density of commercial and residential development than would normally be permitted in exchange for the development of certain community facilities such as parks, plazas, and open space.

Issues: Care must be taken to avoid excessively dense development or an overconcentration of community facilities in certain areas of the city.

Contact: City Planning Department
New York, New York

Commuter Parking Program for Impacted Residential Areas

Goal: To minimize negative impacts of commuter parking in residential neighborhoods.

Description: Residents may request that their area be designated as commuter impacted. If the request is approved by the City, boundaries are drawn up and residents of the area are issued permits allowing them curb parking space at any time. Parking is restricted for certain times of the day for all others.

Issues: The very restrictiveness of the procedure (such as the need to always have stickers for family members as well as visitors) may discourage neighborhoods from asking for designation.

Contact: Allan P. Pleyte
Traffic Engineer and Superintendent
Bureau of Traffic Engineering
Department of Public Works
Milwaukee, Wisconsin
(414) 278-3350

Density Bonus for Inclusion of Low and Moderate Income Housing

Goal: To provide low and moderate income housing in newly developing areas.

Description: The ordinance provides incentives to private developers to construct low-and moderate-income housing units in newly developing areas. Planned Unit Developments (PUDs) are given a zoning density bonus of up to 15% for including a like number of subsidized low-and moderate-income units in their housing development.

Issues: To date there has been no use of the PUD ordinance as multi-family housing is not being constructed. The requirement that developers use government subsidy programs may be a deterrent.

Contact: Allan Bly, Assistant Director
Metropolitan Dade County Planning Department
Miami, Florida
(305) 579-2842

Designating and Offering Low Income Housing Units in New Private Developments

Goal: (1) Increase the supply of housing for low income households; (2) Provide a variety of housing opportunities for low income households.

Description: Private developers are required to designate a certain percentage of units in a new housing development for low-and moderate-income families. (The figure is 6% for low-and 9% for moderate-income households.) The developer must make the units available on a first-refusal basis to the local housing authority or to households approved by the authority.

Issues: Because the City Council was unwilling to force developers to share any of the cost of providing the housing or to ask them to pass the cost on to buyers (or renters) of other units, the housing being offered at fair market prices was generally too expensive for either the housing authority or the individuals involved.

Contact: City Planning Department
Los Angeles, California
(213) 485-5394

Development of Open Space in Lieu of Parking Requirements

Goal: To provide needed green areas in housing projects for the elderly.

Description: A survey of elderly housing projects indicated that parking lots were underused yet there was a clear lack of outdoor recreation areas. An ordinance was passed that reduces the parking requirements for senior citizen housing to 33% of the normal. The ordinance also requires that the area that would normally be paved be provided as landscaped open space and used for recreational purposes.

Issues: A number of developers have objected to the ordinance because (1) they argue that the housing might be converted to general occupancy in the future and (2) maintenance of landscaped areas is more expensive than that of paved parking lots.

Contact: Los Angeles City Planning Department
Los Angeles, California
(213) 485-5394

Downzoning

Goal: To prevent speculative investments, eliminate the incentive for conversion, and promote neighborhood stability.

Description: Individual neighborhoods may, in the preparation of the Neighborhood Improvement Plans, request that their neighborhoods be downzoned. These downzonings have largely been from duplex and apartment uses to single family homes.

Issues: The act of rezoning may further inflate values of property. In addition, rezonings take over a year to implement and the market may have changed by the time downzoning occurs.

Other Examples: Atlanta, Chicago, Denver, Jacksonville, Los Angeles, Memphis, Philadelphia, San Francisco.

Contact: Office of Neighborhood Planning
Community Development Department
Seattle, Washington
(206) 625-4492

Housing Code Enforcement Through Control of Electrical Service

Goal: Prevent undue hardship on low- and moderate-income inhabitants.

Description: A change in housing code enforcement policy prevents undue hardship to low-and moderate-income persons by allowing occupants to continue living in a unit which is not brought up to code. However once a unit is vacated, the city discontinues electrical service and refuses to reconnect until the unit is brought up to code.

Issue: Approach is most successful when combined with other service programs which facilitate home repair.

Contact: James Gilmore, Senior Project Director
Department of Housing and Urban Development
Jacksonville, Florida
(904) 633-3850

Institutional Master Plan

Goal: To minimize conflicts caused by expansions of hospitals, universities, and other institutions in residential neighborhoods.

Description: The city initiated a plan review process whereby institutions must develop a master plan and submit it to public review. The City Planning Commission and the community then assess the plan's sensitivity to the needs of the adjacent community. The plan must address issues such as the availability of low- and moderate-income housing and medical and social services as well as the institution's impact on traffic congestion and parking.

Issues: The approach is preventive only. The plans themselves have no intrinsic legal force.

Contact: Department of City Planning
San Francisco, California
(415) 558-4305

Landmark Preservation Ordinance

Goal: To promote preservation of historic structures.

Description: The Landmark Preservation Ordinance declares that, as a matter of public policy, the protection, enhancement, prepetuation, and use of structures and districts of historical, architectural, or geographic significance, located within the city, is a public necessity and is required in the interest of prosperity, civic pride and general welfare of the people.

Issues: To date no designated landmark has been demolished.

Contact: David A. Wicks
Staff Secretary
Denver Landmark Preservation Commission
Denver, Colorado
(303) 575-2736

Boston Urban Mortgage Review Board

Goal: To discourage discriminatory lending practices and bring about positive changes in banking attitudes toward city lending.

Description: The Mortgage Review Board was, in large part, a response to the aggressive regulatory stance taken by the State Banking Commissioner. The Board consists of three community members and three bankers. Disputed loan applications are reviewed and if judged sound, are sent back to the subject thrift institution for reconsideration. As part of the agreement which set up the Board, the savings institutions collectively guarantee that an application judged acceptable by the Board will be placed.

Issues: The Mortgage Review Board approach was made possible by state level action. (Local government has no control in this area.) It has been argued that the Board is more effective because it is removed from strictly local politics, even though it focuses on the city. Among the warmest claims made for the Board are the relationships and dialogue opened up between bankers and neighborhood residents. This rapport, rather than coercion, has been cited as a key to improved lending practices.

Contact: Dorothy Lambias, Executive Secretary
State Banking Commission
100 Cambridge Street
Boston, Massachusetts

Property Maintenance Code Revision

Goal: To improve implementation of housing inspection programs by making the property maintenance code consistent and understandable.

Description: The city revised its property maintenance code with the intent to: (1) improve its organization; (2) simplify it; (3) make it easier to enforce. In addition, the code now explicitly emphasizes improving neighborhood conditions as a purpose for the code.

Issues: Some reeducation of inspectors and court judges is necessary. In general inspectors like the revised code, and since its adoption the city has won 96% of its Municipal Court cases.

Contact: Judy Hansen
Department of City Development
Kansas City, Missouri
(816) 274-1864

Reinvestment Opportunity Zones

Goal: To provide preferential treatment for businesses that locate in certain inner city areas.

Description: The approach involves the identification of opportunity zones where various forms of preferential treatment are given to encourage private investment. The incentives include exemptions from gross receipts taxes, more lenient criteria for zoning variances, priority treatment for CDBG and CIP funding, and city provision of a central information source on all available public programs.

Issue: The use of such incentives requires accurate assessment of neighborhood condition and needs as well as differentiation from adjacent areas. In addition, the act of designating an area may take over a year and the conditions which the incentives are intended to address may have changed in that time.

Contact: Larry Larson
City Planning Department
Los Angeles, California
(213) 485-3744

Rezoning to Permit Residential Occupancy

Goal: To stimulate rehabilitation of vacant upper stories of commercial structures.

Description: Prior to the passage of this ordinance, residential occupancy in the affected areas was considered a non-conforming use. The zoning ordinance was changed to permit residential occupancy.

Issues: Because the market for rental housing at this price range is not strong, as yet there has been little change in the use of these buildings.

Contact: Steve Reichstein, Deputy Director
City Planning Department
Pittsburgh, Pennsylvania
(412) 255-2211

Sensitive Code Enforcement

Goal: To bring every property in a given area up to code through voluntary compliance with the housing code.

Description: Housing inspectors are permitted to interpret code requirements flexibly according to the severity of the violations and the financial ability of the residents to make repairs. Loans and grants are available to homeowners to make repairs.

Issues: Has helped overcome fear of the housing inspection process.

Contact: NHS Corporation of Philadelphia
Philadelphia, Pennsylvania

Short-Term Street Barricade Permits

Goal: To facilitate neighborhood block parties, street festivals, and school events.

Description: It has long been the policy of the City of Milwaukee to permit temporary closing of the public right-of-way for social celebrations of various kinds. In order to use the streets for such purposes, residents follow a simplified permit procedure which circumvents the usually required Common Council action. No charge is made.

Issue: Occasionally, residents complain about the disturbance.

Contact: Robert P. Mills, Special Studies Engineer
The Department of Public Works - General Office
Milwaukee, Wisconsin
(414) 278-3329

Use-Exception Ordinance for Historic Structures

Goal: To provide the economic incentive to preserve designated landmarks in residential areas subject to development pressure.

Description: The ordinance permits limited office or gallery use in certain residential areas if the building has been designated as an historic landmark. The ordinance specifies occupancy limits, sign restrictions, and parking requirements.

Contact: David A. Wicks
Staff Secretary
Denver Landmark Preservation Commission
Denver, Colorado
(303) 575-2736

Zoning Clarification for Neighborhood Stores

Goal: Retention of small neighborhood stores.

Description: A city zoning ordinance was clarified to permit small neighborhood stores to operate with one bathroom instead of separate facilities for men and women.

Contact: Joe C. Williams, Research Analyst
Memphis City Council
Memphis, Tennessee
(901) 528-2786

Zoning Regulations for Group Care Facilities

Goal: To permit and control group care facilities in residential areas of the city.

Description: Prior to the passage of the ordinance, the zoning provisions limited group quarters to commercial areas. All group care facilities--regardless of size or type--were considered as one category and required a full public hearing for each facility. A comprehensive zoning ordinance was adopted to correlate the location of various types of group care facilities with the programs, operations, and scale of the facility.

Issues: The most important problem is the acceptability of these group facilities to neighborhood residents. In addition there is a problem of ensuring that each facility maintains its original character and program. Some programs are not regulated and therefore standards are not easily enforced.

Other Examples: Chicago, Los Angeles

Contact: Peter Atonna
Zoning Regulations for Group Care Facilities
Planning Department
Phoenix, Arizona
(602) 262-7131

Deferred Special Assessments for Indigents

Goal: Prevent fiscal burden and potential displacement

Description: Special assessment are levied on homeowners in Milwaukee for a variety of public improvements. The city passed an ordinance to exempt certain resident owners from such assessments. To qualify a resident must fill out an application and have an income less than $7,000 per year.

Issue: The funds to offset the loss from the exemptions must come from other city funds, which may cause strains on other programs. In addition, the deferrals do have to be repaid and may pose problems later for residents who chose to forego future value in return for present reductions.

Contact: Department of Public Works
Milwaukee, Wisconsin
(414) 278-3316

Financing of Low Transit Fares with Sales Tax

Goal: To avoid additional pressure on property taxes while retaining low fares on public transportation.

Description: In order to retain low fares on public transportation, Atlanta subsidizes its transit system with a 1% sales tax. The program subsidy has helped increase ridership by 30% and has provided funds for future transit needs.

Issues: A sales tax to be applied to transit may or may not be progressive in nature. If the transit system is heavily used by low and moderate income people, and many such systems are, it probably would be progressive.

Other Examples: San Francisco

Contact: John W. Bates, Manager of Marketing and Research
Department of Planning and Public Affairs
Atlanta, Georgia
(404) 586-5159

Homestead Tax Exemption

Goal: Reduce the property tax burden on elderly and disabled homeowners

Description: Property tax exemptions are provided for elderly and disabled homeowners with annual incomes less than $10,000. The reduction is based on a sliding scale according to income and assessed value. In Ohio, the State reimburses local taxing districts for tax revenues lost because of this exemption.

Issues: Some problems may occur in the verification of eligibility, the application process and the public awareness of such a program. However, once established, its automatic nature is a principal virtue.

Other Examples: Chicago

Contact: City Planning Commission
Cleveland, Ohio

Maximization of Non-Property-Tax Revenues

Goal: Meet increased cost of services while offsetting tax pressures on property owners.

Description: This approach emphasizes the use of revenue sources other than the ad valorem tax to meet the budget's service objectives. Examples include user fees, increased bus fares, locally levied licenses and permits, auto-tag fees, and Federal revenue sharing.

Issue: User fees, which are generally a flat rate charge, tax everyone at the same rate and therefore may place an unfair burden on lower income residents.

Other Examples: Beverly Hills, Culver City, Los Angeles, Sacramento, San Diego County

Contact: William Hardy
Dade County Office of Management and Budget
Miami, Florida
(305) 579-5143

Property Tax Abatement

Goal: To encourage redevelopment in blighted areas.

Description: Property tax abatements are used to make particular sites more attractive to a developer or to help make a marginal enterprise profitable. Abatements may be granted on residential property improvements for up to 30 years and on nonresidential improvements for up to 20 years. The property owner pays a service charge in lieu of taxes on the improvements made, which together with the taxes on the land cannot be less than the total tax on the property prior to redevelopment.

Issues: The classic quesitons about tax abatement are: How important are local taxes in the overall pattern of private sector decision-making? And, would the private developer build anyway? Moreover, there are issues concerning the benefits to current city residents: What percentage of the new jobs do they get and what costs do they pay to make up for the revenue loss? Also, businessmen may view a city's position on tax abatement as a proxy for overall city responsiveness to the business community.

Other Examples: Boston, Indianapolis, Kansas City, Philadelphia, New York, St. Louis

Contact: City Planning Commission
Cleveland, Ohio
(216) 694-2210

Real Estate Tax Deferral

Goal: To ease the financial burden of property taxes on individuals and encourage owners to retain their properties for longer time periods.

Description: This approach permits owners who have owned their residence for at least five years to defer a portion of property taxes and increased assessment (due to market value or zoning changes) until the sale of the home. Eligibility is limited to those with income less than $20,000.

Issues: Although the practice has been in effect since 1975, there have been few applications. The low participation is attributed by local officials to the stringent eligibility requirements. In addition, some elderly owners are hesitant to place a lien against their property thereby reducing both the inheritance and funds that may be needed for institutionalization.

Other Examples: San Diego

Contact: Juanita Lewis
Real Estate Tax Division
Department of Finance and Revenue
Washington, D.C.
(202) 727-5334

Tax Abatement for Residential Rehabilitation

Goal: To encourage private redevelopment of residential property, stabilize neighborhoods and increase the property tax base.

Description: Under this program, increases in assessed value resulting from residential rehabilitation are abated for five years. The abatement is 100% in the first year and declines in 20% per year increments. Owners must apply for the abatement and the program is limited to properties with assessed values after rehabilitation of $10,000 or less.

Issues: Although the policy was introduced in 1975, only 10 of 110 applicants have been approved. Part of the problem may be that the level of abateable improvements is too low to merit participation. In addition, residents are reluctant to subject themselves to building code compliance.

Other Examples: Chicago, Indianapolic, Pittsburgh, Seattle

Contact: Office of Housing and Community Development
Philadelphia, Pennsylvania
(215) MU 6-7064

Tax Incentive Program

Goal: Improve the city's economic base by encouraging construction, expansion and rehabilitation of commercial and industrial structures.

Description: This approach permits exemptions from real property taxes for eligible commercial and industrial construction. New facilities may receive a 50% exemption for the first year, declining by 5% in each of the succeeding nine years. Approved reconstruction may receive a 95% exemption for the first year, declining by 5% in each of the succeeding 19 years.

Issues: The program appears to have been successful. The classical questions of benefits (jobs for city residents) vs. costs (lost tax revenues) need to be continually assessed.

Contact: Economic Planning and Development Division
City Planning Department
New York, New York
(212) 566-3982

Tax Incentives to Encourage Residential Reuse of Manufacturing Buildings

Goal: To encourage the recycling of older buildings and increase the supply of housing in the City.

Description: This program was originally enacted in 1955 as the J-51 tax incentive to encourage the rehabilitation and upgrading of the city's existing housing stock. This usually meant the installation of central heating and hot water systems to "coldwater" flats. The new policy extends benefits to the conversion of non-residential buildings and to buildings with 1 to 2 dwelling units over commercial space. Tax benefits include exemption from real property taxes for any increased assessment attributable to the conversion for a period of 12 years, and abatement of taxes of up to 90% of the costs of the conversion over a period of 9 to 20 years.

Issues: This tool has been a powerful incentive for conversions. In fact, in neighborhoods with a very strong housing market, it may help to cause serious secondary problems such as small business displacement. Targeting and timing are critical concerns.

Contact: Comprehensive Planning Section
NYC Planning Department
New York New York

Utility Rate Reductions for Low-Income Households

Goal: To provide financial relief to low-income households from escalating utility rates.

Description: This policy provides low-income elderly and handicapped households with exemptions from certain increases and surcharges in water rates and electric rates, and discounts on taxi fares and pet licenses.

Issues: The relief from increasing utility rates helps to keep shelter costs down for those households most susceptible to displacement due to rising property values and inflation. These costs, however, are obviously being absorbed by other households in the utility district. In addition, there may be state constitutional questions.

Contact: Utility Department
Seattle, Washington

City Residence Requirement

Goal: Promote neighborhood stability and urban in-migration.

Description: This city ordinance requires that all city employees live within the city limits. Since employees are benefitting from city employment, officials felt that they should contribute to the overall economy of the city.

Issues: In some neighborhoods, the cost of in-city housing is considerably more expensive than suburban housing and consequently some employees have had difficulty finding comparable housing.

Other Examples: Boston

Contact: Department of Personnel
Chicago, Illinois

Community Accountability Program

Goal: To make communities responsible for crimes committed by their juvenile offenders.

Description: Juvenile offenders are referred to neighborhood accountability boards which review all relevant materials from the juvenile court on the offenders. The boards then assign and monitor restitution assignments.

Issues: There are some jurisdictional difficulties in running the program. Since corrections is a state responsibility, the city must contract with the state to run the program.

Contact: Lawrence G. Gunn
Director, Law and Justice Planning Division
Office of Policy Planning
Seattle, Washington
(206) 625-4512

Community Liaison Coordinator

Goal: To facilitate the repair and maintenance of properties owned by elderly or low income people.

Description: The Community Liaison Coordinator is under contract to the Department of Building Inspection. The job of the Coordinator is to identify elderly and low income owners of properties that need repair or maintenance and to put the owners in touch with community groups interested in performing the needed work. The Coordinator also represents the Department in the neighborhoods, acting in a public relations capacity.

Contact: James F. Brengosz
Supervisor, Training and Technical Services
Department of Building Inspection and Safety Engineering
Milwaukee, Wisconsin
(414) 278-2503

Concentrated Code Enforcement Team Approach

Goal: To prevent structural deterioration in selected residential neighborhoods.

Description: This involves a coordinated effort between the city's legal department and its housing/community development department. It provides a joint house-by-house inspection of targeted neighborhoods to identify code violations and to provide assistance in securing rehabilitation loans and grants.

Issues: The coordinated approach offers a change in the city's focus from a policeman and collector of fines to an aide in accomplishing needed repairs, which appears to be more successful. In addition, it promotes useful interaction between traditionally separate agencies in the code enforcement field.

Contact: John H. Kless
Assistant Director of Law
Law Department
Cleveland, Ohio
(216) 664-2678

Decentralization of Social Services

Goal: (1) Make human services accessible to clients; (2) strengthen neighborhoods.

Description: The District of Columbia established nine neighborhood locations at which public assistance is available. Local residents can now obtain Food Stamps, Medicaid, day-care, and counseling without leaving the neighborhood.

Issues: There have been some delays and communication problems in the local offices.

Contact: Bernard E. Phifer
Associate Director for Planning and Evaluation
D.C. Department of Human Resources
Washington, D.C.
(202) 727-0331

Developer's Assistance Office

Goal: To facilitate communication between the development community and local government about development policies and procedures.

Description: The office was established as a one-stop assistance center, and ombudsman for developers. The function of the office is to (1) provide information on city development procedures; (2) serve as a facilitator; (3) communicate with the development community regarding mutual problems.

Issue: In facilitating development, the city must be careful not to compromise its existing regulatory structures.

Contact: George Flores, Management Assistant
Office of Development Services
Phoenix, Arizona
(602) 262-4411

Early Alert Program

Goal: To identify social service and/or emergency medical needs of isolated, elderly persons.

Description: The program provides a mechanism by which the emergency needs of the isolated, elderly population in inner-city neighborhoods are made known to city agencies, friends, or relatives. Persons over 65 are eligible to participate in the program. The mechanism simply involves the placing of a red dot on the inside of the elderly person's mailbox If mail is not collected, the Post Office will immediately notify the City which in turn notifies a friend, relative, or appropriate agency to check on the condition of the individual in question and determine the need for service.

Issues: At very little cost, the City is able to identify potential social service and medical needs of isolated, elderly persons. The program cleverly builds upon a basic public service (mail delivery) and usefully involves family members and friends in followup. Operating reports are favorable, however, it requires receiving mail.

Contact: Department of Aging
New York, New York

Improvement of Job-Related Employment Testing and Review

Goal: Eliminate unreasonable qualifications for city jobs.

Description: A coordinated effort among several personnel functions--Recruiting, Examining, and Classification--has helped to ensure that minimum qualifications for city positions reflect actual job requirements. Tests which are actual mini-samples of the work to be performed were developed and, where appropriate, these tests were used in place of traditional civil service testing.

Issues: Has been successful, especially in opening up certain city jobs to people who were previously excluded because they lacked formal educational degrees.

Contact: Dick Romich
Classification and Compensation Manager
Personnel Department, City Hall,
801 N. First Street
San Jose, California 95110
(408) 277-5107

Leveraging Municipal Deposits for Neighborhood Purposes

Goal: Encourage sound lending practices in urban neighborhoods through leveraging municipal deposits.

Description: This approach relates local governments's power to invest considerable amounts of public monies to the lending performances of local banks in city neighborhoods. It is an anti-redlining strategy which threatens local lending institutions with a loss of city business if they are not meeting neighborhood credit needs.

Issues: The most difficult aspect of this approach may be the monitoring and enforcement procedures. In Cleveland, these responsibilities were placed in the city financial agency which traditionally has not had a neighborhood orientation. In addition, because of the city's own financial problems, officials have been hesitant to take a firm stand against local financial institutions.

Other Examples: Chicago

Primary Contact: Department of Finance
Cleveland, Ohio
(216) 664-2536

Local/Small Business Purchasing Policy

Goal: (1) Increase expertise and competitiveness of small businesses; (2) increase the multiplier effect of city purchases.

Description: To aid small local businesses, the County Commission established a goal that a minimum of 15% of all county purchasing be done with small local businesses.

Issues: The cost of services from small businesses may be more expensive.

Other Examples: Cleveland, Pasadena, San Francisco

Contact: Dade County Office of Economic Development Coordination
Miami, Florida
(305) 579-5092

Maintenance of Vacant Dwellings and Yards

Goal: To minimize the nuisance effect of vacant buildings.

Description: The ordinance enables the city to maintain vacant buildings in a closed condition and to landscape vacant lots which cause nuisances. Wherever possible, buildings are closed up with hardware cloth rather than boards to help avoid a vacant appearance. The cost of the program is charged to the owners' tax bill.

Issues: The program is considered successful; vacant buildings and lots in the city are now less conspicuous.

Contact: James F. Brengosz
Supervisor, Training and Technical Services
Department of Building Inspection and Safety Engineering
Milwaukee, Wisconsin
(414) 278-2503

Multi-Use/Alternative Use of School Buildings

Goal: To promote the more effective use of public educational facilities.

Description: The program involves administrative reforms to facilitate the multi-use of current school buildings or the alternative use of abandoned school buildings. Changes include: new administrative procedures, technical assistance to community groups, zoning reforms, and preferential sales/rental arrangements for community groups.

Issues: What appears as a simple and sensible thing to do often gets embroiled in both school system and neighborhood politics. Problems with unions and insurance are often serious obstacles. Deciding on who administers the program (a school, public facilities, or neighborhood-oriented agency) is key.

Other Examples: Atlanta, Boston, San Jose, Seattle

Contact: Rita Barrish
Director, Education Planning Section
Department of City Planning - Human Resources Division
New York, New York
(212) 566-0532

"Mutual and Offsetting Benefit" Leases

Goal: Reduce the financial burden of rental costs for private, nonprofit community service agencies.

Description: Under this approach, city government leases public buildings to private, nonprofit community service agencies at rents below fair market value on the basis of estimated dollar value of public "benefit" provided by the agency. That amount of rent is "offset" by the provision of a service of benefit to the public.

Issues: This approach obviously reduces the financial burdens on nonprofit community services organizations. Perhaps more importantly, it sees the local government using its administrative authority over public property in a way that successfully leverages the resources of community organizations. In some areas, state constitutional restrictions on aid to private groups might be an issue, although the "off setting benefit" concept is a way around this issue.

Contact: Human Resources Planning Division
Office of Policy Planning
Seattle, Washington
(206) 625-4582

Neighborhood Stabilization Program

Goal: To stabilize inner-city neighborhoods, promote racial and economic integration and stem middle-class flight.

Description: This program uses two strategies--community organizing and aggressive enforcement of open housing legislation. The program organizes associations of neighborhood interests, enforces open housing legislation, promotes fair housing, undertakes anti-redlining measures, performs various neighborhood advocacy functions within city government and carries out training and technical assistance programs.

Issues: The program is somewhat controversial, given the advocacy role it demands of city government. It seems clear that it requires a "cohesive, caring community," as a condition for success. On the positive side, it has the City using a number of its powers to deal with difficult issues like blockbusting and housing integration.

Contact: Neighborhood Stabilization Program
Commission on Human Rights
New York, New York

No-Fee Phone Permit to Repair Sidewalk

Goal: (1) To streamline the permit process; and (2) encourage property owners to make needed repairs.

Description: Prior to the enactment of this procedure, property owners who had been asked to repair their sidewalks by the city not only had to make the repairs but also had to take time off from work to obtain the $10 permit at City Hall. The procedure made possible the issuance of a free permit over the phone.

Issues: The procedure has worked well; homeowners are pleased that the city has made it easier for them to complete repairs, more work is being done, and better quality control is provided.

Other Examples: Indianapolis

Contact: Ray Persico, Engineering Technician IV
Department of Public Works
City Hall
801 N. First Street
San Jose, California 95110
(408) 277-4374

One Step Permit System

Goal: Remove unnecessary obstacles to development activities by streamlining the processing of permits.

Description: Prior to the enactment of this system, a permit applicant was required to go to four different locations to obtain a permit. Permit functions for all relevant departments were located at one counter and copy machines were installed. An applicant can now do all of the necessary paperwork in one place.

Issues: The time needed to obtain a permit has been reduced by 50%.

Other Examples: Portland (Oregon), Salem (Oregon)

Contact: Bureau of Building Inspection
Pittsburgh, Pennsylvania
(412) 255-2175

Operation Pride

Goal: (1) To provide meaningful jobs for low income high school students; (2) to alert the students and residents of problems of litter; (3) to eliminate litter nuisances without costly enforcement.

Description: During the summer the city employs low income high school students to make exterior inspections of buildings. The youth record selected code violations, which include garbage and rubbish litter, abandoned cars, rodents, etc. Citations are issued with follow-up enforcement handled by regular department personnel.

Issue: Supervision is particularly difficult for tasks of this nature.

Contact: James F. Brengosz
Supervisor, Training and Technical Services
Department of Building Inspection and Safety Engineering
Milwaukee, Wisconsin
(404) 278-2503

Outreach Recruiting for City Employment

Goal: To increase the number of qualified minorities and women applying and being selected for city employment.

Description: The Recruiting and Examining Division of the Personnel Department undertook an affirmative action program in which a variety of methods were used to reach the target population. These methods included: (1) establishing working relationships with community groups and asking them to recruit; (2) advertising in media likely to be read by protected group employment candidates to improve test performnce; (4) personally contacting individuals and encouraging them to apply for city jobs.

Issues: The approach is quite costly in terms of staff time.

Contact: Recruiting and Examining Division
Personnel Department, City Hall
801 N. First Street
San Jose, California 95110
(408) 277-4462

P-Patch Program

Goal: (1) to provide residents with an economical opportunity to grow their own fresh produce in community gardens; (2) to promote social interaction among residents; (3) to use vacant land in a functional and aesthetic manner.

Description: The Department of Human Resources leases public land for a nominal fee, make the land available to communities, and prepares the soil for planting. Where necessary the department also provides water lines. Resident users are required to pay a minimal fee and to properly maintain their patch.

Issues: Due to the year-to-year lease agreements, it may be difficult for the community to keep (or expand) the patch.

Other Examples: Boston

Contact: Marilyn Chu
Office of Policy Planning
Seattle, Washington
(206) 625-4595

Quick Track Processing

Goal: To reduce permit application, processing time.

Description: Quick track processing speeds up permit application processing time for new construction. If a developer provides a second set of plans with his building permit application, construction and zoning processing can be completed concurrently and turn-around time is cut in half.

Issues: Reduction of processing time helps developers meet financial and construction time and expense targets helping to keep down construction costs.

Other Examples: Phoenix

Contact: Kenneth Schang, Director
Dade County Building and Zoning Department
Miami, Florida
(305) 579-2540

Sale of City-Owned (In Rem) Property

Goal: Promote redevelopment of land and buildings taken in rem due to tax delinquency.

Description: A multi-faceted approach is being used which includes the following elements; quicker foreclosure (after one year of tax delinquency instead of three) so that the buildings will have less chance to deteriorate; negotiated sales with community and nonprofit groups; procedures to assure buildings aren't sold to owners likely to be tax delinquent again; use of neighborhood volunteers for building maintenance and security; and a demonstration rehab project involving community residents.

Issues: The most efficient and effective procedure for transferring these buildings to private ownership will probably be of little value in areas where there is a collapsed housing market.

Contact: Comprehensive Planning Section
City Planning Department
New York, New York
(212) 566-3887

Streamlining Rehabilitation Processing for Small Businessmen

Goal: To assist small businessmen in undertaking commercial rehabilitation.

Description: Project Planning Staff in the City Development Department provide a number of services to small businessmen who would like to undertake commercial rehabilitation of their properties. Among these are design, management, and architectural services, and help in packaging SBA/502 loans.

Issues: Local businessmen are quite happy with the staff assistance, which has made working with city agencies much simpler.

Other Examples: Indianapolis

Contact: Robert Hughes
City Development Department
Kansas City, Missouri
(816) 274-1861

Citizen Advisory Committee to Reduce Litter

Goal: To reduce street litter in neighborhoods.

Description: Interested citizens work with residents, commercial establishments, news media, and government to promote clean streets. As part of this citizen education campaign, the city distributed calendars indicating the days on which different trash removal services were available.

Issues: Although the effort has been helpful and has helped foster neighborhood pride, it is recognized that no educational campaign can serve as a substitute for adequate city services.

Contact: Richard Smith, Coordinator
Office of Special Services
Environmental Services
Washington, D.C.
(202) 727-5621

Cleveland Action to Support Housing (CASH)

Goal: To facilitate private lending for rehabilitation loans in the inner city.

Description: This NHS-type program facilitates the process of getting 12% private rehabilitation loans in designated neighborhoods. Participating banks agree to provide loans to any homeowner approved by a joint city/banking industry committee; the city agrees to provide code enforcement and supportive public improvements; an intentionally small, nonprofit corporation processes applications with a minimum of paperwork and stresses direct homeowner involvement with contractors.

Issues: The key to the apparent success of the program is its lack of red tape, quick processing time, and (like NHS) the direct involvement of the banks and individual homeowners. This is in contrast to many bureaucratic, slow, and costly subsidized rehabilitation loan programs operated by governmental agencies.

Other Examples: Philadelphia Mortgage Plan

Contact: Stan Freeman, Director
CASH Program
Cleveland, Ohio
(216) 621-7350

Extensive Use of Quasi-Public Agencies

Goal: To achieve greater leveraging of public investments

Description: Philadelphia's approach to neighborhood development involves a variety of investment strategies. The common denominator in all of them is the heavy use of a variety of quasi-public agencies to leverage the maximum private sector capital for development projects.

Issues: While this is not a pure "nonservice" approach, it does attempt to involve private participation in virtually all of the city's economic development efforts.

Contact: Department of Housing and Community Development
Philadelphia, Pennsylvania
(215) 686-7706

Guaranteed Home Improvement Bank Loans

Goal: To improve the condition of the existing housing stock and enable low-income residents to repair their homes.

Description: A joint program between 28 area lending institutions and the city to enable low-income residents to repair their homes with low-interest loans, guaranteed by the city to $15,000.

Issues: A great number and variety of such loan guarantee programs are being undertaken by cities. In this instance the city's role helps to make loan funds available to residents who would not normally be eliglble (because of income) for rehabilitation loans.

Contact: Housing and Urban Rehabilitation Department
Dallas, Texas
(214) 670-3544

Home Builders Association/City Working Committee

Goal: To make changes to the City's development standards and procedures to help make Kansas City a more attractive place for builders to do business.

Description: The City and the Home builders established a unique working committee arrangement. Three ingredients were critical to the committee's success: (a) a positive attitude by the home builders and the City to make changes that would benefit the home builders; (b) representation on the committee by all parties whose participation was necessary to implement the changes; and (c) a commitment to achieve specific results by taking issues one at a time, deciding on specific changes and following through to make certain that these changes are made.

Issues: Each change had to weigh the merits of two competing sets of interests: The developer's need to reduce the costs of development and to eliminate costs which did not add marketable value to the housing package; versus the City's need to reduce its long term maintenance costs.

Contact: Joseph E. Vitt Director
City Development Department
Kansas City, Missouri 64106
(816) 274-1841

Home Repair and Maintenance Training Course

Goal: To improve homeowners' ability to maintain and repair homes.

Description: The city is using community development funds to hire a contractor to provide training in the areas of plumbing, electrical repair, carpentry and construction management. Moderate income homeowners are given a five-week course, which includes actual "hands-on" experience.

Issues: The city made the decision to fund the cost of the course because officials recognized that much home repair would be do-it-yourself and it is an advantage to the neighborhood as a whole to have it done competently.

Contact: Warren Driver
Housing and Urban Rehabilitation Department
Dallas, Texas
(214) 670-3628

Local Development Corporations (LDC's)

Goal: To establish institutional vehicles at the neighborhood level to promote neighborhood commercial revitalization.

Description: In this program, city government aided in the establishment of local, neighborhood-based economic development institutions. Representatives of the LDCs serve on the Mayor's Economic Development Committee. The LDCs are intended to give individual neighborhoods and small businesses within those neighborhoods a vehicle to: foster cooperation among residents and merchants, provide a direct link with City Hall; and serve as a coordinating vehicle for various development programs. Locally based institutions are expected to be more effective and responsive and offer greater continuity than any governmental agency could.

Issues: As the history of LDC's, DCD's, etc. has shown, there are several requirements for successful implementation of such an approach. Local leadership, genuine neighborhood involvement, reliable support from City Hall and adequate funding are among the basics. Once operational, LDC's need to be wary of becoming nothing more than site improvement programs and/or complaint centers for City Hall.

Contact: Economic Development Division
Department of Human Resources and Economic Development
Cleveland, Ohio

Mayor's Housing Task Force for Housing Policy

Goal: To bridge the communication gap between government and the financial community on housing policy issues.

Description: The Task Force created a forum in which government and the financial community could exchange technical information and ideas on housing issues. Recommendations were successfully incorporated into housing policy.

Issues: Refining the suggestions of the Task Force into practical proposals is a lengthy process but one considered to be well worth the time spent.

Contact: Marty Flahive, Senior Policy Analyst
Office of Policy Analysis
Denver, Colorado
(303) 575-5701

Munger Place Rehabilitation Program

Goal: To halt the decline of an older urban neighborhood

Description: A neighborhood bank is working with an historic preservation group to promote the revitalization of the area.

Issue: A unique effort given the absence of public sector involvement.

Contact: Judith Kovisars, Manager of Housing Research, Planning, and Information
Housing and Urban Rehabilitation Department
Dallas, Texas
(214) 670-3602

Housecoping Program

Goal: (1) to help residents properly maintain their homes; (2) to prevent visible deterioration of neighborhoods.

Description: After a court appearance for improper maintenance of a residence, the City assigns volunteers to individuals to help them comply with standards of housekeeping and trash removal expected in the community.

Issues: These self-help approaches can have a major impact on neighborhood maintenance efforts at very little cost to the City. The Housecoping Program involves both the offender and a volunteer resident in retaining neighborhood standards.

Contact: James F. Brengosz
Supervisor, Training and Technical Services
Department of Building Inspection and Safety Engineering
Milwaukee, Wisconsin
(414) 278-2503

Kansas City Marketing Program/Development

Goal: To provide information to developers, business firms, investors and others that will increase their interest in Kansas City as a place to live, work, do business and invest.

Description: The City, working with the private sector, has produced several marketing products. These include the Northland brochure, the Kansas City Progress Report and two 20 minute slide shows which describe development opportunities and projects underway in the City's North and South areas.

Issues: These products must be created with direct involvement by those who will use them (i.e., realtors, brokers, development organizations) if they are to be effective marketing tools.

Contact: Joseph E. Vitt
Director
City Development Department
Kansas City, Missouri 64106
(816) 274-1841

Neighborhood-Based Planning Program

Goal: To increase the relevance of neighborhood planning activities to neighborhood needs perceived by residents, and their effectiveness.

Description: This program allows certain neighborhoods to retain their own planning staff with funds that would have normally been used to provide planners within city government. This approach is intended to assure community residents that planning for their neighborhood will be done by someone who is primarily responsible to them and not to city government.

Issues: Such an approach can improve a neighborhood planning program and strengthen a neighborhood's ability to influence city policy and budget decisions. However, some elements of a neighborhood may fear a loss of "independence" by relying on city monies. Neighborhoods using this approach may become more effective "demanders" of city services, facilities and programs which can have significant cost implications for the local government. Variations on this program may be constrained by state constitutional restrictions on giving/lending public monies to private groups.

Contact: Office of Neighborhood Policy
Mayor's Office of Policy Planning
Seattle, Washington

Neighborhood Housing Cooperative

Goal: To facilitate self-help and sharing of housing rehabilitation skills among neighborhood residents.

Description: This program serves as clearinghouse for the exchange of rehabilitation skills among residents of a given neighborhood. An individual may barter a paint job for a roof repair through the cooperative, or may build up credits and exchange them later for some needed service. The cooperative coordinates the bartering process and also provides training programs, technical advice, and the like.

Issues: The greatest virtue of the program is that it appears to encourage low-cost housing rehabilitation through self-help efforts, rather than depending on governmental rehabilitation programs. The operating costs seem fairly low. Any program of this sort would need to overcome the inevitable hesitancy of citizens to participate until the quality of work has proven itself.

Contact: School of Architecture
University of Washington
Seattle, Washington

Office of Policy Planning
Seattle, Washington

Neighborhood Improvement Development Corporation

Goal: To preserve the quality of middle and working class neighborhoods and encourage homeowners to remain there.

Description: This approach makes use of a nonprofit corporation which provides city homeowners with the capacity to borrow home improvement funds at lower than market interest rates. Staff support for the corporation is provided by the Department of City Development. Using a leveraging principle, NIDC executes agreements with commercial lending institutions in which NIDC funds are deposited as interest subsidies or bad debt reserves in return for a bank commitment of substantial funds for home improvement loans to credit qualified owner-occupants in target neighborhoods. In addition to helping finance loans, NIDC conducts inspections of all work completed to assure certain standards are met.

Issues: Three commercial banks and one S&L are currently participating in the program. Financial agreements vary from bank to bank; some preferring to assume all risk and have NIDC subsidize interest rates, and others provide reduced interest rates in return for NIDC assumption of risk. In all instances the interest rate for a NIDC client is 6%.

Contact: Department of City Development
Milwaukee, Wisconsin

Neighborhood Involvement in Development Review Process

Goal: To provide a formal role for neighborhood interests in the review of development proposals.

Description: This approach provides community-based organizations with a formal mechanism to review proposals for neighborhood development with the city and developers. This is in addition to standard city and Federal land use controls and public hearing procedures. The review process enables local organizations to make recommendations on a development proposal and even enter into direct negotiations with the developer.

Issues: The opportunity for community dialogue afforded by this approach is desirable. It appears important to carefully define the role (especially any limitations) that neighborhood organizations can play in this process. In general, such a process will result in longer review periods for development proposals.

Contact: Office of Housing Development
Department of Community Development
Seattle, Washington

Neighborhood Involvement in Public Safety Services

Goal: Provide for direct community involvement in the provision of public safety services.

Description: This multi-faceted approach is aimed at strengthening the relationship between the community and police/fire departments in order to improve levels of public safety in city neighborhoods. It includes neighborhood volunteers for patrol activities, a program of block watchers, free public service advertising by local TV stations and advertising firms, and public education programs.

Issues: This program has been operational for some time and appears to be successful. It helps to improve communication between the community and public safety agencies. However, getting and keeping sufficient numbers of volunteers is difficult. Some system of rewards might be helpful.

Other Examples: Los Angeles, Seattle

Contact: Public Information Offices
Police and Fire Departments
New York, New York

Neighborhood Marketing Project

Goal: To strengthen weak housing markets in certain city neighborhoods by: (1) bolstering confidence of existing residents; (2) attracting new buyers; (3) influencing the behavior of key actors such as bankers and real estate brokers.

Description: The approach involved a variety of marketing tools including: working with the media to improve neighborhood image (e.g., more than two dozen positive news stories concentrating on lifestyle, producing a TV public service special on one neighborhood); developing informational materials (City Living Guide to Neighborhoods of Boston); printing neighborhood posters; and working with bankers and brokers (taking realtors on neighborhood tours).

Issues: Where neighborhood marketing is not correctly targeted, it can overheat the local housing market, inflating rents and sales prices and resulting in displacement of original residents.

Other Examples: Pittsburgh

Contact: Robert Ruzo, Deputy Director
Office of Program Development
182 Tremont Street
Boston, Massachusetts 02111
(617) 725-3440

Operation Fire Safe

Goal: To decrease the amount of property loss and personal injury due to fire.

Description: Fire Department personnel went door to door passing out smoke detector information and emergency phone number stickers. They also discussed with the occupants the benefits of using smoke detectors.

Issue: As with many citizen self-help efforts, lower-income families who could benefit most from these suggestions are least able to bear the cost of implementing them.

Contact: Assistant Chief Robert Delgado
City of San Jose Fire Prevention Bureau
476 Park Avenue
San Jose, California 95113
(408) 277-4656

Prevention of Block Busting and Panic Selling

Goal: To stop and prevent neighborhood decline by halting block busting techniques.

Description: The City formed a joint committee composed of the Commission on Human Relations, the Human Rights Committee of the Board of Realtors, and the Philadelphia Realists to: (1) educate real estate brokers about their responsibilities in buying and selling homes; (2) manage anti-solicitation campaigns. As part of the anti-solicitation effort the Committee is considering a ban on more than two "For Sale" signs on any block.

Issues: Anti-block-busting efforts can at best be considered preventive. Such techniques can be more effective when coupled with affirmative actions like neighborhood marketing or promotion.

Other Examples: New York

Contact: Philadelphia Commission on Human Relations
Philadelphia, Pennsylvania

Public/Private Economic Development Planning Effort

Goal: To promote local economic development through private sector involvement in the city's economic planning function.

Description: Private sector involvement comes through the Mayor's Economic Development Policy Advisory Committee. The effort involves government, business and at-large persons who together attempt to identify conditions. Suggestions that have come out of the group effort include: awarding development assistance to firms that locate or expand in the inner city, promoting the city as a desirable place to live and conduct business, and establishing business contact and service systems.

Issues: Including the private sector in the city's planning efforts has the effect of demonstrating to businesses that they have a stake in the economic health of the city, and that they are often both part of the problem and the solution.

Other Examples: Indianapolis

Contact: Marty Flahive
Senior Policy Analyst
Office of Policy Analysis
Denver, Colorado
(303) 575-5701

Representing the Public At Large on License Boards

Goal: To achieve licensure standards which are fair to both the tradesperson and the public at-large.

Description: To assure that the "public interest" is represented in craft and general contractor board deliberations, the Mayor appoints one citizen representative to the various boards. The intent is to protect both the consumer and the craftsperson from the development of extreme licensure requirements (e.g., excessive requirements could exclude new craftspersons from entering a trade and raise prices for the consumer).

Issues: Laymen are sometimes ill-equipped to make technical judgments about the competence of craftsmen.

Contact: Ted E. Kaptain, Administrator
Division of Buildings
Department of Metropolitan Development
Indianapolis, Indiana
(317) 633-3841

Special Lending Area

Goal: To encourage rehabilitation and purchase of older housing units.

Description: Addressing the problem of inflated financing costs for the purchase and repair of older housing units, two banks have agreed to provide purchase and rehabilitation financing at rates and terms comparable to those available for new homes.

Issues: To impact the level of housing rehabilitation and neighborhood preservation, the approach must gain widespread acceptance among lending institutions.

Contact: Margaret Cohen
Housing Administrator
Property and Code Enforcement Dept.
San Jose City Hall
801 N. First Street
San Jose, California
(408) 277-4971

Value-After Repair Financing

Goal: To preserve existing housing stock in need of substantial rehabilitation.

Description: Difficulty securing adequate financing for the purchase and repair of older single-family homes prompted the Mayor's Housing Task Force to work with lenders to explore new financing mechanisms. At least one lending institution is now offering first mortgages that include funds for substantial rehabilitation costs.

Issues: For the program to significantly increase the amount of capital for home purchase and repair in declining neighborhoods, participation must be supported by a greater number of lending institutions.

Contact: Marty Flahive
Senior Policy Analyst
Office of Policy Analysis
Denver, Colorado
(303) 575-5701

Urban Design Guidebook

Goal: To improve the quality of design and the overall appearance of neighborhoods.

Description: The city developed an urban design guidebook intended for use by the general public. It was intended that the guidebook could be used without the assistance of a design professional. The guidebook provides the reader with useful information on landscaping, graphics, and building orientation.

Issues: Such self-help efforts can have a major impact on the neighborhood environment at relatively little cost to the city.

Contact: Joseph E. Vitt, Director
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This volume is one of a series of publications on Rediscovering Governance produced by the Center for Urban and Regional Policy at SRI International under the sponsorship of a number of Federal agencies and the Charles F. Kettering Foundation. The complete series includes:

- Overview: SRI's Research Program Into Emerging Nonservice Approaches to Social and Community Development Problems (February 1980).
- Volume I — Using Nonservice Approaches to Address Neighborhood Problems — A Guide (February 1980), funded by the National Science Foundation.
- Volume II — Using Nonservice Approaches to Address Neighborhood Problems — A Policy Overview (February 1980), funded by Applied Science and Research Application Directorate in the National Science Foundation.
- Volume III — Using Nonservice Approaches to Address Social Welfare Problems — Interim Report (February 1980), funded by the Office of Human Development Services in HEW.
- Volume IV — The Role of Citizen Organizations and Community Based Service Providers in Implementing Nonservice Approaches — a Preliminary Overview (January 1980), funded by the Office of Policy Planning and Evaluation in the Community Services Administration.
- Volume V — Using Nonservice Approaches to Strengthen Small Business in Urban Neighborhoods — A Regional Perspective (August 1979), funded by the Small Business Administration.
- Appendix to Volume I — A Catalog of Nonservice Approaches Used by Urban Consortium Jurisdictions in Addressing Neighborhood Problems

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