

# NEIGHBORHOOD CHANGE

Leveraging research to advance community revitalization

Alan Mallach



Slavic Village, Cleveland, Ohio

Image by: J. Schilling

In recent years, many once-disinvested urban areas have become thriving communities, while once-solid neighborhoods have begun to destabilize and deteriorate, changes often unexpected by public officials, community activists and residents. Greater familiarity with the research on urban neighborhoods, how they work and how they change, might well have helped practitioners anticipate change, and put strategies in place to halt or slow down decline. Researchers have been studying neighborhoods in the United States for over a hundred years. This body of research has given us the ability to understand better *what neighborhoods are* and *how they change over time*.

The purpose of this brief is to help practitioners learn how researchers have studied neighborhoods and neighborhood change, and understand what factors affect neighborhoods and lead to change. Researchers have looked both at *factors that affect neighborhoods*, such as poverty or crime rates; and at *neighborhood interventions or investments*, such as housing rehabilitation or demolition. This information can help practitioners not only better understand what drives neighborhood change, but to better understand what factors are associated with neighborhood vitality, and what impact a particular intervention might have on a neighborhood's trajectory.

As our cities change in dramatic and unforeseen ways, our need to understand neighborhood change has never been greater. While there are many things we still do not know, this research can help us better understand neighborhood change and how to address it as practitioners.

The Vacant Property Research Network's "research and policy brief" series bridges the traditional divide between research and practice by explaining the methods behind recent research along with the context and findings so that practitioners and community leaders can better understand what the research says, what the research does not say, and how it might be relevant to their respective vacant property initiatives.

By understanding how current research may or may not apply to local efforts, we believe practitioners and policymakers will be better equipped to make better decisions, improve policy and program implementation, and ultimately facilitate the regeneration of their communities.

This effort was made possible with support from the Ford Foundation's Metropolitan Opportunity Unit.

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# Scope of Translation Brief

## Why Is it Important? How to use it?

### The Depth and Relevance of Neighborhood Change Research

Since the early years of what is known as the Chicago School, sociologists, economists, criminologists, geographers, city planners, and others have studied urban neighborhoods and tried to understand and explain why they change in the ways that they do. Their efforts, which by now could fill an entire library, offer rich and valuable insights to understanding the nature of neighborhoods, the forces that influence change, and the dynamics through which change takes place. While this information is rarely prescriptive, in the sense of telling practitioners, “do X, and you will get Y results,” much of it is directly relevant to the work that city planners, housing agencies, community development corporations, and other neighborhood-oriented practitioners do. Little of this research, however, is used by practitioners, either because of the language scholars use, or because practitioners have no easy way to access the journals where scholarly work appears. Even when the material is available, it is difficult if not impossible for a practitioner to pick out those that are most relevant to her concerns from the vast array of studies that have been published.

### How to Use this Research Translation Brief

This brief offers a synthesis of the most relevant research findings, and then explores their significance for our understanding of neighborhood change and for how that understanding can inform the work of practitioners trying to improve their communities.

- **Section 1:** Discusses the different ways one can define the terms ‘neighborhood’ and ‘neighborhood change’.
- **Section 2:** Provides an overview of how scholars over many years have tried to construct models to understand and account for how neighborhoods change over time.
- **Section 3:** Summarizes and synthesizes recent research findings that are explored in greater detail in the second companion’s research brief.
- **Section 4:** Offers ways for practitioners and policymakers to think about neighborhood change and how this body of research can help them more effectively pursue change in one’s own community.

Given the extensive number of articles and studies, the VPRN web site contains a special Companion Brief, *“Neighborhood Change: What Does the Research Show?”* which provides a detailed picture of the research findings that underpin the discussions here. Readers should consult the companion brief to learn more about a particular topic, idea, or conclusion examined in this brief.

### About the Author

Alan Mallach is a Senior Fellow at the Center for Community Progress. As a nationally recognized expert on planning issues including housing, economic development, and urban revitalization, he has helped communities develop creative policies and strategies to rebuild cities and neighborhoods. He has also authored multiple works including the nationally recognized book titled: *Bringing Buildings Back: From Vacant Properties to Community Assets*.

# 1. Defining Neighborhood & Neighborhood Change

It is common among practitioners, and not unusual among researchers, to use the terms ‘neighborhood’ and ‘change’ casually, with the unspoken assumption that everyone understands what they mean, and how they are used. George Galster (2001) writes, “urban social scientists have treated ‘neighborhood’ in much the same way as courts of law have treated pornography: as a term that is hard to define precisely, but everyone knows it when they see it.”

*Neighborhood is a complex idea*, which can mean many different things. While the meaning of change, in itself, seems straightforward, it becomes more complicated when we try to translate it into something measureable, and try to decide what measures to use to define what is taking place.

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Neighborhoods function as physical and/or social entities, and participate – in varying ways and to varying degrees – in the regional economy.

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## 1.1 What Is a Neighborhood?

Galster (2014) quotes some of the thumbnail definitions of neighborhood used by researchers over the years. Some definitions are physical or ecological:

- A place with physical and symbolic boundaries (Keller 1968).
- Place and people, with the common sense limit as the area one can easily walk over (Morris and Hess 1975).
- A physical or geographical entity with specific (subjective) boundaries (Golab 1982).

Other definitions combine physical and social perspectives:

- A limited territory within a larger urban area, where people inhabit dwellings and interact socially (Hallman 1984).
- A social organization of a population residing in a geographically proximate locale (Warren 1981).
- Geographic units within which certain social relationships exist (Downs 1981).

The basic question is whether a neighborhood is defined solely by geographic features, or whether it is also about social connections or organizations operating within a spatially-defined area. While most people would agree that a neighborhood is spatially defined, actually defining the place can be difficult. While some neighborhoods have boundaries that are generally known and accepted, many do not. Galster concludes that assuming that a neighborhood must have both *social and physical features* is too limiting; the definition needs to add something, about the *nature of the physical space*, arriving at “neighborhood is the bundle of spatially based attributes associated with clusters of residences, sometimes in conjunction with other land uses” (p2112).



## Neighborhoods Are Places to Live

This is very important. When we define a neighborhood as being based on residences, rather than say office buildings or shopping centers, we can focus our attention on how and why people choose a neighborhood as a place to live, rather than work or visit. As we will see, the idea that neighborhoods are where people live may seem obvious, but is actually very important as a way of understanding how people relate to their neighborhood, and are affected by what takes place in it. This is a key principle that makes up the underpinning for many of the specific forces affecting neighborhood change.

## Neighborhoods Are Social Areas

At the same time, it is important to recognize that neighborhoods are also social areas. Park (1952) suggests that in addition to physical dimensions, neighborhoods contain (a) a population with unique social, demographic, or ethnic composition; (b) a social system with rules, norms, and regularly recurring patterns of social interaction that function as mechanisms of social control; and (c) aggregate emergent behaviors or ways of life that distinguish the area from others around it. Practitioners can use these characteristics to more fully understand the particular features of the neighborhood with which she is concerned. While many neighborhoods may not share most or all of these features, they are particularly relevant to the dynamics of neighborhood change.

## Neighborhoods Are NOT Economic Entities

It is important also to understand what neighborhoods are *not*. With few exceptions, neighborhoods are not economic entities. Few neighborhoods contain economic activities at a scale large enough to function even semi-independently; as Teitz (1989), points out, “their economic dependence on city and regional labor, capital, and real estate markets makes neighborhoods vulnerable to economically motivated forces of change (p111).”

Neighborhoods function as physical and/or social entities, and participate – in varying ways and to varying degrees – in the regional economy.



Cafés as vibrant neighborhood centers.

Image by: J. Schilling

## 1.2 What is Neighborhood Change?

Change remains the one universal constant. The nature and pace of change, however, varies widely. While some neighborhoods appear to change – for good or bad – virtually overnight, many others seem to be stuck in patterns established years or even decades earlier—a critical point discussed in the last section of this brief.

As neighborhoods change, it is often hard to pin the changes down. Outside observers may feel that the neighborhood is still the same, because the changes are taking place below the visible surface; or residents may feel that their neighborhood is improving or declining, based on informal cues, even though they are not able to ‘prove’ it with numbers. Those cues can be accurate, or they can be misleading.

All of this makes studying neighborhood change complicated. When researchers study neighborhood change, though, they try to identify things that can be measured. When scholars talk about neighborhood change as a subject for research, they are often talking about changes in measureable dimensions of change, not all aspects of change. Dimensions of change that can be measured through widely available statistics, however, can cover a lot of ground. They include:

- **Demographic change**, such as change in racial or ethnic composition, change in household types or age distribution;
- **Economic change**, such as household and family incomes, labor force participation and unemployment, or poverty.

### USING THE CENSUS TRACT TO MEASURE NEIGHBORHOOD CHANGE

Most neighborhood research is not actually based on neighborhoods as defined by residents, organizations or local planners. Delineating boundaries and gathering data for community-defined neighborhoods can be difficult and time-consuming, as well as often being highly subjective. Most neighborhood studies use *census tracts* as a stand-in or surrogate for neighborhoods.

A census tract is a small enough area to serve as a surrogate for a typical neighborhood, although in larger cities most neighborhoods are made up of multiple census tracts. At the same time, in many small cities, where neighborhoods tend to be smaller than in large cities, census tract lines may cut across the boundaries of neighborhoods as understood by residents, and findings based on census tracts may be misleading.

A census tract is a geographic unit first created in 1960 by the US Bureau of the Census to report and publish census and related data. It typically contains anything from 10 to 50 city blocks, and a population of between 1,000 and 5,000 people. A vast array of demographic, social, economic and housing data is available at the census tract level, which is used by researchers doing neighborhood studies. Census tracts are further subdivided into *block groups*, which are smaller clusters of city blocks, and which are used for some studies, including some market-based neighborhood typologies.

- ***Property-related changes***, such as house values, vacancy rates and mortgage foreclosures, and
- ***Other measures where spatial statistics are gathered***, such as crime.

A very large part of the research, as we will see, measures the effect of different factors – abandoned properties, tax foreclosure, vacant lot greening, and so forth – on the value or sales prices of houses in the vicinity. There is good reason for this. Compared to most other data, sales price data is relatively easy to obtain, measure and compare. While it is far from the only relevant measure of neighborhood change, it is a very important one, as it directly measures housing demand, and reflects how much people are willing to invest in the area, arguably the most fundamental driver of neighborhood change.

These measures tend, however, to leave out the social dimension, such as: how people interact with each other, how they feel about their neighborhood, or how much they participate in neighborhood activities and organizations. Many researchers are trying to look at these kinds of questions, sometimes by surveying people and sometimes by using stand-ins or surrogates, such as the percentage of people voting in local elections. Among people studying neighborhood change today, the sociologist Robert Sampson has probably made the greatest effort to identify the hard-to-measure but critical dimensions of change in his important book *Great American City* (2012).

Still, in most cases, neither researchers nor practitioners have the luxury of gathering their own data, and must use what they can get from the census or from administrative sources like crime and foreclosure data. Identifying data sources that can better track changes in social behavior is a major challenge facing researchers.

## 2. Theories & Models of Neighborhood Change

Over the years leading neighborhood change scholars have turned to developing conceptual models as a way to explain and illustrate their theories and the many characteristics and complexities that come into play. Below I dissect the evolution of these models and how they represent different perspectives and underlying assumptions about neighborhood change, its drivers and the interventions.

### 2.1 Early Theories: Neighborhood Change Is a ‘Natural Process’

#### Neighborhood Life Cycle Theory

Early researchers realized that neighborhoods changed, and struggled to understand why. As a result, many of the first wave of neighborhood change researchers, roughly from the 1920s through the 1960s, tried to construct *theories* or *models* to understand and explain the underlying dynamics of change, or as pioneering sociologist Robert Park (1915) wrote “to know what are the forces which tend to break up the tensions,

interests and sentiments which give neighborhoods their individual character” (p581). In essence, these researchers were trying to create a framework to interpret the reality that they were observing.

The fundamental insight of Park and his colleagues at the Chicago School was that *cities and neighborhoods were a form of ecology*, following similar ecological laws to those that by that time had been established for wildlife and natural environments. From that starting point, they argued that there were certain ‘natural’ processes that drove neighborhood change.

This focus on natural processes, while leading to some fruitful ideas, was in many respects unfortunate. For many people, the idea that these were ‘natural’ processes meant that a particular neighborhood trajectory could be seen as inevitable, driven by natural laws outside human control. Such a perspective was part of the *neighborhood life-cycle theory*, which became the dominant theory of neighborhood change in the 1960s and 1970s. Although the underlying idea of neighborhoods having life cycles comes from the Chicago School, it was presented in its most well-known form by Hoover and Vernon (1959), as shown in the text box.

#### THE NEIGHBORHOOD LIFE CYCLE (Hoover and Vernon 1959)

Stage 1	Single family residential development
Stage 2	Transition to higher density, apartment construction
Stage 3	Downgrading to accommodate higher density through conversion and overcrowding of existing structures, spread of ethnic and minority districts
Stage 4	Thinning-out or “shrinkage” characterized by population loss and decline in housing units
Stage 5	Renewal through public intervention, redevelopment and replacement of obsolete housing with new multifamily apartments



## Modified Neighborhood Life Cycle Theory

The life cycle model was adapted by Mitchell (1975) in a study for the US Department of Housing and Urban Development (HUD), which gave it at least quasi-official status by publishing it as a HUD document. The report summed up the five stages as follows:

1. Healthy
2. Incipient decline
3. Clearly declining
4. Accelerating decline
5. Abandoned

Although Mitchell stressed that “the trend toward decline and demolition can be reversed, and, *in certain circumstances*, neighborhoods can be revitalized (p8) (Author’s emphasis),” his model assumes that the default trajectory of every neighborhood – unless reversed at great effort and expense – is downward. Their model reflects the widespread pessimism about the cities typical of the 1970s, an era when most of America’s older cities and their neighborhoods appeared to be going sharply downhill.

## Invasion-Succession Model

Closely related to the life cycle model is the invasion-succession model, which also comes from ecology. This model sees neighborhood change arising from competition between different groups for the same area or housing stock (Park 1952, Schwirian 1983). As in the wild, the existing population may repel the invasion, the two groups may reach an accommodation, or the invaders may overwhelm the existing population.

These models share a common theme, which is that the path of neighborhood change is highly predictable, even determined by ‘natural’ laws driving the process. Thus, the beliefs, still widely

held, that *neighborhoods invariably move in a particular direction*, or that racial succession is an inevitable part of the neighborhood change process, are largely outgrowths of these models.

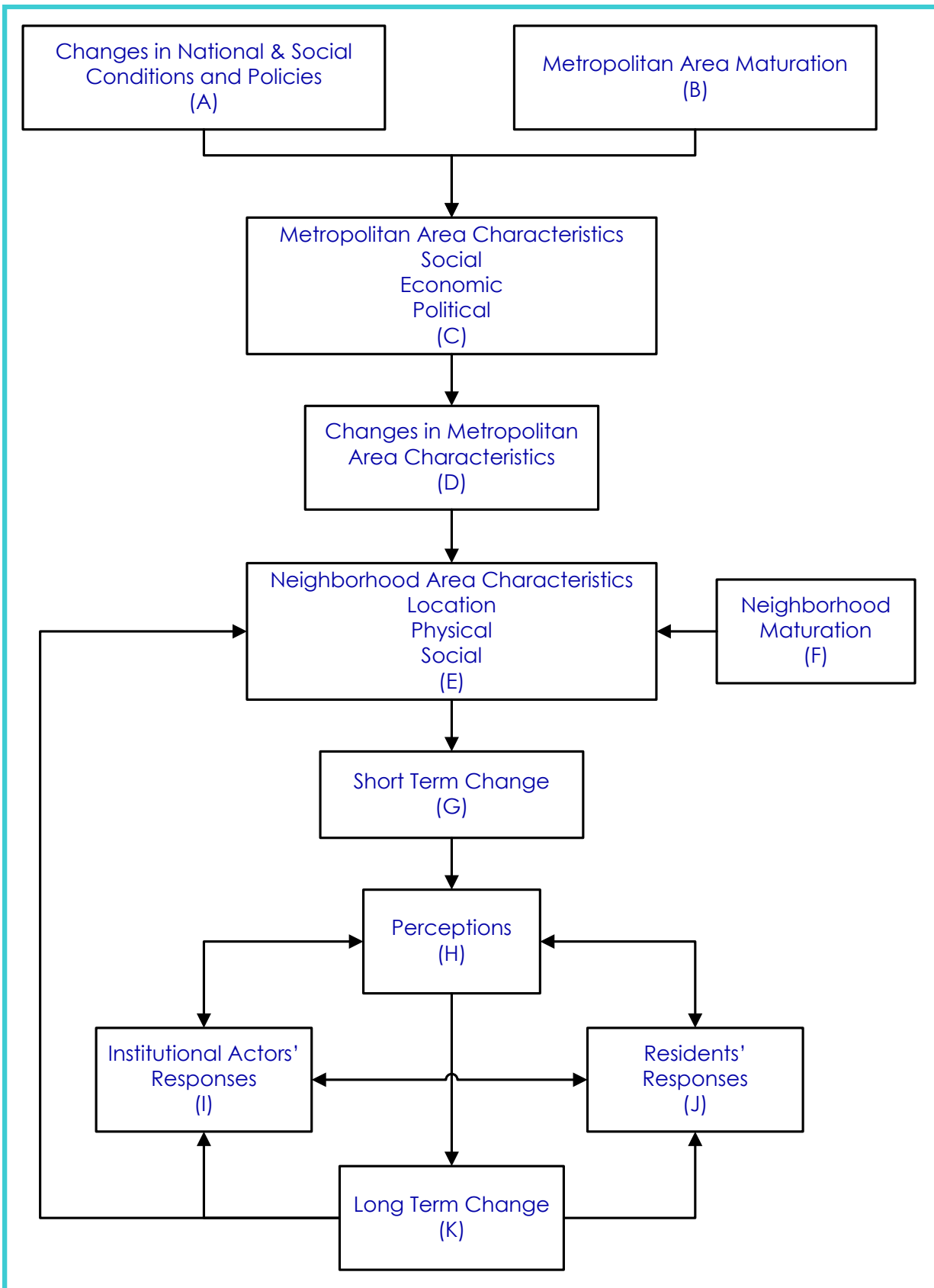
*Contemporary thinking, however, sees neighborhood change in far less deterministic terms, seeing it as more of a process of flux affected by many different factors, and also recognizing that interventions – by local government, community development corporations, or others – can change the course of a neighborhood’s trajectory.*

## 2.2 Neighborhood Change is Influenced by Drivers (Temkin & Rohe’s Synthetic Model)

A very different model examines the multiple drivers of change and offers a far more productive way of looking at neighborhoods. Temkin and Rohe’s (1996) Synthetic Model does not suggest that neighborhoods necessarily follow a particular *direction* of change, but instead try to show how a variety of different factors can potentially trigger change to neighborhood housing markets, and suggest some of the pathways by which they affect neighborhoods, as shown in Figure 1. This model emphasizes that many of the *forces driving neighborhood change are external ones*, acting on the neighborhood rather than within it. The closing section of this brief discusses this model in the context of housing and suggests ways that can make it more useful for practitioners (see page 19).

These models, as well as almost all of the research into neighborhood change, are grounded in two closely related underlying ‘drivers’ of neighborhood change, one internal and one external. The *internal driver* is the extent to which residents, property owners and others in the neighborhood are willing to invest in maintaining their properties and the neighborhood (Taub, Taylor and Dunham 1984), while the *external*





**Figure 1: The Temkin and Rohe Synthetic Model of Neighborhood Change**

Adapted from: Temkin and Rohe, 1996

*driver* is the strength of demand for properties in the neighborhood, which is largely a function of who wants to live in the neighborhood.

Neighborhoods change as demand changes. That change can reflect either an increase or decrease in the magnitude of demand, and/or changes in who – defined by age, income, household type, ethnicity, etc. – wants to live in a particular area. While researchers have identified a large number of different factors that appear to influence neighborhood change, the *mechanism underlying almost all of those factors is the way they affect people's desire to invest in their neighborhood*, and the strength of its housing market demand.

## 2.3 Documenting Change Through Neighborhood Typologies and Indicators

The life cycle model and similar models that claim to map a predictable path for neighborhoods are not seen as particularly useful for practitioners today. One useful insight from those models, though, which has become widely used, is that not only are neighborhoods different, but that *neighborhoods can be classified in fairly clearly defined categories in terms of their economic or housing market condition*. The process of identifying those categories and adopting metrics that can be used to place neighborhoods in their appropriate category is known as creating *neighborhood typologies*.



Perhaps the most sophisticated way of classifying and analyzing neighborhoods was developed by RW Ventures for Living Cities under the rubric of the Dynamic Neighborhood Taxonomy. The report and background materials are available at: [http://www.rw-ventures.com/publications/n\\_analysis.php](http://www.rw-ventures.com/publications/n_analysis.php)

The metrics that are used to create typologies are known as *neighborhood indicators*. Indicators, broadly defined, are statistical measures that provide insight into a neighborhood's conditions and trends. They can address many different dimensions of a neighborhood and can help policymakers and practitioners understand those dimensions. Those dimensions usually begin with the neighborhood's housing market, but can also include measures of education and health conditions, income and food security, business activity, and more. In recent years, as tools for organizing and presenting data have become more sophisticated, the use of indicators has become increasingly widespread.

Using indicators to study and track neighborhood conditions in the United States has been led by the Urban Institute's National Neighborhood Indicators Partnership (NNIP). The NNIP supports organizations in 36 cities around the United States that gather, publish and analyze neighborhood indicators, usually working closely with public sector and CDC practitioners to help them both better understand and apply data about their neighborhoods (see <http://www.neighborhoodindicators.org/>) For a detailed discussion of developing and using neighborhood indicators see Kingsley, Coulton and Pettit (2014).

One of the most common uses of indicators is to create *market-based* neighborhood typologies, which can be used to assess how well neighborhood housing markets are functioning and how much demand there is for homes in the area, and to compare the performance of neighborhoods with one another. Since housing market demand is a fundamental feature driving neighborhood change, such typologies can be valuable tools to enable practitioners to understand how the different neighborhoods in their city or region are changing.





### 3. What Factors & Interventions Affect Neighborhood Change?

One of the most basic questions researchers have asked about neighborhoods is what factors are associated with change, whether positive or negative, and to what extent, and with stability. Since the number of different factors that can potentially influence neighborhood change is vast, it is not surprising that over recent years many studies have appeared, looking at a great variety of specific factors. The following section summarizes some of the essential and most recent neighborhood research for practitioners. Additional information is provided in the [companion brief](#).

Researchers have looked at both *factors*, which are changes unrelated to deliberate strategies, such as changes in poverty or crime rates; and *interventions*, which are products of intentional

public decisions or investments, such as housing rehabilitation or demolition.

A central problem when trying to link research to the reality of practitioners’ work in neighborhoods is that *neighborhood change is multidimensional but most research is one-dimensional*. The reality of neighborhood change is that many different factors are working at the same time to affect a neighborhood, and that these factors interact with each other in ways that are complicated and hard to predict. By contrast, most research is about how a *single* factor, such as vacant properties, affects a *single* measure of neighborhood change, such as property values, often in a particular city and/or selected neighborhood within that city. While there are exceptions, they tend to be relatively few. Indeed, much of the research is not so much about neighborhood change *as such*, as about the way certain factors affect *conditions that are relevant to neighborhood change*. This is a critical insight that is discussed in the Section 4 of this brief.

<div>     </div>	SOCIAL AND ECONOMIC FACTORS	Mobility and stability Crime and disorder Poverty Social capital, collective efficacy and confidence
	PROPERTY-RELATED FACTORS	Homeownership Vacant properties Foreclosure Tax delinquency
	EXTERNAL FACTORS	Exogenous factors generally Quality of life Location Employment opportunity
	INTERVENTIONS	Housing rehabilitation Other vacant property strategies Subsidized housing Targeted multifaceted public investment



### 3.1 Social & Economic Factors

Changes in the social and economic condition of the people who live in a neighborhood or changes in their behavior are among the most powerful forces driving neighborhood change. This can result from changes in the conditions of the population already living in the neighborhood, or from changes in the population, as some people move out and others move in, or some combination of the two. It is important to distinguish between the two, because changes resulting from one may have very different implications for practitioners than changes resulting from the other; for example, if a neighborhood is becoming poorer, is it because the same residents are becoming poorer, because of loss of jobs or some other factor; or is it because of an exodus of middle-class families and immigration of poor families?

#### Mobility & Stability

Mobility or the rate of turnover can affect neighborhood vitality. 'Residential churning' can have a negative effect on neighborhoods, as well as on the families involved (Coulton, Theodos and Turner (2009). High levels of residential instability are associated with weakening of neighborhood social controls, potentially increasing crime (Sampson Raudenbush and Earls 1997). Conversely, residential stability has been found to have strong associations with many family outcomes that may lead to positive neighborhood effects (Green and White 1997, Harkness and Newman 2003, Cox 1982, DiPasquale and Glaeser 1998).

#### Crime & Disorder

Crime powerfully affects neighborhoods. Increases in crime foster increased mobility, poverty concentration, vacancy and other measures of neighborhood instability (Kirk and Laub 2010, Hipp 2013). The level of crime in a neighborhood is strongly affected by the neighborhood's level of *collective efficacy*, as discussed below. Violent crime appears to have a stronger and more lasting effect on increasing concentrated disadvantage in neighborhoods than property crime (Hipp 2013). Disorder, both visible social disorder (public drinking, prostitution, vandalism) and physical disorder (graffiti, trash in streets, abandoned buildings, broken streetlights) may have negative neighborhood effects equivalent to those associated with explicitly criminal activity (Skogan 1990, LaGrange, Ferraro and Supancic 1992, Seo and von Rabenau (2011). Addressing disorder may be as important as addressing major crime.

#### Poverty

The relationship between increased poverty and neighborhood decline is strong. Pandey and Coulton (1994) found a three-way relationship between poverty, births to single mothers, and house values, while Hipp (2013) found a similar strong relationship between concentrated disadvantage and both violent and property crime. The effects of concentrated poverty on both neighborhoods and the people who live in them have been well-established (Wilson 1987 and others), while Galster, Quercia and Cortes (2000) and Galster, Cutsinger and Malenga (2008) have shown that there are *threshold effects* associated with increased poverty; the social costs of increased poverty rise sharply as poverty increases from 10% to 20% in a neighborhood, as does crime as poverty rates increase above 20% (Quercia and Galster 2000).



## Social Capital, Collective Efficacy & Confidence

Social capital is widely seen as a combination of civic engagement and trust, or the extent to which people feel mutual obligations to one another (Putnam 1993). Defining social capital as an amalgam of sociocultural milieu and institutional infrastructure, Temkin and Rohe (1998) found that “neighborhoods with relatively large amounts of social capital are less likely to decline when other factors remain constant (p82).” The authors define a neighborhood’s sociocultural milieu as “a construct that attempts to capture both observable behaviors of neighborhood residents and their unobservable affective sentiments toward the area.” (p69)

A related concept that links social dynamics more directly to neighborhood change is the concept of *collective efficacy* developed by Robert Sampson and his colleagues, which he defines as “social cohesion combined with shared expectations for social control” (2012, p27). Sampson, Raudenbush and Earls (1997) found that *collective efficacy* was “a robust predictor of lower rates of violence (p923)” after controlling for neighborhood characteristics, while other research found that collective efficacy was a strong predictor of homicide rates (Morenoff, Sampson and Raudenbush 2011). Confidence in one’s neighborhood may be related to social capital and collective efficacy. Varady (1986) found that neighborhood confidence, measured as both the assessment of the current condition of the neighborhood and expectation of the direction of change in the next few years, strongly affected residents’ decision to stay in or leave their neighborhood.



## 3.2 Property-Related Factors

Property-related factors are those that track the ownership, condition or financial status of individual properties within a neighborhood. The division between these and social factors is not hard and fast; homeownership rates are clearly driven by a variety of social, economic and behavioral factors. At the same time, property-related factors can be important in themselves, because to the extent that they affect neighborhood stability, they may be amenable to strategies that are also property-specific, and thus differ from strategies to change the neighborhood’s underlying social and economic features.

### Homeownership

While there is little research directly on homeownership and neighborhood change, there is a vast literature on its effects which bear directly on neighborhood change, and it is well worth the time of any serious practitioner to read the more detailed discussion in the [companion brief](#).

#### ***Homeownership affects residential stability.***

Homeownership is statistically associated with greater length of tenure, while Rohe and Stewart (1996) found that homeownership increases residential stability, independent of other socioeconomic factors.

#### ***Homeownership affects property values.***

Construction of new affordable (subsidized) housing for owner-occupancy increases the value of nearby homes (Ellen et al 2002, Ding and Knapp 2003), while Coulson, Hwang and Imai (2002, 2003) found that increased homeownership had significant effects on neighborhood house prices. Ding and Knapp (2003) found that the loss of homeowners from Cleveland neighborhoods had a negative effect on property values in those areas.

### ***Homeownership affects property maintenance & condition.***

Property condition and maintenance are important elements in neighborhood change. Taub et al (1984) see the level of investment in the neighborhood as the fundamental driver of change. While the research on homeownership and property maintenance and condition finds that a strong relationship exists, it also finds that it is strongly affected by other factors. Both Galster (1987) and Ioannides (2002) found that the level of property upkeep by homeowners was influenced by the level of social interaction and social cohesion in the neighborhood.

### ***Homeownership affects social capital & collective efficacy.***

Homeownership is positively linked to social capital (DiPasquale and Glaeser 1998, Cheo, Fesselmeyer and Seah 2013). Cheo et al found that homeowners were much more likely to participate in activities that increase neighborhood social capital, such as volunteering, while another study found a strong relationship between homeownership, collective efficacy and neighborhood crime and disorder (Lindblad, Manturuk and Quercia 2013).

### ***Homeownership affects social/behavioral conditions.***

Homeownership is closely linked to different social or behavioral conditions, such as greater educational attainment, lower drop-out rates, and lower teen pregnancies (Green and White 1997). Boehm and Schlottmann (1999) found that the children of homeowners are more likely to achieve higher levels of education and subsequent earnings. These factors can affect neighborhood

change in important ways. Research has also found positive relationships between physical and psychological health and homeownership (Rohe and Basolo 1997, Diaz-Serrano 2009).

## **Vacant Properties**

Visibly vacant and abandoned properties are a widely recognized trigger for neighborhood decline. Two well-established research areas their effect on neighborhood property values and their effect on crime. Many studies have found that vacant properties affect the value of the other properties around them (Temple University Center for Public Policy 2001; Econsult et al 2010, Seo and von Rabenau 2011). The Temple University study found that the effect of one vacant property on the block was not that different from the effect of 2 or more vacant properties, which suggests that strategies that remove some but not all of the vacant properties from a block are much less likely to have a positive impact than strategies that remove all of the vacant properties.

Neglected vacant lots have a negative effect on nearby home prices, which can be reversed through lot greening treatments (Wachter, Gillen and Brown 2007). Vacant properties are also strongly associated with crime and violence. Spelman (1993) found that crime rates on blocks with abandoned properties were twice as high as on those without, while a Philadelphia study found a strong relationship between the number of vacant properties and reported aggravated assaults on the same block, with the risk of violence increasing as the number of vacant properties goes up (Branas 2012).

## Foreclosure

Frame (2010) reviewed the findings of eight separate studies documenting the effect of foreclosures on nearby house prices published between 2006 and 2009. All found negative impacts, but the size of the impact varied from area to area. Recent research suggests that foreclosure may be considered a leading indicator of neighborhood decline (Williams, Galster and Verma 2013). The relationship between foreclosures and crime is less clear. Some studies have found a relationship between the two, but others have found no connection.



VPRN's 2015 national literature review on blight provides a snapshot of how researchers, experts and practitioners describe, study, and comprehend the complex interplay of forces and conditions which create blighted properties Visit: <http://www.kab.org/assets/pdfs/>

## Tax Delinquency

Although tax delinquency and tax foreclosure are perhaps even more widespread than mortgage foreclosure, the impacts of tax delinquency and foreclosure on neighborhoods have led to far less research than mortgage foreclosure. All of the studies have found that increases in tax delinquencies lead to declines in area property values (Simons, Quercia and Maric 1998, Whitaker and Fitzpatrick 2012, and Gillen 2014). This is an area where more research is clearly needed.



## 3.3 External Factors

Neighborhoods are part of a larger citywide and regional environment. How a neighborhood is situated socially, economically and spatially within that environment, the dynamics of that environment, and the changes that are taking place within it, all affect change taking place at the neighborhood level. In addition to the effect of economic forces, neighborhoods can also be affected by political forces, as well as by the manner in which the neighborhood is perceived by people in the city and region.

Weissbourd, Bodini and He (2009) found that regional factors, particularly economic trends, on average accounted for 35% of the neighborhood change they observed in four cities, and suggest that the greater the change in the regional economy, the greater its impact on neighborhood change. Kolko (2009) found that neighborhood incomes were strongly influenced by changes in the location and composition of jobs in the city as a whole. Neighborhoods function within larger regional housing markets (Grigsby 1963, 1983). Where the neighborhood is located is critically important. Guerrieri, Hartley and Hurst (2010) and Galster and Tatian (2009) both found that the proximity of a low-value or disadvantaged neighborhood to an advantaged or high-value one was the strongest predictor of future house price appreciation. Neighborhood property values are also affected by other factors, such as proximity to fixed rail transit, high-quality parks and schools; and for whatever reason, water bodies.



### 3.4 Interventions

The research on the factors that affect neighborhoods provides useful but general direction for practitioners. The research suggests for example, that increasing homeownership, or removing vacant properties, can benefit a neighborhood. One can go further to say that it suggests that *sustainable* homeownership will benefit a neighborhood more, and that removing all of the abandoned buildings from an area will benefit a neighborhood more than removing a few.

Still, this research does not say anything explicit about the effect of particular *interventions*; that is, what happens to a neighborhood when dollars and energy are invested in activities such as demolition of vacant houses or construction of a Low Income Housing Tax Credit (LIHTC) rental housing project, in the neighborhood. Less research has been done on the effect of interventions. While much of what has been done offers useful insights for practitioners as they plan neighborhood strategies, many of the study findings should be considered tentative, pending more research to either support or modify the initial findings.



To access the Neighborhood Stabilization Program report and obtain a description of the project methodology, see <https://www.hudexchange.info/resources/documents/NICReportsNationwideSummary.pdf>

### Housing Rehabilitation

Research findings on the effect of housing rehabilitation projects on neighborhoods are mixed. Some studies have found positive effects (Goetz et al 1997, Edmiston 2012), some negative (Graves and Shuey 2013), and some no effect one way or the other (Margulis and Sheets 1985). A study done by The Reinvestment Fund commissioned by HUD on the impact of targeted investment of Neighborhood Stabilization Program (NSP) funds, found on average no effect. These inconsistent findings summarized above make clear that there is no set form of ‘housing rehabilitation’ or neighborhood definition; not only do rehab approaches and target markets vary widely, but so do the features of the neighborhoods where it is taking place.

### Other Vacant Property Strategies

Other actions to deal with vacant buildings or lots can also have positive impacts. A recent Cleveland study found that demolition of distressed vacant properties in itself had a positive effect on neighboring property values (Griswold et al 2014). The study found, however, that the cost-benefit ratio of demolition costs to increased value was positive only in areas with relatively low distress, which the authors called “high and moderately functioning” markets. In high distress areas, with larger ratios of vacant properties to occupied and sound properties, costs exceeded benefits.

Wachter, Gillen and Brown (2007) found that while being next to an untreated, neglected vacant lot in Philadelphia reduced the value of adjacent properties by 20%, stabilizing and greening lots not only reversed the negative effects but led to



increased property values. A more recent study found that the benefits of vacant lot treatment were not significant in strong market areas or highly distressed areas, but only in moderately distressed areas (Heckert and Mennis 2012). Voicu and Been (2008) found that community gardens had a positive effect on property values in lower income neighborhoods but not in more affluent neighborhoods. All in all, the research makes a strong case for using funds to stabilize and green vacant lots, and where feasible, to facilitate creation of community gardens, as a tool of neighborhood change.

### Subsidized Housing Programs

There is no one answer to whether building subsidized housing projects, or alternatively, removing those already there, improves surrounding neighborhoods. The answer is ‘maybe’, depending on the type and size of the project and the features of the neighborhood.

Since the 1960s, researchers have been studying the effect of different types of subsidized housing on nearby property values with mixed and sometimes inconsistent findings. Lee (2008) summarizes the findings of twenty different studies. With specific respect to LIHTC projects, Green, Malpezzi and Seah (2002) found in Milwaukee that projects in suburban non-poverty areas generally had neutral or positive effects, but that projects in higher-poverty areas tended to have modest negative effects. A study of a number of different Miami neighborhoods (Deng 2008) found that LIHTC development had their most positive impacts in high-poverty areas; however, her case studies suggest that the positive changes

may have been more the result of other simultaneous neighborhood-level investment than the projects themselves. By contrast, Deng found that locating LIHTC housing in potentially struggling or transitioning middle-income areas was likely to have negative rather than positive effects. Lee (2008) found that scale mattered, with projects of more than 50 units likely to have more negative effects.

### Targeted Multi-Faceted Public Investment

Two studies suggest that targeting multi-faceted resources to neighborhoods can significantly affect their trajectory. A large-scale study of 17 cities by Galster et al (2004) found that concentrating high levels of Community Development Block Grant funds in designated areas had significant impacts on mortgage activity, mortgage approval rate, and the number of businesses in the area. A second study, by Galster, Tatian and Accordino (2006), evaluated the Richmond, Virginia Neighborhoods in Bloom program, an initiative under which the city directed “the bulk of its CDBG and HOME funds, as well as significant amounts of capital improvement funds and other resources (focused code enforcement and accelerated vacant property disposition) on just seven carefully chosen neighborhoods.” They found significant increases in home prices in the targeted areas relative to other parts of the city. Both studies found what they call ‘investment thresholds’ – investing in improvements in a neighborhood has little impact until a critical level of concentration is reached, at which point the investments then begin to affect the neighborhood’s trajectory.

## 4. Insights & Lessons from Neighborhood Change Research for Practitioners

The sheer number of studies, the number of issues addressed, and the frequent differences in the conclusions of researchers studying these issues pose an enormous burden on practitioners trying to use the research to guide their actions. Even though the studies cited in the preceding sections are far from a complete collection of all the research that has been done, trying to put them into context and make sense of them remains a daunting task. In this concluding section I attempt to distill some of the lessons from the research, suggest how practitioners can absorb some of the concepts and findings, and translate how they apply these concepts to their program, policy, and project work.

### *Neighborhoods are complicated things*

Perhaps one of the most important starting points for thinking about neighborhood change is acknowledging its complexities. Studies that look at how a single factor or intervention affects some aspect of a neighborhood's trajectory must always be seen in the larger context of all of the other things that are happening in the neighborhood, and not taken as absolutes. While some studies have tried to show how a given intervention impacts different types of neighborhood, no study can control for all the variations that exist between neighborhoods, as well as between the different external factors simultaneously affecting them.

Along with needing to take context into consideration, it is always important to remember that, as generations of researchers have reminded

their students, 'correlation is not causation'. In other words, the fact that a particular factor is associated, for example, with neighborhood decline does not mean that that factor causes neighborhood decline. Factors interact with each other as well as with the underlying conditions in the neighborhood to create different outcomes under different circumstances.

For that reason, it is critically important to understand, to the extent we can, the pathways that connect different factors to change. As I will discuss further below, it may not be the vacant house – as a physical object – that is causing houses in the next block to lose value, but how people *perceive* the vacant house, or how it affects their perception of the area, or how that perception affects their behavior. Either way, one should do something about the vacant house, but understanding the pathways leading from that house to people's perceptions and behavior can have a significant bearing on the design and implementation of particular policies and programs.

### *Neighborhoods are sticky, but not always*

The process of neighborhood change is uneven and inconsistent. A neighborhood can remain largely the same for decades, and then seemingly transform itself in a few short years, while another may seem to be undergoing reinvention every decade or so. Others may change little, if at all. Change may come in different forms; one neighborhood may be 'gentrified', as its historic houses are discovered and restored by affluent young families, while another may decline, as its middle class families move out and are replaced by poor families or worse, by no one at all, leaving vacancy and abandonment behind.

In thinking about any particular neighborhood, it is critical to avoid the idea that it is somehow preordained to undergo change in a particular direction. This is a common fallacy of community activists and practitioners in some cities who seem to believe that gentrification is somehow an inevitable step that every neighborhood will take. While something close to that may be true in a handful of rapidly growing cities like San Francisco, Boston, and, perhaps, Washington DC, it is certainly not the case in the great majority of American cities. What we see, instead, are two basic phenomena:

- Neighborhoods are ‘sticky’. As Sampson has pointed out, “Neighborhoods tend to retain their relative status in the city. Poor neighborhoods at one point tend to be poor at another point. High status neighborhoods tend to remain high status.” (quoted in Hernandez-Sherwood, 2013)
- Change in urban neighborhoods, when it does happen, is as or more likely to be downward than upward.

While poor and rich neighborhoods tend to be stickiest, middle neighborhoods – neighborhoods where historically the median income has been roughly comparable to that of the city as a whole – tend to be most likely to change. However, for a host of reasons ranging from changing demographic patterns, shifts in local economies away from manufacturing and toward ‘eds and meds’, aging of the housing stock, and continued suburban out-migration, the middle neighborhoods of most cities are more likely to be changing downward, showing declining incomes, house prices and homeownership, than upward.

### *Neighborhood change is a social phenomenon, driven by perceptions & behavior*

Ultimately, neighborhoods are about people, and about the ways in which people living in a place interact with each other and with the geographic area they share and call their neighborhood. Thus, neighborhoods have to be understood as social entities, not only as physical places. More than anything else, the underlying message of the research is that those interactions – how people behave and how they perceive their surroundings – are the central factors in driving neighborhood change. *The factors that are associated with neighborhood change – crime, vacant properties, housing rehabilitation, homeownership and the like – affect neighborhoods because they affect the way people behave in and perceive the neighborhood.* Fostering neighborhood change is not about making physical changes to the neighborhood – it is about changing behavior and perception, whether through physical changes or other means.

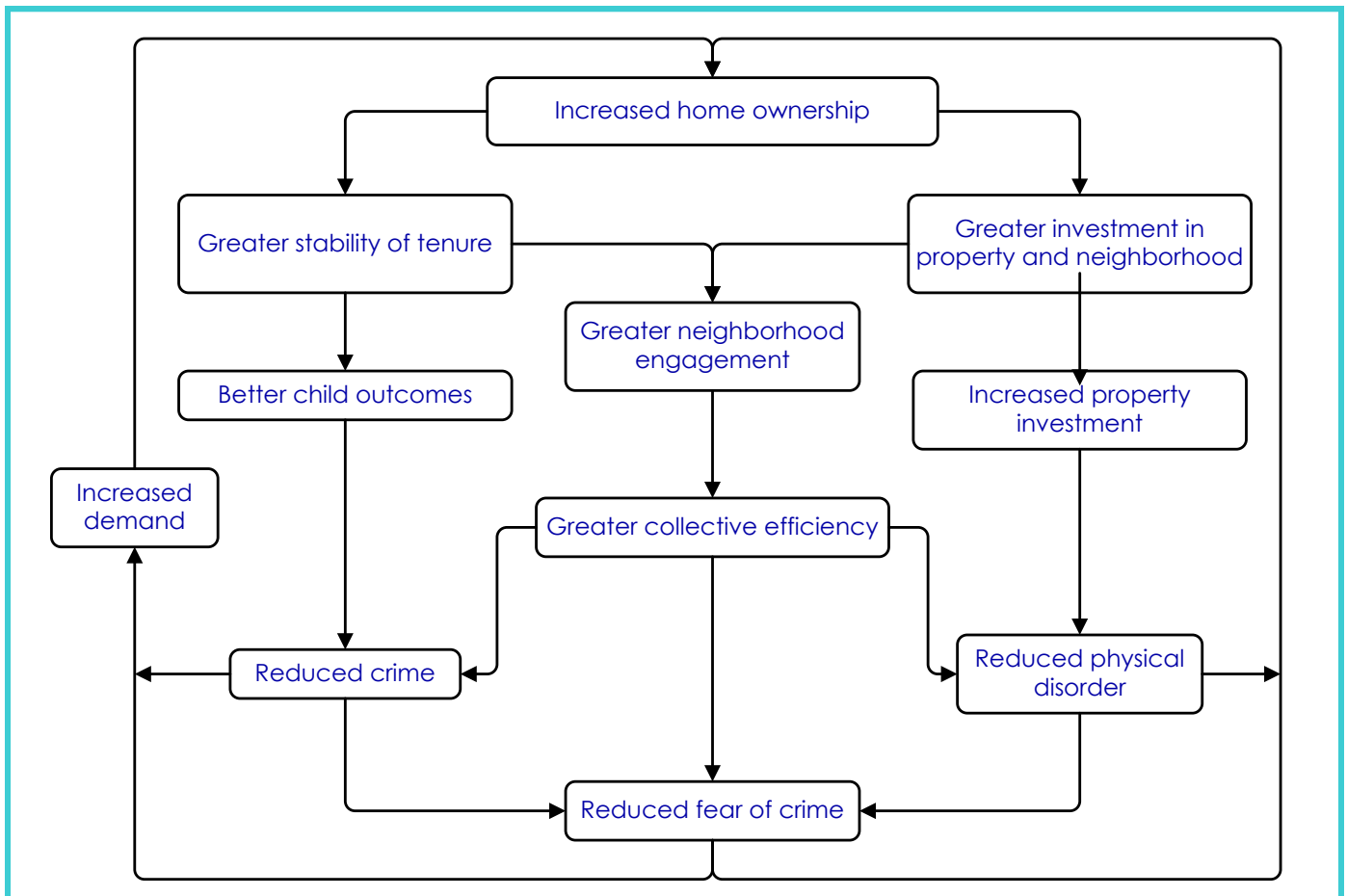
In his 2012 book *Great American City*, leading neighborhood change scholar Robert Sampson sets forth the dimensions of *collective efficacy* as one of the more powerful concepts for thinking about neighborhood social dynamics and its influence on how to facilitate positive neighborhood changes. Sampson distinguishes collective efficacy – social cohesion and shared expectations for control – from the ‘urban village’ concept of strong, close social ties between neighbors. Not only is promoting such ties outside the purview of community development practice, but as Sampson writes, dense ties “potentially have both positive and negative ramifications [...] it is important to ask what is being connected – networks are not inherently egalitarian or prosocial in nature” (p151).

Let us examine collective efficacy in the context of homeownership. Figure 2 illustrates how some of the possible pathways that link increased homeownership to greater collective efficacy, and through collective efficacy to reduced crime, and thus to a ‘virtuous cycle’ of neighborhood change, may operate. While speculative, the pathways shown in the figure are supported by the research described in the preceding pages. It does not mean that increased homeownership is necessarily the *only* way that the intervening goals of stability and investment, that appear to trigger the critical neighborhood changes, can be achieved; at this point, however, the evidence is strong that homeownership is a powerful tool to those ends.

That does not mean, however, that *any* strategy to induce increased homeownership in a

neighborhood will achieve these goals; the effect of any strategy depends on the context as well as the strategy. If the effect of increased homeownership is to exacerbate social, economic or racial/ethnic disparities and conflicts in a neighborhood, it may potentially be counter-productive, or trigger undesired side effects. Similarly, “force-feeding” homeownership without concern for the stability and sustainability of the homeownership being created, as took place in many urban neighborhoods around the beginning of the century, is likely – as many neighborhoods saw when the housing bubble burst in 2006/2007 – to be ultimately counterproductive.

Figure 2 also suggests why the effect of foreclosures, whether or not followed by vacancy, may be as significant as the research suggests. In



**Figure 2: Possible Pathways for the Effect of Homeownership on Neighborhood**



effect, foreclosure, which represents the involuntary loss of homeownership and its associated stability and investment under highly stressful conditions, unwinds and reverses the virtuous cycle created by the increase in homeownership. Thus, it becomes critical to ensure that any strategy designed to increase homeownership in a neighborhood focuses on maximizing the stability and sustainability of the homeownership opportunities being created.

### **Housing interventions and neighborhood change are two separate matters**

Given the preceding discussion, it should come as no surprise that the impact of constructing or rehabilitating housing on the surrounding neighborhood is highly uncertain and likely to vary widely from case to case. Contrary to the apparent beliefs of some practitioners, intermediaries and funders, *there is no predictable association between the type or number of units created or financed and any particular change in neighborhood conditions or trajectories*. This is true with respect to housing rehabilitation financed under the Neighborhood Stabilization Program, or the construction of Low Income Tax Credit developments. Housing advocates frequently cite the substantial body of research showing that construction of subsidized housing has no adverse effects on neighborhood conditions in what are typically stable middle or upper income areas. This is important, but irrelevant to the effect of similar developments in areas where the underlying social and economic dynamics are significantly different.

This does not mean that cities, CDCs and non-profit developers should not build or rehabilitate housing. There are many cases, particularly in high-cost areas like the New York or San Francisco metropolitan areas, where the need to provide additional affordable housing is compelling, independent of neighborhood effects. Where one is contemplating building or rehabilitating housing in a neighborhood in a city with a weak housing market, or a neighborhood that may be under significant economic or demographic stress, it may be a different matter. In those settings, it becomes important not to view housing development as an end in itself, but to try to anticipate how it will affect not only the buildings or sites in question, but the social and economic trajectory of the neighborhood as a whole.

While the research does not tell one precisely how to do so, it offers some useful directions. First and foremost, it suggests that practitioners should ask two key questions about housing interventions:

### ***A. What is it about the particular intervention that is likely to lead to positive neighborhood change?***

Ellen (2007) suggests five different *possible* ways new subsidized housing could trigger neighborhood effects:

- **Removal effect:** The effects of removing undesirable uses or sources of blight, such as vacant buildings or lots;
- **Physical structure effect:** The visual or physical effects of the new housing on the surroundings;

- **Market effect:** The effect of the new housing on the existing neighborhood housing market;
- **Population growth effect:** The effect of increased population, which may increase street-level activity and commercial activity in the neighborhood;
- **Population mix effect:** The manner in which the population in the new housing affects the social or economic mix of the neighborhood.

With the arguable exception of the first one, any of the other effects could be either positive or negative depending on the features of the project and the neighborhood.

### ***B. What are the pathways by which the positive neighborhood change will be created?***

It is not enough for a city or CDC to *believe* that a particular housing intervention will have a positive effect on a particular neighborhood. They should go a step further, and ask *why*. This calls for developing what is known as a *theory of change*; in other words, asking “what is my theory about how change comes about in this neighborhood, and how will building this project contribute to that change?” The theory does not have to be irrefutable – few theories are – but it should be

consistent with the thrust of the research findings summarized in the preceding pages.

In that light, it is worth thinking about the critical mass issue raised by the research on targeting investments summarized earlier. Those findings, coupled with the research findings on housing rehabilitation projects, strongly suggest that many housing investments in urban neighborhoods are simply too small to have *any* impact on the neighborhood’s trajectory. Conversely, too much investment in subsidized housing; that is, too many such units as a share of the neighborhood’s total housing stock may have a problematic effect, while a more modest amount might have a positive one.

### **Fostering demand and investment**

Ultimately, we come full circle. In the final analysis, creating a positive neighborhood trajectory demands on fostering investment in the neighborhood – not just financial, but psychological and social as well – and increasing demand for what the neighborhood offers, both from the people who live there and from people trying to decide whether to live. One way or another, all of the neighborhood change pathways lead to one or the other of those two outcomes.

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Downtown revitalization is critical to rejuvenating adjacent neighborhoods in Geneva, NY

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