

Great Neighborhoods Great City

Revitalizing Baltimore Through The
Healthy Neighborhoods Approach

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For The Goldseker Foundation

11/01

The Healthy Neighborhoods strategy to revitalize Baltimore's communities focuses on reinvigorating stagnant real estate markets and building stronger connections among residents.

This is the first in a series of occasional papers the Goldseker Foundation anticipates publishing on a variety of topics of special interest to the broader community—in this instance, about revitalizing urban neighborhoods.

Over the past two years, Baltimore has adopted an approach called Healthy Neighborhoods to revitalize a number of its communities. It focuses on reinvigorating stagnant real estate markets and building stronger connections among residents. We believe this approach holds great promise for neighborhoods threatened by disinvestment but not yet fatally distressed. To broaden understanding of Healthy Neighborhoods, we asked neighborhood strategist David Boehlke to spell out its fundamental aspects and describe how it can best be utilized in Baltimore.

Strictly speaking, the Healthy Neighborhoods model is not new to Baltimore. In the late 1970s, Boehlke and colleagues on the staff of

Neighborhood Housing Services used a similar strategy in Southeast Baltimore, an area unsettled by economic and social upheaval. It sparked the revitalization of Butchers Hill, now a stable, mixed-income community. They later applied the same concepts in the national arena. In the 1990s, Boehlke directed Neighborhoods Inc. of Battle Creek, Michigan, using Healthy Neighborhoods techniques to revitalize a very distressed section of that city. He now serves as a national revitalization consultant, most recently in Baltimore under contract with the Goldseker Foundation.

This paper is not a how-to guide. Instead, it provides a concise description of Healthy Neighborhoods, its successful application, and its potential for Baltimore. The two fundamental challenges, Boehlke argues, are to break cycles of disinvestment by revitalizing the local real estate market and by motivating residents to become directly involved in strengthening and promoting the positive aspects of their neighborhoods.

Boehlke contrasts this with more conventional deficit- and subsidy-oriented community development initiatives, providing evidence from his Battle Creek experience that Healthy Neighborhoods can effectively turn struggling neighborhoods around. Finally, he speaks of how similar areas in Baltimore can become once again truly healthy neighborhoods.

I hope this document provokes serious discussion and consideration of the Healthy Neighborhoods approach. More important in the long term will be sustained action by individuals, nonprofit organizations, private funders, and City government to refine and expand it across Baltimore's communities.



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INTRODUCTION

Baltimore must employ a new framework for neighborhood revitalization to effectively respond to ongoing population loss, a soft housing market, a glut of vacant land and boarded houses, and a weakened civic culture.

Baltimore City has long been an innovator in neighborhood development. In the 1970s, the City's urban home-steading received national recognition as a result of local government's imaginative policies, hard work by City and nonprofit staffs, and a unique low-interest loan program. During the 1980s, high-profile harbor neighborhoods, such as Federal Hill and Canton, began to revitalize because the City facilitated large-scale private development of new houses and renovation of historic rowhouses. Most recently, in the 1990s, Baltimore again won national acclaim by aggressively renewing decayed high-rise public-housing complexes through concentrated use of public subsidies.

Over the past three decades, Baltimore has developed imaginative strategies for transforming depressed waterfront communities into hot-market neighborhoods and for reshaping highly distressed public-housing developments. However, the City still lacks

a strategy for neighborhoods "in the middle"—those communities that do not grab headlines for high rates of crime and vacancy but that also do not get much community attention and attract only limited investment.

Overall, these neighborhoods in the middle are attractive and in good repair. They usually consist of long blocks of modest but well-maintained rowhouses or clusters of single-family frame houses on tree-shaded lots. Unfortunately, these neighborhoods are too often remembered for problem properties on the busiest streets or for odd houses that are oversized or poorly built. These troubled properties are slow to sell, are readily converted to marginal rental units, and are the first to be abandoned. Moreover, even though current sales prices might be stable, too many houses are valued at such low levels that it doesn't make economic sense to substantially upgrade the properties. The resulting disinvestment erodes confidence, discourages neighborhood leaders,

and undermines even simple acts of neighborliness and cooperation among residents.

There may be dozens of reasons for this disinvestment—poor schools, high crime, limited city services, high taxes—but there are just as many compelling reasons for people to stay and invest. Most houses in the neighborhoods in the middle were built to last. Prices are truly affordable, and rooms are spacious, with high ceilings and distinctive features. For many people, these neighborhoods offer racial and economic diversity, historic architecture, and proximity to arts and entertainment in a revitalizing urban core.

Neighborhoods in the middle are vital to Baltimore's future. Given the City's loss of population and physical decay over the past thirty years, it is absolutely clear that the City needs the

social and financial investment that residents of such neighborhoods can offer. If Baltimore is to continue as a unique, viable, diverse urban center, it must preserve, promote, and celebrate these neighborhoods. In partnership with the Baltimore Community Foundation, Mayor Martin O'Malley recognized this when he launched the Mayor's Healthy Neighborhoods Initiative in 2000. The Initiative is a first step toward demonstrating how Baltimore's neighborhoods in the middle can become vibrant again.

At the core of the Mayor's Initiative is Healthy Neighborhoods, which is an approach that moves beyond seeing a community as a collection of problems and deficiencies and concentrates

instead on what is positive in a neighborhood and why people should choose to live there. This approach contends that communities decline when people stop investing in their neighborhoods—not only money and resources, but also time and energy. Healthy Neighborhoods responds to this fundamental problem of disinvestment by using tested, feasible strategies that stress building home equity and strengthening neighborhood social fabric. The overarching goal is to help neighborhoods become places where it makes sense for residents to invest their time, effort, and money and where neighbors are willing and able to manage everyday community issues.

Neighborhoods in the middle are vital to Baltimore's future if the City is to continue as a unique, viable, diverse urban center.

NEIGHBORHOODS CONSTANTLY CHANGE: MANAGING CHANGE IS THE CHALLENGE

Neighborhoods are always in transition. People move in and out, capital is invested or withdrawn, patterns of good property maintenance become stronger or weaker. Such changes define and redefine the market niche and social cohesion for any neighborhood.

Who stays and who decides to leave? Who is attracted and who chooses to look elsewhere?

Answers to such individual investment decisions are the driving forces in determining neighborhood health or deterioration.

These investments need to be understood in a number of ways. Most people think of money first. Every property owner decides whether an improvement makes sense in light of local housing values. In some neighborhoods the cost of upgrading a kitchen and bath can easily exceed the total value of the property. This is a strong disincentive for homeowners who want to improve their homes. In fact, this disincentive can be so powerful that even necessary repairs are delayed or done at a minimal level.

The second aspect of investment is less obvious although just as important. When a neighborhood can no

longer retain stable households and can't attract solid replacement households, there is a fundamental change in the investment of "social capital"—the time and effort residents take to connect with each other. Residents are less willing to support formal efforts, such as a kids' sports team or a block association, and they begin to limit time spent in everyday neighborly activities. Such subtle disinvestment does not go unnoticed either outside the community or from within. A lack of social investment confirms the perception that the neighborhood is not a place of choice.

Whether investments are financial or social, individual investment decisions are based on the issues of choice, competition, confidence, and predictability. Taken together, these aspects of any household's decision-making shape investment patterns that strongly influence a neighborhood's prospects. Each provides a different way to understand how reinvestment can be triggered.

Choice: America is a country defined by consumer choice in every aspect of its national life—from autos to toothpaste and from fast food to neighborhoods. People make choices every day about where to live, what to own, how much to invest in a house, and even whether it is time to paint the back bedroom. Although it is true that people need shelter, most decisions about housing are not based on needs but on consumer wants, and a massive real estate and mortgage industry has emerged to meet those wants. Indeed, the federal government has structured tax codes, highway projects, and national housing programs largely to increase customer options by making suburban housing more affordable, facilitating easy automobile access, and creating large capital markets.

Competition: To retain good neighbors and to attract other good neighbors, every neighborhood faces constantly changing competition.

Competitors include new suburbs and new apartment complexes, but much of the strongest competition comes from other older communities undergoing transformation and thereby opening up new opportunities to attract residents. In many central cities experiencing no growth or even net population loss, this competition results in some neighborhoods' becoming virtually empty. In a competitive context, it isn't enough for a neighborhood to be a good place to live; the neighborhood must be able to attract residents even as competitors change every year.

Confidence: Real estate markets shift rapidly in America. Jobs and people are highly mobile, so there are strong forces undermining neighborhood stability. Older neighborhoods are often a confusing mixture of perceptions and behavior. To make sense of this, residents seek more stability, especially confidence about the value of their homes. Confidence weakens when real estate signs proliferate, and confidence can erode completely when those signs stay up month after month. Residents desire the confidence gained

when others affirm that the neighborhood is an attractive place to live — when existing residents choose to stay and invest, or when financially capable newcomers choose to move in.

Predictability: Even though America is one of the world's most rapidly changing places, people still want things to stay the same or at least be easily understood. But Andy Griffith's slow-moving Mayberry has been replaced by Bart Simpson's wildly unpredictable Springfield. In response, residents try to manage the impact of rapid transition by using spoken and unspoken agreements. Such agreements help provide order by setting standards of behavior (e.g., no loud music after 10:00 p.m.) or standards of upkeep (e.g., no trash out the day before collection). New neighbors are expected to notice and follow prevailing norms in order to be good neighbors. Of course, differences in language, culture, and experience can undermine those agreements, leading to less predictability and potentially to more transition.

The Healthy Neighborhoods approach views these aspects of neighborhood dynamics — choice, competition, confidence and predictability — as fundamental to any coherent and effective strategy for neighborhood revitalization. If a revitalization strategy does not take into account that any neighborhood, like much of America, is

subject to consumer decision making, then that strategy — however good it looks on paper — will run into trouble when it encounters the realities of the residential marketplace. Remarkably, too many older neighborhoods are being "revitalized" as if these four dynamics didn't apply.

Indeed, many cities attempt to influence investment decisions by drafting community plans that primarily identify and address physical problems. Few plans even consider restoring housing value as a community goal, and resident leadership is usually presented as a way to manage neighborhood problems and not as a revitalization goal in

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itself. In typical city-sponsored plans, managing problems—reducing negative conditions—is seen as a major thrust of neighborhood renewal.

The inherent assumption in such plans is that buyers and renters will return to a community because something bad has been removed. That approach hasn't worked in other aspects of American life that are driven by competition and choice, and it won't work in neighborhoods. The necessary ingredient in any neighborhood revitalization strategy must be to create good reasons for people to make decisions that benefit themselves while producing results that serve the whole community.

For many Baltimore neighborhoods in the middle, the desired outcomes are clear: **build home equity** (e.g., raise sales prices, increase appraised values, expand investment in home improvements) **and strengthen social fabric** (e.g., broaden civic participation, change the language used to describe neighborhoods, promote neighborhoods as neighborly places). Conventional plans and projects may produce very desirable outputs, like repaired streets, improved houses, and reduced crime. But they ultimately fail unless the central outcome of all that work is increased home values and expanded civic involvement.

Obviously, there are fundamental differences between conventional revitalization and the philosophy of Healthy Neighborhoods. To compare these differences, the following chart provides a summary of how each neighborhood investment framework handles key revitalization issues. The chart makes clear that the Healthy Neighborhoods approach targets equity growth and social connectedness by paying attention to choice, competition, confidence, and predictability. If a project doesn't significantly address these areas and doesn't substantially increase financial equity and social connections, then the project isn't a Healthy Neighborhoods investment.

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COMPARISON OF APPROACHES TO REVITALIZATION: CONVENTIONAL AND HEALTHY NEIGHBORHOODS

Issue	Conventional	Healthy Neighborhoods
Purpose	Make houses safe and code-compliant	Restore real estate market values so people can invest confidently
Strategy	Repair as many houses as possible in as large an area as possible	Select properties for maximum visual market impact
Consumer	Focus on houses and households with greatest needs	Respond to severe problems, but focus on houses and diverse homeowners with good potential for strengthening prices and raising housing maintenance standards
Programs	Use government subsidies to create standardized programs and to distribute grant dollars by regulation	Develop a variety of flexible incentives for residents, to achieve specific outcomes and to serve the desired market segment
Standards	Enforce minimum standards	Create expectations of quality rehabilitation and good design
Support	Assist borrowers with debt problems, affordability, and subsidy needs; provide classes on budgeting, home repair	Provide all needed consumer support services; market the neighborhood; and encourage block projects, pride in community, and resident leadership

HEALTHY NEIGHBORHOODS PRINCIPLES: A FRAMEWORK FOR RESULTS

The four elements of neighborhood stability are a positive image, a viable real estate market, good physical conditions, and strong social connections.

The most effective revitalization strategies target four elements that profoundly affect neighborhood stability: the positive or negative *image* that defines the neighborhood, the viability and particular characteristics of the neighborhood's real estate *market*, the quantity and quality of improvement to and maintenance of the *physical conditions* of individual houses and public spaces alike, and the strength of the *social connections* among neighbors and with local institutions. Those connections help neighbors resolve the issues that require agreement and cooperation. The specific programs, policies, and strategies in Healthy Neighborhoods reflect several basic principles:

Healthy Neighborhoods builds assets. The Healthy Neighborhoods approach is an asset-oriented strategy in that it builds both household and neighborhood equity. A healthy neighborhood is one in which property values appreciate in a way that encourages continued resident investment — such investment is financial (rehab and homeownership) as well as social

(participation in neighborhood associations and in neighborly activities).

For an older neighborhood to position itself to compete successfully for resident investment, it must recognize, enhance, and market its unique assets and amenities. Such assets include the historic nature of housing, the unique "story" the neighborhood has to tell as part of the heritage of a city, the quality of local parks and greenways, and the presence of neighborly institutions such as garden clubs and community-serving churches. Neighborhood plans must position these assets as defining features of a place. In this way, Healthy Neighborhoods uses a "build from strength" approach to neighborhood revitalization.

Healthy Neighborhoods focuses on markets. Every neighborhood, old or new, has a definable "market niche." Based on the type of housing and relative mix of amenities, the neighborhood has a likely pool of customers to which it can successfully market itself.

All investments by new and existing residents must reinforce the housing market — that is, investments should and can increase home values. Even

small-scale rehabilitation projects by existing homeowners should include exterior improvements that add to curb appeal and home value, because each home is a billboard for the image of the neighborhood. In addition, larger scale home purchase and renovation loans should be encouraged at dollar levels and with design standards that raise property values ten or even twenty percent ahead of current depressed prices.

In so doing, every resident making an investment is enhancing the neighborhood's overall market prices. Loans to those who invest in the neighborhood are made attractive by low interest rates; the resulting projects are homeowner-led and do not require the large grant subsidies common to many homeownership programs. Conventional subsidized projects often result in sales prices that are much lower than the cost of the home and quickly distort local real estate markets. In Healthy Neighborhoods, loans are used to encourage predictable and supportable increases in the market value of a neighborhood rather than as a way to artificially prop them up.

Healthy Neighborhoods targets outcomes. Conventional neighborhood improvement programs celebrate output numbers: the number of housing units completed, homes sold, or loans made or the amount of counseling done. Such output figures can be signs of progress but not necessarily success. Instead, Healthy Neighborhoods outcomes measure whether the neighborhood is improving as a place for neighbors to invest and to build equity and neighborly connections. A laundry list of outputs can look productive, but it can easily divert efforts to achieve the central outcome of neighborhood health.

Healthy Neighborhoods values neighbors as investors and leaders. Prospective homeowners and existing owners and residents—not community development corporations, government agencies, or other funders—are the most important neighborhood

investors. All investments by nonprofits and outside institutions, large and small, must be structured to encourage property owner investment with the greatest potential for raising home prices and maintenance standards. Traditional approaches often subsidize households with the greatest need and provide housing as an end in itself. Healthy Neighborhoods strategies encourage all households to become investors in their homes and in other activities important to the neighborhood's future.

Recognizing neighbors as investors, community-based nonprofits must actively cultivate resident participation and leadership. Healthy Neighborhoods strategies include small-scale block improvements that engage new and existing neighbors in "pride" projects. Such projects improve the image of the neighborhood and provide a vehicle for neighbors to form bonds and for new leaders to emerge.

Diversity and rapid change in older urban neighborhoods require attention to social cohesion. Unless people have positive ways to relate, effective means of communication, shared visions for the neighborhood, and the ability to manage everyday issues, the investment in physical change will not translate into long-term success.

Each home is a billboard for the image of the neighborhood.

Healthy Neighborhoods builds assets, focuses on markets, targets outcomes, and values residents as investors and leaders. These key principles have been tested in real situations and have proven workable and effective as a framework for sustained community renewal. This is well illustrated in the following case study of the work of Neighborhoods Inc. of Battle Creek, Michigan. The case study shows how a carefully conceived neighborhood intervention can achieve a Healthy Neighborhoods outcome.

The best way to influence investment choices is not to get rid of problems but to identify what people want and provide it.

SUCCESS IN BATTLE CREEK: HOW COMMON SENSE RENEWED A CITY

The Healthy Neighborhoods strategies are now in use across the country, based on the ideas first developed in Baltimore twenty-five years ago.

In the 1990s the most extensive applications of the Healthy Neighborhoods approach were in the Midwest, especially in Battle Creek, Michigan, where the principles were used for a comprehensive revitalization initiative. What was learned there can teach much about the approach and its effectiveness.

Ten years ago, Battle Creek was a small city with big-city problems. The litany of issues was familiar: drugs, unemployment, teen pregnancy, vacant houses, failing schools, and declining commercial areas. What made Battle Creek different from a big city was that desirable suburban houses with good schools, convenient shopping, and great parks and lakes were only minutes from downtown. Battle Creek's central neighborhoods were just not competitive sites for stable owners and renters. These older areas had affordable prices, attractive houses, and beautiful treed lots, but they also had negative images, sales prices too low to encourage investment, poor home improvement standards, and few residents willing to promote the neighborhoods or even cooperate with each other.

Civic leaders worked hard to attract new industries and jobs, rebuild the infrastructure and city services, and upgrade the downtown. All of this was at risk if the older neighborhoods continued to lose families and housing value while adding blighted rentals and vacant houses. Accepting this reality, the civic leaders joined with residents to identify sections of the city that had potential to be "places of choice," which they defined as neighborhoods that could compete to retain and attract households with sufficient resources to keep the houses and the blocks in good condition.

Community leaders committed to an open process with broad community participation, and the result was that a small local nonprofit organization—Neighborhoods Inc. of Battle Creek—was restructured as a Healthy Neighborhoods partnership. Residents, civic leaders, lenders, corporations, foundations, and the city government created a strong board of directors with the challenge to raise housing values, upgrade property maintenance standards, address blight, increase citizen participation, and involve community institutions in the renewal process.

Since the board knew the first projects had to be sure winners, the hardest decision was selecting only three investment sites when so many places needed help. The answer was to choose areas with a variety of good housing options to serve the widest range of customers. Other criteria focused on marketability and visibility of the sites, the costs of upgrading the houses relative to potential long-term value, and the willingness of the neighbors to take responsibility for their blocks.

Ten years ago, Battle Creek was a small city with big-city problems.

Furthermore, Neighborhoods Inc. decided that all customers should be served, not just low-income households, and that, whenever possible, the program should use incentives instead of subsidies. The goals were to return the local real estate market to vitality, to create positive neighborhood images, and to set high standards for home repair and maintenance. And there was an absolute commitment to including the residents who could market the houses, promote the communities as neighborly places, and take responsibility for the neighborhoods in the future.

The results have been substantial and effective. More than five hundred households purchased and improved houses. In excess of a hundred vacant houses were fully renovated or removed and replaced by landscaped yards, community green spaces, or parks. Other vacant sites were used for new construction—the first in these neighborhoods in decades. Through direct action, forty percent of all targeted-neighborhood houses were improved through the various programs, and nearly twenty percent of all houses were purchased by new homeowners. More than one thousand rehab loans were made in a 2800-house area. Whole blocks were upgraded with three-color paint jobs, coordinated lighting, and property renovations. More than two hundred block projects were completed and celebrated.

Over eight years, housing prices in the target neighborhoods nearly tripled and reached a level where ownership and quality improvements now are good investments. Many of the earliest buyers have seen their equity positions climb quickly, and older homeowners once again can count on their properties having real value. Houses sell quickly to widely diverse buyers and for prices that make sense.

Neighborhoods Inc. is now a business with two-dozen professional staff, a substantial loan fund capitalized at

\$8 million, and an annual operating budget in excess of \$1 million. In addition to providing core neighborhood services, the organization is now a major player in the city and partners in large-scale initiatives dealing with schools, historic tourism, new construction, and citywide leadership training programs. Today, there is a profound sense of community pride, the neighborhoods have positive images, and the neighbors are working together effectively to keep renewal continuing.

The community leaders took real risks. They committed to serve all income groups, not just the poor, and to focus on incentives instead of subsidies to rebuild housing values.

WHAT'S WORKING IN BALTIMORE: FIRST STEPS IN BROAD-BASED REVITALIZATION

Healthy Neighborhoods strategies can be successful in most neighborhoods, even those that are severely distressed. However, the strategies are most effective in communities that are viable but threatened—as are so many of Baltimore's neighborhoods in the middle.

The best way to understand how these ideas can apply to Baltimore is to explore what is happening already in the Mayor's Healthy Neighborhoods Initiative. After only a year, half a dozen blocks in eastern Reservoir Hill are experiencing a resurgence of neighborhood pride. Residents are upgrading the large frame houses in Garwyn Oaks. And homeowners are improving East Baltimore rowhouses north of Patterson Park. But perhaps the most instructive application of the Healthy Neighborhoods approach can be found in Belair–Edison.

A good example of a typical row-house neighborhood, Belair–Edison is a community of more than seven thousand homes that were built in the decades before and after World War II. However, it isn't only the houses, schools, churches, and commercial life that make Belair–Edison so representative of Baltimore. There is also a

long tradition of committed resident involvement through the Belair–Edison Community Association, founded in 1948. The Association has served as a forum for the community during years of stability and through a more recent period of rapid and successful integration.

In the 1980s, the Association helped create Belair–Edison Housing Service, an energetic community development organization primarily dedicated to assisting residents to address nagging neighborhood problems and to provide homeownership counseling to a large influx of new residents. There was tremendous pride in the success of the Association and the Housing Service, but residents still had doubts whether the constant work was really making a difference. Trash and rats remained chronic problems, and more houses were becoming vacant.

Local leaders, including the staff of the Housing Service, decided to consider an alternative approach. They visited Battle Creek, where they learned about Healthy Neighborhoods and saw first-hand the improved housing and community spirit fostered by Neighborhoods Inc. When they returned to Baltimore, they organized community workshops. These meetings did more than create a plan of action; they introduced to residents and leaders a whole new vocabulary, new community goals, and a fundamental change in programs.

Today, Belair–Edison Housing Service is called Belair–Edison Neighborhoods Inc. (BENI). The organization works closely with the Community Association to promote Belair–Edison as "a great place to call home." Dealing with community problems is still important, but the primary focus is now on promoting and

building on what is right about the neighborhood. High-quality housing stock, outstanding parks, good schools, and reviving commercial strips have all become points of pride. Community issues have been reinvented as opportunities.

Faced with too many houses on the market and too many foreclosures, BENI also developed programs to promote the quality and value of neighborhood houses. Some of the most marketable blocks became the first target areas where the Healthy Neighborhoods Initiative undertakes creative block projects and encourages individual efforts to raise the exterior appeal of the houses. The target blocks

are now being used as models for reinvestment on other blocks.

Just as important, BENI renewed its commitment to resident involvement, especially through projects that build pride in the neighborhood and support self-help efforts on individual blocks. It urged neighbors to turn on porch lights at night, to participate in landscape projects, and to get to know each other. In addition, BENI challenged residents to become neighborhood marketers.

With this new emphasis on the positive aspects of Belair–Edison, the City government and private foundations have become more responsive to opportunities for investment in the

area. For example, the Belair Road commercial strip is one of seven in the City receiving support from Baltimore City Main Streets to increase the attractiveness and viability of the community’s central shopping district.

Although Belair–Edison has only begun the process, it is clearly on the right path. No longer is the neighborhood defining itself by a list of its problems; rather, the community is describing itself as a convenient, attractive, fun place to live that is a good investment for current owners and an outstanding value for homebuyers. Indeed, it is repositioning itself as “a great place to call home.”

[Community issues have been reinvented as opportunities. Belair-Edison is repositioning itself as “a great place to call home.”]

THE CHALLENGE FOR BALTIMORE: REVITALIZING GREAT NEIGHBORHOODS TO SUSTAIN A GREAT CITY

Strategic actions can reverse the cycle of decline
and bring many neighborhoods back to health.

America's urban neighborhoods are in constant, rapid change. This change influences the decisions of people to invest their resources and themselves—in their homes and their in neighborhoods. As with any other commodity, decisions about investing in neighborhoods reflect consumer choices and the competition for customers. These choices are based on whether current or new residents are confident about the worth of the homes and can predict that the neighbors hold shared values. For a community to influence resident decision making, there must be a coherent neighborhood strategy aimed at clear, attainable outcomes. Completing a long list of improvement projects can look impressive, but if the projects don't contribute to the larger intended outcomes, then the efforts can be ineffectual or even counterproductive.

For neighborhoods in the middle, effective programs must address one or more aspects of community stability: image, market, physical conditions, and social connections.

Local leaders need to recognize the implications of Healthy Neighborhoods. Instead of announcing the deficiencies and limitations of a neighborhood, residents must emphasize what is working well.

Healthy Neighborhoods works in other cities, but only after an open process produces broad-based support and sufficient flexible resources. The approach requires substantial investment in neighborhood marketing and promotion as well as in helping residents take leadership over positive changes in their communities. Moreover, Healthy Neighborhoods embraces true diversity. People aren't left out because they earn too much or because they rent instead of own. Finally, the approach is not a one-time fix; it is a commitment to long-term investment in rebuilding both the market and the social fabric.

Locally, neighborhoods are just beginning to use these ideas. Pilot efforts foreshadow how the framework could be a powerful tool for revitalization, but Healthy Neighborhoods is not being fully tested in Baltimore. Now is the time to generate the commitment and the resources necessary to make tangible, long-term improvements in a wide range of City neighborhoods.

Just as studies have shown that a few broken windows can have far-reaching negative effects on a neighborhood, Healthy Neighborhoods argues that positive activity with high standards can rapidly create new enthusiasm and confidence and further willingness to invest. Coming together as neighbors to help each other, to promote community pride, and to achieve victories is very attractive to people who are seeking a strong sense of community—not just a place to live.

Baltimore's neighborhoods in the middle are crucial to the City's future. If local leaders thoughtfully target resources, keep messages clear, utilize incentives, reinforce positive images, and build on strength, the targeted neighborhoods can prosper. Fortunately, the Healthy Neighborhoods approach requires creativity and tenacity, but not vast resources. Strategic actions can reverse the cycle of decline and bring many neighborhoods back to health. The challenge is not just what to do or how to do it. More fundamentally, the challenge is to think about neighborhoods in a new way, not as problems to be solved, but as assets to celebrate and grow.

APPENDIX

EIGHT LESSONS FROM BATTLE CREEK

First, a Healthy Neighborhoods initiative should be structured to raise property values. This acknowledges that the costs of purchase and quality renovation exceed the sales prices of properties in depressed markets and that subsidies are not very effective tools to correct the problem. If substantial subsidies are needed, the real estate market recognizes that purchase and rehabilitation do not make sense without such subsidies and that too often government subsidies are underfunded and restricted to low-income buyers. Therefore, conventional subsidies often signal trouble in the market and further depress sales. To counter this perception, Neighborhoods Inc. of Battle Creek uses lower interest loans and lots of free services as incentives so that sales are active and improvements done that increase housing prices.

Second, a Healthy Neighborhoods initiative should emphasize high standards of property improvement and maintenance. Every house conveys messages about the neighborhood. Neighbors and homebuyers observe other houses to see what is valued and how much people are willing to commit. In Battle Creek, everyone knows that a two-car garage is a discretionary decision that shows that people have confidence in their neighborhood. When the nonprofit lends

money for home purchases, it often includes extra funds to build new two-car garages, as a signal to other residents and potential homebuyers that the neighborhoods are improving.

Third, a Healthy Neighborhoods initiative ought to market neighborhoods as good choices to call home. The marketing message isn't only about the houses and neighborhood amenities. Marketing must tell the positive stories of the owners, especially the new buyers. People seek assurance that others like themselves value the neighborhood. Promotional campaigns, newspaper articles, welcoming parties, and other techniques can spotlight a place as a good choice with great neighbors. In Battle Creek, large sections of town are subdivided into much smaller neighborhoods that are identified with banners, distinctive house numbers, holiday lighting

projects, and other visual clues that neighbors are treating those neighborhoods as valued places.

Fourth, a Healthy Neighborhoods initiative recognizes that increasing real estate values won't change a neighborhood unless residents become personally involved in the community. To promote broad-based participation, long-term owners and new buyers alike need to be brought together around positive themes. If efforts focus only on what is not working, too many potential community leaders will lose interest. In Battle Creek, residents come together to identify the unique amenities and benefits of their neighborhoods and then they host and publicize events and activities that attract and involve a wide range of people willing to participate actively in neighborhood life.

Banners, distinctive house numbers, and holiday lighting projects are visual clues that neighbors are treating neighborhoods as valued places.

Fifth, a Healthy Neighborhoods initiative replaces negative language with positive language. Any neighborhood could be described as having a crime watch program, but a healthy neighborhood is described as safe and neighborly. The facts are the same but the message is very different. Nonprofits, government staff, and residents need to agree on positive language that markets the neighborhood, instead of negative words that label the place as deficient. And then the new language must be integrated in all community events and projects. In Battle Creek conscious efforts are made to use positive words and to set proactive goals. Moreover, ice cream is often served at neighborhood meetings because most people find it difficult to be negative while eating ice cream.

Sixth, a Healthy Neighborhoods initiative must reach out to all income groups. Too often, nonprofits serve only low-income households or first-time buyers, when what is needed is a full range of customers. A revitalizing community doesn't exclude

services to households because they earn above eighty percent of median income. A healthy community values all people, including those who have the resources to move elsewhere. The Neighborhoods Inc. portfolio includes home purchase loans to borrowers who earn less than \$14,000 annually, as well as to borrowers who earn more than \$140,000. Loan applicants are approved because of their potential to improve the community and make consistent payments, not because they have a limited income. Rebuilding a neighborhood requires involving, not excluding, all stable households.

Seventh, a Healthy Neighborhoods initiative works with all residents—renters, homebuyers, and homeowners—to make sure they don't fail as occupants and as good neighbors. Budgeting classes should be open to everyone. An evicted tenant and a homebuyer facing foreclosure reinforce the same negative story. Likewise, a resident leader who can't manage a block cleanup or a youth team that can't find an adult coach reflect the same leadership problem. Achieving a healthy neighborhood

status requires a commitment to a comprehensive program that helps all residents succeed. At Neighborhoods Inc., a third of the staff focuses on making the social dynamics of change as successful as the physical aspects of revitalization.

Eighth, a Healthy Neighborhoods initiative must support sustainable change. Maintenance standards should be established and then reinforced. Loans should encourage high-quality products and excellent finishes. Programs should move quickly from "pilot" status to institutionalization. Neighborhoods don't decline in a year or two, and they don't recover overnight. The process must be long and conscious for the payoff to exceed the investment. In Battle Creek there is a clear recognition that the neighborhoods declined over many years and for many reasons. Therefore, the revitalization process must be sustained and multifaceted.

Ice cream is often served at neighborhood meetings because most people find it very difficult to be negative while eating ice cream.

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