

Housing Market Dynamics and the Utilization  
of  
Federal 312 and 115 Rehabilitation Programs

by  
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Several recent studies concerning the execution of federal housing rehabilitation assistance programs in the Boston area have raised the subject of the impact of the neighborhood housing market dynamics on the implementation of rehabilitation programs. Since little substantive work has been done relating program utilization to neighborhood housing markets, this study attempts to look at utilization patterns of two federal rehabilitation programs--the 312 loan program and the 115 grant program--as they relate to the internal housing market dynamics of neighborhoods. Two neighborhoods have been chosen for this detailed market-program analysis: the Jamaica Plain Community Improvement Program area in Boston and the Wellington-Harrington urban renewal area in Cambridge.

Since the context of this study of the rehabilitation programs is neighborhood housing market analyses, it is useful to develop a framework for viewing neighborhood housing markets in terms of forces of neighborhood change and stability which could affect rehabilitation. Several models of neighborhood change and stability contribute to the development of such a framework and suggest indicators which relate to questions of population change, physical and economic characteristics of the housing stock, social aspects of housing, and neighborhood submarkets. Neighborhood trends can be related to incentives for and barriers to rehabilitation and how these affect different kinds of owners. It is then possible to suggest how the federal assistance provides incentives to and overcomes some barriers against rehabilitation and postulate what owners should be attracted to the programs.

The housing market analyses of the two neighborhoods reveal a great diversity of market characteristics, even within small geographical confines. Neighborhood submarkets can be defined along ownership, structural, ethnic, and geographical lines. The utilization pattern of the rehabilitation programs indicates that the 312 loan program was definitely related to housing market activity. The greatest incidences of usage occurred in stable submarkets, principally among owner-occupants but with some participation by small-scale absentee landlords. Neither of these neighborhoods provided great incentives for rehabilitation by large-scale absentee investor-owners and their participation was limited. In the weakest sub-markets, participation was lowest, even among owner-occupants. The 115 grant program was not related to market activity, however, since eligibility was restricted to low income families or those paying a burdensome amount of their income on housing. From this study it is clear that neighborhood housing markets do have an impact on the utilization of federal rehabilitation programs whose eligibility extends among a wide range of owners.

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## Table of Contents

|           |                                                                            |    |
|-----------|----------------------------------------------------------------------------|----|
| Chapter 1 | Introduction                                                               | 1  |
|           | The Problem                                                                | 1  |
|           | Methodology                                                                | 2  |
|           | Information Sources                                                        | 4  |
|           | Acknowledgements                                                           | 4  |
| Chapter 2 | The Study of Neighborhood Housing Markets                                  | 6  |
|           | Theories of Neighborhood Change and Stability                              | 7  |
|           | A Framework for Analyzing Neighborhood Housing Markets                     | 14 |
| Chapter 3 | Federal Housing Rehabilitation Assistance and Neighborhood Housing Markets | 17 |
|           | Rationale for Housing Rehabilitation                                       | 17 |
|           | Federal Housing Rehabilitation Assistance Programs                         | 18 |
|           | Section 312 Loan and Section 115 Grant Programs                            | 19 |
|           | Neighborhood Improvement Programs                                          | 22 |
|           | Participation in Rehabilitation Programs                                   | 24 |
|           | Why Rehabilitate?                                                          | 25 |
|           | Barriers to Rehabilitation                                                 | 27 |
|           | Rehabilitation and Housing Markets                                         | 30 |
| Chapter 4 | Jamaica Plain, The Community Improvement Program: Housing Market Analysis  | 36 |
|           | Environmental Influences                                                   | 39 |
|           | Population Changes                                                         | 42 |
|           | Population Decline and Ethnic Change                                       | 42 |
|           | Age Structure and Family Size                                              | 43 |
|           | Income                                                                     | 44 |
|           | Occupation and Employment                                                  | 45 |
|           | Physical Nature of the Housing Stock                                       | 48 |
|           | Number and Condition                                                       | 48 |
|           | Structure Types                                                            | 49 |
|           | Unit Size                                                                  | 50 |

Chapter 4 (continued)

|                                         |    |
|-----------------------------------------|----|
| Economic Characteristics of the Housing | 51 |
| Stock                                   |    |
| Rent                                    | 51 |
| Residential Property Values             | 52 |
| Speculation                             | 61 |
| Financing                               | 61 |
| Assessment-Sales Ratios                 | 64 |
| Social Patterns and Housing             | 66 |
| Occupancy                               | 66 |
| Owner-Tenant Relationships              | 67 |
| Neighborhood Submarkets                 | 73 |

|           |                                            |    |
|-----------|--------------------------------------------|----|
| Chapter 5 | Community Improvement Program:             |    |
|           | Utilization of the 312 and 115             |    |
|           | Programs                                   | 80 |
|           | Neighborhood Submarkets and Original       |    |
|           | Conditions                                 | 82 |
|           | Neighborhood Submarkets and Rehabilitation | 84 |
|           | 312 Loans                                  | 93 |
|           | 115 Grant Program                          | 97 |
|           | Effect of Rehabilitation on Neighborhood   |    |
|           | Housing Markets                            | 99 |

|           |                                         |     |
|-----------|-----------------------------------------|-----|
| Chapter 6 | Wellington-Harrington: Housing Market   |     |
|           | Analysis                                | 101 |
|           | Environmental Influences                | 103 |
|           | Population Changes                      | 105 |
|           | Population and Ethnic Changes           | 105 |
|           | Age Structure and Family Size           | 107 |
|           | Income                                  | 108 |
|           | Occupation and Employment               | 109 |
|           | Physical Nature of the Housing Stock    | 112 |
|           | Number and Condition                    | 112 |
|           | Structure Types                         | 112 |
|           | Unit Size                               | 113 |
|           | Economic Characteristics of the Housing |     |
|           | Stock                                   | 114 |
|           | Rent                                    | 114 |
|           | Residential Property Values             | 114 |
|           | Speculation                             | 118 |
|           | Financing                               | 120 |
|           | Assessment-Sales Ratios                 | 120 |

|           |                                                               |     |
|-----------|---------------------------------------------------------------|-----|
| Chapter 6 | (continued)                                                   |     |
|           | Social Patterns and Housing                                   | 123 |
|           | Occupancy                                                     | 123 |
|           | Owner-Tenant Relationships                                    | 125 |
|           | Neighborhood Submarkets                                       | 132 |
| Chapter 7 | Wellington-Harrington: Utilization<br>of 312 and 115 Programs | 135 |
|           | Neighborhood Submarkets and<br>Original Conditions            | 137 |
|           | Neighborhood Submarkets and<br>Rehabilitation                 | 138 |
|           | 312 Loans                                                     | 145 |
|           | 115 Grant Program                                             | 148 |
| Chapter 8 | Conclusion and Implications                                   | 152 |
|           | Summary and Conclusion                                        | 152 |
|           | Implications for Housing Policy                               | 156 |
|           | Suggestion for Future Research                                | 163 |
|           | Footnotes                                                     |     |
|           | Bibliography                                                  |     |

## Tables and Maps

### Tables

|     |                                                                                                             |    |
|-----|-------------------------------------------------------------------------------------------------------------|----|
| 3-1 | Neighborhood Housing Markets and Rehabilitation                                                             | 31 |
| 3-2 | Unassisted Rehabilitation Activity by Owner<br>and Neighborhood Type                                        | 32 |
| 3-3 | Assisted Rehabilitation Activity by Owner<br>and Neighborhood Type                                          | 34 |
| 4-1 | Principal Occupational Categories                                                                           | 45 |
| 4-2 | Changes in Employment in Industrial Categories                                                              | 46 |
| 4-3 | Property Value Changes / 1956-1969 / Boston<br>Neighborhoods                                                | 55 |
| 4-4 | Property Value Changes for Structure Types /<br>Community Improvement Program Area /<br>1956-1969           | 57 |
| 4-5 | Average Sales / 1956-1969 / One Unit Structures<br>by Area / Community Improvement Program<br>Area          | 58 |
| 4-6 | Average Sales Price / 1956-1969 / Two Unit<br>Structures by Area / Community Improvement<br>Program Area    | 59 |
| 4-7 | Average Sales Prices / 1956-1969 / Three Unit<br>Structures by Area / Community Improvement<br>Program Area | 60 |

## Tables (continued)

|      |                                                                                                                              |     |
|------|------------------------------------------------------------------------------------------------------------------------------|-----|
| 4-8  | Loan to Value Ratios for Sales / 1956-1969 /<br>Community Improvement Program Area                                           | 62  |
| 4-9  | Activity of Lending Institutions / 1956-1969 /<br>Community Improvement Program Area                                         | 63  |
| 4-10 | Changes in Assessment-Sales Ratios / 1956-1969 /<br>Community Improvement Program                                            | 65  |
| 4-11 | Changes in Ownership Status / One-Unit Structures /<br>Community Improvement Program                                         | 68  |
| 4-12 | Changes in Ownership Status / Two-Unit Structures /<br>Community Improvement Program                                         | 69  |
| 4-13 | Changes in Ownership Status / Three-Unit<br>Structures / Community Improvement Program                                       | 70  |
| 4-14 | Turnover Rates in Rented Units in Two and Three-<br>Unit Structures / Community Improvement Program                          | 72  |
| 4-15 | Neighborhood Submarket Matrix/ Community Improve-<br>ment Program                                                            | 78  |
| 5-1  | Neighborhood Submarket Matrix / Community<br>Improvement Program / Below Minimum<br>Standards Structures                     | 83  |
| 5-2  | Neighborhood Submarket Matrix / Community<br>Improvement Program / Utilization of<br>312 Loan Program                        | 89  |
| 5-3  | Neighborhood Submarket Matrix / Community<br>Improvement Program / Utilization of<br>115 Grant Program                       | 90  |
| 5-4  | Neighborhood Submarket Matrix / Community<br>Improvement Program / Utilization of<br>115 Grant and 312 Loan Combinations     | 91  |
| 5-5  | Neighborhood Submarket Matrix / Community<br>Improvement Program / Utilization of<br>Rehabilitation and Refinancing Packages | 92  |
| 5-6  | Neighborhood Submarket Matrix / Community<br>Improvement Program / Average Value of<br>Rehabilitation Loan Activity          | 95  |
| 9-7  | Neighborhood Submarket Matrix / Community<br>Improvement Program / Average Value of<br>Rehabilitation Grant Activity         | 98  |
| 6-1  | Property Value Changes for Structure Types (Price<br>per Unit) / Wellington-Harrington /<br>1955-1973                        | 115 |
| 6-2  | Sales to Portuguese Owners by Structure Type /<br>Wellington-Harrington / 1955-1973                                          | 117 |
| 6-3  | Assessment-Sales Ratios by Structure Type /<br>Wellington-Harrington / 1955-1973                                             | 122 |
| 6-4  | Changes in Ownership Status / One-Unit<br>Structures / Wellington-Harrington                                                 | 126 |
| 6-5  | Changes in Ownership Status / Two-Unit<br>Structures / Wellington-Harrington                                                 | 126 |
| 6-6  | Changes in Ownership Status / Three to Five<br>Unit Structures / Wellington-Harrington                                       | 127 |

## Tables (continued)

|     |                                                                                                                                                                       |     |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| 6-7 | Changes in Ownership Status / Six or More Unit Structures / Wellington-Harrington                                                                                     | 128 |
| 6-8 | Turnover Rates in Rental Structures / Wellington-Harrington                                                                                                           | 129 |
| 6-9 | Neighborhood Submarket Matrix / Wellington-Harrington                                                                                                                 | 134 |
| 7-1 | Neighborhood Submarket Matrix / Wellington-Harrington / Below Minimum Standards Structures                                                                            | 140 |
| 7-2 | Neighborhood Submarket Matrix / Wellington-Harrington / Utilization of 312 Loan Program                                                                               | 147 |
| 7-3 | Neighborhood Submarket Matrix / Wellington-Harrington / Distribution of Grants, Loan and Grant Combinations, and Rehabilitation and Refinancing Packages by Submarket | 150 |
| 7-4 | Neighborhood Submarket Matrix / Wellington-Harrington / Expenditure Per Unit by Structure-Type                                                                        | 150 |
| 8-1 | Distribution of Benefits Among Owners and Tenants by Housing Market Type                                                                                              | 159 |

## Maps

|     |                                                         |     |
|-----|---------------------------------------------------------|-----|
| 4-1 | Jamaica Plain / Community Improvement Program           | 37  |
| 4-2 | Community Improvement Program / Neighborhood Submarkets | 53  |
| 6-1 | Wellington-Harrington / Urban Renewal Area              | 102 |

## Chapter 1

### Introduction

#### The Problem

In several pieces of recent literature concerning the execution of housing rehabilitation programs in the Boston area, the subject of the impact of the neighborhood housing market dynamics on the implementation of the rehabilitation program has been raised. Criticisms of the various rehabilitation projects have centered on the failure of the rehabilitation plans to account for the housing markets of each neighborhood and how these might affect rehabilitation. Emily Jo Achtenberg stated that the inability of rehabilitation programs to benefit existing low and moderate income area residents in Boston urban renewal neighborhoods largely reflected:<sup>1</sup>

"The failure of the original plans to take into account the various housing market, social, and political-administrative forces at work in these areas."

It appears that neighborhood housing markets may have been treated only superficially by the original project planners and distinctions in markets may have been ignored or gone unnoticed. As John Stainton writes in his review of urban renewal in Boston:<sup>2</sup>

"Rehabilitation programs combined with traditional forms of urban renewal have operated on another doubtful assumption. By designation of large geographical areas for rehabilitation treatment as part of a renewal program, uniform market characteristics have implicitly been assumed throughout the whole area. In reality, market demand characteristics may be different from block to block."

The implication of these comments is that the utilization of rehabilitation programs was, in part, related to neighborhood

housing market characteristics. However, there actually seems to have been little more than some descriptive work, contained in larger analyses of rehabilitation programs, written on such relationships. It is this question of the relationship of neighborhood housing market dynamics to the utilization of federal rehabilitation programs (limited to the 312 and 115 programs) that this thesis addresses.

This study seeks to ascertain to what extent housing market dynamics have affected the patterns of utilization of federal rehabilitation assistance programs designed for existing property owners. The programs examined here are the Section 312 direct loan program and the Section 115 direct grant program which have usually been used together in tandem with urban renewal and concentrated code enforcement programs. The thrust of this project is to determine whether participation rates in the programs by different types of owners can be related to the housing markets operating in two neighborhoods. Two neighborhoods with distinct housing markets were chosen --the Jamaica Plain Community Improvement Program code enforcement program in Boston and the Wellington-Harrington urban renewal area in Cambridge.

### Methodology

The production of this thesis involves the synthesis of several sorts of housing studies since it seeks to integrate what usually are two separate research foci --that is, housing market analysis and government program evaluation studies. This is accomplished by (1) setting a framework for viewing neighborhood housing markets, (2) discussing in general the operation of the

312 and 115 programs and under what circumstances owners could be expected to participate in them, (3) performing the market analyses for the neighborhoods, (4) suggesting how owners should react to rehabilitation assistance based on the relationship of housing market conditions to their investment criteria, and (5) verifying or disproving the suggested patterns of utilization through the use of the rehabilitation program data.

Chapter 2 develops a framework for analyzing neighborhood housing markets by drawing on three models of neighborhood change and stability. These are useful in identifying market forces which can impinge on the owners' attitudes toward rehabilitation. Chapter 3 describes the background, provisions, and administration of the 312 and 115 programs. It also discusses general incentives for and barriers to rehabilitation and then how these relate to housing market activity and the rehabilitation programs. Chapters 4 and 6 present housing market analyses for the Jamaica Plain Community Improvement Program (CIP) and Wellington-Harrington and identify housing market trends and neighborhood submarkets that are especially relevant to rehabilitation activity. Chapters 5 and 7 then suggest how the owners in the different neighborhood submarkets will participate in the rehabilitation program based on the market forces affecting them. The actual participation of different owners is then investigated and a judgment is made as to whether the housing market seemed to impact on the utilization of the programs. Chapter 8 then ties the experiences of 312 and 115 in the two neighborhoods together, draws out implications for housing policy, and suggests topics for further research.

### Information Sources

The material analyzed and presented here was compiled from a variety of information sources. The model for analyzing neighborhood housing markets was derived from studies which had looked at or utilized various aspects of housing market activity. The population characteristics were obtained from the 1970 and 1960 U.S. Census, many tables of which were available at the B.R.A., and from several publications on the social characteristics of Cambridge prepared by the Cambridge Department of Planning and Development. Data for the sales analysis was compiled from sales and mortgage information provided to the B.R.A. and the Cambridge Redevelopment Authority (C.R.A.) by Appraiser's Weekly and through examination of sales records at the Registry of Deeds in the East Cambridge Court House. Ownership and tenantry information was then obtained from the Boston and Cambridge police listings for the 100 structures in the Jamaica Plain sales sample and the 50 structures in the Cambridge sales sample.

Data on rehabilitation participation was made available to me at the site offices of the two rehabilitation projects. In addition, personal interviews with program administrators were helpful in learning more about the operation of the programs in the neighborhoods. Additional sources of information were previous reports written on different aspects of rehabilitation in Boston and in the neighborhoods.

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## Chapter 2

### The Study of Neighborhood Housing Markets

The study of a neighborhood housing market begins and ends with people--since it is the interaction of the preferences of those desiring housing with those providing housing services that comprises the dynamic that allocates housing of certain characteristics to a population. When analyzing a neighborhood, and in particular when determining market trends, we must examine the social and economic conditions of both those presently renting and owning residential properties and those desiring to rent and own them. In order to perform a market analysis, it is also useful to provide a framework for viewing neighborhood conditions at a point in time and patterns of neighborhood change.

Within every city, many separate neighborhoods can usually be identified by the type and quality of the housing stock and by the socioeconomic characteristics of the population as well as by physical boundaries. And while few neighborhoods are truly homogeneous, the range of the characteristics of the neighborhood population and housing stock is usually sufficiently concentrated along the spectrum for each characteristic that it is possible to generalize about the status of each neighborhood. The task then becomes choosing socioeconomic and housing indicators that are particularly relevant to the study of the housing market in that they describe (1) characteristics of the population which pertain to housing demand such as family size and ability to purchase housing services, and (2) characteristics of the housing stock, which relate to the supply side of the housing allocation dynamic,

such as condition, size, cost and ownership patterns.<sup>1</sup> First, however, it will be useful to look at some theories which try to describe neighborhood change or stability in order to isolate the most appropriate housing market indicators.

### Theories of Neighborhood Change and Stability

Three models of neighborhood change or stability which indicate elements to be considered in determining neighborhood trends can be cited. These are (1) the six steps in the abandonment process developed in the National Survey of Housing Abandonment; (2) value change as an indicator of neighborhood trends developed by Solomon and Peterson in Property Taxes, Housing, and the Cities; and (3) the "two economy" approach of Krohn and Fleming which distinguishes the operation of market and non-market oriented housing decisions. The primary reasons for looking at these concepts are twofold, first, to gain some notion of what kinds of housing market activity relate to changes in or the stabilization of neighborhood conditions, and second, to suggest some indicators of housing market activities that would be useful in studying neighborhood housing markets. I have found these three models helpful in drawing up a framework for determining the current state and trends of the two neighborhood housing markets looked at in this study. I will describe each model briefly and then weave the most salient points into a larger outline for use here.

The Center for Community Change of the National Urban League in its study The National Survey of Housing Abandonment has identified six major steps in the housing decline process the culmination

of which is widespread abandonment. These are:<sup>2</sup>

- (1) Decline in neighborhood socio-economic status;
- (2) Racial or ethnic changes;
- (3) Property speculation--exploitation;
- (4) Weakened market conditions--emergence of "crisis ghetto" conditions;
- (5) Disinvestment, i.e., lack of interest by investors;
- (6) Abandonment.

The dynamics of this process leading to abandonment are (1) population changes, (2) the investment decisions of owners, and (3) the demand for housing that reflects both the former. Spelled out in detail, the train of events proceeds in the following manner. Individuals of a given population, usually white, move out of a neighborhood only to be replaced by individuals of a lower socio-economic profile and perhaps different race or ethnic heritage. As the remaining people of the first group see that new and "different" people are moving in, they conclude that the neighborhood is changing and perhaps deteriorating and this provides an impetus for more out migration by the original neighborhood residents. On the other hand, the newcomers may find the neighborhood a step up in the world for them, and, obviously since they moved there, a more desirable place to live than their previous homes. As word filters back to their old neighbors, friends, and other persons of similar background there is likely to be a marked immigration of similar persons to the neighborhood.

The Survey then cites property speculation and exploitation as the next step in the abandonment process. When this happens,

properties are purchased not for the purpose of personal habitation or long term investment, but instead to make a quick capital gain by speculators buying up properties at relatively low prices from the original owners and then reselling them at inflated prices to new owner-occupants or other investor-owners. During the time the properties are held by speculators, they are not likely to be maintained adequately, thus contributing to physical deterioration. This process is exacerbated when properties pass from one speculator to another.

A weakened market condition follows widespread speculation and exploitation of property. This is evidenced not only by a lowered rental demand but also by a disinclination to invest in the area by anybody except those who are willing to undermaintain their properties. It is often the case in neighborhoods with severely weakened markets that owners desiring to unload their properties are unable to do so for lack of buyers, while mortgage money usually becomes unavailable for home improvement or for someone desiring to purchase a property. The next inevitable step is, of course, continued disinvestment, a further deterioration and lessening of demand, and finally a walk-away by the owners --abandonment.

The model of abandonment is useful in that it identifies the stages of neighborhood decline. I will utilize these concepts in the housing market analyses to determine what level of deterioration the neighborhoods have reached. This model also points out several indicators that would be useful to housing market analysis, such as socioeconomic variables, race, ethnicity, and the extent of speculation.

The neighborhood trend model of Solomon and Peterson is based on the notion of property value changes. They argue that:<sup>3</sup>

"If neighborhoods form well-defined sub-markets, all the factors determining neighborhood quality should be reflected in the level and trend of neighborhood property values".

On the basis of property value trends, Solomon and Peterson identify four neighborhood types:<sup>4</sup>

- (1) Stable neighborhoods: property values are constant at a high level or are increasing at the city-wide average rate;
- (2) Upward transitional neighborhoods: property values are increasing at an above average rate;
- (3) Downward transitional neighborhoods: property values declining or increasing at a below average rate;
- (4) Blighted neighborhoods: property values steady at a low rate or sinking toward zero.

This model allows us to step back from the internal supply and demand dynamics of the neighborhood housing market and to judge how the neighborhood is faring relative to the remainder of the city. This is desirable because intra-city comparisons may help indicate to what extent a neighborhood has become more or less attractive vis a vis other neighborhoods. The use of value change as a housing market indicator then has relevance for the magnitude and direction of change as well as for providing a means to compare neighborhood housing market activities.

The last theory, which really pertains to neighborhood stability but has implications for neighborhood change when the established

relationships break-down, is the two-market economy theory advanced by Roger Krohn and E. Berkely Fleming.<sup>5</sup> From their studies of five older rental neighborhoods in Montreal they find that much of the housing stock is owned by people who do not use the property to pursue rational economic goals.

They write:<sup>6</sup>

"It has generally been assumed that housing, like the rest of the economy, participates in an effectively free market, and that owners rationally pursue economic goals. There is, no doubt, a sector of the housing economy which approximates this economic model. But from our studies of five Montreal neighborhoods, we have learned that a substantial part, at least, of urban rental housing does not. Much of it is in the hands of economic amateurs, people who are only part-time or incidental owners of property, who do not invest in and manage property toward maximum gain, and who are not sophisticated in economic concepts and techniques".

The principal elements of Krohn's theory center on (1) the economic or non-economic decisions of owners, (2) the patterns of owner-tenant relationships, and (3) the maintenance strategies of owner and tenant. Briefly, stated, the major points of Krohn's analysis of Outremont and Pointe St. Charles relevant to this study are:

(1) Owners could be categorized into four groups: professional, home, income, and inherited. Only the professional owners managed their properties according to traditional investment practices. The other three groups evidenced an amateur, noninvestment approach to their property and were usually unable to give exact information on their investments, expenses, and income. Their ordinary method for determining the profitability of their buildings was a "net profit" calculation based on the difference between gross

income and out-of-pocket expenses and there was little evidence of a return to capital concept.

A second example of non-rational economic decision-making at work was the disinclination of owners to involve themselves in capital markets. For example, only about 50% of the owners in the study (no professionals) in Pointe St. Charles had ever taken out a mortgage and these averaged about 60% of purchase price with an amortization period of 5.5 years; half of the mortgages were with acquaintances or relatives. (In the case of many U.S. inner city neighborhoods, it could be argued that capital markets may not be readily accessible to owners in deteriorated neighborhoods because of the restrictive policies of lending institutions).<sup>7</sup>

(2) There appeared to be a self-selection process between owners and tenants, although it may not have been explicit. A pattern of landlord-tenant pairs emerged such that landlords and tenants appeared to "choose" each other on the basis of similar ethnic background or of similar status. In the latter case, the "high" status tenants with more stable and moderately higher incomes, tended to rent with owner-occupants, while "low" status tenants, several of whom had experienced a decline in income after Expo '67, tended to rent with income or inherited owners who maintained their properties at a lower level than owner-occupants. In addition, high status tenants stressed personal or neighborhood ties for choosing their neighborhood while most of the low status tenants were interested in space, rent and facilities.<sup>8</sup>

(3) Related to the landlord-tenant self-selection process

and the non-economic housing decision-making process was the peculiar model of landlord-tenant reciprocity concerning rent and maintenance where below market rents were subsidized by the tenants performing maintenance and redecorating functions that would normally be assumed by owners in market rental situations. The study concluded that low economic returns (rents may be set as much as 25% below modal to attract and keep the desired tenants) were balanced by other gains, such as ownership of property, a sense of security, and having ethnically compatible or friendly and long-term tenants. Furthermore, this "amateur" rental housing economy may run into difficulty when it tries to participate in the national economy --when the stabilizing reciprocal relationships break-down such as when ethnic change occurs.<sup>9</sup>

The two market economy theory is relevant to the study of neighborhood housing markets because it suggests stabilizing factors in local housing markets related to the economic (or non-economic) decisions of owners and the relationship between landlords and tenants. Briefly reiterated, these are the tendencies of certain owners to regard housing as more than an economic good and thus to make housing investments that might be considered non-rational by conventional standards, the social compatibility sought between landlord and tenant, and the subsidization of housing expenses through reciprocal work-rent trade-offs. The identification of such activities in a neighborhood housing market would be important for determining the state of the market and market trends. This model suggests several housing market indicators including the participation of owners in traditional economic activities, landlord tenant pair types, and the maintenance strategies pursued by

landlords and tenants.

### A Framework for Analyzing Neighborhood Housing Markets

These three models have presented methods for viewing neighborhood change or stability and have indicated the kinds of considerations, e.g., ethnic change, value change, landlord-tenant relationships, that should be taken into account when analyzing neighborhood housing markets. Drawing upon the ideas embodied in these models and upon considerations of the environment external to the neighborhood market, I have constructed the following framework for analyzing neighborhood housing markets. The framework consists of finding the answers to a series of questions concerning environmental, population, and housing issues. These are:

(1) What forces in the exterior environment are having or have had an effect on social or housing conditions in the neighborhood? These would include changes in the demographic structure of the city, changes in land use patterns, and the adoption of public policies which provide pressures for change in urban neighborhoods.

(2) Has there been a significant change in the socioeconomic structure of the population which could affect demand? Harkening back to the National Survey of Housing Abandonment, it is necessary, in understanding the trends in a neighborhood housing market, to determine if there has been a major change in the characteristics of the population which would affect such demand elements as ability to buy housing services or desire for certain size units. The principal socioeconomic variables which will be looked at are net population changes, race and ethnicity, age structure, family size,

income, and occupation and employment.

(3) Has the physical nature of the housing stock been changing? Since the characteristics of the housing stock can be viewed as a reaction to demand as well as a determinant of demand, an examination of changes in the physical attributes of the housing stock is of major importance in the performance of a market analysis. The structural variables to be considered for this question are condition, structure types, and unit size.

(4) Have the economic aspects of the housing stock been changing? This question speaks to the issues of shifts in rents, values, and assessment sales ratios. These considerations should also be put in a comparative context with the rest of the city to see how the neighborhood has progressed relative to other city sub-areas. Analysis of sales in the neighborhoods should provide information on value changes as well as pinpointing any speculation that has occurred. Another important issue pertinent to this question is that of the availability and terms of financing for housing since this will impact on homeownership and rehabilitation.

(5) What are the principal social patterns associated with the neighborhood's housing and have these been changing? The concerns addressed by this question are ownership structure and neighborhood stability. The answer will try to explore some of Krohn's hypotheses by looking at types of owners, landlord-tenant pairs, turnover rates, and occupancy changes.

(6) Based upon the answers to the above questions, can it be determined that there are neighborhood sub-markets in operation? This last question brings up the issue of the existence of

neighborhood sub-markets, perhaps geographical, structural, or ethnic in nature, which cater to separate consumer groups and have their own set of distinct characteristics. This is a topic that will be developed through the answers to the other questions and thus will be treated throughout the discussion.

By systematically providing answers to these questions, it will be possible to determine the nature of neighborhood change and how this affects the local housing market or sub-markets. Although this type of study necessitates a heavy reliance on statistical analysis, I would hope that the broader discussion would flesh out the numerical data to give a perspective on the motivations of the people who are involved in this housing supply and demand dynamic.

## Chapter 3

### Federal Housing Rehabilitation Assistance and Neighborhood Housing Markets

#### Rationale for Housing Rehabilitation

One of the most serious problems faced by American cities in the twentieth century has been what to do with large amounts of deteriorated and deteriorating housing. The solutions adopted since the 1930's have been strategies designed to intervene on the supply side of the housing allocation equation. These have included slum clearance, public housing, urban renewal, neighborhood conservation, mortgage insurance, and tax incentives for investors to put money into new housing construction. Only in recent years have programs been drawn up to approach the problem from a demand orientation --such as the housing allowance experiment.

Out of the early experience with urban redevelopment in the 1950's, with the massive slum clearance projects, there emerged the feeling that certain neighborhoods could be saved from becoming slums by intervening in the processes that were causing them to deteriorate. One of the principal strategies designed to "conserve" such neighborhoods and prevent them from deteriorating to the point where more massive clearance and redevelopment would be necessary was physical rehabilitation of the existing housing stock. A number of reasons have been advanced for the desirability of rehabilitation over clearance. These include: (1) the sheer magnitude of the existing deteriorated housing stock is so great that it would be impossible

to clear and replace all deteriorated units; (2) many deteriorated houses are salvageable with a potential for several more years of economic life, so clearance would be a waste of resources; (3) the cost of a unit of new construction is greater than the cost of rehabilitation in most cases; (4) the associated costs, such as relocation assistance, are much higher for clearance than for rehabilitation; (5) rehabilitation allows the present people to remain in their neighborhood whereas redevelopment often causes neighborhood disruption by replacing low income housing with luxury units; (6) rehabilitation causes fewer political repercussions.

#### Federal Housing Rehabilitation Assistance Programs

Since 1954, a number of programs have been passed by Congress to stimulate and assist housing rehabilitation activity. These have been geared both to assisting the existing owners of housing to rehabilitate and to providing incentives --mainly tax-breaks-- to new investors to become active in rehabilitation. The types of programs providing aid to existing owners have included loan insurance, direct long-term low interest loans, and direct grants. The second type of program geared toward attracting new outside investment in rehabilitation included components of the 221(d)3 and 236 programs which essentially gave tax shelters to investors in the form of interest and depreciation write-offs in return for the use of their capital.

This study confines itself to looking at the utilization of programs designed for existing owners only, and then only specifically at the 312 and 115 programs which were intended for use in neighborhood improvement programs. Because they were neighborhood wide in

scope, these programs lend themselves to study in the context of neighborhood housing markets. Before analyzing how these programs were utilized in the neighborhoods in this study, it would be desirable to discuss their formulation and the problems they have generally encountered in implementation.

### Section 312 Loan and Section 115 Grant Programs

The two major rehabilitation programs intended for existing homeowners are the Section 312 loan program passed by Congress in 1964 and the Section 115 Grant program passed in 1965. These programs were intended to remedy some of the inadequacies of the existing Section 203 and 220 programs which provided federal guarantees for long-term, low-downpayment home improvement loans. With the banks essentially administering these programs, they imposed very stringent credit standards such that few lower-income families could qualify. In addition, the institutions found lending at their own rates more profitable.<sup>1</sup> The 312 loan and 115 grant programs provided direct government grants and 3% loans, repayable over a twenty year period to eligible property owners. They were also designed both to extend the benefits of rehabilitation to lower-income groups and to involve the local administering agency in rehabilitation. Thus, under them, the LPA's assumed functions of loan processing and contracting, work write-ups, contractor selection, work supervision, and controlling the distribution of rehabilitation funds and the nature and quality of rehabilitation work.<sup>2</sup>

The 312 loan program was intended for use as a rehabilitation tool in conjunction with four other government programs: (1) Title I urban renewal projects; (2) 117 Concentrated Code Enforcement Programs;

(3) Certified Area Programs; and (4) the FAIR plan under which an owner-occupant anywhere in a city living in unsuitable housing would be eligible after his house had been inspected. However, 312 loans were principally used only with urban renewal and concentrated code enforcement programs for two reasons --first, to combine with a series of public actions to dramatically upgrade areas, and second, to restrict public demand for them. Any owner in an urban renewal or code enforcement area was eligible for a loan, although priority was to be given to owner-occupants whose annual income was within the Section 221(d)3 income limits or to anyone who could not find financing at "comparable terms". The latter provision made virtually every owner in a designated area eligible since a 3% interest rate and a 20 year term were unheard of for financing home improvements under conventional terms. The income limits were only enforced during times of tight money from Washington.<sup>3</sup>

Under the 312 loan program, funds were allowed to be used for seven purposes:<sup>4</sup>

- (1) to bring the property into conformance with Article II of the State Sanitary Code. This code sets minimum standards for human habitation and includes such items as specifications of kitchen, bathroom, water, hot water, light, and electrical facilities; ventilation; installation and maintenance of facilities and structural elements; garbage, rubbish, and sewage disposal; and insect and rodent control;
- (2) to make the property conform to whatever requirements, above and beyond the Sanitary Code, are contained in the urban renewal plan for the area;

- (3) to correct incipient violations of the Sanitary Code;
- (4) to provide basic equipment, such as a stove, if the existing equipment is unsafe or unsanitary;
- (5) to cover the cost of acquiring additional land under certain circumstances;
- (6) to convert the property, if necessary, to make rehabilitation feasible; and
- (7) to make "general property improvements", above code level, not to exceed 40% of the loan for owner-occupants or 20% for investor-owners.

The maximum allowable limit on 312 loans is \$17,400/unit in the Boston area (this was a high cost area--elsewhere the limit was \$10,000/unit).

It was also possible to refinance existing mortgages under the 312 loan program. If an owner-occupant had an outstanding debt and if after rehabilitation the expense of the new and old debt would cost more than 20% of the owner's income, he could refinance the old mortgage into a 312 mortgage at 3% interest with a twenty year term. However, a minimum of 20% of the refinanced loan had to be devoted to rehabilitation. In reality, the new monthly payments could be lower than what the owner was previously paying. This option was not available to absentee-owners.<sup>5</sup>

The 115 grant program was much more restrictive as it was intended for hardship cases only. Under this program owner-occupants of one to four family homes, who spent more than 25% of their gross income on housing, were eligible for grants of up to \$3,500 to bring the structure up to the required minimum code. Originally, the

maximum grant amount was \$3,000 per family, but this was adjusted upwards in 1970 to cover the rising costs of rehabilitation. Since the \$3,500 maximum grants would not be large enough to cover the cost of rehabilitating many structures up to a code level, grant recipients were also allowed to take out a 312 loan to make up the difference between the grant and actual cost of rehabilitation.<sup>6</sup>

In addition to these direct financial aids, the 312 and 115 programs offered a set of ancillary rehabilitation services to owners in designated areas. These included work write-ups and cost estimates, some design work, contractor selection, contractor monitoring, financial counseling, and relocation assistance for tenants temporarily or permanently displaced by rehabilitation.

Nationwide, both the loan and grant programs experienced difficulties in implementation. The general problems which beset the local administering agencies were changing guidelines regarding eligibility and loan and grant ceilings, excessive time delays between the initiation of a loan proceeding and approval, sporadic funding such that loan and grant monies were not always available during the term of a program, and a funding authorization on the national level that was too low to meet the needs of all eligible communities.<sup>7</sup> All of these problems were encountered to some degree in both the Boston and Cambridge programs.

#### Neighborhood Improvement Programs

Since the 312 and 115 programs were intended to be used in conjunction with neighborhood improvement or conservation programs, a brief look at the goals and provisions of the larger operations

would help to provide an understanding as to how these rehabilitation assistance programs were utilized. As urban renewal and code enforcement were the principal programs to which 312 and 115 were tied, the discussion will be limited to these.

The Urban Renewal program was instituted by the Housing Act of 1949. Although the thrust of the original act was on clearance and redevelopment, this was later changed in 1954 to an emphasis on renewal, which included clearance and/or restoration of blighted deteriorating areas through rehabilitation.<sup>8</sup> The only rehabilitation tools provided at this time were FHA mortgage and loan insurance programs which proved to have little effect in generating rehabilitation activity. It was not until the passage of the 312 and 115 programs, more than a decade later, that direct rehabilitation assistance became available. Urban renewal programs which incorporate 312 and 115 into their operations, typically include some measure of clearance and redevelopment and installation of capital improvements and facilities.

The Section 117 Code Enforcement Program, passed by Congress in 1965, had as its principal objective the restoration of the:<sup>9</sup>

"...stability of neighborhoods by effective code enforcement and the provision of adequate supporting facilities and services. The code enforcement program achieves this objective with minimum property acquisition and demolition or dislocation of people and businesses. It is a preventive program designed to arrest the force of blight before more drastic action, such as extensive rehabilitation or clearance, becomes necessary."

Federal aids included grants to municipalities for carrying out a concentrated code enforcement project, including the provision of

eligible public improvements (on the traditional 2/3-1/3 federal/local shared basis) direct 3% 312 loans, direct 115 grants, FHA mortgage insurance, and relocation grants.<sup>10</sup>

In order to qualify, a municipality must have adopted a comprehensive system of codes that meet minimum HUD requirements and have been carrying out an "effective program of code enforcement".<sup>11</sup> According to HUD regulations, an area chosen by a municipality for a code enforcement program had to be limited to a size such that the buildings could be brought up to code standards within three years. Furthermore, the area had to be built up and residential in character and at least 20% of the structures in the area had to be below minimum code standards as indicated by census, survey, or other data. The municipality also had to provide public improvements necessary for completion of the project such as schools, parks, neighborhood centers, streets and sidewalks, street lighting, garbage collection, sewers, electricity, and water.<sup>12</sup>

#### Participation in Rehabilitation Programs

In trying to suggest how these federal rehabilitation aids might be utilized by the existing property owners, it would be helpful to understand the motivations of the different types of owners regarding rehabilitation investment. Distinctions in behavior can be made among landlords of owner-occupied structures who have a personal as well as a financial stake in their buildings; absentee landlords who are professional real estate investors with large holdings; and absentee-landlords who are more or less amateurs in that they have a few holdings for income purposes or who may have

inherited buildings --both of whom may not know how to manage their properties professionally. All three of these groups have differing motivations in holding property (e.g., maintaining a home, maximizing investment returns, receiving supplementary income) and would thus have differing reactions regarding rehabilitation.

Owner-occupants regard the provision of personal housing services as the primary function of their dwellings, although they may rent space as an adjunct to owning as a way of helping themselves to meet the costs of ownership. Absentee-owners, however, view housing as a financial investment and seek to make a profit through capital appreciation, tax shelters, or a positive cash flow. In the case of the standing stock of low income housing, profits are usually made through the cash flow.<sup>13</sup> Distinctions can also be made among absentee-owners, since small-scale dabblers in real estate often manage their properties in a very amateur fashion, not utilizing traditional investment techniques or measures. Larger investor-owners are more likely to make investment decisions based on rational economic criteria.

#### Why Rehabilitate?

Since different owner types have diverse motivations for owning property, it follows that they would treat the question of rehabilitation based upon how it would benefit their stake in housing. At least five motives for owners to rehabilitate can be suggested, although not all would apply to every owner type. These would be:

- (1) Preservation of property values -- this would appeal to all owners, since they would all desire at least to be able to recapture their investment;

- (2) Improvement of personal housing consumption -- this aspect of rehabilitation would appeal to owner-occupants only since only resident-owners would enjoy the specific housing services generated by their property;
- (3) Maintaining a stable tenancy -- this motive, as suggested by the Krohn study, would be most applicable to owner-occupants and small-scale absentee-owners who are interested in attracting and keeping a certain social or ethnic clientele as tenants, since this would facilitate desirable social relationships which result in the formation of reciprocal landlord-tenant relationships. Such owners would view rehabilitated apartments as an incentive for the desired tenants to remain in the neighborhood rather than move on to better housing when they are able. Investor-owners would generally be somewhat less particular about who the tenants are as long as they pay their rents;
- (4) Capital appreciation -- this would apply to all owners, although it would probably receive a higher priority among investor-owners who would calculate capital gains. Owner-occupants intent upon remaining in their homes would be less concerned with capital appreciation since sales considerations would not be a primary motivation for owning. Similarly, smaller absentee-owners might be more concerned with cash flow than sales considerations since they intend to hold the

property for long time periods. For investor-owners, however, capital appreciation would be a major consideration since it is one of the primary ways to achieve a profit in housing.

- (5) Improved Cash Flow -- this would be primarily applicable to absentee-owners although it could be an issue for some owner-occupants of multi-family housing. Again, its highest priority would be among investor-owners who utilize cash flow analysis to determine returns on investment. Smaller absentee-owners and owner-occupants of multi-family structures would consider cash flow important as their chief means of achieving profits on the property, but might be willing to trade-off some cash flow maximization for non-profit considerations such as social relationships with tenants.

These are the chief benefits that can be reaped from rehabilitation. In addition, some owners may upgrade because of the fear of government sanctions that are attendant with programs such as code enforcement.

#### Barriers to Rehabilitation

Despite the personal and financial benefits offered by rehabilitation, countervailing forces often exist which present barriers to the initiations of rehabilitation without government intervention and sometimes to the effective implementation of public programs providing outright grants or rehabilitation financing at below market rates. The principal barriers to rehabilitation activity

by existing owners can be grouped into three categories:

- (1) Personal -- in many blighted or deteriorating neighborhoods, the low incomes of owner-occupants preclude significant personal investment in the housing stock. Many owners, such as the elderly or disabled, may even be physically unable to attend to minor or routine repair and maintenance chores. In addition, some residents may just have a low preference for housing or may not conform to the larger societal norms concerning utilization of living space resulting in overcrowding or a deteriorated environment.<sup>14</sup>
- (2) Environmental -- the condition of the neighborhood environment, in terms of physical condition, amenities, social ties, and population and property value trends, affects how each owner views his property in relation to rehabilitation.<sup>15</sup> For example, an owner may feel his expenditure for rehabilitation will be worthless unless his neighbors do likewise since overall neighborhood conditions are more likely to determine property value levels than the individual characteristics of the structure. Investor-owners would seem to be more sensitive to environmental conditions, and in particular housing market trends, than other owner-types, since they are less concerned with maintaining a tenancy and not concerned at all with personal living space. Indeed, given that a neighborhood is declining or deteriorated, investor-owners would probably not even consider rehabilitation

an alternative as long as their properties remain rented up.<sup>16</sup>

- (3) Financial -- the economies of property rehabilitation poses a serious barrier to upgrading the housing stock in deteriorated neighborhoods. The housing is old and usually requires extensive outlays for structural repair and/or modernization of the plumbing, heating, and electrical systems. Since the cost of such work would be too high for most owners to pay for out of liquid assets, financing would have to be secured. This would necessitate obtaining some kind of home improvement loan, usually at a high interest rate with a short payback period (e.g., at 10% for 5-7 years). The implications of this for all classes of owners are mostly negative. Owner-occupants with low incomes may find the monthly payment a burden; if a substantial portion of the financing cost is passed on to tenants, this may weaken neighborhood social ties as desirable tenants may look elsewhere for housing they can afford. For absentee-owners, an increase in debt service would have to be at least offset in the cash flow by an increase in rents; furthermore, investor-owners would be interested in seeing the rents reflect a return to the added investment which would necessitate an additional rental increment.

## Rehabilitation and Housing Markets

It is at this point that considerations of the neighborhood housing market impinge on the investment decisions of owners. Owner-occupants and some small, absentee-owners would be concerned with changes in the characteristics of the neighborhood's population, particularly regarding race, ethnicity, and income level, since a changing neighborhood social structure might disrupt familiar social patterns and make the neighborhood a less desirable place to live, or at least in which to invest. Investor-owners, too, would be interested in changing demography, although their focus of attention would be primarily on ability to pay. For example, some deteriorated neighborhoods that have been "rediscovered" by young white professionals with good incomes are attractive areas for rehabilitation investment since owners can realize both an improved cash flow and a capital gain. Conversely, neighborhoods undergoing a downward socioeconomic change would be poor investment choices first since it would be difficult to obtain the required rent levels to cover rehabilitation costs, and second, since area-wide property values would probably reflect the associated neighborhood decline and the investor would be unable to recapture his investment. Owner-occupants and small-scale absentee-owners would probably also be sensitive to property value trends, particularly since they would be an indicator of neighborhood change, and this would impact on their investment decisions.

Based on the analysis of motivations for and barriers to rehabilitation and the characteristics of neighborhood housing markets discussed in Chapter Two, it is possible to suggest how the various neighborhood types (using the typology of Solomon and

Peterson) will affect rehabilitation activity.

Table 3-1

Neighborhood Housing Markets and Rehabilitation

| Neighborhood Type     | Incentives for Rehabilitation   |                                |                        |                      |                    | Barriers to Rehabilitation |               |           |
|-----------------------|---------------------------------|--------------------------------|------------------------|----------------------|--------------------|----------------------------|---------------|-----------|
|                       | Preservation of Property Values | Improvement of Personal Living | Maintenance of Tenants | Capital Appreciation | Improved Cash Flow | Personal                   | Environmental | Financial |
| Upward Transitional   | Y                               | Y                              | M                      | Y                    | Y                  | N                          | N             | N         |
| Stable-good           | Y                               | Y                              | Y                      | M                    | M                  | N                          | N             | N         |
| Downward Transitional | N                               | Y                              | M                      | N                    | N                  | M                          | Y             | Y         |
| Blighted              | N                               | Y                              | M                      | N                    | N                  | Y                          | Y             | Y         |

Each cell in the left-hand portion of Table 3-1 answers the following question: "Given this type of neighborhood, should the owner be able to achieve this goal of housing rehabilitation?". The answers are: "Y"-yes; "N"-no; "M"-maybe. The last category means that individual housing market trends will determine whether the goal will be achieved. For example, the income levels and migration trends in neighborhoods will affect whether a rehabilitating owner can maintain his tenancy. If rehabilitation costs cause rent to rise above a certain level, tenants in downward transitional and blighted neighborhoods may be forced to move.

Similarly, rehabilitation in upward transitional neighborhoods may again raise rents too much for older tenants and also attract newer, higher-income people as well who may change the character of the neighborhood. The cells on the right hand side of the table answer the question: "Given this type of neighborhood, should these kinds of barriers to rehabilitation exist?". The implications of this table are that rehabilitation, not spurred by any outside intervention, will generally occur only in stable good or upward transitional neighborhoods and perhaps in downward transitional or blighted neighborhoods among those who are interested in improving their personal living space and maintaining their tenancy --if they can afford to rehabilitate and can ignore the prevailing neighborhood externalities which will probably destroy the value of their investment.

In the absence of outside rehabilitation assistance, the following pattern for rehabilitation by owner-type can be suggested:

Table 3-2  
Unassisted Rehabilitation Activity by  
Owner and Neighborhood Type

| Neighborhood Type     | Owner-Occupant |    |       | Small-Scale Absentee-Owner |    |       | Investor-Owners |    |       |
|-----------------------|----------------|----|-------|----------------------------|----|-------|-----------------|----|-------|
|                       | Yes            | No | Maybe | Yes                        | No | Maybe | Yes             | No | Maybe |
| Upward Transitional   | X              |    |       | X                          |    |       | X               |    |       |
| Stable-good           | X              |    |       | X                          |    |       |                 |    | X     |
| Downward Transitional |                |    | X     |                            | X  |       |                 | X  |       |
| Blighted              |                |    | X     |                            | X  |       |                 | X  |       |

The suggested effect is for no unassisted rehabilitation investment by existing investor-owners to occur in downward transitional or blighted neighborhoods, perhaps some by small-scale absentee-owners, with the most rehabilitation activity in these neighborhoods being performed by owner-occupants.

The provisions of the 312 and 115 rehabilitation assistance programs sought to alter the configuration of motives for and barriers to rehabilitation displayed in Table 3-1 and thereby change the pattern of rehabilitation investment. Principally they attempted to alter the personal, environmental, and financial barriers by:

- (1) providing low-income owners with direct grants;
- (2) consolidating the effects of rehabilitation through promoting area-wide rehabilitation to protect and shore up property values and through investment in the physical environment of the neighborhood; and
- (3) providing long-term low interest loans to overcome financing difficulties.

These can be seen to remove several of the barriers on the right hand side of Table 3-1 thereby increasing the motivation to rehabilitate in deteriorating and blighted neighborhoods. Typically, though, the benefits of the rehabilitation programs were not available to all owners equally. For example, only owner-occupants of 1-4 family homes were eligible for 115 grants and in times of tight money in Washington, the 312 loans went on a priority basis to owner-occupants with incomes within the 221(d)3 limits. So absentee-owners were often closed out of rehabilitation assistance. Assuming then that Federal rehabilitation assistance programs were aimed

primarily at owner-occupants, any participation by absentee-owners would probably be a side effect induced by their perspective that the rehabilitation was positively affecting the neighborhood. The utilization of rehabilitation programs by owners then might result in the following pattern:

Table 3-3  
Assisted Rehabilitation Activity by  
Owner and Neighborhood Type

| Neighborhood Type     | Owner-Occupant |    |       | Small-Scale Absentee-Owner |    |       | Investor-Owner |    |       |
|-----------------------|----------------|----|-------|----------------------------|----|-------|----------------|----|-------|
|                       | Yes            | No | Maybe | Yes                        | No | Maybe | Yes            | No | Maybe |
| Upward Transitional   | X              |    |       | X                          |    |       | X              |    |       |
| Stable-good           | X              |    |       | X                          |    |       |                |    | X     |
| Downward Transitional | X              |    |       |                            |    | X     |                | X  |       |
| Blighted              | X              |    |       |                            |    | X     |                | X  |       |

Table 3-3 suggests that rehabilitation activity under 312 by absentee-owners is still not likely in downward transitional or blighted neighborhoods. The neighborhood type designation refers to the state of the housing market operating in the neighborhood at the inception of the rehabilitation program. After a program has been operating in a neighborhood for some time, it may serve to change housing market trends, e.g., stabilizing a downward transitional neighborhood or changing a blighted neighborhood to upward transitional. The investment decisions of owners would then have to be looked at for

the new categories.

Chapters 4 and 6 examine two different neighborhood housing markets and the forces affecting them and then make judgments about neighborhood housing market trends just prior to the inception of the 312 and 115 rehabilitation programs in them.

Chapters 5 and 7 discuss what incentives for and barriers to rehabilitation are likely to exist in each neighborhood because of the characteristics of the neighborhood housing markets. In light of these incentives, barriers, and market trends, the rehabilitation behavior (or lack thereof) of the different owner-types are suggested. These predicted rehabilitation activities are then checked against the actual record of participation in the rehabilitation programs to see if it can be determined that neighborhood housing markets affect rehabilitation activity in the manner suggested in this chapter.

Chapter 4

Jamaica Plain

The Community Improvement Program

Housing Market Analysis

The Jamaica Plain section of Boston has long been primarily a residential community; the large Victorian homes on wooded lots in the central part of the district attest to the fact that the area was once a bedroom suburb of Boston --and the country seats of Governor's Bernard, Hancock, and Bowdoin-- before annexation to the city in the mid-1800's. During the late 1800's and early 1900's, Jamaica Plain continued to serve as a fine residential area for wealthier Bostonians. Proximity to several natural scenic areas such as Jamaica Pond and the Arnold Arboretum continued to attract development through the first third of the twentieth century. Many imposing homes were built along the Arborway and Jamaicaway by newer families who had recently amassed business fortunes on their own, such as several successful brewers whose enterprises brought many German immigrants to the area. During this same time, many two and three family houses were constructed in the interior of the district.

Although the flavor of this older Jamaica Plain can be sensed through the architectural style of many of the houses, the Jamaica Plain of today is quite a different community with respect to its inhabitants. Since the early 1900's, the Yankees have been replaced largely by Irish and Italian lower-paid professionals (e.g., teachers, socialworkers), skilled tradesmen and operatives. Now, as the evolution of such an urban neighborhood continues, there are increasing

Map 4-1

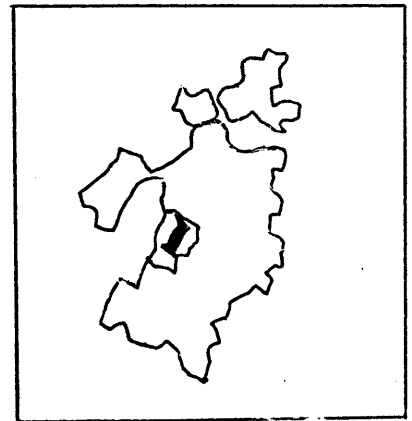
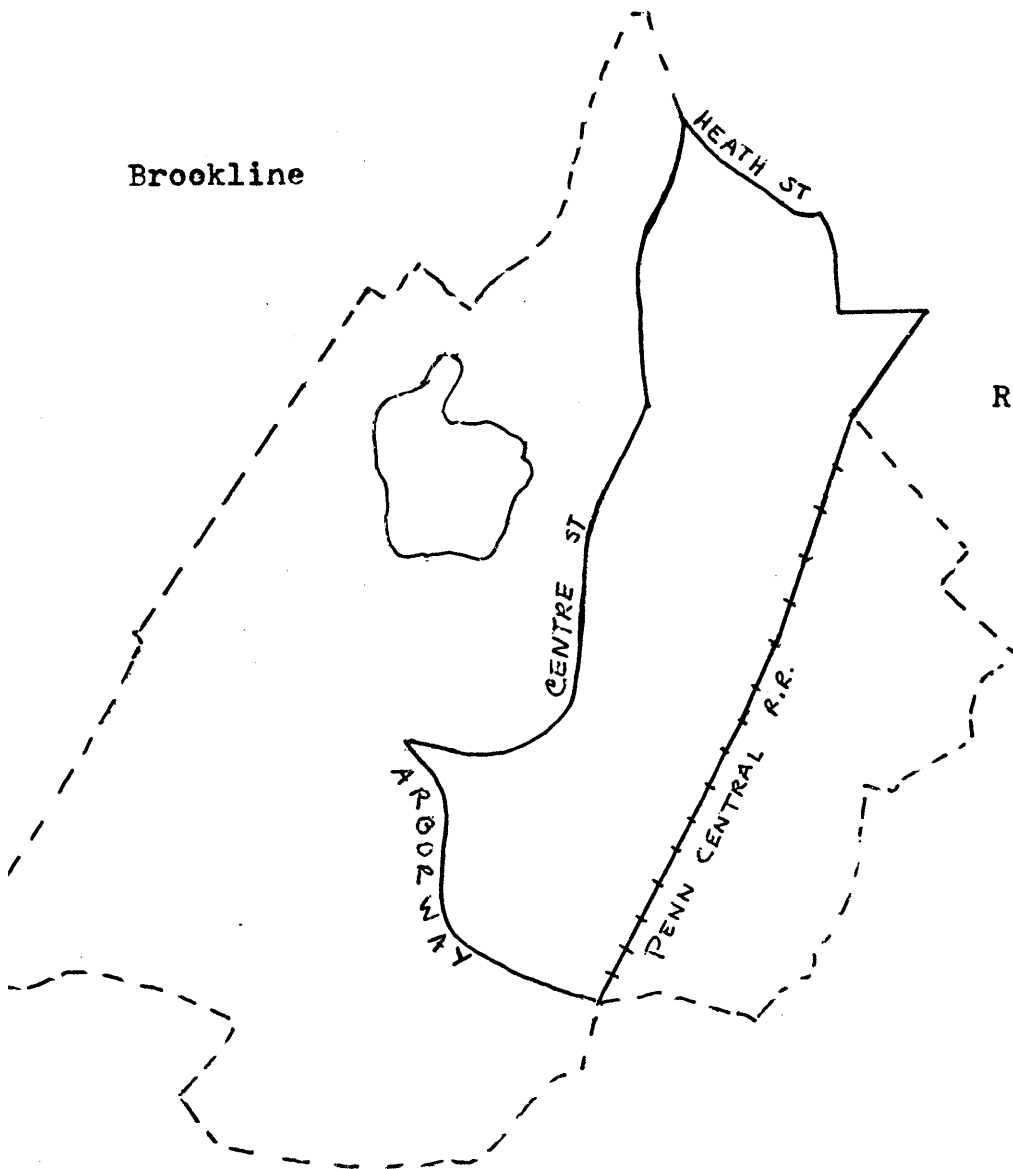
Jamaica Plain

Community Improvement Program

Brookline

Roxbury

Roslindale



pressures for not only another ethnic succession --this time to Spanish surnamed people-- but also for a racial succession as more Black families move into the periphery of Jamaica Plain.

Housing-wise, Jamaica Plain is a community of marked contrasts. The eastern third of Jamaica Plain, from the Penn Central Railroad to Washington Street bordering on Roxbury, is in the most deteriorated condition; in the northern part of the district are the Bromley-Heath and Mission Hill Public Housing Projects; the western third of the neighborhood, from Center Street west to the Jamaicaway and Arborway, contains houses in very good condition and also some very lavish single-family dwellings; and southwest of the Jamaica Pond is the Moss Hill area where the newest houses and highest property values are found. The impression that is gained from observing these different areas is that Jamaica Plain is not really one neighborhood at all, but several distinct sub-neighborhoods that can be differentiated on the basis of housing type and conditions and/or inhabitants.

The Community Improvement Program neighborhood in Jamaica Plain comprises about one-fifth of the 1,950 acre Jamaica Plain-Parker Hill Planning District and extends in a north-south direction from Heath Street to the Arborway. Since the CIP area is embedded in the heart of Jamaica Plain it encompasses almost the entire range of population and housing that exist in the district. Just as Jamaica Plain itself is not a homogeneous community, so too the CIP area projects several different faces. While the eastern periphery of the Community Improvement Program area looks toward Roxbury and the more deteriorated housing and the northern edge toward Bromley-Heath, the western boundary looks toward the well-kept structures along the parkways.

Housing conditions within the Community Improvement Program neighborhood then are more extensions of those found in the contiguous areas and the range of housing types and condition within the Program boundaries indicates it has acted as a transition area between the better and worse housing in Jamaica Plain.

#### Environmental Influences

In studying the housing market in the Community Improvement Program area, the neighborhood must be first placed in the context of the city-wide forces acting upon it and second in the context of the forces acting upon it from its immediate external environment. In the former case, perhaps the greatest driving force for change in the city over the last two decades has been its changing demographic structure. Of special import here is the large increase in the non-white population in Boston from 1950 to 1970 (5.3% in 1950; 9.8% in 1960; and 18.1% in 1970). As a predominantly moderate-income neighborhood both in 1960 and 1970, in the face of this increase in non-white population, it is conceivable that Jamaica Plain in general and the Community Improvement Program in particular could either absorb some of this increase as has happened in Dorchester or attempt to become a bastion of white middle income families a la South Boston and Charlestown. The more probable of these possibilities can be better explained by examining the more immediate environmental context of the neighborhood.

As previously noted, the eastern portion of Jamaica Plain borders on Roxbury and immediately north of the CIP neighborhood is the Bromley-Heath public housing project populated by many Black tenants. Jamaica Plain and the Community Improvement Program area then have been

physically contiguous to non-white populations and thus, unlike South Boston and Charlestown which are not only physically removed from non-white populations but also somewhat physically separated from other city neighborhoods, it could be expected that the non-white population would tend to move into this area. In actuality, the non-white population did increase in Jamaica Plain from 5% in 1960 to 16% in 1970; this occurred mainly in the northern and eastern parts of the district. The non-white population in the Community Improvement Program area was considerably lower (3.3% in 1970), suggesting that the non-white racial increase was occurring in a geographic pattern from the north and east toward the west and south.

Although the non-white immigration to Jamaica Plain has been gradual and has followed a geographic pattern, the imminence of more drastic neighborhood change and deterioration and public policies regarding race have spurred the flight of many white middle-income families from Jamaica Plain. Although the busing issue has just recently come sharply into focus, the subject had been raised several times during the 1960's and many families left Jamaica Plain in anticipation of the adoption of a busing program.<sup>1</sup>

A second major environmental influence is the long process of planning for the proposed southwest Corridor. The specter of land takings by the state along the railroad tracks hung over the eastern border of the Community Improvement Program area for a major portion of the 1960's. Eminent domain did occur toward the end of the decade resulting in the taking of many homes in the area. The taking process is now temporarily halted until the state determines its transportation policy for the Boston area. The long period of planning for and

execution of the Southwest Corridor project, coupled with the uncertain content of the final plan, served to depress property values along the railroad tracks. As the Boston Globe reported?

"...if you drive straight east from the Jamaica way to Franklin Park, you will see the quality of the housing go steadily down from upper to middle to poor to some of the worst in Boston until you pass the railroad tracks and then it reverses itself. This highlights the devastating effect the railroad and proposed expressway has had on parts of Jamaica Plain."

Since the highway plan execution did not progress past the land taking stage, there were many properties along the route that, once they were taken, constituted a blighting influence by virtue of their having abandoned structures on them or serving as repositories for illegal dumping activities.<sup>3</sup>

These two specific environmental forces -impending racial transition and a disruptive highway policy- would have contributed to a neighborhood decline process. Although changing demographics do not necessarily have to be associated with decline, the view of the older inhabitants toward the newer, if unfavorable, as in this case, can provide the atmosphere for property speculation, exploitation, and devaluation. Likewise, a long-term uncertain public policy involving land taking often causes property values to depreciate and owners to disinvest in the affected properties. Given forces such as these at work in Jamaica Plain, it is not surprising that the Boston Globe neighborhood survey found that 60% of Jamaica Plain residents polled in 1971 would have moved from that area if given the chance.<sup>4</sup>

## Population Changes

### Population Decline and Ethnic Change

The population of the Community Improvement Program area decreased between 1960 and 1970 by about 8.5% from almost 19,300 people to about 17,700 people. This decline is consistent with trends in both the city and Jamaica Plain as a whole where the population losses were 8.2% and 10.8%, respectively. This net loss, though, masks the fact that there was a more considerable outmigration which was only partially filled by new and sometimes different immigrants. The percentage of the population of foreign stock actually rose between 1960 and 1970 from 50.2% to 52.1%. In the same time span, the percentage of people in the three major ethnic groups (Irish, Italian, and Canadian) declined from almost 62% to 54%. On the other hand, there was a major influx of Spanish-speaking into Jamaica Plain such that by 1970 better than 12% of the people of foreign stock in the CIP area were Spanish (principally Cuban, but some Puerto Rican); in 1970, the Spanish-speaking constituted about 7% of the neighborhood's population. More than half of the Spanish population moved into their 1970 addresses in the CIP area in 1969 and 1970 and there were effectively no Spanish-speaking persons in the neighborhood before 1960. Furthermore, this was an immigrant population with more than half the Spanish having lived abroad in 1965. This contrasts with the non-Spanish population in 1970, 64% of which had lived in the same house in 1965 and only 3% of which had lived abroad. Although their numbers were relatively small in 1970, the Spanish-speaking must be considered an important element of the Community Improvement Program area housing market because they were a fast growing population thereby forming a major demand component and their social and economic characteristics differed

radically from the larger population.

#### Age Structure and Family Size

In 1970, the population of the Community Improvement Program area contained proportionately more elderly people than either the city or Jamaica Plain as a whole. People over 60 years of age constituted 22% of the CIP area population as contrasted with 20% for the whole of Jamaica Plain and 17.5% for the city. This concentration of elderly persons is partially explained by the fact that the Northern part of the area contains several medical facilities and nursing homes which would care for elderly patients on a permanent basis. The percentage of children in the area was slightly less than for the city and Jamaica Plain as a whole, although the relative changes between 1960 and 1970 of fewer 0-9 year olds and more 10-19 year olds was similar. The CIP area was lower in proportion than the city and Jamaica Plain as a whole in the young adult category, age 20-24, indicating that the area may have had a relatively smaller student population. The age structure of the Spanish-speaking population in 1970 differed significantly from this distribution, however. Among the Spanish, there were proportionately twice as many children under age 10 than in the larger population (29.5% vs. 15%). Conversely, only 9% of the Spanish-speaking were over 60 years of age. In addition, the greatest concentration of non-elderly adults were in the 25-44 year old age bracket (34.6% vs. 11.5% of total CIP area population). These statistics lead to the conclusion that the Spanish population was composed almost entirely of young to middle-aged families. Furthermore, the average family size was larger for the Spanish speaking, with households averaging 4.1 persons as opposed to 2.9 for the CIP neighborhood population as a whole.

### Income

The median family income in the CIP area was in the range of \$9,000 in 1970; it had been \$6,000 in 1960. However, the income of families did extend over a wide range with almost 20% earning less than \$5,000, 38.5% earning between \$5,000 and \$10,000, 25% earning between \$10,000 and \$15,000, and 17% earning over \$15,000. Approximately 11% of the families and 27% of the unrelated individuals had incomes below the poverty level. The principal sources of income for families in the CIP area were\* wages and salaries (87%); social security or railroad retirement (28%); other, presumably interest, dividends, and rents (36%); and public assistance (11%). Again, the statistics for the Spanish population contrasted sharply with these. The median income for Spanish-speaking families in 1970 was in the \$6,000 range with 40% of the families earning less than \$5,000, 37% earning between \$5,000 and \$10,000, and only 13% earning over \$10,000. Almost 40% of these families had incomes below the poverty level. The principal sources of income for Spanish-speaking families were wages and salaries (76.3%) and public assistance (30%). This difference between the relative importance of sources of income reflects the lack of a major elderly population among the Spanish, the predominate renter status of Spanish-speaking families, and the fact that their low incomes probably do not allow for savings or capital formation.

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\* Percentages won't add to 100 as multiple answers were counted.

## Occupation and Employment

The occupational structure of the population of the Community Improvement Program area did not change significantly between 1960 and 1970. The five most important occupational categories and their relative importance in each end of the decade were:

Table 4-1  
Principal Occupational Categories

| Category                                           | Rank<br>1960 | Rank<br>1970 | Rank (Spanish)<br>1970 |
|----------------------------------------------------|--------------|--------------|------------------------|
| Clerical and<br>kindred workers                    | 1            | 1            | 3                      |
| Operatives                                         | 2            | 3            | 1                      |
| Professional,<br>Technical, and<br>Kindred Workers | 3            | 4            | 5                      |
| Service Workers                                    | 4            | 2            | 2                      |
| Craftsmen,<br>Foremen                              | 5            | 5            | 4                      |

The rise in the relative importance of service occupations is consistent with the changing economic base of older central cities from the manufacturing to service industries. This was further reflected in the decline in absolute and relative terms of the number of persons employed in manufacturing as can be seen by the change in employment in industrial categories over the decade. (See Table 4-2). The occupational and industrial employment patterns of the Spanish-speaking were probably related to low skill levels (almost 50% of the adult Spanish-population over 25 years of age had completed only eight years of school or less) as well as perhaps to language difficulties (e.g., the low proportion of persons in the retail industry which requires

basic English language skills).

Table 4-2

Changes in Employment in Industrial Categories

| Category                   | % Employed<br>1960 | % Employed<br>1970 | % Employed (Spanish)<br>1970 |
|----------------------------|--------------------|--------------------|------------------------------|
| Manufacturing              | 24.8               | 18.8               | 33.3                         |
| Service<br>(incl. Finance) | 38.8               | 36.6               | 36.6                         |
| Finance                    |                    | 10.3               | 13.2                         |
| Retail                     | 13.9               | 14.6               | 7.8                          |

In 1970, approximately 70% of all males age sixteen and over and 45% of the corresponding females in the CIP area considered themselves in the labor force for a 57% average and this did not differ significantly for the Spanish-speaking population. However, the population as a whole contained a much larger proportion of elderly persons than did the Spanish population so if all persons age 65 and over were assumed to be out of the labor force then the percentage of the remaining population in the labor force climbed to 82% for the overall population while for the Spanish population it rose to only 65%. This marked non-participation in the labor force by the Spanish coupled with a slightly higher unemployment rate (4.3% in 1970 vs. 3.9% of overall CIP area population) was a contributing factor to the lower income of the Spanish population.

These population statistics for the Jamaica Plain Community Improvement Program area indicate that there was somewhat of a change in the socioeconomic structure of the population. In the northern and eastern portions of the area there was a growing Spanish population whose socioeconomic characteristics were different in almost every

category from the remainder of the population. Of particular importance was the significant income gap between the Spanish-speaking and larger population. The income difference could be correlated with lower education and skill levels, lower occupational status, and higher unemployment. It would appear then that the Spanish-speaking population would not be likely to approach the income level of their non-Spanish neighbors in the near future. Furthermore, their larger family sizes would indicate that the dollars they did earn probably did not go as far per capita as those of the larger population with its smaller families. Based upon these population characteristics, three major demand elements for housing in Jamaica Plain prior to the initiation of the Community Improvement Program can be identified.

- (1) Moderate income white families employed in lower-paying white-collar positions and skilled and semi-skilled blue-collar jobs. Many of these were of foreign extraction, principally Irish and Italian but also some Greek, Russian, and other Eastern European. Although these people constituted the majority of Jamaica Plain residents, their demand for housing in the area was actually declining and the departure of many of these families from the area contributed to a net population decrease over the last decade. But, based upon their sheer numbers and the desire of many old time residents to remain in the neighborhood, they comprise a major group to be studied.
- (2) An elderly population which was moderately increasing.
- (3) A growing Spanish-speaking population employed primarily as semi and unskilled workers with substantially lower

incomes and larger families than the majority of the rest of the families.

The effects of such demand elements on a housing market are clear. The major class of middle-income white families that were departing from Jamaica Plain were being replaced by newer immigrants with substantially lower housing-services buying power. These new people coupled with the large number of elderly with low incomes would cause owners to invest less in their properties since the tenants would not be able to absorb the attendant rental increases and owners would not receive a reasonable return to investment --as calculated by <sup>✓</sup>any formal or informal means. This would be a consideration even for owner-occupants who might hesitate to undertake any major home improvement or modernization jobs. Eventually, the relative demand for such housing will decrease and property values will stagnate or decline. Furthermore, neighborhood change of such a drastic nature will spur other white families to leave as they see property value declining and the former social patterns changing, and this will only exacerbate the neighborhood decline process.

### Physical Nature of the Housing Stock

#### Number and Condition

Between 1960 and 1970, the number of units in the Community Improvement Program area housing stock declined by almost 3%. Since the population declined at a rate almost triple this, the density of the area declined from an average of 3.4 persons per housing unit to 3.2 persons per unit. This is again consistent with overall trends for Jamaica Plain --although it was not as sharp a drop (from 3.4 persons per unit to 2.8)-- and for the city as a whole (change from

2.9 persons per unit to 2.7). The housing stock was of an older vintage with better than 90% of the units having been constructed before 1940 and only about 2% between 1960 and 1970. Although the usefulness of the "condition" measure of the 1960 census can be debated because of its questionable objectivity and precision, these statistics can give us an idea of the state of the housing stock in 1960. At that time, 75% of the units were judged to be "sound", 18.5% "deteriorated", and 6.8% "dilapidated". Almost all the dilapidated units were located in the eastern portion of the CIP area, while most of the deteriorating units were located in the northern and eastern parts of the neighborhood. This points to a quality gradient in the CIP area housing stock with the better housing being located in the central and southwest sections where almost all the housing units were judged to be sound, more deteriorated housing in the northern and eastern areas, and the most deteriorated along the eastern periphery and in the southeast section.

#### Structure Types

The structural nature of the housing stock did change somewhat over the decade. Based upon changes in the number of units found in various size structures in the three sample census tracts, there is evidence of conversion of single-family homes to two or more units as manifested by a significant decrease in the number of units located in one-unit structures (730, 1960, vs. 498, 1970) and a rise in the number of units located in two-unit structures (961, 1960 vs. 1060, 1970). The greatest increase was in the number of units located in structures having ten or more units (110 vs. 386) indicating the construction of some new apartments. This new apartment construction did not seem aimed at the traditional family types seeking housing in Jamaica Plain

but instead was related more to the city-wide demand for apartments by singles and childless couples. The rent levels were substantially higher than for existing older similar-sized units.<sup>5</sup> These structures then, mostly small garden-apartment types interspersed with existing housing was answering an external demand factor, not the needs of the immediate neighborhood. Since the number of units in 5-9 unit structures remained about the same, it would appear that the major losses to the housing stock were in the 1-3 unit structure category. These houses have always been the predominant elements of the stock as about 75% of the units in 1970 were located in them (down from 85% in 1960).

#### Unit Size

The bulk of the units (83%) in the Community Improvement Program area contained between three and six rooms in 1970. This is consistent with Jamaica Plain as a whole and is a bit higher than the overall city distribution (76.1). In addition, about 13% of the units had seven or more rooms which was again higher than the average for the city (10.7%) which had a larger proportion of one and two room units (13.1% vs. 4.2% in the CIP area). The previous suggestion that some conversion of structures to a larger number of apartments with a smaller number of rooms is supported by the change in the relative proportion of the number of rooms per unit. The number and percentage of one, two and three room units increased between 1960 and 1970 (10.7% in 1960 vs. 16.1% in 1970). Although some of this increase was probably due to the construction of smaller-sized apartments, the decline in the number of units with seven or more units suggests some conversion activity. The number of four, five, and six room units remained about equal.

From these statistics, we can conclude that a definite quality gradient in housing did exist in the CIP area which we related earlier to the housing conditions in contiguous geographic areas. The quality gradient would be likely to give rise to geographically-oriented sub-markets since conditions would be correlated to values and rents which in turn would relate to the populations owning and seeking housing there. Some conversion activity was in evidence. While this might have been a response to trends toward lower average family size, more importantly, it would serve as a determinant for the size families the units will be able to accommodate in the future, thus affecting the potential owning and renting population.

#### Economic Characteristics of the Housing Stock

##### Rent

In 1970, the median rent for a unit in the Community Improvement Program area was \$123; it had been \$81 in 1960. However, the median rent for units occupied by Spanish-speaking families was \$134. This rent disparity can most probably be related to the need for larger sized units engendered by the larger families of the Spanish. For example, the median gross rent for 1-3 room units in 1970 was on the order of \$100, while for 4-5 room units it was around \$125, and for units with 6 rooms or more, over \$140. Since the median family size among the Spanish-speaking was about 4.5 persons, it would be expected that many families would have to rent larger units, at a higher price, to avoid overcrowding. Considering the burden such high rents would place on family finances, which we already noted were considerably below the average for the neighborhood, it is not surprising that many Spanish-speaking families did live in overcrowded conditions (more than 20% lived in overcrowded units in 1970, as compared with

7.5% for the non-Spanish-speaking population).

Rent-income ratios for the Community Improvement Program area indicate that in 1970 about 40% of the renting population paid more than 25% of their gross income on housing. Those expending more than 25% of their income on rent were concentrated in the lowest income categories, though. For example, almost 95% of households which earned less than \$7,000 in 1969, had rent-income ratios of 25% or more, whereas almost 95% of households with incomes greater than \$7,000 paid less than 25% of their incomes on rent. Among the Spanish, about 60% of the households had rent-income ratios greater than 25% and almost half the households expended more than 35% of the incomes on rent. From this we can conclude that most of the non-Spanish-speaking renters in Jamaica Plain were not being overburdened by their housing expenditures, and many could afford to bear an increase in rent without being bothered too much. The Spanish, however, and most others with low income were expending a large proportion of their family budget on rent such that increased rents for them could prove to be overly burdensome.

#### Residential Property Values

The analysis of the sales of a sample of about 85 structures drawn from five separate geographical areas within the Community Improvement Program area, yields some interesting insights into the housing market that was operating there for a period of fourteen years, from 1956 to 1969, just prior to the commencement of the code enforcement program. The sample taken from the Appraiser's Weekly files at the Boston Redevelopment Authority resulted in almost every case falling into the one to three unit structure bracket --so the property analysis was performed for these types of structures only.

Map 4-2

Community Improvement Program

Neighborhood Submarkets

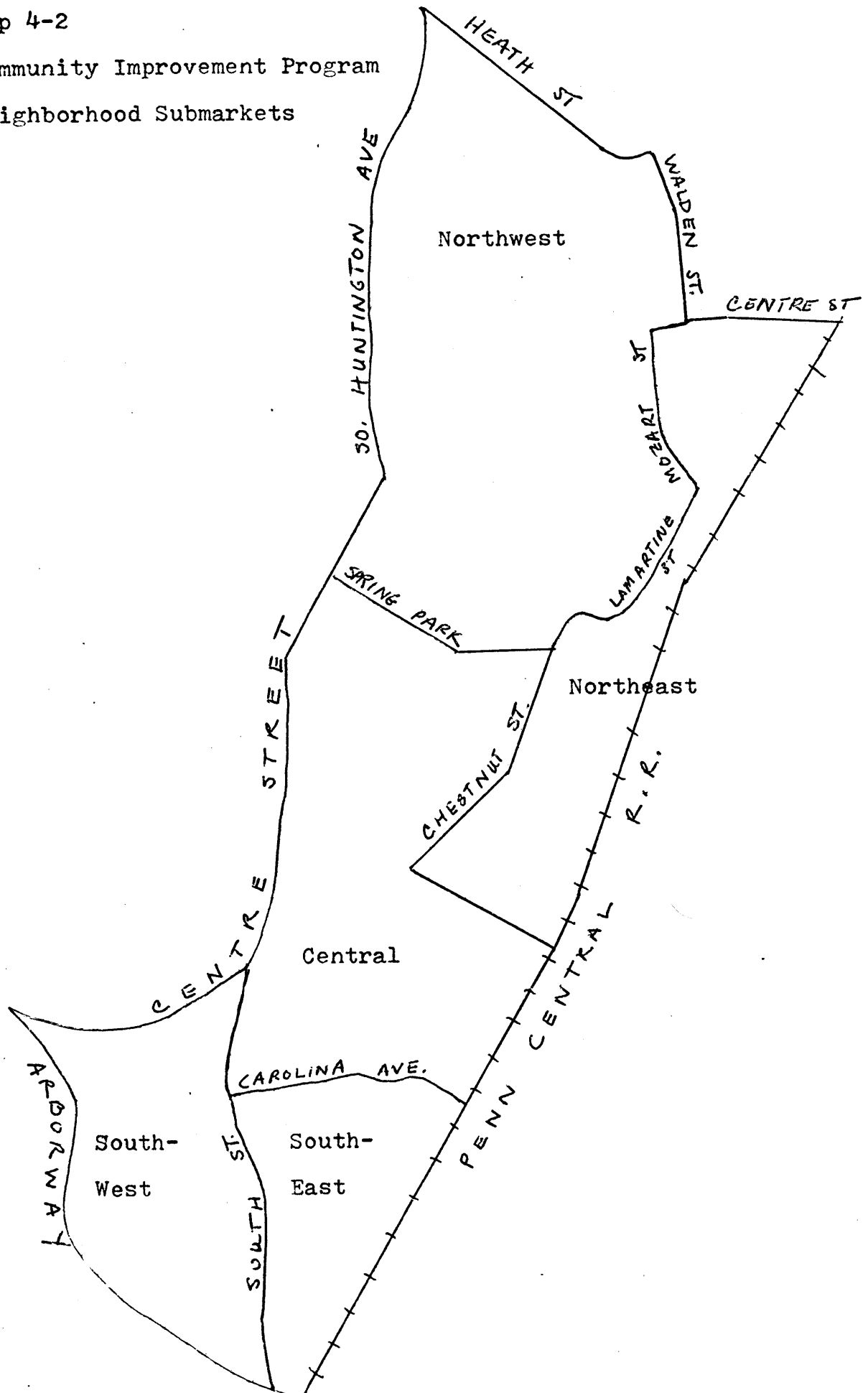


Table 4-3 on the following page shows how property values in the Community Improvement Program compared with those in the city as a whole and with other neighborhoods within the city. Between Periods 2 (1960-1963) and 1 (1956-1959) and between Periods 3 (1964-1966) and 2, values in the CIP area progressed at a rate commensurate with the city as a whole and with other stable white residential neighborhoods. During the same time, though, residential property values in the Jamaica Plain-Parker Hill Planning District were not keeping pace with the city's rate of increase, thus indicating that Jamaica Plain overall was exhibiting characteristics of a downward transitional neighborhood. Between Period 4 and Period 3, the rate of increase in property values in the Community Improvement Areas was only about half that of the city, thus giving evidence that this part of Jamaica Plain was beginning to be affected by forces in the larger community which continued to show signs of decline.

We can also see that the structure types were affected differently by this change in value. Between 1956 and 1966, the market for single-family homes appeared to be quite strong with properties showing better than average value increases. The value of two and three-unit structures did not progress as well, however. Between 1967 and 1969, there was further evidence of neighborhood decline setting in. The value of three family structures stagnated, while the value of single-family homes increased at only a fraction of its former rate. Only the two-family houses increased in value at a rate commensurate with the stable neighborhoods (See Table 4-4).

On a sub-neighborhood level, property values varied geographically as well as structurally. The Northeastern area had the lowest comparative values for all structure types. The sales prices in Southeastern

Table 4-3

Property Value Changes / 1956-1969 / Boston Neighborhoods<sup>6</sup>

| Percent Change                                     | City Overall | Community Improvement Program | Jamaica Plain | Urban Renewal | Charlestown | South End | Racial Minorities | Dorchester | Roxbury | Lower White | East Boston | South Boston | North End | Upper White | Roslindale | West Roxbury | Hyde Park |
|----------------------------------------------------|--------------|-------------------------------|---------------|---------------|-------------|-----------|-------------------|------------|---------|-------------|-------------|--------------|-----------|-------------|------------|--------------|-----------|
| Period 2<br>(1960-1963)<br>Period 1<br>(1956-1959) | 13.3         | 14.2                          | 9             |               | 2           | 11.8      |                   | 13         | 5.3     |             | 8.5         | 11.7         | 26        |             | 17.4       | 16.6         | 20.8      |
| Period 3<br>(1964-1966)<br>-<br>Period 2           | 22           | 23.2                          | 12.3          |               | 50          | 39.4      |                   | 9.8        | 0       |             | 29          | 20.9         | 18.5      |             | 19.6       | 15.8         | 15.1      |
| Period 4<br>(1967-1969)<br>-<br>Period 3           | 15.6         | 8.5                           | 6.7           |               | 51.4        | 17.9      |                   | 8.3        | 11.9    |             | 4           | 16.6         | 26        |             | 4          | 14.9         | 11.6      |

and Northwestern sections were comparable at a significantly higher level than in the Northeast. In these three areas, the predominant structure types were two and three family houses. Of particular note in the Northwest area was the decrease in sales prices of two-family dwellings and the very small overall increase in the value of three-unit structures. The Central and Southwestern areas had the highest sales values in all categories. In the Central area, there was a large number of what were listed as single-family structures. However, the analysis of owners and tenants which will be discussed later, indicated that many of these very large houses, which were constructed for one family, had been sub-divided into either several small rooms or apartments, which may even have been rented out by owner-occupants.

The distinctions that can be made among the different areas regarding the value of residential properties gives credence to the idea that geographically-oriented quality differences existed within the Community Improvement Program area throughout the 1960's. The overall picture these value changes paint is one of a neighborhood where the sales prices of residential structures were indicators of the response of the housing market to the pressures for decline caused by a deteriorating environment. Those three areas which evidenced the most signs of decline to begin with were also being subject to the forces of further deterioration, such as the influx of a new financially less well-off population and an uncertain public highway policy; the market reacted to this with stagnating or even declining values. On the other hand, property values in the two sections which were in the best original condition and were less affected by forces for change still advanced; but by the end of the study period, the rate

Table 4-4

Property Value Changes for Structure Types  
Community Improvement Program Area / 1956-1969

| Period    | One Unit  |                        |                | Two Unit |               |                | Three Unit |               |                |
|-----------|-----------|------------------------|----------------|----------|---------------|----------------|------------|---------------|----------------|
|           | #         | Average Value          | Percent Change | #        | Average Value | Percent Change | #          | Average Value | Percent Change |
| 1956-1959 | 5<br>*(3) | \$ 8,600<br>(\$10,167) |                | 3        | \$16,000      |                | 10         | \$12,900      |                |
| 1960-1963 | 6         | \$13,000               | 51<br>*(27.8)  | 6        | \$13,500      | -15.6          | 13         | \$14,615      | 13.3           |
| 1964-1966 | 8         | \$19,063               | 46.6           | 13       | \$15,067      | 15.6           | 15         | \$17,533      | 20             |
| 1967-1969 | 10        | \$20,450               | 7.2            | 5        | \$17,700      | 13.4           | 12         | \$17,335      | 0              |

-57-

\* Smaller sample eliminates two very low sales prices.

Table 4-5

## Average Sales Prices / 1956-1969 / One Unit Structures by Area

## Community Improvement Program Area

| Period        | Northeast       | Southeast       | Central         | Northwest | Southwest       |
|---------------|-----------------|-----------------|-----------------|-----------|-----------------|
| 1956-<br>1959 | \$ 6,250<br>(2) |                 | \$10,166<br>(3) |           |                 |
| 1960-<br>1963 | \$ 8,000<br>(2) |                 | \$16,000<br>(3) |           | \$14,000<br>(1) |
| 1964-<br>1966 |                 | \$14,000<br>(1) | \$18,625<br>(4) |           | \$21,000<br>(2) |
| 1967-<br>1969 | \$14,500<br>(1) |                 | \$22,000<br>(8) |           |                 |

Table 4-6

Average Sales Prices / 1956-1969 / Two Unit Structures by Area  
Community Improvement Program Area

| Period        | Northeast       | Southeast       | Central         | Northwest       | Southwest       |
|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1956-<br>1959 |                 |                 | \$15,000<br>(1) | \$16,500<br>(2) |                 |
| 1960-<br>1963 | \$10,000<br>(2) | \$11,500<br>(1) | \$18,500<br>(1) | \$15,500<br>(2) |                 |
| 1964-<br>1966 | \$ 7,250<br>(2) | \$16,375<br>(4) | \$19,600<br>(5) | \$12,750<br>(2) | \$15,000<br>(1) |
| 1967-<br>1969 | \$ 8,500<br>(1) |                 | \$20,667<br>(3) |                 | \$18,000<br>(2) |

Table 4-7

## Average Sales Prices / 1956-1969 / Three Unit Structures by Area

## Community Improvement Program Area

| Period        | Northeast       | Southeast       | Central         | Northwest       | Southwest       |
|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1956-<br>1959 | \$ 5,500<br>(1) | \$11,800<br>(5) |                 | \$18,000<br>(1) | \$15,500<br>(3) |
| 1960-<br>1963 |                 | \$14,167<br>(9) | \$14,500<br>(1) | \$15,570<br>(4) |                 |
| 1964-<br>1966 | \$ 6,500<br>(1) | \$16,833<br>(6) | \$20,500<br>(2) | \$17,625<br>(4) | \$22,000<br>(2) |
| 1967-<br>1969 | \$10,000<br>(1) | \$16,334<br>(5) | \$22,250<br>(2) | \$18,875<br>(4) |                 |

of advancement had decreased substantially, indicating that these better areas were not immune to the pressures for a downward transitional neighborhood.

### Speculation

Fifteen of the one to three unit structures in the sample were sold more than once during the study period. Of these, five sets of sales show signs of being speculative in nature. These sets involved two sales in a very short time span --less than a year-- with the second sale realizing a considerable profit over the first. In all cases, the middle owner was an absentee. There were three different sales patterns: (1) owner-occupant to absentee-owner to owner-occupant (two cases); (2) owner-occupant to absentee-owner to absentee-owner (two cases); (3) absentee-owner to absentee-owner to absentee-owner (one case). For four sales, the middle owner turned an average profit of \$4,625 within a matter of months of the first sale. The fifth set of sales posted a loss of \$5,500. Two of the sales were located in the Central part of the CIP area, two in the Northwest, and one in the Southeast. Speculation was not widespread in the Community Improvement Program area, but it did occur. But since two of the five structures involved in speculative sales eventually ended back in the hands of owner-occupants, speculation was not necessarily the sort resulting in exploitation of housing but instead a way for investors to realize a quick capital gain on property that could be resold quickly at a higher price.

### Financing

A major indicator of the health of a housing market is the extent to which mortgage money is available and under what terms. By comparing

the loan to value ratios of the sales during the different periods, we can assess whether there was any tightening in mortgage money in the Community Improvement Program area. The following table displays the loan to value ratios that were derived from information on the Appraiser's Weekly cards.

Table 4-8  
Loan to Value Ratios for Sales / 1956-1969  
Community Improvement Program Area

| Structure Type | 1956-1959    | 1960-1963            | 1964-1966    | 1967-1969    |
|----------------|--------------|----------------------|--------------|--------------|
| Single         | 80.3<br>(3)  | 71.1<br>(5)<br>79.3* | 78.9<br>(5)  | 80.3<br>(7)  |
| Two-Unit       | 76.4<br>(2)  | 85.8<br>(6)          | 86.1<br>(13) | 83.6<br>(5)  |
| Three-Unit     | 79.4<br>(10) | 73.9<br>(13)         | 83.2<br>(15) | 87.2<br>(12) |

\*excluding one very low loan to value ratio.

These figures indicate that the terms of percentage of money lent on a sales on the average did not decline during the study period. However, three persons I spoke with concerning the issue of availability of mortgage money expressed the opinion that money was generally not available in Jamaica Plain.<sup>7</sup> Although the information presented here would seem to contradict this, the discrepancy could probably be resolved through the utilization of information that was unavailable for

this study. Two important pieces of information would be the terms of the mortgage --interest rate and length-- and the degree of accessibility of the money. Information on the terms was not available for the specific sales studied here; the second issue, however, could perhaps be illuminated by examining the number of lending institutions granting mortgages in the area and how many they did make. This data is shown in the following table (data from Appraiser's Weekly card sample):

Table 4-9  
Activity of Lending Institutions / 1956-1969  
Community Improvement Program Area

|                                               | 1956-<br>1959 | 1960-<br>1963 | 1964-<br>1966 | 1967-<br>1969 |
|-----------------------------------------------|---------------|---------------|---------------|---------------|
| Number of Lending<br>Institutions             | 13            | 12            | 18            | 13            |
| Number of Mortgages                           | 16            | 25            | 35            | 23            |
| Ratio of Mortgages<br>to Lending Institutions | 1.2           | 2.1           | 1.9           | 1.8           |

This information is not really helpful in providing an answer about mortgage availability, especially since the number of banks granting mortgages in an area can have two opposite implications. It can mean either that the area is attractive and a diverse number of institutions are willing to lend there or that it is an unattractive investment area and persons seeking mortgages there have to search far afield to obtain a loan thus causing many institutions to be represented. The latter explanation is somewhat corroborated by the experience of a CIP employee who was eventually able to buy a house in the area after a widespread search for mortgage money and also by the inclusion in the list of

lending institutions in the last period of a life insurance company and a Cambridge bank. The issue of the availability of mortgage money is not clear-cut then. Obviously, if houses were sold and mortgages granted, some money was available. However, the difficulty associated with obtaining this money, the attendant terms of the mortgages, and the discouragement factor related to people's perception of terms and availability are not documented. So the judgment of people knowledgeable about neighborhood conditions must be relied on to answer this question and that judgment is that mortgage money had been becoming increasingly difficult to obtain in Jamaica Plain.

#### Assessment Sales Ratios

Assessment sales ratios are another indicator of the state of neighborhood housing markets because when compared with the city's expressed assessment policy and against other neighborhoods, they help to pinpoint changes in the relative value of property. Table 4-10 shows the changes in assessment sales ratios during the study period.

The principal reason for changes in assessment-sales ratios over time within each category was that the city did not seem to reassess properties with any regularity, even when sales were transacted. So as sales prices rose or fell in reaction to inflation or relative demand, the assessment-sales ratios changed. In this study, in the case of properties with multiple sales, reassessments were made only a few times.

Table 4-10

Changes in Assessment-Sales Ratios / 1956-1969  
Community Improvement Program

| Structure Type | 1956-1969 | 1960-1963 | 1964-1966 | 1967-1969 |
|----------------|-----------|-----------|-----------|-----------|
| Single         | 64.4*     | 29.9      | 29        | 28.2      |
| Two Unit       | 40.4      | 36.6      | 34.5      | 28.4      |
| Three Unit     | 52.8      | 46.3      | 39.2      | 42.4      |

\*This period contained several sales from the area with the worse housing which usually has higher assessment-sales ratios than areas with better housing.

The 1962 Oldman and Aaron study of assessment sales ratios in Boston suggested some patterns of assessment-sales ratios for residential property. Among their finding were that single-family structures were assessed at the lowest rate in every section of Boston and that the assessment rate increased steadily as the number of apartments per structure increased.<sup>8</sup> With the exception of single-family homes in the first period, this pattern was followed in the Community Improvement Program area.

Given that assessements remained fairly constant throughout the time in question, then changes in the assessment-sales ratios reflected increases or decreases in overall price levels. With respect to housing market activity, we can see that the value of single-family structures increased only slightly during the 1960's, the value of two-family structures increased steadily, while that of three-family structures progressed until mid-decade and then fell back. Considering that slight increases in value would have been outstripped by inflation toward the end of the study period then at least two structure types --singles and

three units --exhibited decreases in real value toward the end of the 1960's.

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## Social Patterns and Housing

### Occupancy

According to the 1970 census, approximately 30% of all of the housing units in the Community Improvement Area were owner-occupied. Distributionally, among structure types, we find that about three-fourths of the single family structures, 95% of the two-unit structures, and 57% of the 3-4 unit structures were owner-occupied. Virtually none of the structures with more than four units were owner-occupied. The owning population was distributed fairly evenly among the structure types with 60% of owner-occupied units being split between one and three-four unit structures and 40% in two-family structures.

The renting population was much more dispersed through the structure types with 30% of rented units being located in structures with more than four units, about 50% in three-unit structures, 15% in two-unit structures, and less than 5% in one-unit structures. The Spanish population was more heavily concentrated in three-unit structures (70%) with 16.5% of the Spanish-occupied units being two family houses and 12% being in structures with more than four units. Only about 1.5% of Spanish-occupied units were in one-unit structures.

There was a fairly large stable population element among the owner-occupants with about 65% having moved into the unit they lived in in 1970 before 1960 and more than 35% having moved in there before 1950. This contrasts with the renter population more than 60% of which moved into their 1970 address during the preceding decade. Virtually all of the Spanish-speaking population moved into their 1970 homes between

1960 and 1970 with about 70% having moved there between 1968 and 1970. The Spanish were primarily a renting population and only two Spanish-surnamed owners turned up in the sample for property analysis.

The analysis of properties sold during the study period indicates that absentee-ownership was on the rise. Tables 4-11, 4-12, and 4-13 show that the rate of increase of absentee-ownership accelerated after 1965. The areas which showed the greatest trends towards more absentee ownership were the Northeast, Southeast, and Southwest. There were no patterns of differences in sales prices or loan to value ratios between owner-occupants and absentee-owners.

#### Owner-Tenant Relationships

By looking at each structure in 1958, 1962, 1965 and 1968 and comparing the names found for each address in the Boston Police listings, it is possible to get a notion of turnover rates and patterns of change. The greatest turnover actually occurred during the forepart of the study period. This can probably be related to the opening up of units in Jamaica Plain as many families moved to the suburbs. These new residents, however, were similar to those who had just moved out being principally Irish, Italian, English, and Eastern European in background. Also, as can be seen in Table 4-14, turnover rates were generally higher in buildings owned by absentee-landlords and in structures that were sold between time periods.

There were only a few cases of what could be construed as ethnic self-selection. These were concentrated primarily among Eastern Europeans, Greeks, and Spanish. Typically, a member of one of the newer ethnic groups would purchase a multi-family structure, the old tenants would move out only to be replaced by people with the same ethnic background as the owner and in some instances the owner's relatives. Among the

Table 4-11

Changes in Ownership Status / One-Unit Structures  
Community Improvement Program

|                                             | 1958-1962 |    | 1962-1965 |    | 1965-1968 |    |
|---------------------------------------------|-----------|----|-----------|----|-----------|----|
|                                             | #         | %  | #         | %  | #         | %  |
| Remained Owner-Occupied                     | 10        | 53 | 12        | 67 | 10        | 56 |
| Sold Owner-Occupant<br>to Owner-Occupant    | 5         | 26 | 3         | 17 | 5         | 28 |
| Sold Absentee-Owner<br>to Owner-Occupant    | 2         | 11 |           |    |           |    |
| Total Owner-Occupant                        | 17        | 90 | 15        | 84 | 15        | 84 |
| Remained Absentee-Owned                     | 2         | 11 | 2         | 11 | 2         | 11 |
| Sold Absentee-Owner<br>to Absentee-Owner    |           |    |           |    | 1         | 6  |
| Sold Owner-Occupant<br>to Absentee-Owner    |           |    | 1         | 6  |           |    |
| Former Owner-Occupant<br>Now Absentee Owner |           |    |           |    |           |    |
| Total Absentee-Owned                        | 2         | 11 | 3         | 17 | 3         | 17 |

Table 4-12

Changes in Ownership Status / Two-Unit Structures  
Community Improvement Program

|                                          | 1958-1962 |    | 1962-1965 |    | 1965-1968 |    |
|------------------------------------------|-----------|----|-----------|----|-----------|----|
|                                          | #         | %  | #         | %  | #         | %  |
| Remained Owner-Occupied                  | 11        | 52 | 11        | 50 | 10        | 50 |
| Sold Owner-Occupant to Owner-Occupant    | 4         | 19 | 6         | 27 | 5         | 25 |
| Sold Absentee-Owner to Owner-Occupant    | 2         | 10 | 1         | 5  |           |    |
| Total Owner-Occupied                     | 17        | 81 | 18        | 82 | 15        | 75 |
| Remained Absentee-Owned                  | 2         | 10 | 3         | 14 | 1         | 5  |
| Sold Absentee-Owner to Absentee-Owner    |           |    | 1         | 5  | 2         | 10 |
| Sold Owner-Occupant to Absentee-Owner    | 1         | 5  |           |    | 1         | 5  |
| Former Owner-Occupant Now Absentee-Owner | 1         | 5  |           |    | 1         | 5  |
| Total Absentee-Owned                     | 4         | 20 | 4         | 19 | 5         | 25 |

Table 4-13

Changes in Ownership Status / Three-Unit Structures  
Community Improvement Program

|                                             | 1958-1962 |    | 1962-1965 |    | 1965-1968 |    |
|---------------------------------------------|-----------|----|-----------|----|-----------|----|
|                                             | #         | %  | #         | %  | #         | %  |
| Remained Owner-Occupied                     | 11        | 39 | 14        | 48 | 11        | 41 |
| Sold Owner-Occupant<br>to Owner-Occupant    | 7         | 25 | 5         | 7  | 3         | 11 |
| Sold Absentee-Owner<br>to Owner-Occupant    | 1         | 4  | 1         | 4  |           |    |
| Total Owner-Occupied                        | 19        | 68 | 20        | 69 | 14        | 52 |
| Remained Absentee-Owned                     | 6         | 21 | 7         | 24 | 5         | 19 |
| Sold Absentee-Owner<br>to Absentee-Owner    | 2         | 7  |           |    | 3         | 11 |
| Sold Owner-Occupant<br>to Absentee-Owner    | 1         | 4  |           |    | 4         | 15 |
| Former Owner-Occupant<br>Now Absentee-Owner |           |    | 2         | 7  | 1         | 4  |
| Total Absentee-Owned                        | 9         | 32 | 9         | 31 | 13        | 49 |

Irish, Italian, and other groups, no real landlord-tenant self-selection patterns could be discerned.

On the whole, the absentee landlords of one to three unit dwellings owned only a few structures and were of similar ethnic backgrounds to most tenants (excluding the Spanish) and resident-owners. In several cases, the absentee landlord had lived in the house at one time, later had moved elsewhere, but retained ownership of the property. A look at the few six family structures which appeared in the sales sample indicated that more of the structures with more than three units were held by larger property owners and realty trusts.

It would appear that owners were integrated into the prevailing economic structure since in all sales, buyers utilized conventional banking services. The issue of landlord-tenant reciprocity is more difficult to get at without a major survey of the population which is not in the scope of this study. However, a conversation with a Community Improvement Program employee who resided in the program area revealed that her landlord, an owner-occupant, would provide her with paint and other materials for her to redecorate her apartments herself.<sup>9</sup> In addition, one of the Jamaica Plain mini-cases prepared by the BRA, indicated that it was not uncommon for tenants to perform at least redecorating activities themselves, with landlords doing most of the maintenance and repairs.<sup>10</sup> So, this phenomena of tenants subsidizing their housing costs with their own labor did exist to some extent in Jamaica Plain particularly among the owner-occupants.

Another mini-case concerning a Spanish-speaking family of six, indicated that they paid a rental of \$130 for a six room flat which was considerably higher than the \$100 paid by other residents on the same

Table 4-14

Turnover Rates in Rented Units in Two and Three-Unit Structures  
Community Improvement Program

|                                          | 1958-1962<br>Units |      | 1962-1965<br>Units |     | 1965-1968<br>Units |      |
|------------------------------------------|--------------------|------|--------------------|-----|--------------------|------|
|                                          | 2                  | 3    | 2                  | 3   | 2                  | 3    |
| Remained Owner-Occupied                  | 55%                | 67%  | 22%                | 50% | 42%                | 32%  |
| Sold Owner-Occupant to Owner-Occupant    | 100                | 75   | 75                 | 25  | 50                 | 67   |
| Sold Absentee-Owner to Owner-Occupant    | 60                 | 75   | 50                 | 100 |                    | 100  |
| Total Owner-Occupied                     | 68                 | 70.5 | 55                 | 50  | 44                 | 48.5 |
| Remained Absentee-Owned                  | 40                 | 82   | 83                 | 18  | 66                 | 52   |
| Sold Absentee-Owner to Absentee-Owner    |                    | 83   | 100                | 100 | 100                | 100  |
| Sold Owner-Occupant to Absentee-Owner    | 66                 | 50   |                    | 50  |                    | 58   |
| Former Owner-Occupant Now Absentee-Owner | 100                |      |                    | 100 | 66                 | 33   |
| Total Absentee-Owned                     | 67                 | 79   | 88                 | 44  | 80                 | 57   |
| Total                                    | 68%                | 73%  | 63%                | 48% | 57%                | 52%  |

street in the northwestern section of the Community Improvement Program area. The dwelling they lived in was deteriorated and many long-term renters had moved out of the area as the Spanish moved in.<sup>11</sup> The higher rent charged to the unwelcome newcomer would suggest that previous patterns of low rents exchanged for stabilizing neighborhood social patterns were breaking down as new undesirable people moved in.

These apparent changes in social patterns and housing have implications for housing market activity. A change from owner-occupancy to absentee-ownership indicates that informal landlord-tenant reciprocal relationships would be replaced by more formal agreements that landlords provide all services for a higher rent level than previously charged. Even owner-occupants might be inclined to charge higher rents and engage in a more traditional landlord-tenant relationship with tenants (e.g., Spanish) who do not conform to their culture and/or values. These changes suggest that the types of housing services being offered in the CIP area and the prices charged for them would shift. The trend would be toward a more businesslike view of housing, with attendant rental increases and investment decisions based more on financial and personal criteria. An ancillary implication of the latter change might be for absentee-owners to invest very little in the areas with Spanish moving in because they would be guaranteed of rented-up units because of the demand for the area by the Spanish, but would have no incentive to upgrade their properties --and perhaps even maintain them-- because of the low incomes of the Spanish.

#### Neighborhood Submarkets

The foregoing analysis has shown that the Jamaica Plain Community Improvement Program area prior to the inception of the Concentrated Code

Enforcement Program contained a variety of housing types and condition and population groups. Based upon geographical, demographical, and financial considerations, it is possible to identify a number of neighborhood submarkets. A "submarket" has been defined as:<sup>12</sup>

"...a set of housing units and...people who use them which can logically be separated from other units and people. In a theoretically pure case, one submarket is unaffected by another."

Since nothing in the real world is theoretically pure, the designated submarkets may not have exclusive boundaries and be totally independent of other submarkets since all units are tied together by neighborhood externalities.

A starting point in the determination of the submarkets is the identification of the owner types. These were:

- (1) Owner-occupants of one, two and three unit structures;
- (2) Absentee-owners of one to three unit structures who were mainly small property holders;
- (3) Large investor owners of older rental properties, principally in structures of more than three units;
- (4) Larger investor owners of new rental properties, almost entirely garden apartment-type buildings (these will be excluded from consideration since they were not concerned with the rehabilitation programs and constituted a very small proportion of the housing stock).

A second issue is that of demanding groups. To reiterate the findings of the population analysis, the principal demand elements were:

- (1) Moderate-income white families of Irish, Italian, Greek, Eastern European, and English extraction who were still

- the most populous in number but whose proportion of the population was decreasing;
- (2) The elderly population which was geographically dispersed and moderately increasing;
  - (3) Young to middle-aged Spanish-speaking families, with significantly lower incomes, moving into the northern and eastern parts of the neighborhood;
  - (4) Young singles and childless couples who were apartment dwellers (these will be excluded from consideration since they constituted a small proportion of the population).

A third major consideration is that of geographic price differentials (which was correlated with condition). Sales prices did vary considerably over the district, so the distribution of different price levels would serve to demarcate geographic sub-markets. These can be identified as:

- (1) Northeast which had the lowest property values; according to the Solomon-Peterson neighborhood typology this area would probably be downward transitional to blighted --some property values declining and others steady at a low level; this area was most affected by ethnic change;
- (2) Northwest and Southeast which had higher property values which were stagnating or declining toward the end of the 1960's; this would be a downward transitional neighborhood; the area was somewhat affected by ethnic change;
- (3) Central and Southwest which had the highest property values although the rate of increase in value was

drastically reduced toward the end of the decade. These areas were also the least affected by ethnic change, but many of the white middle-income families were leaving the area in anticipation of neighborhood deterioration.

The Northeast, Northwest, and Southeast areas were most affected by the housing decline process described in the National Survey of Housing Abandonment since they underwent a downward shift in socioeconomic status and an ethnic transition. The income gap between the older residents and the new in-migrants was particularly significant and this would be a very salient determinant of future housing market activities in these areas. Although speculation was not in evidence in this study, there were indications by the deteriorated condition of the housing stock that disinvestment had been going in these areas for some time. Weakened market conditions existed in some parts of these sections, as suggested by the indication that structures in certain areas, e.g., Hyde Square (located in the Northwest area where many Spanish were moving in), could not be sold above a certain ceiling price --fairly low in comparison to other city real estate prices-- regardless of the condition of the structure.<sup>13</sup> While the stabilizing influences discussed by Krohn and Fleming did exist to some degree, there was also evidence that there were breaking down in the face of ethnic change, e.g., higher rents charged to Spanish-speaking tenants, and of an increase in absentee-ownership. The market trends in these three sections then were toward an increase in lower-income families, absentee-ownership, and housing deterioration. Using the stages of the National Survey these three areas overall probably fell along the lines of stage two (racial and ethnic change) and stage three (exploitation) with individual structures or smaller sub-areas approaching stage five (disinvestment).

In the two best sections, the Central and Southwest areas, the destabilizing effects of ethnic change and absentee ownership had not occurred to as marked an extent as elsewhere in the Community Improvement Program area. However, the residents were apprehensive about the changes occurring nearby and this did affect neighborhood property values. Conditions in these sections did not reflect neighborhood decline as set out by the National Survey, since these changes had not physically reached these areas yet. Nevertheless, the decrease in the rate of advancement of property values demonstrates that demand for housing ownership in the area had fallen off, perhaps suggesting a step above the first one in the National Survey which could be termed anticipation of decline which may have as much of a depressing effect on property values as conditions that would immediately cause actual decline.

Taking all these considerations into account, several major neighborhood housing sub-markets in the Jamaica Plain Community Improvement Program area can be specified. Since these were structural, geographic, and ownership oriented, perhaps the best manner to set them out is with the aid of a matrix, such as follows in Table 4-15. A 10% sample of the approximately 2,500 structures yielded the percentage figures for each neighborhood sub-market. From this it can be seen that the major markets were 1-3 family owner-occupied structures, although there also was a significant absentee-owner market, particularly in structures with three or more units; this was most important in the Northeast where ownership type was split almost evenly.

These are the categories of structure/owner-type and geographical area that will form the basis for the analysis of how the utilization of the 312 loan and 115 grant programs may have been related to the housing

Table 4-15  
Neighborhood Submarket Matrix  
Community Improvement Program

| Structure-<br>Type    | Ownership          | Area                   |                          |                |      |
|-----------------------|--------------------|------------------------|--------------------------|----------------|------|
|                       |                    | Central +<br>Southwest | Northwest +<br>Southeast | North-<br>east |      |
| One and<br>Two Units  | Owner-<br>Occupied | 20.1                   | 23.3                     | 5.9            | 49.3 |
|                       | Absentee-<br>Owned | 3                      | 1.7                      | 1.8            | 6.5  |
| Three<br>Units        | Owner-<br>Occupied | 6.6                    | 13                       | 3.7            | 23.3 |
|                       | Absentee-<br>Owned | 1.8                    | 8.2                      | 4.1            | 14.1 |
| Four or<br>More Units | Absentee-<br>Owned | 3.1                    | 2.0<br>.5*               | 1.3            | 6.4  |
| Grand Total           |                    | 34.6                   | 48.7                     | 16.8           | 100  |
| Total                 | Owner-Occupied     | 26.7                   | 36.8                     | 9.6            | 73.1 |
|                       | Absentee-Owned     | 7.9                    | 11.9                     | 7.2            | 26.9 |

\*Owner-Occupied

market dynamics operating in the Jamaica Plain Community Improvement Program area. In the following chapter, through the analysis of the incidence of substandard conditions in each housing market and then what the incidence of participation in the 312 and 115 programs were it will be possible to see if there was any correlation between utilization of these programs and housing market activity.

## Chapter 5

### Community Improvement Program

#### Utilization of the 312 and 115 Programs

Early in 1966, soon after the Section 117 Code Enforcement Program was passed by Congress, Boston's Mayor Collins requested the City Council to authorize the City to submit code enforcement applications to the federal government. The Council considered the request for several months, waiting until it was determined which neighborhoods would be chosen and what agency would administer the program. The latter question carried considerable political weight since there were many in the City who were indisposed to having the B.R.A. administer any more neighborhood programs because of its past involvement in disruptive neighborhood activities. It was finally decided that the Housing Inspection Department would administer any code enforcement programs and that four neighborhoods would be considered --Jamaica Plain, Edward Everett Square-Columbia Street, Franklin Field, and Norfolk Square-- with the mayor having the final decision in choosing two. In November of 1966, the City Council approved the request and Jamaica Plain and Field's Corner-Ronan Park in Dorchester were designated the City's first code enforcement areas, primarily in response to pressure from community groups in Jamaica Plain and from the Dorchester United Neighborhood Associations.<sup>1</sup> (Jamaica Plain is reputed to be one of the most organized neighborhoods in Boston, having more than 25 citizens groups centering around geographical and individual issue concerns.<sup>2</sup>) Boston's applications for code enforcement programs were not approved by HUD for two years because of the shortage of code enforcement funds and/or the lack of

political pressure or influence Boston was able to exert in Washington. Site offices in Jamaica Plain were finally opened in 1969.<sup>3</sup>

The execution of code enforcement in Jamaica Plain included five general activities. First, there were informational services provided by community organizers who held or attended neighborhood meetings and distributed explanatory brochures which were also mailed to all owners. City housing inspectors assigned to each site office then inspected all properties in the area and sent letters listing code violations to the property owners, again mentioning the availability of financial assistance. The burden was then shifted to the owner to correct the violations on his own within a certain time period, request financial aid, or ignore the letter (or not let the inspector in in the first place) and let the Housing Inspection Department go ahead with its regular complaint procedures. Applications for financial aid were treated on a first come first served basis. Those requesting assistance then underwent a rehabilitation case processing which involved work specifications, write-ups, bidding, and loan or grant processing. When financing was finalized, the actual rehabilitation work began under the supervision of code enforcement specialists. Upon completion of the work, a certification of code compliance was issued to the property owners,<sup>4</sup> as well as a letter thanking him for participating in the Community Improvement Program. This letter, which was also sent to those voluntarily bringing their properties up to code level, was a personal touch which was apparently greatly appreciated by many recipients.<sup>5</sup> The code enforcement program also included an estimated \$1.3 million in public improvements which included street, curb, gutter, and sidewalk repair or replacement, installation of many new traffic signs, traffic lights, street

name signs, and street lights, and the planting of about 350 trees.<sup>6</sup>

#### Neighborhood Submarkets and Original Conditions

The official count of residential structures in the CIP area was 2,465. Originally, about 75-80% of these were estimated to be in code violation; however, when all structures were inspected, 52.8% were found to be in violation.<sup>7</sup> My own sample of 10% of the structures showed 53.5% to be Below Minimum Standards (BMS). From Table 5-1 (following page), we can see that the concentration of substandard structures varied among the neighborhood sub-markets. Each cell in the percentage column indicates what percentage of the total number of BMS structures occurred in that submarket. If BMS structures were distributed in each submarket in the same proportion as the total number of structures, then the indices of BMS structures ( $\% \text{ of BMS structures per submarket} \div \% \text{ of total structures per submarket}$ ) would be 1. Any deviation above or below 1 indicates a greater or a lesser concentration of BMS structures. For example, 20.1% of all structures in the CIP area were located in the Central-Southwest, one and two unit, owner-occupied submarket; however, only 13.7% of the BMS structures were located there. The quotient of 13.7 and 20.1 is .68 indicating that this submarket had a less than average incidence of substandardness.

Definite market-related patterns do appear. The Central-Southwestern market, which was determined to be in the best original condition with the fewest forces for change, had the lowest concentration of BMS structures; the Northeastern market, which was in the worst original condition and which was undergoing the most noticeable change, had the highest concentration of substandard structures; the

Table 5-1  
Neighborhood Submarket Matrix  
Community Improvement Program  
Below Minimum Standards Structures

| Structure-<br>Type    | Ownership          | Central-Southwest |       | Area<br>Northwest-Southeast |       | Northeast |       | Total |       |
|-----------------------|--------------------|-------------------|-------|-----------------------------|-------|-----------|-------|-------|-------|
|                       |                    | % BMS             | Index | % BMS                       | Index | % BMS     | Index | % BMS | Index |
| One and<br>Two Units  | Owner-<br>Occupied | 13.7              | .68   | 28.4                        | 1.2   | 5.8       | .98   | 47.9  | .97   |
|                       | Absentee-<br>Owned | 3.8               | 1.3   | 0                           | 0     | 3.4       | 1.88  | 7.2   | 1.1   |
| Three<br>Units        | Owner-<br>Occupied | 6.2               | .94   | 7.6                         | .58   | 3.4       | .91   | 17.2  | .74   |
|                       | Absentee-<br>Owned | 2.7               | 1.5   | 9.9                         | 1.2   | 5.1       | 1.3   | 17.7  | 1.3   |
| Four or<br>More Units | Absentee-<br>Owned | 3.9               | 1.3   | 3.7                         | 1.85  | 2.5       | 1.9   | 10.1  | 1.6   |
| Total                 |                    | 30.3              | .86   | 49.6                        | 1.02  | 20.2      | 1.2   |       |       |

Northwest-Southeast markets with market components of both these extremes also had a concentration of BMS structures midway between them. Other distinctions can be made among owner-occupants and absentee-owners, with owner-occupant markets having a lower incidence of substandard structures than absentee-owner markets. In addition, absentee-owned structures with more than three units in the Northwest-Southeast and Northeast markets had a markedly higher incidence of being below minimum standards than other absentee-owned structures.

#### Neighborhood Submarkets and Rehabilitation

Returning now to our theories concerning the relationship of rehabilitation activity to neighborhood housing markets, we can posit the following utilization pattern of the 312 and 115 programs. A tempering note, though, must be added to this analysis --that is, loan money was not available during the whole term of the program so this will affect the number of loans that were actually placed.

In the Central-Southwest market, we would expect the forces for rehabilitation to be the strongest among all owner-types. Since this area was physically at the best initial level, the actual costs of rehabilitation should be the least, thus minimizing any financial burdens. Property values here were also the highest in the CIP area, although their rate of increase had diminished just prior to the start of the program --probably as a result of nearby environmental influences. A concerted rehabilitation program would be a means to shore up the property values in the area, before actual physical or social decline set in, through supportive group action and physical environmental improvement. Owner-occupants would of course have the advantage of improving their personal living conditions while

furnishing tenants with an incentive to remain in upgraded housing, thus providing a bulwark against neighborhood social change. Absentee-owners would share in the benefits of property value preservation and might even receive a capital gain, if indeed, a rehabilitation program would not only prevent neighborhood decline but also create a demand for housing in the area. It might also be possible for absentee-owners to realize an improved cash flow since the income level in this area was the highest in the CIP area and tenants could probably absorb some rental increase. In addition, there seemed to be some movement of young professionals into the area (e.g., nurses who would work at the nearby hospitals) so landlords could command higher rents. This submarket would have the fewest barriers to and the most incentives for rehabilitation.

The Northeast submarket embodied the opposite extreme of market forces. With blight already existing in the area and a major downward socioeconomic change in process, there would have been few incentives for rehabilitation. Long-time owner-occupants might wish to improve their own housing, but rehabilitation might not serve as a tenant maintenance ploy in the face of such a major population turnover. There would probably have been little incentive to owner-occupants to rehabilitate apartments for new and different tenants who did not conform to previously existing social mores. With property values depressed and the market trends toward more decline, both owner-occupants and absentee-owners would probably not have been able to preserve property values, much less realize a capital gain through rehabilitation. Although the code enforcement program could provide the stabilizing forces of environmental improvement and supportive

group activity, the on-going disruptive neighborhood forces would probably overwhelm the potential positive effects. Furthermore, more than half the owners of substandard structures were absentee-owners who would need strong profit incentives to rehabilitate. Absentee-owners would probably not be able to receive an improved cash flow because of the lower income level of the Spanish immigrants. In addition, since the Spanish constituted a major and continuing demand group, absentee-owners could keep their properties rented-up with little difficulty, regardless of condition, thereby having no incentive to rehabilitate on this account. Older owner-occupants would have few incentives to rehabilitate beyond improvement of personal housing and absentee-owners would have almost no incentive to rehabilitate in an atmosphere of physical decline and downward socioeconomic change in which they could still realize some profit through minimum maintenance strategies.

The only group that might be interested in rehabilitating in the area would be new Spanish owners. These people would have just the incentives for rehabilitation that the other owner-types lacked --improvement of personal space, maintenance of tenancy (likely to be new Spanish tenants), perhaps some kind of financial security or return on a long-term basis as the area becomes more heavily Spanish and then stabilizes. Rehabilitation activity by this small group might eventually serve to have a stabilizing influence on the Northeastern submarket, but probably not during the lifetime of the code enforcement program since Spanish owners were few in number.

The Northwest-Southeast market contained elements of the other two geographic markets. Definite socioeconomic change was

occurring but not to as large an extent as in the Northeast. Property values were higher than in the Northeast but had stopped advancing in the late 1960's. These factors suggest that some rehabilitation activity would occur in this market, particularly among owner-occupants. They would again have the motivation of improving their own housing conditions and some might view rehabilitation as a means of maintaining a stable tenancy in the face of impending social change. Small-scale absentee-owners might similarly be concerned with tenantry maintenance. Spanish owners might be attracted to rehabilitation as a method of upgrading their own personal environment. The impact of the code program on property values would be more difficult to prejudge, since the pre-existing market forces were countervailing to the effects of concentrated rehabilitation. Absentee-owners would be likely to take a conservative view toward investment in such an area because the ability to recapture investment was unclear. Similar arguments could be made for realizing a capital gain or an improved cash flow. Absentee-landlords then would have fewer incentives for investing in this submarket than in the Southwest-Central but more than in the Northeast market.

Using this analysis as a predictive basis for suggesting rehabilitation activity among the various submarkets, we would expect the greatest participation in the federal rehabilitation programs to occur among owner-occupants with the greatest incidence being first in the Southwest and Central market, then in the Northwest and Southeast market, and least in the Northeast Market. Absentee-owner participation would be limited to 312 only and it would generally be discouraged because of housing market forces. However, any participation by absentee's could be expected to be highest in the Southwest-Central market, and trailing off in the other two markets.

## Neighborhood Submarkets and Utilization of 312 Loans and 115 Grants

A review of the rehabilitation case files at the CIP office revealed that approximately 280 loans and grants were placed in Jamaica Plain during the three year period 1970-1973. Of these, 22% were loans, 64% grants, 10% loan and grant combinations, and 5% rehabilitation and refinancing packages involving a loan and sometimes an additional grant. The relatively few number of loans placed can be related to the low level of federal funding.

An analysis of the distribution of loans and grants among our designated submarkets demonstrates that rehabilitation loan activity did show a relationship to neighborhood submarkets while grant, loan and grant combination, and refinancing activity generally did not. The following tables display the utilization of each kind of financial aid to the neighborhood submarket.

In each table, the index is derived from dividing the percentage of total loans or grants found in that submarket by the percentage of total BMS structures found in that submarket. If loan or grant utilization were distributed across the submarkets in the same proportion as the number of structures that needed rehabilitation, then the indices in each cell would be 1. If, however, the distribution of rehabilitation activity were not proportional to rehabilitation need, then indices would be greater or less than 1. In the former case, this would be an indication of rehabilitation activity proportionately greater than the need and in the latter case proportionately less than the need. (In programs which excluded absentee-owners, such as 115 grants and refinancing, the distribution of BMS structures is calculated on owner-occupied structures only).

Table 5-2  
Neighborhood Submarket Matrix  
Community Improvement Program  
Utilization of 312 Loan Program

| Structure-<br>Type    | Ownership          | Area                                |     |                                       |     |                             |     | Total<br>% Index |     |
|-----------------------|--------------------|-------------------------------------|-----|---------------------------------------|-----|-----------------------------|-----|------------------|-----|
|                       |                    | Central-Southwest<br>% Index<br>(#) |     | Northwest-Southeast<br>% Index<br>(#) |     | Northeast<br>% Index<br>(#) |     |                  |     |
| One and<br>Two Units  | Owner-<br>Occupied | 25.<br>(15)                         | 1.8 | 21.7<br>(13)                          | .76 | 3.3<br>(2)                  | .57 | 50.<br>(30)      | 1.0 |
|                       | Absentee-<br>Owned | 3.3<br>(2)                          | .87 | 1.7<br>(1)                            | 0.  | 0.                          | 0.  | 5.<br>(3)        | .7  |
| Three<br>Units        | Owner-<br>Occupied | 11.7<br>(7)                         | 1.9 | 18.3<br>(11)                          | 2.4 | 1.7<br>(1)                  | .5  | 33.3<br>(19)     | 1.8 |
|                       | Absentee-<br>Owned | 6.6<br>(4)                          | 2.5 | 3.3<br>(2)                            | .33 | 1.7<br>(1)                  | .33 | 9.9<br>(7)       | .67 |
| Four or<br>More Units | Absentee-<br>Owned | 0.                                  | 0.  | 0.                                    | 0.  | 1.7<br>(1)                  | .68 | 1.7<br>(1)       | .17 |
| Total                 |                    | 46.7<br>(28)                        | 1.5 | 45.<br>(27)                           | .9  | 8.4<br>(5)                  | .42 |                  |     |

Total number of 312 loans = 60

Table 5-3  
 Neighborhood Submarket Matrix  
 Community Improvement Program  
 Utilization of 115 Grant Program

| Structure-Type       | Ownership          | Area                                |     |                                       |     |                             |     | Total<br>% Index |     |
|----------------------|--------------------|-------------------------------------|-----|---------------------------------------|-----|-----------------------------|-----|------------------|-----|
|                      |                    | Central-Southwest<br>% Index<br>(#) |     | Northwest-Southeast<br>% Index<br>(#) |     | Northeast<br>% Index<br>(#) |     |                  |     |
| One and<br>Two Units | Owner-<br>Occupied | 29.8<br>(53)                        | 1.4 | 41.<br>(73)                           | .94 | 7.3<br>(13)                 | .82 | 78.1<br>(139)    | 1.1 |
| Three<br>Units       | Owner-<br>Occupied | 5.<br>(9)                           | .5  | 15.2<br>(27)                          | 1.3 | 1.6<br>(3)                  | .31 | 21.8<br>(39)     | .83 |
| Total                |                    | 34.8<br>(62)                        | 1.1 | 56.2<br>(100)                         | 1.  | 8.9<br>(16)                 | .63 |                  |     |

Total number of 115 grants = 178

Table 5-4  
 Neighborhood Submarket Matrix  
 Community Improvement Program  
 Utilization of 115 Grant and 312 Loan Combinations

| Structure-<br>Type   | Ownership          | Area                                |     |                                       |     |                             |     | Total<br>% Index |     |
|----------------------|--------------------|-------------------------------------|-----|---------------------------------------|-----|-----------------------------|-----|------------------|-----|
|                      |                    | Central-Southwest<br>%<br>(#) Index |     | Northwest-Southeast<br>%<br>(#) Index |     | Northeast<br>%<br>(#) Index |     |                  |     |
| One and<br>Two Units | Owner-<br>Occupied | 25.9<br>(7)                         | 1.2 | 37.<br>(10)                           | .85 | 3.7<br>(1)                  | .42 | 66.6             | .9  |
| Three<br>Units       | Owner-<br>Occupied | 7.4<br>(2)                          | .78 | 11.1<br>(3)                           | .95 | 14.8<br>(4)                 | 2.9 | 33.3             | 1.3 |
| Total                |                    | 33.3<br>(9)                         | 1.1 | 48.7<br>(13)                          | .88 | 18.5<br>(5)                 | 1.3 |                  |     |

Total number of 312 loan and 115 grant combinations = 27

Table 5-5

## Neighborhood Submarket Matrix

## Community Improvement Program

## Utilization of Rehabilitation and Refinancing Packages

| Structure-<br>Type   | Ownership          | Area                                |     |                                       |     |                             |     | Total<br>% Index |    |
|----------------------|--------------------|-------------------------------------|-----|---------------------------------------|-----|-----------------------------|-----|------------------|----|
|                      |                    | Central-Southwest<br>% Index<br>(#) |     | Northwest-Southeast<br>% Index<br>(#) |     | Northeast<br>% Index<br>(#) |     |                  |    |
| One and<br>Two Units | Owner-<br>Occupied | 21.4<br>(3)                         | 1.  | 7.1<br>(1)                            | .16 | 0.                          | 0.  | 28.6<br>(4)      | 1. |
| Three<br>Units       | Owner-<br>Occupied | 7.1<br>(1)                          | .75 | 57.1<br>(8)                           | 4.9 | 7.1<br>(1)                  | 1.4 | 71.3<br>(10)     | 1. |
| Total                |                    | 28.5<br>(4)                         | .94 | 64.2<br>(9)                           | 1.2 | 7.1<br>(1)                  | .5  |                  |    |

Total number of rehabilitation and refinancing packages = 14

### 312 Loans

From Table 5-2, we can see that two definite market-related patterns of 312 loan utilization emerge. First, the utilization of loans were proportionately greatest in the strongest market, the Central and Southwest areas, proportionately least in the weakest market, the Northeast area, with utilization in the Northwest-Southeast transitional market being about midway between the other two. Second, there were marked differences between owner-occupant and absentee-owner submarkets, with absentee-owners generally under-participating. While this could be expected because of the thrust and administrative guidelines of the 312 program, the pattern of utilization by absentee-owners is suggestive of market-related forces.

Six out of the eleven loans placed by absentee-owners were located in the Central-Southwest market, three in the Northwest-Southeast market, and two in the Northeast market. More than half of the absentee-owners appeared to be small-scale holders of real estate; a few resided elsewhere in Jamaica Plain. The amount of the loans they took out corresponded to that of owner-occupants. The other loans were considerably above average in amount and were taken out by larger owners; only one, though, seemed to be a professional realty company. One was placed in the Southwest-Central market, two in the Northwest-Southeast market, and one in the Northeast market just across the street from the Northwest-Southeast market. There was some indication of rehabilitation entrepreneurial activity in the CIP area with persons buying up structures and performing major rehabilitation work --and then raising the rents considerably above the average. It was suggested that these entrepreneurs were aiming

at a market external to the CIP area, such as the young singles and childless couples with higher incomes.<sup>8</sup> Some of these larger loans may have been related to this activity.

Among the owner-occupants, the greatest activity occurred in the Central-Southwest and Northwest-Southeast submarkets, with the Northeast market having a considerably lower incidence of rehabilitation loan activity. In the Northwest-Southeast market, more than 20% of the loans were taken out by Spanish-surnamed owners. There were few differences across the geographical submarkets pertaining to age or income characteristics of owner-occupants. The average age of the owners in each submarket was about 50. The incomes of owner-occupants of one and two unit structures in each submarket averaged \$14,000 although there were wide income variations within each category. The income of owner-occupants of three-unit structures were slightly lower, averaging \$12,000.

Both owner-occupants and absentee-owners occasionally supplemented 312 loans with their own funds, so that the total amount spent on rehabilitation was larger than the federal loan. Table 5-6 shows the average loan amount and total rehabilitation cost in each submarket. Overall (excluding the large loan for a 9-unit building in the Northeast) the loan amounts decreased from the strongest to the weakest submarket. Although the Central-Southwest market had the best housing and one would expect the rehabilitation costs there to be the least, it also presented the most incentives for investment and had the highest income level which means that owners could afford and would be willing to take out larger loans. The converse applies

Table 5-6

## Neighborhood Submarket Matrix

## Community Improvement Program

## Average Value of Rehabilitation Loan Activity

| Structure-<br>Type    | Ownership          | Area                                                |       |                                                       |       |                                       |               | Total<br>Loan Rehab<br>\$ \$ |       |
|-----------------------|--------------------|-----------------------------------------------------|-------|-------------------------------------------------------|-------|---------------------------------------|---------------|------------------------------|-------|
|                       |                    | Central-Southwest<br>Loan      Total Rehab<br>\$ \$ |       | Northwest-Southeast<br>Loan      Total Rehab<br>\$ \$ |       | Northeast<br>Loan      Rehab<br>\$ \$ |               |                              |       |
| One and<br>Two Units  | Owner-<br>Occupied | 5,000<br>(15)                                       | 5,000 | 4,150<br>(13)                                         | 4,400 | 4,400<br>(2)                          | 4,400         | 4600<br>(30)                 | 4700  |
|                       | Absentee-<br>Owned | 1,200<br>(2)                                        | 1,200 | 3,300<br>(1)                                          | 3,300 |                                       |               | 1900<br>(3)                  | 1900  |
| Three<br>Units        | Owner-<br>Occupied | 4,400<br>(7)                                        | 4,400 | 4,650<br>(11)                                         | 4,700 | 2,420<br>(1)                          | 2,420         | 4450<br>(19)                 | 4470  |
|                       | Absentee-<br>Owned | 7,300<br>(4)                                        | 7,850 | 8,525<br>(2)                                          | 8,525 | 7,000<br>(1)                          | 7,000         | 7600<br>(7)                  | 7900  |
| Four or<br>More Units | Absentee-<br>Owned |                                                     |       |                                                       |       | 64550<br>(1)<br>(9 unit structure)    | 64550         | 64550<br>(1)                 | 64550 |
| Total<br>Average      |                    | 4,900                                               | 5,000 | 4,650                                                 | 4,800 | 12910<br>4550                         | 12910<br>4550 |                              |       |

to the other two submarkets. It also appears that owners in the Central-Southwest and Northwest-Southeast markets were more willing or able to supplement 312 loans with their own money than owners in the Northeast. Although the small number of absentee-owners precludes any definitive analysis of owner-occupant/absentee-owner differences, the suggestion is that small-scale owner-occupants invested as much or less than owner-occupants in their structures, while large investor-owners invested a substantially larger amount.

In summary, there does appear to be a relationship between the market characteristics of the different geographic and ownership submarkets in the Jamaica Plain Community Improvement Program Area and the utilization of the 312 loan program. The incidence of loan activity was related to the geographic markets with the greatest incidence occurring in the strongest market and the least incidence in the weakest market. Furthermore, utilization of 312 loans by owner-types also can be tied in with geographic market activity. Although the numbers were small, the greatest incidence of loan placement among absentee-owners occurred in the best Central-Southwest market which offered investor-owners the most incentives for and fewest barriers to rehabilitation. Absentee-owner activity in the other submarkets seemed mainly directed at an external demand that could be somewhat separated from on-going neighborhood trends. In addition, rehabilitation by absentee-owners did not occur in the areas with the most deterioration and change. The greatest incidence of loan activity among owner-occupants also took place in the Central-Southwest market which presented these people with the fewest forces of change in the CIP area. The smallest incidence occurred in the

Northeast submarket which was undergoing the most drastic transformation. In the middle submarket, a substantial portion of the rehabilitation occurred among the newer Spanish owners who would have more incentives for rehabilitation than the older owner-occupants who would view the Spanish as a portent of neighborhood change. The distribution of 312 loans among the different owner types and geographic submarkets supports the contention made earlier that the utilization of rehabilitation loan assistance program can be related to neighborhood housing market dynamics.

#### 115 Grant Program

Table 5-4 indicates that the utilization of 115 grants was much less related to neighborhood housing markets than the loan program. In fact, about the only relationship that could be discerned was that overall the least incidence of grants occurred in the weak Northeast market. Otherwise, there were no clear patterns of ownership or geographical utilization.

The lack of a strong relationship to neighborhood submarket activity is caused by the nature of the grant program. With its eligibility requirements of spending more than 25% of gross family income on housing or having a minimum income of \$3,000, only the elderly and low-income families could qualify. These groups were fairly evenly distributed over the entire CIP area. The majority of the grants were placed in elderly households and in households with incomes between \$3,000 and \$5,000. Those non-elderly families that received grants usually had a disabled head, the head on welfare, or the head working at a low-paying job and the family financially overextended housing-wise.

Table 5-7

## Neighborhood Submarket Matrix

## Community Improvement Program

## Average Value of Rehabilitation Grant Activity

| Structure-<br>Type   | Ownership          | Area              |                      |                     |                  |                                 |                  | Total                           |                  |
|----------------------|--------------------|-------------------|----------------------|---------------------|------------------|---------------------------------|------------------|---------------------------------|------------------|
|                      |                    | Central-Southwest |                      | Northwest-Southeast |                  | Northeast                       |                  |                                 |                  |
|                      |                    | Av. Grant<br>\$   | Av. Tot. Rehab<br>\$ | Av. Grant<br>\$     | Av. Rehab.<br>\$ | Av. Grant<br>\$                 | Av. Rehab.<br>\$ | Av. Grant<br>\$                 | Av. Rehab.<br>\$ |
| One and<br>Two Units | Owner-<br>Occupied | 3,150<br>(50)     | 3,600                | 3,400<br>(83)       | 3,600            | 3,500<br>(14)                   | 3,750            | 3,325<br>(147)                  | 3,600            |
| Three<br>Units       | Owner-<br>Occupied | 3,350<br>(11)     | 3,900                | 3,400<br>(30)       | 3,750            | 3,000<br>(7)<br>2,950*<br>(6)   | 4,450<br>3,600*  | 3,325<br>(48)<br>3,325*<br>(47) | 3,900<br>3,700*  |
| Total                |                    | 3,200<br>(61)     | 3,650                | 3,400<br>(113)      | 3,650            | 3,325<br>(21)<br>3,325*<br>(20) | 4,000<br>3,700*  |                                 |                  |

\*Does not include a \$9,600 loan/grant package.

The grants were also often supplemented by the owner's personal funds and/or a 312 loan. Table 5-7 shows the average grant amounts and also the average total rehabilitation cost for cases that used grants in each submarket. It can be seen that the actual rehabilitation cost was often quite a bit larger than the grant amount so it was necessary to augment the grant with owner's capital or additional federal assistance. No housing market related variations appear in the loan and total rehabilitation amounts.

Refinancing played only a minor role in the Community Improvement Program. In all, about 13 mortgages were refinanced and combined with rehabilitation activity. The distribution of the refinancing bore no relation to housing submarkets. Refinancing was most common in young to middle aged families where the added debt of a rehabilitation would have been a financial burden. I believe in all cases, the rewritten mortgage combined with the rehabilitation loan resulted in the family having a lower monthly mortgage payment.

#### Effect of Rehabilitation on Neighborhood Housing Markets

Since we have posited that neighborhood housing markets can and do seem to affect participation in some types of rehabilitation programs, most notably rehabilitation loan assistance, it is also plausible to reverse the question and ask if rehabilitation, both federally-assisted and private, in turn affects a neighborhood housing market. Since this question is large enough to form the basis of someone else's thesis, only the issue of property value will be looked at. An analysis of thirty-four sales between 1970 and 1973 reveals that only one submarket --Northwest-Southeast-- showed any real gain in value. Both the Central-Southwest and

Northeast markets remained at their 1967-1969 value levels. This suggests that the forces for neighborhood decline or stagnation were stronger than the forces for upgrading that could come with rehabilitation. This is particularly noteworthy for an area such as the Central-Southwest market where the greatest incidence of rehabilitation activity occurred. In the Northwest-Southeast market, the question remains whether rehabilitation activity was at all responsible for the value increase. The sample was taken from streets where assisted rehabilitation activity occurred so it is possible that property values were affected. However, the highest priced sales in the Northwest seemed to be to Spanish owner-occupants so the price may be reflecting the reaction of sellers to a new demand group rather than any reflection of neighborhood upgrading.

Rehabilitation in Jamaica Plain certainly did not have the drastic upgrading, value-increasing effect found in other Boston neighborhoods, e.g., the urban renewal areas of Charlestown, South End. However, Jamaica Plain rehabilitation was aimed at a much lower level, namely code enforcement. Measured in code compliance terms, the program would be more successful since the estimated final compliance level was 95%. Since, property values did not decline in any submarket after 1970, then the program may have helped prevent further decline from happening. It is this type of question that can never be answered definitely, though, since so many environmental, social, and economic forces impinge on neighborhood housing market dynamics and it is not possible to conduct a controlled experiment to see what would have happened to the neighborhood if the program were not initiated.

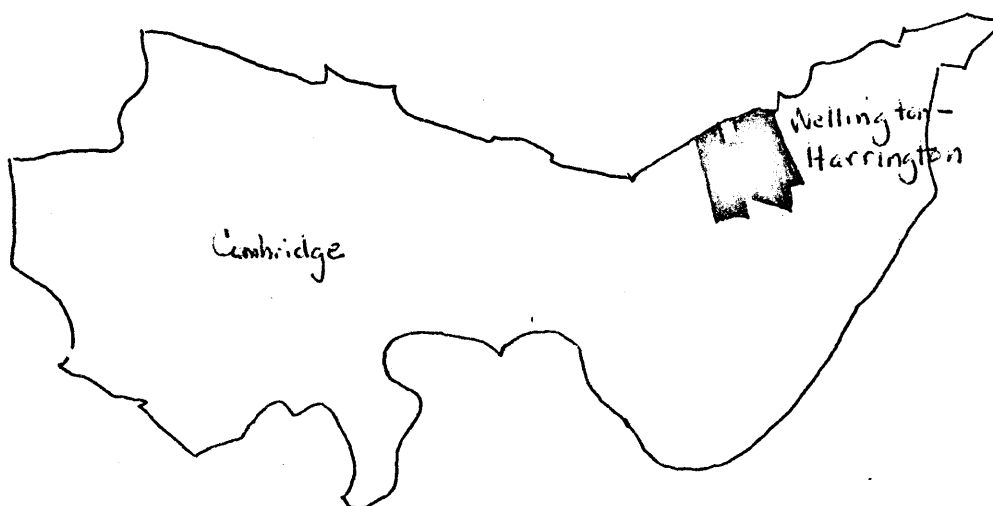
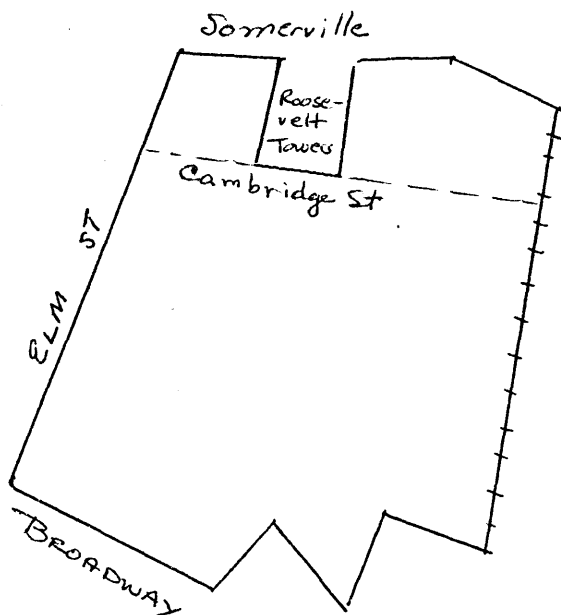
Chapter 6  
Wellington-Harrington  
Housing Market Analysis

The Wellington-Harrington neighborhood in East Cambridge is located in one of the older residential and industrial sections of the city, just north of Technology Square, between Broadway and the Somerville line. The boundary designations are somewhat arbitrary, though, since the neighborhood is not really a separate entity, but embedded in the larger East Cambridge-Cambridgeport area that extends from Inman Square to Lechmere Station. Wellington-Harrington is a neighborhood of mixed land uses built up at the turn of the century. A commercial strip can be found along the length of Cambridge Street and factories along Portland Street and in the Broadway area. The remainder of the area is wood frame residential structures containing between one and eight-families.

The social character of the neighborhood bears the mark of the diverse groups of immigrants who have settled in the older urban neighborhoods in the Boston area since the late 1800's. The primary ethnic groups are Italian, Irish, Lithuanian, Polish and Portuguese. The non-white population is relatively small and, unlike much of the rest of Cambridge, students have generally not been as major a force in this neighborhood.

Urban renewal came to Wellington-Harrington in 1968, complete with plans for housing rehabilitation, improvement of the physical environment, construction of community facilities and new housing, and demolition of about 15% of the existing structures most of

Wellington-Harrington  
Urban Renewal Area



which were beyond economically feasible physical repair. The kind and level of physical improvements possible under urban renewal are more extensive than those allowed under the code enforcement program. So it might be expected that the impact of renewal on the physical environment could have a major impact on housing market activity. However, the physical improvements in Wellington-Harrington generally did not come to fruition until late in the program, long after rehabilitation funds were available. Thus, the initial utilization of the rehabilitation component would have been contingent upon the dynamics of the pre-existing neighborhood housing market. However, since the program has been in effect over a considerable period of time --six years-- it is possible that the urban renewal program could have affected the housing market, so the market analysis will include the execution time of the program since significant changes were still occurring which could further impact on rehabilitation.

#### Environmental Influences

The principal environmental influences on the Wellington-Harrington residential neighborhood both prior to the inception of the urban renewal program and during its execution can be categorized in three groups: public policies, neighboring land uses, and the private economic locational decisions. In the first category, three major public policies can be cited. These were the inner-belt highway policy, Cambridge rent control, and urban renewal itself. Just as the Jamaica Plain CIP area faced the Southwest Corridor problem on its eastern boundary, so too, Wellington-Harrington was scheduled to have a major highway out along its western border. The Inner Belt was a live issue during the middle and late 1960's, although

any plans to build the highly disruptive highway have since been scrapped. Such an uncertain policy typically is conducive to property speculation and disinvestment. A strict rent control law was passed by the City Council in 1970 which rolled rents back to 1967 levels. Rent control had a definite effect on market activity since it effectively put a lid on property values (with values generally set at 5-7 times gross income of the property). Rent control apparently changed both ownership and renting patterns (discussed in a later section).<sup>1</sup> The urban renewal process itself could affect market activity both before and after the beginning of plan implementation. During the 6-8 year planning lead time (the renewal plans had to be redrawn because of community opposition to the original plans), property owners would have been living with a major uncertainty regarding the future of their neighborhood. This could both foster speculation among some absentee-owners or depress values particularly for owner-occupied dwellings. Once the plan became known and began to be executed, this could have another effect on the market since major public improvements and new housing were involved.

A second environmental influence on the neighborhood came from neighboring land uses. First, there was the impact of the existence of a major public housing project in the northern part of the area. While the boundaries of Wellington-Harrington officially do not include Roosevelt Towers, the urban renewal area borders the project on three sides and Roosevelt Towers has a major influence on the community, the most important one being the fear of crime associated with "The Towers".<sup>2</sup> Another influence came from the older industrial uses on the eastern and southern periphery. Not

only were many of these blighting because of their activities or because they had been abandoned and become nuisances but also because they attracted much truck traffic, a safety hazard particularly for children. Much of the industrial usage was scheduled to be rezoned residential under the renewal plan.

A third environmental impact on Wellington-Harrington was the city's changing economic base. Since 1960, a great many manufacturing concerns have moved out of Cambridge. The relocation of such manufacturing companies outside the city resulted in the loss of many skilled, semi- and un-skilled jobs that traditionally were filled by the residents of neighborhoods such as Wellington-Harrington. While some of the job loss was made up by institutional expansion, the lower-skilled job categories in Cambridge experienced an overall net loss in numbers. The decrease in manufacturing employment opportunities and the unemployment of some neighborhood residents would have affected the housing market in Wellington-Harrington, since it impacted on the income level, financial capability, and housing locational decisions of residential and potential residents of the neighborhood.

### Population Changes

#### Population and Ethnic Changes

The population of Wellington-Harrington remained stable at approximately 7,000 persons during the decade 1960-1970. About half of these people were of foreign stock, of which approximately one-third were Portuguese and the remaining two-thirds Italian, Irish, Canadian, and Eastern European. Although the population of

Wellington-Harrington did not change in numbers during the decade, the ethnic composition did shift noticeably. Since 1958, there has been a marked immigration of Portuguese to the United States principally caused by volcanic eruptions on the Azores islands and facilitated by the relaxation of restrictive U.S. immigration laws. The major influx of Portuguese has occurred since 1966. Their primary destinations have been eastern U.S. cities, such as Cambridge, Fall River, New Bedford, and Somerville, where many Portuguese had settled in the last major wave of immigration, 1911-1921. It is estimated that between 1968 and 1971 about 1,200 new Portuguese immigrants settled in Cambridge, many in Wellington-Harrington. Combined with the descendents of the earlier Portuguese immigrants, these new settlers make the Portuguese the largest ethnic group in Wellington-Harrington, comprising in 1970, somewhere between 15-20% of the total population.<sup>3</sup>

The impact of the Portuguese on housing market activity cannot be overestimated. First, the presence of a new and continuing demand group helps to prevent any significant drop in population and housing demand as the previous immigrant groups disperse. Second, the Portuguese have a particular "house-consciousness" derived from their ethnic culture that prompts them to become homeowners as soon as possible. This feat can be accomplished by these new immigrants because in many Portuguese families both adults work and children over sixteen are often pulled out of school and sent to work to contribute to the family finances.<sup>4</sup> Not only do the Portuguese comprise a significant demand element for homeownership, they also usually engage in rehabilitative activity once they do become owners. Krohn and Duff have documented that, in Montreal,

new Portuguese immigrants have been able to upgrade significantly the housing stock in one of Montreal's older neighborhoods through their own personal work by exploiting their own manual skills and the time and skills of relatives and friends.<sup>5</sup> In Wellington-Harrington, both the homeownership and upgrading patterns seem to hold true for the Portuguese, although rehabilitation might be a slow process and eventually level off because of the income capacity of the Portuguese which tends to be lower than the area average.<sup>6</sup>

In summary, Wellington-Harrington between 1960 and 1970 was not affected by the massive drop in population that has occurred in many other inner city neighborhoods. The population remained stable and any out-migration that did occur was made up for by the influx of Portuguese immigrants. This helped to keep the demand for housing in the neighborhoods by families quite strong. Furthermore, the demand for homeownership may even have increased since the Portuguese have homeownership as a deep seated cultural goal.

#### Age Structure and Family Size

Again, over the decade 1960-1970, the age structure of the Wellington-Harrington population changed very little. The proportion of elderly increased slightly, but overall there were few major shifts. The neighborhood generally had a greater proportion of children and a lesser proportion of young adults and a median age about two years older than for the city as a whole which reflects the family nature of the population rather than the student or other transient nature found in other parts of Cambridge. Wellington-Harrington actually had one of the lowest proportions of transient population in the

city in 1970.

Just as the Spanish in Jamaica Plain had larger families than the older resident, so too, the new Portuguese residents in Wellington-Harrington tended to have more children than the existing families. This can be seen in the higher average family size (3.8--Portuguese/3.4--Wellington-Harrington/3.2--Cambridge) and their differing age structure. The Portuguese had proportionately fewer elderly and more juveniles and pre-school children than the larger population.<sup>7</sup>

#### Income

The median income of the Wellington-Harrington neighborhood rose from about \$5,700 to \$8,800 between 1960 and 1970. In both times, the median income was lower than the median income of the city. However, the gain in income (54%) did not keep pace with the overall city gain (66%) and the area dropped in rank relative to other neighborhoods. In 1970, about 19% of the households (17% of all persons) in the area had incomes below the poverty level. The area ranked among the highest in Cambridge in incidence of poverty.

Unfortunately, comparable data for the Portuguese is not available. The only ethnic group the census breaks data out for is the Spanish and the Cambridge Portuguese Study did not treat the income question. It can probably be assumed, though, that the income level of the Portuguese was at or below the level for the overall neighborhood population. It was estimated that about 5% of the welfare cases in Cambridge in 1971 were Portuguese clients and 80% of these were Old Age Assistance and A.F.D.C. It is difficult to determine the actual incidence of poverty among the Portuguese since

experience has shown that low-income Portuguese "generally shun welfare if there is a possibility of gainful employment", and further that the State Department has ruled that resident aliens should not receive public aid until they have been in the U.S. for a minimum of five years.<sup>8</sup>

Such changes in income level do have implications for neighborhood housing markets. While the population in Wellington-Harrington remained stable between 1960 and 1970 and demand continued high, the income level did not advance at a rate commensurate with the city average. Furthermore, the new Portuguese immigrants apparently did have lower incomes than the larger population. Despite these forces for downward transition, there were countervailing forces in the neighborhood such as the housing goals of the Portuguese, the stability of the older population, and the existing landlord-tenant relations (discussed later) that would suggest the neighborhood need not decline drastically. These income limitations seemed to serve less as a force for housing deterioration than as a constraint on improvement.

#### Occupation and Employment

Between 1960 and 1970, the employment structure of Cambridge changed dramatically. This can be related to the change in economic bases in both Cambridge and Boston from manufacturing to service economies. In Wellington-Harrington the occupational balance shifted from a 60/25/15 blue collar/white-collar/service relationship to a 43/42/15 relationship. This still left the area far below the city average for white collar workers and above it for blue collar workers (city balance 20/67/13). The shift though to white collar employment

was significant, particularly since it was proportionately greater than the city change. The Portuguese in 1970 had a somewhat different occupation structure. Close to 70% of those working could be categorized as holding blue-collar jobs --factory-workers (50%) and tradesmen (20%); 25% service; and only 5% white collar. This concentration in low-paying, low-skill jobs can be related to the low educational levels of the new immigrants, of which about 65% of the working-age adults were not literate in English.<sup>9</sup>

Most important in the city's shift in employment was the loss of manufacturing as the pre-eminent industry. While the number of manufacturing jobs fell by one-third, the number of jobs in educational institutions increased by 50% and in hospitals by 33%. These three industries plus retail accounted for more than 50% of Cambridge resident workers in 1970. In 1970, about one-third of the workers in Wellington-Harrington were employed in manufacturing, 10% in retail, and 7% each in educational and health institutions.

On a statistical level, unemployment in Wellington-Harrington actually decreased between 1960 and 1970 from 5% to 3.5% based upon about 63% of the adult population being in the civilian labor force. However, the unemployment rate was higher for teenagers and the fear of job losses were never far removed from many families in the area as more manufacturing firms moved from Cambridge. The data from the Cambridge Portuguese Study indicated that as many as 22% of the Portuguese labor force was unemployed in 1971. There was difficulty in the use of the term "unemployed" in the study, however, since many Portuguese were working part-time or only sporadically.<sup>10</sup>

These brief description of the social characteristics of the residents of Wellington-Harrington point to several considerations for housing market activity. First is the types of people that were demanding housing in the area: (1) long-term, older, lower white-collar and working class families and some younger families of the same type. Many of these families were decedents of the immigrant groups which once settled in the neighborhood. These people had moderate incomes and found owning or renting in the area both personally and financially desirable; (2) lower-income families, primarily renters, who were constrained in their choice of housing to the lower rent sections of the city; (3) an elderly population, many of whom were immigrants; (4) a growing low-to moderate-income Portuguese population, which lacked the skills and education to compete for well-paying jobs, but which compensated for this with industriousness and an ability to translate personal resources and relationships into improved housing conditions; and (5) a small transient population, primarily renters who were characteristic of all Cambridge neighborhoods located near educational institutions.

Second, these social characteristics have implications for housing market trends. The population level in the area had remained stable for a decade thus keeping up demand for housing in the neighborhood. In addition, there was a large long-term population that had a stabilizing effect. Any de-stabilizing effects that could lead to decline, such as the incidence of very low income families and transients, would seem to have been offset by the positive impact of the long-term resident-owners and renters and the Portuguese interest in upgrading their housing.

## Physical Nature of the Housing Stock

### Number and Condition

Between 1960 and 1970, the number of housing units in Wellington-Harrington remained stable at about 2,100. Tenure characteristics also remained stable with the ratio of owner-occupancy to tenant occupancy being about 20%-80%. The 1960 census estimated about 40% of the housing units in Wellington-Harrington to have deficiencies and about 6% to be dilapidated. These were among the highest figures in the city. There did not appear to be any geographical differences in housing condition within the neighborhood. Under the urban renewal program, 56 units of 236 housing were built in 1971-1972. This was the first new construction in the area in many decades.

### Structure Types

The structural characteristics of the housing stock also remained stable over the decade. About 40% of the 800 structures were one and two-family houses which were almost entirely owner-occupied. Another 40% were 3-5 family structures, about 70% of which were owner-occupied, and about 20% were structures with six or more units, about three-quarters of which were owned by absentee-landlords. Particularly noteworthy is that a substantial proportion of the larger structures, 6-8 units, were owner-occupied. The level of owner-occupancy of structures did not change between 1960 and 1970, remaining at about 70%. Again there were no discernable geographical variations in structural types or ownership patterns as in the Jamaica Plain CIP area.

### Unit Size

The typical housing units in Wellington-Harrington were fairly large, with 4.7 being the median number of rooms per unit in 1970. This was above the city median of 4.2. The median number of persons per unit was about 2.5. About 8% of the units were overcrowded --above the city average.

The Portuguese differed from the larger population of Wellington-Harrington on at least two of these counts. They lived in smaller units (less than 4 rooms per unit) and had a severe overcrowding problem (35% of the Portuguese in 1971 lived in units with more than 1.01 persons per room). Part of the overcrowding problem was due to the larger family size of the Portuguese and part to their willingness to take in relatives and to put up with overcrowded conditions while they saved money to buy a house.<sup>12</sup>

The general picture these statistics supply about the existing housing stock in Wellington-Harrington is that the area's housing characteristics changed very little from 1960 to 1970. There was a fairly high incidence of owner-occupancy of structures. A relatively high level of deterioration did exist, however. There was no evidence of any conversion activity or geographical variations in structural characteristics as was found in Jamaica Plain. Changes and deterioration that had occurred in the physical nature of the housing stock happened earlier in the century and by the time of this thesis the neighborhood had stabilized at a low physical and economic level. The only real note of change was the arrival of the new Portuguese immigrants who tended to live in more crowded conditions than the general population. In general, the long-term housing stock characteristics trend was stability.

## Economic Characteristics of the Housing Stock

### Rent

Wellington-Harrington, along with the rest of East Cambridge, traditionally has had the lowest rent levels in the city. Between 1960 and 1970, the median gross rent in the neighborhood rose from about \$65 to \$110, a 70% increase which was commensurate with the city's rise from \$80 to \$135. The census tracts in the area retained their ranking relative to other city census tracts. In general, the rent levels correlated with the housing conditions which were also below the city average.

### Residential Property Values

The changes in property values as reflected in sales prices for 50 structures for the years 1955-1973 in Wellington-Harrington were quite dramatic. Table 6-1 which shows value changes, indicates that the several structural markets were affected differently. In the two earliest periods, there actually were very few sales in the one and two family house market. This can be attributed to the long-term occupancy of many of these owners. However, in the larger multi-family house market more activity occurred. Particularly large value gains were noted between 1955 and 1970 for three to eight unit structures. This was a time of a very tight housing market in all of Cambridge and rents were being bid up throughout the city by the competing groups --students, professionals, and older families. Even though the first two groups did not migrate appreciably to Wellington-Harrington, certainly their influence on the city housing market was reflected in rental increases in Wellington-Harrington since owners, particularly investor-owners, would

Table 6-1

## Property Value Changes for Structure Types (Price Per Unit)

Wellington-Harrington / 1955-1973

| Period                | #      | One-Unit         |             | #      | Two-Units        |          | Three-Five Units |         |          | Six or More Units |         |          |
|-----------------------|--------|------------------|-------------|--------|------------------|----------|------------------|---------|----------|-------------------|---------|----------|
|                       |        | Value            | % Change    |        | Value            | % Change | #                | Value   | % Change | #                 | Value   | % Change |
| Period 1<br>1955-1959 | 3      | \$8,343          | 8           | 4      | \$4,500          |          | 10               | \$2,205 |          | 14                | \$1,674 |          |
| Period 2<br>1960-1963 | 4      | 9,000            | 8           |        |                  |          | 7                | 3,025.7 | 37       | 9                 | 2,448   | 46       |
| Period 3<br>1964-1967 | 2      | 9,200            | 2.2         | 5      | 6,515            | 44.8     | 10               | 5,687.5 | .88      | 7                 | 4,544   | 86       |
| Period 4<br>1968-1970 | 7      | 10,857           | 18          | 8      | 8,606            |          | 8                | 6,520.5 | 14.6     | 3                 | 9,610   | 112      |
| Period 5<br>1971-1973 | 8<br>7 | 22,300<br>17,875 | 105<br>64.6 | 4<br>3 | 7,987.3<br>9,316 | -7<br>+8 | 5                | 8,833.3 | 35.5     | 5                 | 4,050   | -58      |

price their units competitively with the overall market. This upward adjustment in rents can be seen in the large value increases, since market value is computed on the rent rolls. When rent control was instituted in 1970, however, this put a damper on price rises and in fact the rent rollback may actually have caused property values to decline. This is evident in the case of structures with six or more units which underwent a tremendous price rise until 1970 and then prices fell back to pre-1967 levels.

After 1970, the value of three- to five-family structures did continue to rise, however. This is probably related to the strong demand for these structures by Portuguese. Table 6-2 shows the extent of Portuguese house buying in Wellington-Harrington. After 1970, at least 60% of the three- to five-family structures in the sales sample were bought by Portuguese-surnamed people. (The sales to Portuguese names are difficult to identify exactly since they are similar to Italian or Spanish surnames or have been anglicized). Multi-unit structures of this size seemed to be particularly popular among Portuguese since more of the operating expenses could be covered by tenants' rent and relatives could move into the other units and share maintenance and operating duties.

The one and two unit structure markets made their gains toward the end of the 1960's. More properties began to turn over at this time because of deaths and some ethnic change. The fluctuations in value that are seen were probably caused by adjustments of sales prices to the housing market when it became clear what these structures could be sold for. The strength of this market can perhaps be best illustrated by the following pair of sales. A single family

Table 6-2

## Sales to Portuguese Owners by Structure Type

Wellington-Harrington / 1955-1973

| Unit<br>Number         | 1955-1959 |                   | 1960-1963 |                  | 1964-1967 |                  | 1968-1970 |                  | 1971-1973 |                  | Total |                  |
|------------------------|-----------|-------------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|------------------|-------|------------------|
|                        | #         | % Total<br>Sales* | #         | % Total<br>Sales | #         | % Total<br>Sales | #         | % Total<br>Sales | #         | % Total<br>Sales | #     | % Total<br>Sales |
| One Unit               | 0         | 0                 | 0         | 0                | 0         | 0                | 1         | 14               | 1         | 20               | 2     | 9.5              |
| Two Units              | 1         | 25                |           |                  | 0         | 0                | 3         | 37.5             | 1         | 25               | 5     | 31               |
| Three to<br>Five Units | 0         | 0                 | 1         | 14               | 3         | 30               | 2         | 25               | 3         | 60               | 9     | 22.5             |
| Six or<br>More Units   | 0         | 0                 | 1         | 14               | 1         | 11               | 0         | 0                | 2         | 40               | 4     | 10.5             |
| Total                  | 1         | 3.2               | 2         | 11               | 4         | 19               | 6         | 23               | 7         | 37               |       |                  |

\*Portuguese sales as a % of total sales.

house was purchased in 1969 for a sales price of \$7,000 (possibly purchased by a Portuguese). The mortgage taken out was \$20,000 which either means that it was also being put toward another property or it was going to be used to rehabilitate the house. The latter is probably the case since the house was resold to a Portuguese family two years later for \$40,000. The most significant gains were made in these markets after 1968, so urban renewal may have had a positive effect on them.

Unfortunately, there was no basis for comparison of sales prices with other sections of the city as was possible with Jamaica Plain and Boston. From the existing information, we would have to conclude that demand for structures in Wellington-Harrington did continue high during the 18-year study period. Further, demand picked up for one- and two-unit structures over the decade, remained high for three- to five-unit structures, and surged upward for large multi-family structures but fell back when rent control was imposed.

#### Speculation

The issue of speculation seems easier to deal with in Wellington-Harrington than in Jamaica Plain. The sales sample shows that the period between 1955 and 1965 contained at least eight clear cut cases of speculation. They all involved structures with three to eight units that were sold twice within one to two years. Seven out of the eight involved professional realtors as the middle owner (the eighth one was not able to be determined). The original owner-types were mixed but the majority were absentee. Three properties ended up in the hands of owner-occupants. Six out of the eight transactions

seemed to involve some trading of rental properties among several absentee-owners operating in the neighborhood. The average profits earned by the middle owners were \$3,563 on 3-family units (3), \$500 on a six-family structure, and \$11,850 on an eight-unit structure that was sold three times. This speculation dynamic was partially responsible for the price surge in multi-family housing during the 1960's. The other two speculation cases seemed to revolve around sales to Portuguese. In one case, the middle-person, who appeared in several other speculative dealings bought the house from an owner-occupant and resold it to a Portuguese owner-occupant --for a \$5,800 profit in one year. In the second case, the middle-owner was Portuguese surnamed, possibly a second or third generation Portuguese since he lived in the suburbs, who was attuned to the new immigration. He bought a multi-family house from an absentee-owner and sold it to a Portuguese owner-occupant for a \$3,900 profit.

Whereas in Jamaica Plain, the few speculative sales seemed aimed at turning a quick profit, five of the first six sales discussed here were probably linked to property exploitation, since sales passed from a mixed group of original owners through a speculator to generally a larger-scale investor-owner. Both the speculator and new owner would have little incentive to invest in improvements or perhaps even proper maintenance for their properties since, with the rental market so tight in Cambridge, the demand response to price rises was apparently inelastic. This would prompt these absentee-landlords, mainly realty trusts, to charge as high a rent as possible without improving the property. So this kind of speculative activity which facilitated the transfer of property to owners interested in

#### flow

maximizing cash<sup>1</sup> at the expense of maintenance would have been a definite force for housing deterioration in the neighborhood. The two speculative sales related to the Portuguese indicate that the house-buying propensities of the Portuguese were known to some who could take this advantage to turn quick profits. While this activity might not result in deteriorated housing, it could inflate the price of housing in the area as sellers adjusted their prices to the Portuguese demand.

#### Financing

Again, financing is a difficult issue to get a handle on. While the prevailing feeling was that mortgage money was tight in the area, the fact that purchases were financed confuses the issue. At least seven Cambridge banks lent mortgages in Wellington-Harrington. In addition, the Cambridge Portuguese Credit Union was the holder of several mortgages. This was probably a major resource for the Portuguese who might not meet the credit risk criteria of the traditional banks. About one-quarter of the mortgages held by Portuguese owners in the sample were given by the Credit Union. Loan to value ratios for both the credit union and the banks for all owners generally ran between 70%-80% and there was no change over the study period. The banks did offer home improvement financing but this was short term at a high interest rate.

#### Assessment-Sales Ratios

Table 6-3 shows how assessment-sales ratios changed over the study period. Each type of structure gradually lowered its assessment sales ratio over the period. Although the different structure types started out with the same pattern of structural assessment-sales

ratio differences as Boston (single-family assessed at lowest rate, multi-family assessed progressively higher), the property value advances were only partially reassessed so that in the last study period the ratios were in the same range. Reassessments were made more frequently in Cambridge than in Boston, so the different pattern at the beginning and at the end of the study means either that multi-family properties were originally overassessed (or smaller structures underassessed), or the assessing policy was changed to assess all properties at a certain percentage of market value. In either case, the trends of assessment-sales ratios indicate an advancement in property values since the average assessments on properties gradually declined.

All these indicators point to a housing market being affected by strong demands for ownership. Between 1960 and 1970 in Wellington-Harrington both the population level and number and characteristics of the housing stock remained stable. The neighborhood was deteriorated but seems to have stabilized at a low economic and physical level. In a sense, this may have helped to create a demand for ownership there, both by owner-occupants and absentee-owners, since the original property values were among the lowest in the city. Such low values enabled moderate-income families to purchase houses and absentee-landlords to make improved cash flows and sizeable capital gains if they purchased structures at the relatively low prices, raised rents in accordance with the high rental demand in the city (thereby increasing their cash flow significantly since there was little indication of physical improvements being made on the generally run-down larger rental structures) and then sold out at a price

Table 6-3

## Assessment - Sales Ratios by Structure - Type

Wellington-Harrington / 1955-1973

| Unit<br>Number       | 1955-1959          |       | 1960-1963          |       | 1964-1967    |       | 1968-1970     |       | 1971-1973    |       |
|----------------------|--------------------|-------|--------------------|-------|--------------|-------|---------------|-------|--------------|-------|
|                      | Ave.<br>Ass.<br>\$ | Ratio | Ave.<br>Ass.<br>\$ | Ratio | Ave.<br>Ass. | Ratio | Ave.<br>Ass.  | Ratio | Ave.<br>Ass. | Ratio |
| One Unit             | 3333<br>(3)        | 41.4  | 3740<br>(5)        | 42.4  | 2900<br>(1)  | 27.6  | 4100<br>(7)   | 47.3  | 5200<br>(5)  | 25.6  |
| Two Units            | 4475<br>(4)        | 52.1  |                    |       | 4900<br>(5)  | 44.7  | 4537.5        | 29.4  | 5300         | 35    |
| Three Units          | 5188<br>(9)        | 78.6  | 5171<br>(7)        | 52.6  | 6540<br>(10) | 44.1  | 7000<br>(8)   | 37.8  | 7075<br>(5)  | 23.3  |
| Six or<br>More Units | 7092<br>(13)       | 90.3  | 9470<br>(7)        | 65.5  | 13,522       | 43.8  | 14,900<br>(2) | 23    | 8060<br>(5)  | 26    |

calculated on the latest rent roll. Both these phenomena appeared to have happened as indicated by the large value increases during the 1960's.

### Social Patterns and Housing

There were some very definite patterns of occupancy and rental relationships operating in Wellington-Harrington which would have affected housing market activity.

#### Occupancy

At least four different owner types can be identified. These were long-term owner-occupants, new owner-occupants, small-scale absentee-owners, and large-scale absentee investor-owners. The long-term owner-occupants lived primarily in the one- to three-family houses and this helps to account for the relatively small number of one to five-family owner-occupied structures that appeared in the early periods of the property analysis sample. Many of these owners had lived in the neighborhood all their lives or at least as long as they had lived in the U.S. since many of them were immigrants, and by the time the urban renewal program was initiated, many owner-occupants were elderly. The properties belonging to this group tended to change hands mainly upon deaths and it was not uncommon for the property to stay in the same family.

The Portuguese, together with some non-Portuguese younger families, constituted the other owner-occupant group. These new families were looking to buy structures to live in --often their first house. Usually their incomes were limited and they often purchased multi-family structures to help defray the costs. There

is some evidence that the Portuguese did avoid the traditional capital markets to some degree. For example, in two of the early sales (1956, 1960) to Portuguese, money was borrowed not from banks but from other Portuguese individuals and the payback periods were very short (2, 3 years). In the later sales where much larger sums of money were involved, borrowing from individuals seemed to disappear. However, there were still instances of larger than normal down-payments (e.g., 40% or more) and in some instances there were no mortgages at all. This relates to the desire of many recent immigrants to own their own homes quickly and avoid getting involved with traditional lending institutions. Krohn found this phenomena widespread in the older neighborhoods in Montreal. In the later periods, the majority of Portuguese purchasers took out mortgages from banks or the Cambridge Portuguese Credit Union with down payments in the 20%-40% range.

The small-scale absentee's were another set of owners. Such owners usually held one or more structures for security or added income, and real estate was not their primary source of income. Of all the absentee-owned properties, structures owned by small-scale absentee's tended to be in the best condition. Most of these owners came from the same ethnic background as the residents of Wellington-Harrington and may even once have lived there. For example, there were several absentee-owners in the sample who had Portuguese and Italian names but who lived elsewhere in Cambridge or in Boston suburbs. The sales sample indicated that new Portuguese residents may have been interested in owning rental properties since a few sales were made to absentee-Portuguese owners.

Also operating in the neighborhood were several professional realty trusts. These absentee-owners generally tended to be very dissimilar to the neighborhood residents with several having English and Jewish names. These companies mainly operated larger rental structures (six units and up) and their properties were the most deteriorated. It was primarily the large-scale investor-owners that bid the price of large structures up so rapidly during the 1960's. And it was these same owners that were hit hardest by rent control. There is indication that investor-owned properties are just recently beginning to turn over again since high operating costs and rent control are making them unprofitable.<sup>13</sup> Several of the most blighting structures were acquired by the Cambridge Redevelopment Authority under urban renewal and are scheduled for demolition or rehabilitation.

The sales sample indicated that there was little change among owner-types over the decade. Tables 6-4 through 6-7 show the occupancy trends over the decade. If anything, there was a slight trend toward more owner-occupancy. Turnover rates among tenants were also fairly stable, although there were no clear patterns of turnover differences. See Table 6-8.

#### Owner-Tenant Relationships

Besides the deteriorated condition of the neighborhood, one of the major factors that served to keep rent levels well below the city average in Wellington-Harrington was the relationship that had developed between owners and tenants regarding maintenance. It was fairly widespread in the neighborhood for tenants to perform up to 80%-90% of property maintenance as well as some redecorating and

Table 6-4

Changes in Ownership Status / One-Unit Structures

Wellington-Harrington

|                                       | 1958-1962 |      | 1962-1965 |      | 1965-1968 |     |
|---------------------------------------|-----------|------|-----------|------|-----------|-----|
|                                       | #         | %    | #         | %    | #         | %   |
| Remained Owner-Occupied               | 3         | 42.8 | 6         | 85.7 | 7         | 100 |
| Sold Owner-Occupant to Owner-Occupant | 4         | 57.2 | 1         | 14.3 |           |     |
| Total Owner-Occupant                  | 7         | 100  | 7         | 100  | 7         | 100 |

Table 6-5

Changes in Ownership Status / Two-Unit Structures

Wellington-Harrington

|                                       | 1958-1962 |      | 1962-1965 |      | 1965-1968 |      |
|---------------------------------------|-----------|------|-----------|------|-----------|------|
|                                       | #         | %    | #         | %    | #         | %    |
| Remained Owner-Occupied               | 3         | 37.5 | 4         | 50   | 6         | 75   |
| Sold Owner-Occupant to Owner-Occupant | 2         | 25   | 2         | 25   | 1         | 12.5 |
| Sold Absentee-Owner to Owner-Occupant | 1         | 12.5 | 1         | 12.5 |           |      |
| Total Owner-Occupied                  | 6         | 75   | 7         | 87.5 | 7         | 87.5 |
| Remained Absentee-Owned               | 2         | 25   | 1         | 12.5 | 1         | 12.5 |
| Total Absentee-Owned                  | 2         | 25   | 1         | 12.5 | 1         | 12.5 |

Table 6-6

Changes in Ownership Status / Three to Five Unit Structures  
Wellington-Harrington

|                                          | 1958-1962 |      | 1962-1965 |      | 1965-1968 |      |
|------------------------------------------|-----------|------|-----------|------|-----------|------|
|                                          | #         | %    | #         | %    | #         | %    |
| Remained<br>Owner-Occupied               | 4         | 28.6 | 6         | 46.2 | 7         | 53.8 |
| Sold Owner-Occupant<br>to Owner-Occupant | 1         | 7.7  | 1         | 7.7  |           |      |
| Sold Absentee-Owner<br>to Owner-Occupant | 2         | 14.3 | 1         | 7.7  |           |      |
| Total Owner-Occupied                     | 7         | 50   | 8         | 61.6 | 7         | 53.8 |
| Remained<br>Absentee-Owned               | 7         | 50   | 4         | 30.8 | 4         | 30.8 |
| Sold Absentee-Owner<br>to Absentee-Owner |           |      | 1         | 7.7  | 1         | 7.7  |
| Sold Owner-Occupant<br>to Absentee-Owner |           |      |           |      | 1         | 7.7  |
| Total Absentee-Owned                     | 7         | 50   | 5         | 38.5 | 6         | 46.2 |

Table 6-7

Changes in Ownership Status / Six or More Unit Structures

Wellington-Harrington

|                                          | 1958-1962 |    | 1962-1965 |    | 1965-1968 |    |
|------------------------------------------|-----------|----|-----------|----|-----------|----|
|                                          | #         | %  | #         | %  | #         | %  |
| Remained<br>Owner-Occupied               | 5         | 25 | 3         | 15 | 5         | 25 |
| Sold Absentee-Owner<br>to Owner-Occupant |           |    | 2         | 10 | 1         | 5  |
| Total Owner-Occupant                     | 5         | 25 | 5         | 25 | 6         | 30 |
| Remained<br>Absentee-Owned               | 14        | 70 | 10        | 50 | 13        | 65 |
| Sold Absentee-Owner<br>to Absentee-Owner | 1         | 5  | 3         | 15 | 1         | 5  |
| Sold Owner-Occupant<br>to Absentee-Owner |           |    | 2         | 10 |           |    |
| Total Absentee-Owned                     | 15        | 75 | 15        | 75 | 14        | 70 |

Table 6-8  
Turnover Rates in Rental Units  
Wellington-Harrington

|                                           | 1958-1962<br>Units |      |      | 1962-1965<br>Units |      |      | 1965-1968<br>Units |      |      |
|-------------------------------------------|--------------------|------|------|--------------------|------|------|--------------------|------|------|
|                                           | 2                  | 3-5  | 6+   | 2                  | 3-5  | 6+   | 2                  | 3-5  | 6+   |
| Remained<br>Owner-Occupied                | 0                  | 66.7 | 37.9 | 60                 | 38.5 | 23.5 | 40                 | 46.7 | 25   |
| Sold Owner-Occupant<br>to Owner-Occupant  | 50                 | 100  |      | 50                 | 50   |      | 0                  |      |      |
| Sold Absentee-Owner<br>to Owner-Occupants |                    | 83.3 |      |                    | 100  | 41.6 |                    |      | 100  |
| Total<br>Owner-Occupant                   | 16.7               | 76.5 | 37.9 | 57.1               | 47.1 | 31   | 33                 | 46.7 | 38.2 |
| Remained<br>Absentee-Owned                | 0                  | 52.4 | 58.3 | 0                  | 58.3 | 56.7 | 100                | 50   | 55   |
| Sold Absentee-Owner<br>to Absentee-Owner  | 100                |      | 66.7 | 50                 | 0    | 61.1 | 50                 | 100  | 33   |
| Sold Owner-Occupant<br>to Absentee Owner  |                    |      |      |                    |      | 38.5 |                    | 50   |      |
| Total<br>Absentee-Owned                   | 33.3               | 52.4 | 58.8 | 25                 | 46.7 | 54.9 | 66                 | 58.8 | 53.5 |

improvement tasks. In return, the tenants enjoyed a low rent level and many properties did not have a substantial rent increase for 10-15 years prior to urban renewal.<sup>14</sup> This occurred mainly in owner-occupied properties and properties owned by long-term, small-scale absentee's. According to the 1970 census, Wellington-Harrington had the highest proportion of long-term residents in the city --40% had lived in the same house since before 1960. So this residential stability --long-term owner-occupants, absentee-owners, and tenants-- fostered the kinds of relationships that resulted in landlord-tenant reciprocity.

Since 1970, though, rent control has caused changes in some of these relationships. First, many long-term absentee's have been finding it difficult to operate their properties under rent control and some have sold out. New owners can get rental increases to cover expenses and since the cost of financing property rose so much since 1960, rents were often raised substantially. Second, under rent control, many long-term owners tend to go after the highest rents they can get in order to ensure an adequate income from the property. This causes the rents to be raised even for long-term tenants since rents in larger buildings had often been skewed with the long-term tenants paying less than more transient tenants. This skewing became unprofitable under rent control. However, a stabilizing effect of rent control may have been to decrease the renting of apartments to students and increase family rentals, since the landlord would receive the same income without having to face usually a more educated tenantry more attuned to tenants' rights who would cause more trouble for the owner and sometimes do more damage to the apartments.

There did not appear to be too much ethnic self-selection among the older residents. It was common to find buildings with mixtures of Italian, Polish, Lithuanian, and Irish owners as tenants. Among the Portuguese, ethnic self-selection was more prevalent. When a Portuguese purchased a building, the older tenants were often quickly replaced by other Portuguese families. However, a few of the Portuguese who purchased structures early in the study period and had Portuguese tenants move in, later in the study had an ethnically mixed tenantry. It may be that the Portuguese who had purchased houses served as reference points for the newer immigrants until they gained a foothold in the new country and amassed the resources to move elsewhere.

These occupancy patterns and landlord-tenant relationships reinforce the notion of stability in the housing market in Wellington-Harrington. There were no important shifts in ownership or turnover rates. Among owner-occupants and small-scale absentee-owners there were reciprocal work-rent relationships which helped to keep rents at a low level and provide housing for low-moderate income families at a reasonable rate. In part of the rental market these rent moderating forces were being broken down by rent control which forced landlords to charge the highest allowable rents. Nevertheless, family rentals were more encouraged under rent control rather than student rentals which would have a destabilizing effect on the neighborhood. The Portuguese and their desire to own homes and their propensity to rent to fellow countrymen and relatives would have had a stabilizing effect on the neighborhood since they represent a major force for property improvement and lengthy residential tenure.

### Neighborhood Submarkets

The general housing market tendency in Wellington-Harrington between 1955 and 1967 was one of stability. The population level remained stable and housing demand was strong. The neighborhood submarkets that emerge from the foregoing analysis can be divided along ownership, ethnic, and structural lines.

First, there were the four kinds of owners: long-term and new owner-occupants, long-term small-scale absentee-owners, and the larger-scale realty trusts. Second, there was a strong ethnic submarket comprised of Portuguese immigrants, who desired both owner and rental housing. Third, the neighborhood had a mixed housing stock that can be grouped best in three categories based on price and ownership: one and two-family houses, three to five-family houses, and large structures with six units or more. Based on these divisions, the following housing markets can be delineated as being most useful for this study:

One and Two-Unit Structures. This market was comprised almost entirely of owner-occupants, many of whom were very long-term owners. This market seemed to be getting stronger toward the end of the study period, possibly as a result of urban renewal and increased homeowner-ship demand by Portuguese. The kinds of stabilizing landlord-tenant reciprocal relationships described by Krohn were strongest in this market, particularly since owners were not subject to the problems of rent control. According to the Solomon-Peterson model this would be a stable market with some elements of upward transition.

Three to Five-Unit Structures. The ownership of this class of structures was split 70-30 between owner-occupants and absentee-

owners. The market showed strong demand trends during the 1960's since the rental market in Cambridge was quite high. There was still a long-term ownership component here, though, since most of the structures that turned over were absentee-owned. There was also a significant amount of ownership by larger-scale owners and realty trusts. Much of the demand for ownership of these properties after rent control came from the Portuguese. In this market, then, there were opposing forces. On the one hand, long-term ownership and demand by Portuguese would call for stability or upgrading while on the other hand the speculative and exploitive activities of the larger realtors would push for further deterioration. This market can be divided further into two sub-markets based on ownership. The owner-occupant market would be stable to upward transitional, while the absentee-owned market would be downward transitional to blighted. In the latter market, there would, of course, be structures kept in good condition by smaller-scale landlords.

Six or More Unit Structures. This market had the least demand by owner-occupants, although six-unit structures did seem to be in demand later in the study period by Portuguese families. Much of the sales activity in this market was by larger real estate holders who were speculating on the value increases associated with major rent rises prior to rent control. After the passage of rent control, values dropped in this market considerably and it appeared then to have a low demand by absentee-owners. With the aid of a very tight housing market in Cambridge, much of the larger rental unit market in Wellington-Harrington probably went through the speculation-disinvestment-weakened market stages of the National Survey in a 15-year period. The stabilizing owner-tenant relationships tended not to

exist here since the owners were different from the tenants, undermaintained their properties, and seemed most interested in maximizing their cash flow. Particularly after rent control, this market could be characterized as downward transitional to blighted --again exceptions might occur among the owner-occupants and small-scale absentee-owners who maintained their property.

So overall, the housing market in Wellington-Harrington could be described as being stable. Both upward and downward transitional forces existed, but these were located within certain specific submarkets. Based on a 10% sample of structures, the proportion of each housing market to the total is shown in Table 6-9.

Table 6-9  
Neighborhood Submarket Matrix  
Wellington-Harrington

| Structure Type         | Owner-Occupied<br>% | Absentee-Owned<br>% | Total<br>% |
|------------------------|---------------------|---------------------|------------|
| One and<br>Two Units   | 38                  | 4                   | 42         |
| Three to Five<br>Units | 28                  | 11                  | 39         |
| Six or<br>More Units   | 4                   | 14                  | 18         |
| Total                  | 70                  | 29                  | 99         |

## Chapter 7

### Wellington-Harrington

#### Utilization of 312 and 115 Programs

The original renewal plan for Wellington-Harrington was drawn up in 1962 by the Cambridge Redevelopment Authority in conjunction with the Donnelly-Field Planning Team (Donnelly Field is a large playground in the center of Wellington-Harrington). Residents of the neighborhood strongly opposed this plan, however, since it would have been highly disruptive to the existing community. It called for up to 50% demolition, and was perceived to have been designed to benefit the NASA complex being developed just south of the neighborhood's boundaries. In response to this citizen protest, the mayor appointed the Wellington-Harrington Citizens Committee, composed of representatives of a variety of community interests, to guide the CRA in developing a more palatable plan. The new plans, approved by HUD in 1967, proposed only 15% demolition in the area, utilization of 312 and 115 for housing rehabilitation, construction of new housing on scattered sites, and the development of community social services, and installation of physical improvements, such as playgrounds, parking lots, and street and sidewalk repair and replacement.<sup>1</sup>

The professional staff hired to implement the plan joined the CRA in 1968. Many of the personnel were veterans of urban renewal in Boston, while others were residents of the Wellington-Harrington area. The approach the CRA took in implementing the plan was community development, that is, the integration of rehabilitation, community organizing, program development, and

community services. To date, the major program components which have been developed in addition to the rehabilitation program have been several community groups organized around geographical and issue areas such as the Union St. Association and the United Playground Association, the Wellington-Harrington Development Corporation which sponsored the 236 cooperative development Harwell Homes, and the Just-A-Start program which provides full-time summer and part-time school year employment and work training for area teenagers in housing rehabilitation, recreation, and landscaping services.<sup>2</sup>

Under the rehabilitation program, the CRA offered the typical rehabilitation services including 312 and 115, financial counseling, work write-ups and cost estimates, design assistance, contractor selection and monitoring, and relocation for tenants. A major difference between the program operation in Cambridge and Jamaica Plain was that in Wellington-Harrington rehabilitation was voluntary. Owners did not have the threat of code enforcement sanctions if they chose not to bring their properties into code compliance. The City of Cambridge lacks an effective housing inspectional service. The existing inspectors are associated with the Health Department and their primary concern is with health-related violations. There were not enough inspectors to undertake a major code inspection project in Wellington-Harrington. Members of the CRA rehabilitation staff assumed the inspectional role that was performed by city housing inspectors in Jamaica Plain. However, if major hazardous violations were found to exist and owner refused to correct them, city health inspectors had to be called in to make formal legal complaints. In the absence of a compulsory code program, rehabilitation had to be

introduced in a less formal way than in Jamaica Plain. Members of the community organizing staff contacted property owners both on an individual and group basis to make appointments to have their properties inspected. It was possible to get owners interested in this way since several of the community organizers were area residents and had many personal contacts in the community. The owners of surveyed properties were either given a certificate of being in code compliance or a list of code violations. If the owner desired it, a follow-up visit was made to determine the extent and cost of rehabilitation.

At the present time, however, as many as one-third to one-half of the properties remain unsurveyed. Some owners simply were not interested in rehabilitation, others were suspicious of government programs, and still others would have considered it if action were taken against nearby blighting influences. Furthermore, efforts to get more people to have their properties surveyed seemed to wane starting in 1971 when federal money became more scarce. In a voluntary program it seemed fruitless to survey properties and then not be able to offer assistance. It is estimated that 312 money was available only about 50% of the time since the program began.

#### Neighborhood Submarkets and Original Conditions

It is more difficult to determine exactly the relative deterioration in each housing market in Wellington-Harrington than in Jamaica Plain since so many structures remain unsurveyed. However, based upon the surveyed structures in the sample taken, it turned out that about one-third of the owner-occupied and 95% of the

absentee-owned structures were below minimum standards or about 60% of all structures. Table 7-1 shows the distribution of below minimum standard structures among the different submarkets and the incidence of substandard structures in the submarkets as shown by the index. The greatest incidence of BMS structures occurred among absentee-owners. Furthermore, the incidence of substandardness increased with the number of units in the structure, although this was probably more a function of the degree of absentee-ownership than structural characteristics.

#### Neighborhood Submarkets and Rehabilitation

Again, it is possible to suggest a pattern of participation in the rehabilitation program based on the dynamics of each submarket and the previously discussed incentives for and barriers to rehabilitation. The important factors in this analysis are ownership and structure type.

The one and two structure market was the largest in the neighborhood, both in terms of distribution of all structures and share of substandard structures. However, it had a relatively low incidence of BMS structures indicating that there was a good amount of maintenance and upkeep in the market. This can, of course, be related to the desire of the owners, almost all resident-owners, to maintain and invest in their own personal housing services. This desire to have a decent living space would be an incentive to participate in the rehabilitation program. In addition, many of these owners were long-term neighborhood residents who developed long-standing relationships with their tenants. So rehabilitation might be desirable to keep the tenants or at least to improve their immediate living environment

also. The economic arguments for rehabilitation would probably be less compelling for owner-occupants in this market. Since home-ownership was their primary goal in housing, an improved cash flow or capital appreciation would not be calculated in their benefits from rehabilitation. However, preservation of property values might be an issue since owners would keep in mind not losing the value of their housing investment, even if they might not be contemplating selling their homes. Prior to rehabilitation, the relation of rehabilitation investment and property values would have been unclear since there were relatively few sales in this market before 1967. However, after the program started, it should have been evident that one and two family structures constituted a rising submarket and a rehabilitation investment would not be destroyed. The rehabilitation program should have overcome personal and financial barriers to rehabilitation, so the only remaining obstructive forces would have been environmental. The urban renewal program was working to correct some of these by acquiring and removing blighting influences, rezoning, installing physical improvements, and developing a community infrastructure and community services. The urban renewal question would have been answered by the urban renewal plan, the inner belt did not affect most structures in this market, and rent control did not cover the owner-occupants, so the principal environmental forces these owners would have faced were neighborhood security and potential unemployment. And since many of these people had lived in the neighborhood for so long with these forces, they would not seem to be a major deterrent to rehabilitation. This market would seem then to have been a prime candidate for rehabilitation activity under 312 and 115.

Table 7-1

Neighborhood Submarket Matrix

Wellington-Harrington

Below Minimum Standards Structures

|                        | Owner-Occupant |       | Absentee-Owner |       | Total |       |
|------------------------|----------------|-------|----------------|-------|-------|-------|
|                        | % BMS          | Index | % BMS          | Index | % BMS | Index |
| One and<br>Two Units   | 28.5           | .75   | 8.6            | 2.1   | 37.1  | .88   |
| Three to<br>Five Units | 22.8           | .81   | 17.1           | 1.5   | 39.9  | 1.0   |
| Six or<br>More Units   | 2.8            | .66   | 20             | 1.4   | 22.8  | 1.3   |
|                        | 54.1           | .77   | 45.7           | 1.5   |       |       |

Owner-occupants of three to five family structures would have similar personal housing and tenant maintenance objectives from rehabilitation. However, the economic benefits might also be important to them. Not only would property value preservation be important-- and it is clear that three-five family structures were increasing in value, even after the imposition of rent control-- but they might also be interested in improved cash flow. Many of these owners had not raised their rents significantly in many years and their cash flows were quite small and in some cases negative. So participating in the rehabilitation program would not only give owners the excuse to raise rents which should have been done long before, but also to receive financial counseling on budgeting their rental income. In addition, since owners in this category were renting out between two and four units, they were really engaged in the space rental business. So some owners who were more business-minded and less concerned with some of the social aspects of housing, such as tenant relationships, might see rehabilitation as being a vehicle for an improved cash flow through rental increases or a capital gain through appreciation. The same reactions to environmental forces could be posited for this group as for the owner-occupants of one and two family structures.

The major new demand group for resident-ownership was the Portuguese. Their participation in the rehabilitation program is more difficult to predict, however, because of the conflicting housing and financial values in the Portuguese culture. While the house-buying and improvement practices of the Portuguese would suggest they would take advantage of rehabilitation assistance, there are other variables in their background which mitigate against their

participation. First, the unassisted rehabilitation performed by the Portuguese tends to be incremental. Krohn's study showed that Portuguese preferred to upgrade their apartments over long time periods. This desire for incremental rehabilitation is related to a second aspect of the culture of the new immigrants --avoidance of capital markets and going into debt. The Portuguese in Krohn's study avoided going into debt by purchasing materials in small amounts as they went along and by exploiting their own skills and those of relatives and friends for labor. This tended to spread rehabilitation out over a long time.<sup>3</sup> For those Portuguese who didn't qualify for a grant, it is questionable whether they would participate in 312. Although the monthly cost might be small, the owners would still be going into debt and would lose control over the purchasing and labor aspects of rehabilitation. The Portuguese avoidance of capital markets and long-term debt was evident to some degree in Wellington-Harrington. Through their desire to put down large down-payments when purchasing houses and sometimes borrowing money on the short-term from other Portuguese-background individuals, this might be a mitigating factor against participation in government-assisted rehabilitation. A third personal barrier to participation in the rehabilitation program by the Portuguese would have been their perception of housing quality. Many of the Portuguese were immigrants from a country with a much lower standard of living and shelter so they might be satisfied living in structures that did not meet American housing code conventions.<sup>4</sup> Since the Cambridge program lacked compliance sanctions, it would not have been possible to force minimum code standards on people who were satisfied with less. The proportion of Portuguese in the housing market could not really be

estimated and they are subsumed in the already designated submarkets. Attention will be paid to actual Portuguese participation in 312 and 115 later on in this chapter.

The absentee-owners in Wellington-Harrington would be attuned to a different set of motivations than owner-occupants. The small-scale absentee-owners who were similar to area residents might have had some interest in maintaining tenancy, particularly since they seemed to engage in rent-maintenance reciprocal relationships which would be best fostered by long-term tenancy. This would have been most true prior to rent control which altered these landlord-tenant relationships somewhat. The preservation of property values or even capital appreciation would have been a motivation since property ownership for many of these owners was their one big investment in life and they would desire to see that its value was not destroyed. Since many such owners held property for income purposes, an improved cash flow would have been desirable, particularly in the face of increased operating costs and accelerating inflation. Since rental property values and rents were rising in the area before the urban renewal program started, it would seem that small-scale absentee-owners should have been able to achieve their objectives with rehabilitation. Following rent control, though, the opportunity to improve cash flow or make a large capital gain would have been lessened especially in the larger-structure market, so there would have been fewer incentives for these owners to rehabilitate after 1970. So small-scale absentee-owners would have been interested in rehabilitation to a lesser extent than the owner-occupants, but still would have some incentive to participate in the program based on

social and economic goals.

The larger-scale absentee-owners would have had little incentive to participate in the 312 program. Prior to rent control, their rent rolls and property values were rapidly rising because of the tight market for rental housing in Cambridge. Under these conditions, there would have been no need to rehabilitate since their economic goals could be achieved with little effort. After rent control, much of the pre-1970 property value gains were destroyed. Rehabilitation then would still not have been desirable for them since many of the buildings had been under-maintained for so long and had become so deteriorated that the cost of rehabilitating a unit to code standards would have required a major investment even under 312. Given the condition and property values for large rental structures, the owners would not find such a large investment attractive since they would probably not be able to achieve as large a rent rise under rent control as desired. They would probably not be able to improve their cash flow significantly under rent control and with rehabilitated units there might be pressure to maintain them better which would further cut into potential profits. Again, under rent control, they would not be able to realize large capital gains since rents and hence value rises were controlled. So, overall, large-scale absentee-owners would not be expected to participate in the 312 rehabilitation assistance program.

According to these considerations of housing market dynamics, we would expect the greatest incidence of rehabilitation to occur in the owner-occupied markets and the least in large-scale investor-owner markets with participation by small-scale absentee-owners

falling somewhere in between. The behavior of the Portuguese, while potentially significant, regarding rehabilitation assistance cannot readily be predicted because of their conflicting values.

### 312 Loans

Table 7-2 shows the distribution of 312 loans placed in Wellington-Harrington between 1968 and the last week in April, 1974. (At this time, HUD released an additional \$200,000 to be spent in the neighborhood before June 30, 1974). The table also indicates the incidence of rehabilitation in each housing submarket. It can be seen that the greatest incidence did occur in owner-occupant markets and the least in the absentee-owner larger-rental structure market.

Among owner-occupants, the 312 program appealed to young to middle aged families. About 30% of the loan recipients were less than 40 years old. This attests to the desire of younger families to remain in Wellington-Harrington since they were willing to make housing investments. The average income of loan recipients was \$10,500. At least five out of the 29 loans, or 17%, were made to Portuguese families. Since the group constituted between 15-20% of the population, it appears that had an average participation rate in the program. Both the young families and the Portuguese owners had average incomes slightly above the average for 312 owner-occupant participants. It appears that the lower income Portuguese homeowners chose not to participate in the program. This can probably be related, although it is not documented, to the concentration of new immigrants in the lower-income ranges. The newest immigrants would have been in the most financial difficulty because of their language

barriers, and would have had the closest orientation to the standards (e.g., lower housing standards) and practices (e.g., avoidance of debt) of the old country. These factors suggest that the lower-income Portuguese just may not have been attracted to a government-sponsored program requiring rehabilitation to a set standard and long-term debt. However, as Portuguese families (perhaps second or third generations) work themselves into higher positions on the economic ladder, they probably become more integrated into the larger economic structure and more Americanized in custom. Assuming that their housing-related values are not diluted in the process, the higher-income families apparently did find the 312 program instrumental in rehabilitation.

Among the absentee-owners, most were small-scale owners, similar to the resident-owners. Out of the 16 loans placed to absentee-owners, 4 (25%) went to Portuguese owners, 2 (12.5%) to people already residing in Wellington-Harrington, 2 (12.5%) to other residents of Cambridge, and 2 (12.5%) to individuals who lived in surrounding municipalities. Only one loan was placed with a large-scale owner.

There also appeared to be a difference in loan utilization among the structure types with the highest incidence occurring among one and two family structures and trailing off as structure size increased. Originally and throughout the program execution, the one and two and three to five family structure markets presented the most incentives for rehabilitation. About 90% of owner-occupant activity and 70% of the absentee-owner activity occurred in these submarkets.

Table 7-2

Neighborhood Submarket Matrix

Wellington-Harrington

Utilization of 312 Loan Program

|                        | Owner<br>Occupant<br>% Index |     | Absentee<br>Owner<br>% Index |     | Total<br>% Index |     |
|------------------------|------------------------------|-----|------------------------------|-----|------------------|-----|
| One and<br>Two Units   | 41                           | 1.4 | 8.7                          | 1.0 | 49.7             | 1.3 |
| Three to<br>Five Units | 20                           | .88 | 15.2                         | .89 | 35.2             | .88 |
| Six or<br>More Units   | 4.3                          | 1.5 | 10.9                         | .55 | 15.2             | .66 |
| Total                  | 65.3                         | 1.2 | 34.8                         | .76 |                  |     |

Total number of 312 Loans = 46

The average amount of the 312 loans in each submarket is shown in Table 7-4. To control for varying structure sizes, amount per unit is used. No clear pattern emerges. In general, it appears that the amount spent per unit was inversely related to the size of the structure and absentee-owners put a little bit more into the structure than owner-occupants. One can only surmise the reasons for this. For example, the level of deterioration could have been more for absentee-owners or owner-occupants were less capable of carrying the payments for larger loans.

Again, it is apparent that 312 loan activity was related to neighborhood housing market activity. Those owners in the submarkets with the most incentives for rehabilitation showed the most propensity to participate in the program. In addition, overall, the owners with the greatest motivation to rehabilitate and fewest barriers took more advantage of the assistance than owners with fewer incentives.

#### 115 Grant Program

The issue of housing markets and the 115 grant program is more difficult to get a handle on, since the program was restricted to only 1-4 family owner-occupied structures which comprised just a bit more than half of the substandard structures. Table 7-3 shows the distribution of grants, loan and grant combinations, and rehabilitation and refinancing packages between the two submarkets to which they were applicable. For the grants alone, there was greater participation in the one and two family structure market while the other two options (while the total was small) had greater incidences in the 3-5 unit structure market. The latter probably relates to the cost problem associated with 3-4 family houses. In many cases,

the \$3,000-\$3,500 grant was insufficient to cover the necessary rehabilitation work so additional loans were necessary. This can be seen in the relative number of single grants and loan and grant combinations. Better than one-third of the grants made to three-four family structures were in combination with a 312 loan, whereas this was true only for 20% of the grants made for one and two family structures. It is obvious that a grant or a loan and grant combination went much farther on a unit in a one or two family house than in a unit in a three-five family house. Table 7-4 shows the average expenditure per unit for each structure type. As for the 312 program, the level of expenditure per unit went down as the number of units per structure increased.

Most grants were placed with elderly, low income individuals or families. The average age of a grant recipient was 66 and only 7% of recipients were less than 40 years old. The average income of recipients was \$3,250. So the grant program was really only reaching a small select portion of the housing market. About 15% of the grantees were Portuguese, but only one was non-elderly, so the lower-income Portuguese owners were either not eligible for or not taking advantage of the grant program. Again, the lack of participation by new Portuguese immigrants may be related to cultural background. Apparently many immigrants, of all nationalities, if they have not lived in the United States very long, do not believe that the government gives outright, no-strings-attached grants for people to fix up their houses.

The utilization of the 312 loan program in Wellington-Harrington by different owner-types supports the idea that partici-

Table 7-3

Neighborhood Submarket Matrix

Wellington-Harrington

Distribution of Grants, Loan and Grant Combinations  
Rehabilitation and Refinancing Packages by Submarket

|                        | Grants<br>% Index |     | Loan and<br>Grants<br>% Index |     | Rehabilitation<br>and Refinancing<br>% Index |     |
|------------------------|-------------------|-----|-------------------------------|-----|----------------------------------------------|-----|
| One and<br>Two Units   | 69                | 1.2 | 50                            | .9  | 25                                           | .45 |
| Three to<br>Five Units | 31                | .7  | 50                            | 1.1 | 75                                           | 1.7 |
| Total #                | 45                |     | 16                            |     | 4                                            |     |

Table 7-4

Neighborhood Submarket Matrix

Wellington-Harrington

Expenditure Per Unit by Structure-Type

|                        |                | 312          | 115          | 312 and<br>115          | Rehab +<br>Refin. |
|------------------------|----------------|--------------|--------------|-------------------------|-------------------|
| One and<br>Two Units   | Owner-Occupied | 4875<br>(19) | 2661<br>(31) | 4590<br>(8)<br>*3400(8) | 11761             |
| Three to<br>Five Units | Absentee-Owned | 6100<br>(4)  |              |                         |                   |
|                        | Owner-Occupied | 3775<br>(9)  | 1144<br>(14) | 1421<br>(8)             | 4253              |
|                        | Absentee-Owned | 2342<br>(7)  |              |                         |                   |
| Six or<br>More Units   | Owner-Occupied | 2646<br>(2)  |              |                         |                   |
|                        | Absentee-Owned | 4245<br>(5)  |              |                         |                   |

\* excludes one large loan and grant combination

pation in federal assistance programs can be related to neighborhood housing market dynamics. In this neighborhood, the owner-occupants participated to a greater extent and the larger absentee-owners to a lesser extent, as anticipated. However, it appears that the smaller-scale absentee-owners, owning property in a relatively stable neighborhood with some elements of upward transition, participated to a greater extent than they did in a declining, changing neighborhood, such as Jamaica Plain. In the latter neighborhood with negative changes being such a major force, smaller-absentee owners found few incentives for rehabilitation. In Wellington-Harrington, however, the stable neighborhood social patterns with indications of strong landlord-tenant reciprocal relationships supported the investment of the smaller-scale absentee's in the buildings since they would not lose their investment and would realize benefits of tenant maintenance and improved economic return. The grant program showed less of a relationship to housing submarkets since it was so restrictive in nature that it reached only a fraction of the property owners in the neighborhood. Although it is difficult to determine what effects rehabilitation had on the housing market in the neighborhood since it is impossible to conduct a controlled experiment of similar neighborhoods, some using and some not using rehabilitation, nevertheless, the data suggests that the effects of the rehabilitation activity were apparently not lost on the housing market since the markets with the greatest participation rates continued to advance in value during the program.

## Chapter 8

### Conclusion and Implications

#### Summary and Conclusion

The analysis of the 312 loan and 115 grant programs in two Boston-area neighborhoods strongly suggests that the utilization of the 312 program was definitely related to the housing market dynamics in each neighborhood. The 115 grant program was not related to market activity, however, since it was directed at a restricted group of owners who were not required to make any personal investment in their housing.

The similarities and differences between the neighborhood housing markets and their utilization of the 312 loan program, suggests relationships between participation in the program and forces in the housing market which impinged on the investment decisions of owners. One of the major observations arising from this study is that neighborhood housing markets, even ones operating in small geographical areas, such as Wellington-Harrington, contain diverse submarkets whose owners are oriented toward different personal and economic housing goals. The sub-markets in the neighborhoods can be defined along ownership, structural, ethnic, and in larger areas, geographic lines.

In the Jamaica Plain Community Improvement Program area, the two principal market issues affecting participation in 312 were neighborhood change and strong vs. weakened markets. The housing market analyses showed that the submarkets with the lowest incidence of participation were characterized by a downward socioeconomic

change, stagnated or declining property values, and a disruption of existing social patterns in housing. In addition, the markets with the very lowest incidence of participation (absentee-owned larger rental structures in both neighborhoods) showed long-term under-maintenance of property, some property exploitation and speculation, (principally in Cambridge), and a generally weakened market condition related to a demand by a low income tenantry in Jamaica Plain and to the fact of rent control in Cambridge. Conversely, markets with higher incidences of participation (Cambridge owner-occupants, and Jamaica Plain Central-Southwest submarket) were characterized by steady or increasing property values, long-term stability among owners and tenants and either no change in population or a change with attendant implications for housing improvement (e.g., the Portuguese in Wellington-Harrington), and a basic continuance of existing housing social patterns.

Most owner-occupants who participated in the 312 program seemed to be responding to goals of improvement of their own level of personal housing services, holding on to their tenants, preservation of property values, and to a lesser extent capital appreciation and improved cash flow. In submarkets where there were strong forces operating against the viability of holding tenants and the three economic goals, the incidence of participation in 312 was markedly lower.

The absentee-owners, in both neighborhoods, who responded were mostly small-scale owners who were similar in background to the owner-occupants. The incidence of participation by absentee-owners was greater in the more stable neighborhood areas indicating that downward

change elements in neighborhood housing markets inhibit rehabilitation by absentee-owners who may see their investment deteriorating in the wake of a socioeconomic transition.

Participation by large absentee-owners was almost non-existent, even though there were many properties, particularly larger multi-unit structures, held by such owners in both neighborhoods. Market conditions in neither of the neighborhoods were conducive to rehabilitation by large absentee-owners since they could probably not achieve their economic goals, again because of downward socioeconomic trends or a stable low-moderate income tenantry with rents controlled. It should be noted that, in other neighborhood contexts, large investor-owners did participate in 312 when their economic interests were served. Emily Achtenberg found that in 1970 one third of the 312 loans in the South End went to absentee-investor-owners with average incomes over \$30,000.<sup>1</sup> In the South End, with strong elements of upward transition, larger absentee-owners apparently found rehabilitation economically attractive. Investor-owners found few incentives to rehabilitate in Jamaica Plain and Wellington-Harrington, however. This point of comparison with the South End experience is that absentee-owners were not closed out of 312, despite the administrative emphasis placed on rehabilitation by owner-occupants. In the neighborhood where the housing market favored economic gain for large-scale absentee-owners through rehabilitation (South End), they apparently seized the opportunity to receive assistance. In contrast, in our two neighborhoods where the market forces did not favor realization of economic goals through rehabilitation, the larger absentee-owners chose not to participate. (There were definite

efforts in Wellington-Harrington to interest some of the larger absentee-property holders in 312 but these were unsuccessful).

As previously noted, the utilization of the 115 grant program did not show any particular relationship to housing market activity. The eligibility requirements of the program were so restrictive that only very low income people usually qualified -- mainly the elderly, disabled, or those on welfare. So the markets this program reached were very limited and participation in the program was not dependent upon the owner weighing the benefits to be received from rehabilitation against the costs to be incurred in the context of the market forces existing in his area. Instead, owners received the services free of charge and all costs were borne by the government.

I believe the analysis contained in this thesis does suggest that the performance of detailed neighborhood housing market analyses can have a predictive value regarding the projected usage of rehabilitation assistance programs, such as 312 and 115. By knowing the personal and economic imperatives different kinds of owners respond to, it seems possible to suggest patterns of program usage. However, it is clear that classical economic analyses must be supplemented with social analyses focusing on the social relationships between owners and tenants and on cultural values of neighborhood residents (e.g., the Cambridge Portuguese) both of which may affect owners' attitudes toward rehabilitation. The utility of examining the potential for rehabilitation in neighborhoods among the different suppliers of housing suggests that detailed analyses should be used as rehabilitation planning tools.

### Implications for Housing Policy

One of the principal implications of the relationship of rehabilitation loan activity to neighborhood housing markets developed here is that the benefits of improved housing condition are distributed unevenly across the population. Such uneven distribution can be related to the neighborhood housing market dynamics which cause the different housing suppliers to respond to rehabilitation assistance in different ways based upon their calculation of their chances for receiving personal and/or economic benefits from rehabilitation. The benefits of housing rehabilitation accrue not only to the owners, but also to tenants who remain in their units which have been newly rehabilitated or move into rehabilitated units from worse housing. So although tenants have no involvement in the rehabilitation process, those who receive rehabilitated units under this program do benefit (unless any attendant rent rises cause financial hardships - with code level rehabilitation in both of our neighborhoods, rent rises have not posed a major problem). In Wellington-Harrington and Jamaica Plain with high rental-occupancy rates, the decisions of owners to rehabilitate or not has a major influence on the quality of rental housing in the neighborhoods. Thus, the impact of the decision of owners to rehabilitate which has been shown to be affected by housing market activity extends beyond themselves to impact on the housing conditions of many other people.

This analysis has shown that the principal groups who benefitted from the 312 and 115 programs were very low income resident-owners (through 115) mostly elderly, above average income owner-occupants, a few absentee-owners mostly small-scale amateurs, and

the tenants who happened to live in the buildings owned by these people. The groups which did not benefit appreciably from this program were owner-occupants and small-scale absentee-owners in downward transitional areas (albeit by their own volition) and their tenants and overall the tenants of large-scale absentee landlords.

Table 8-1 shows how the benefits of rehabilitation seem to be distributed among owners and tenants based on how owners in the different submarkets participated in the rehabilitation programs under study. The row for upward transitional neighborhoods is largely judgmental since no strong upward transitional neighborhood markets existed in the area studies. This table suggests that the relative distribution of benefits was indeed very uneven and that large segments of housing markets (namely tenants in absentee-owned structures) did not receive any benefit at all. Furthermore, even within categories, benefits were not distributed evenly, since 312 seemed to have been used most by above average income persons. In addition, in some cases where owners benefitted such as in upward transitional neighborhoods the tenants might not really receive a net benefit since they might have their rents increased dramatically.

The uneven distribution of housing benefits under the 312 and 115 program raises several questions concerning the efficacy of existing housing policies. The first is whether the use of the existing owners in a neighborhood is the most effective means to achieve the goals of programs such as 312. The goals were upgrading the physical housing stock of neighborhoods or preventing further decline. The utilization pattern of the programs suggests that not

all owners found the loan program attractive, particularly in downward transitional and blighted neighborhoods, and the grants reached only a small restricted clientele so that only a limited portion of the housing stock was really served by these programs. Thus, the 312 program really only reinforced the trends in the pre-existing housing market. It did not attract the owners who found the neighborhood market trends personally or economically distasteful but only appealed to owners who were more satisfied with neighborhood and market conditions.

A second question concerns the total range of housing benefits that were to flow from the programs. Although the programs were focused on owners, there was an implicit assumption in the programs that tenants would benefit when their owners rehabilitated. However, it appears that renters who lived in certain kinds of structures might not receive any benefits whereas their next door neighbors who had owner-occupant landlords might. It certainly seems that these programs were least effective in raising the housing standards of tenants in absentee (particularly investor-owned) structures. And even when investors did participate, as in the South End, the renters often were really no better off since the rent levels were raised significantly. Thus, tenants might receive no improvements at all or be driven out as a result of the economics of the improvement.

A third major question is whether the programs were truly effective in arresting deterioration and promoting improvement. Certainly many individual owners and their tenants in the neighborhoods benefitted from the programs. Overall impact is difficult to assess, however, since the number of loans and grants placed in the

Table 8-1

Distribution of Benefits of Rehabilitation  
Among Owners and Tenants by Housing Market Type

|                           | Owner-Occupants |     | Tenants of Owner-Occupants |     | Small-Scale Absentee-Owners |     | Tenants of Small-Scale Absentee-Owners |     | Large-Scale Absentee-Owners |     | Tenants of Large Scale Absentee-Owners |     |
|---------------------------|-----------------|-----|----------------------------|-----|-----------------------------|-----|----------------------------------------|-----|-----------------------------|-----|----------------------------------------|-----|
| Neighborhood Type Program | 312             | 115 | 312                        | 115 | 312                         | 115 | 312                                    | 115 | 312                         | 115 | 312                                    | 115 |
| Upward Transitional       | H               | H*  | D                          | H   | H                           | N   | D                                      | N   | D                           | N   | D                                      | N   |
| Stable                    | H               | H*  | H                          | H   | H-M                         | N   | H-M                                    | N   | D                           | N   | D                                      | N   |
| Downward Transitional     | M               | H*  | M                          | H   | M-L                         | N   | M-L                                    | N   | L                           | N   | L                                      | N   |
| Blighted                  | L               | M*  | L                          | M   | L                           | N   | L                                      | N   | L                           | N   | L                                      | N   |

Relative distribution of benefits: H = high  
M = moderate  
L = low  
N = none  
D = depends on strength of neighborhood housing market or financial effects on tenants.  
\*Restricted eligibility

neighborhoods was small (only about 13% of the structures in each neighborhood were serviced) and the amount of private investment induced by the programs is hard to calculate. The low volume of assisted rehabilitation cases was largely the fault of the funding level. More people would have taken advantage of the programs if money had been available. For example, when the CRA received \$200,000 worth of 312 money in late April of this year, the staff already had a backlog of interested owners with a projected rehabilitation value of \$100,000. Both in Jamaica Plain and Wellington-Harrington, it seemed that rehabilitation activity was noticeable in small sub-sections of the area. For instance, it was common to find several loans and grants placed near each other on the same street. This was particularly noticeable in Wellington-Harrington around areas with public improvements. Overall, the impact of the programs were not greatly visible because of the low volume, although concentrated improvement areas did exist. Furthermore, these areas tended to fall into the stable market typology. This contrasts with areas that remained deteriorated such as the Columbia-Elm-Broadway section in Wellington-Harrington with their large multi-unit run-down absentee-owned structures. Again, the housing market issue, even on a block or a street level, is relevant. In small ways, these programs were effective --where market conditions allowed. However, there was no evidence of the 312 and 115 programs leading the market; that is, fostering rehabilitation where the pre-existing market forces would have suggested that improvement would not occur. This again suggests that the 312 and 115 only reinforced the existing housing market trends.

The implications of a housing market-related utilization pattern are twofold. Either some efforts should be made to intervene in the neighborhood housing market to make trends conducive to having existing owners rehabilitate (which was the purpose of the neighborhood improvement programs); or other existing programs should be used in neighborhood improvement or new programs designed to appeal to the different owner-groups. The first option is probably impossible given the range of variables that contribute to housing market dynamics. For example, it would not be feasible to stop or retard the immigration of a new group of people, regardless of what their effect on housing conditions would be. The second approach would involve either using other existing programs that appeal to different owners --such as those geared for investor-owners, e.g., the 236 rehabilitation option, in conjunction with 312 and 115, or designing new programs which attempt to overcome market barriers to rehabilitation such as fostering individual or cooperative homeownership since owner-occupants seem much more disposed to rehabilitation than absentee-owners or enabling tenants to participate in the rehabilitation process, particularly since tenants already often perform maintenance and redecorating tasks of their housing.

In general though, it is very difficult to intervene in neighborhood housing markets because of their complex internal dynamics related to city-wide trends, migration patterns and population changes, information flows, personal preferences, and cultural mores. Furthermore, once an event in the housing market has occurred, it is difficult to reverse the process. As Grigsby writes:<sup>2</sup>

"With a few notable exceptions, the residential real estate market works only once. It creates, alters, maintains, and improves, and eventually discards assets, but seems incapable of providing for their replacement on the site. The invisible hand, which only infrequently produces the optimum spatial deployment of land uses, with respect to renewal typically produces nothing at all."

The kinds of programs which have had the most impact on neighborhoods (and often changed their character in the process) have used much vaster urban renewal activity. Thus, in neighborhoods, such as Jamaica Plain and Wellington-Harrington, where intervention in the neighborhood was intended to be non-disruptive (not change neighborhood character) the existing housing market forces prevailed in the utilization of rehabilitation programs.

Another noticeable disparity that resulted from the operation of the program was that those people who lived in multi-unit structures received less of a housing benefit than those living in smaller structures since the analysis showed that the expenditure per unit decreased as the number of units per structure increased. This inverse relationship implies that less rehabilitation work was performed per unit in the larger buildings. It is not known, however, whether units in larger structures needed less work or whether they actually were improved less than comparable units in smaller structures. The unit expenditure differential was most serious under the grant program since the ceiling on the grants did not vary with structure size. However, the trend also held true for the loans. Several research questions arise out of this phenomena and they will be discussed in the next section.

In summary, the relationship of housing market activity and the utilization of the 312 and 115 programs suggests that the pro-

grams have a very uneven effect in raising housing standards in neighborhoods. While the programs were aimed at benefitting property owners and inducing them to rehabilitate, the population served was really much larger because most of these neighborhoods had large rental markets. And the rehabilitation decisions of the property owners had a much wider effect on who did or did not benefit from rehabilitation.

#### Suggestions for Future Research

At least five topics for further research flow from this analysis. The first would be expansion of the types of studies included here to cover a wider variety of neighborhood housing market types. In that way it would be possible to stratify the neighborhood market types better and to correlate in a more exact way the relationships of housing markets to rehabilitation program utilization patterns. It might also be desirable to include other rehabilitation programs to see what their utilization patterns were.

Another question would be what the patterns of unassisted rehabilitation were in these same markets to see if patterns were similar or if assistance actually did reach groups which would not have rehabilitated on their own.

Following on this it would be desirable to find out why certain groups did not seem to participate in the rehabilitation programs --e.g., non-elderly families with incomes between \$5,000 and \$10,000. The major question would be whether these people were not homeowners or whether they were excluded from the program because of financial or administrative reasons.

Another project could get into the effects of assisted rehabilitation on the housing market to see if the market always pulls rehabilitation or if the reverse can also happen. A major part of this question is if the penetration of the programs seems to make a difference, e.g., is the 13% structural penetration in these two neighborhoods too low to change market forces? Would 25%, 50% penetration make a difference?

Still another topic is the expenditure/unit problem. It would be interesting to see what effects the differential expenditures/unit by structure type had on housing quality in different size structures. This would raise the issue of fixed costs per structure and incremental costs per unit or room. It might be desirable for example, to base the size of grants on the number of units per structure rather than a flat ceiling.

These are just a few of the additional kinds of topics, suggested by the work presented here, the answers to which would contribute to our knowledge about the operation and impact of housing rehabilitation assistance programs.

## Footnotes

### Chapter 1

<sup>1</sup>Emily Jo Achtenberg, Rehabilitation Loans and Grants in Boston, Unpublished Master's Thesis, Department of Urban Studies and Planning, Massachusetts Institute of Technology, 1970.

<sup>2</sup>John Stainton, Urban Renewal and Planning in Boston: A Review of the Past and a Look at the Future.

### Chapter 2

<sup>1</sup>For a thorough discussion of the elements of housing markets, see Chapter 2 of William G. Grigsby, Housing Markets and Public Policy, Philadelphia: University of Pennsylvania Press, 1963.

<sup>2</sup>Center for Community Change, National Urban League, The National Survey of Housing Abandonment, p. 1.

<sup>3</sup>George E. Peterson, Arthur P. Solomon, et. al., Property Taxes, Housing and the Cities, Lexington, Massachusetts: D.C. Heath and Co., 1974. This quote taken from the preceding Arthur D. Little, Inc., report p. 1-4.

<sup>4</sup>Ibid.

<sup>5</sup>Roger G. Krohn and E. Berkeley Fleming, The Other Housing Economy and the Urban Housing Problem: A Study of Older Rental Neighborhoods in Montreal. Cambridge: Joint Center for Urban Studies of M.I.T. and Harvard University, Working Paper No. 11, 1972.

<sup>6</sup>Ibid., p.1.

<sup>7</sup>Ibid., pp. 7-9.

<sup>8</sup>Ibid., pp. 10-13.

<sup>9</sup>Ibid., pp. 25-36.

### Chapter 3

<sup>1</sup>Edward Teitcher, The Failure of Federally-Aided Rehabilitation Programs to Meet the Needs of One to Four Family Structures Nationally and in the City of Boston, Boston, Citizens Housing and Planning Association, pp. 2-4.

Chapter 3 (continued)

<sup>2</sup>Ibid.

<sup>3</sup>Ibid., pp. 5-6.

<sup>4</sup>Ibid., pp. 6-7.

<sup>5</sup>Ibid., pp. 7-9.

<sup>6</sup>Ibid., p. 10.

<sup>7</sup>Ibid.

<sup>8</sup>Asky A. Foard and Hilbert Fefferman, "Federal Urban Renewal Legislation", in James Q. Wilson, ed., Urban Renewal : The Record and the Controversy, Cambridge: The M.I.T. Press, 1966, pp. 96-99.

<sup>9</sup>Code Enforcement Handbook, Washington, D.C. : U.S. Department of Housing and Urban Development. Chapter 1, p. 1.

<sup>10</sup>Ibid., pp. 1-2.

<sup>11</sup>Ibid., Chapter 2, p. 1.

<sup>12</sup>Ibid., p. 5-6.

<sup>13</sup>Arthur P. Solomon, Class, Housing Analysis and Public Policy, March 13, 1973.

<sup>14</sup>Grigsby, op. cit., p. 233.

<sup>15</sup>Ibid., pp. 234-235.

<sup>16</sup>Ibid., p. 313.

Chapter 4

<sup>1</sup>Interview, Mr. Joseph Glaze, Jamaica Plain Little City Hall.

<sup>2</sup>The Boston Globe, Boston's Neighborhoods, Boston: Globe Newspaper Co., 1971, p. 11.

<sup>3</sup>Interview, Mr. Joseph Glaze.

Chapter 4 (continued)

<sup>4</sup>Boston Globe, op. cit., pp. 10-11.

<sup>5</sup>Interview, Mr. Joseph Glaze.

<sup>6</sup>Derived from Robert Engle and John Avant, Indices of Residential Property Values and Assessments in Boston, By Planning Unit, 1946-1972. Boston: Boston Redevelopment Authority Research Department, 1972.

<sup>7</sup>Interview, Mr. Joseph Glaze, Mr. John Spadafora, CIP, and conversation with unnamed CIP employee.

<sup>8</sup>Oliver Oldman and Henry Aaron, "Assessment-Sales Ratios Under the Boston Property Tax", National Tax Journal, XVIII, No. 1., March, 1965.

<sup>9</sup>Conversation with Helena Tedesci, CIP employee.

<sup>10</sup>Thomas Vitek, Jamaica Plain Mini-Cases, Boston: Boston Redevelopment Authority.

<sup>11</sup>Ibid.

<sup>12</sup>Justin Gray Associates, Housing Needs and Priorities, Vol. 2. A Report Prepared for the City of Boston Model City Administration, 1970, p. 95.

<sup>13</sup>Interview, Mr. Joseph Glaze.

Chapter 5

<sup>1</sup>Teitcher, op. cit., pp. 24-25.

<sup>2</sup>Interview, Mr. Joseph Glaze.

<sup>3</sup>Teitcher, op. cit., p. 25.

<sup>4</sup>Ibid., under section "The City of Boston Section 117 Concentrated Code Enforcement Program.

<sup>5</sup>Edward Blaine, The Community Improvement Program in Jamaica Plain, unpublished paper, Boston University, 1973, p. 16.

<sup>6</sup>Final Progress Report (Code Enforcement Grant Project) City of Boston, Mass. E-6, Cumulative Report Through June 30, 1973.

Chapter 5 (continued)

<sup>7</sup>Ibid.

<sup>8</sup>Interview, Mr. Joseph Glaze.

Chapter 6

<sup>1</sup>Interview, Mr. Joseph Youngworth, Finance Officer, Cambridge Redevelopment Authority.

<sup>2</sup>Ibid.

<sup>3</sup>James P. Adler, Consultant for Cambridge Planning and Development Department, Ethnic Minorities in Cambridge, Vol. 1, (Unabridged), The Portuguese, Cambridge: Cambridge Planning and Development Department, 1972, pp. 13-19, 26.

<sup>4</sup>Ibid., pp. 33-35.

<sup>5</sup>Roger G. Krohn and Huntley D. Duff, The Other Housing Economy: Self-Renewal in a Central Montreal Neighborhood, A Report to the Canada Council, Grant No. S70-0179. McGill University, November, 1972.

<sup>6</sup>Interview, Mr. Joseph Youngworth.

<sup>7</sup>Adler, op. cit., pp. 30-31.

<sup>8</sup>Ibid., pp. 63-65.

<sup>9</sup>Ibid., pp. 39-41.

<sup>10</sup>Ibid.

<sup>11</sup>Elizabeth R. Hepner, Housing Needs in Cambridge : Existing Supply : Exterior Building Conditions, Cambridge: Cambridge Planning and Development Department.

<sup>12</sup>Adler, op. cit., pp. 33-34.

<sup>13</sup>Interview, Mr. Joseph Youngworth.

<sup>14</sup>Ibid.

## Chapter 7

<sup>1</sup>Susanna Sherman and Jonathan Felsman, A Study of Urban Renewal in the Wellington-Harrington Area of East Cambridge, unpublished paper.

<sup>2</sup>Basic Approach to Rehabilitation and Community Development Program, Cambridge: Cambridge Redevelopment Authority, 1971.

<sup>3</sup>Krohn and Duff, op. cit.

<sup>4</sup>Interview, Mr. Joseph Youngworth.

## Chapter 8

<sup>1</sup>Achtenberg, op. cit., p. 52.

<sup>2</sup>Grigsby, op. cit., p. 251.

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