Is the Urban Middle Neighborhood an Endangered Species? Multiple Challenges and Difficult Answers

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This chapter looks directly at the challenges facing middle neighborhoods in legacy cities. As the title suggests–and as the entire thrust of this book suggests–those challenges are serious and complex. As I describe, the challenges are multidimensional, with demographic, physical, and economic factors interacting with and reinforcing one another. I am not suggesting that change and revitalization are impossible; rather, I am laying out the multifaceted and complex nature of the challenge in order to make clear that to be successful, strategies for change must in turn be multifaceted and sensitive to these complex realities.

I begin with a historical overview, reflecting my conviction that the seeds of many of today's challenges in middle-market neighborhoods are rooted in their origins. Middle neighborhoods as I define them here are those residential areas within legacy cities that were historically occupied by those cities' large stable working class and middle class populations, and remained, at least through the beginning of the present century, viable if not always thriving neighborhoods.

The following sections address the different dimensions of the challenge, including demographic change; economic changes, including the impact of increasing inequality and the hollowing out of the middle class; challenges posed by the physical environment and housing stock; and the difficulty many cities are facing as they attempt to compete with their suburbs in increasingly competitive housing market environments. Although the erosion of homeownership is a significant factor in itself, I treat it only briefly here given that I have devoted an entire chapter to that subject elsewhere in this book. Finally, a closing section addresses some of the opportunities and further challenges faced by those who are working to stabilize and rebuild middle market neighborhoods. As many other chapters in this book demonstrate, for all the manifold challenges, these neighborhoods offer opportunities as well, which have formed the basis for successful revival of middle-market neighborhoods across the United States.

The Creation of a Monoculture

The typical urban middle neighborhood, outside of a cluster of cities in the Northeast,[1] is a neighborhood of single-family homes. While each legacy city contains a central core, made up of the downtown along with the area in which major universities and medical centers are situated and a handful of immediately proximate residential areas, that central core typically covers 5 percent or less of its land area. The rest is made up of single-family residential neighborhoods, dotted with the factories, rail yards, and similar features that once sustained its industrial economy. Outside the central core, except for publicly-subsidized lower-income rental housing projects, large multifamily apartment buildings are a rarity. The image of the early twentieth century urban neighborhood as a tenement neighborhood is wildly misleading, and reflects the extent to which images of New York City–really only Manhattan–dominate our perceptions of that era. Even after decades of attrition and demolition, approximately 92 percent of all the residential structures in Baltimore today are single-family homes, as are 90 percent in Philadelphia, 81 percent in Cleveland, and 78 percent in St. Louis.[2]

In Philadelphia and Baltimore, these houses are usually brick row houses, while in the other cities they are more likely to be either brick or wood frame detached houses. Either way, these neighborhoods, which were created between the late nineteenth and the mid-twentieth century, were and remain fundamentally single-family house monocultures, interspersed with scattered convenience stores and crossed at regular intervals by wider streets along which more extensive commercial activities were concentrated.

The social function of these neighborhoods, whether made up of modest homes for industrial workers or more substantial dwellings for managers or merchants, was equally straightforward. It was to provide homes for couples, who would be spending much of their life cycle rearing children. The physical form of these neighborhoods, which offered each nuclear family the privacy of a separate house and a small back yard yet with houses close enough to one another to foster walkability and neighborliness, was well suited to its purpose, just as neighborhood commercial corridors were generally within walking distance of most residences, ensuring that families had adequate shopping opportunities in an era before widespread car ownership. In many cities, neighborhoods clustered around factories, which typically employed many, if not most, of the neighborhood's men, while in other cases places of employment were only a streetcar ride away.

Many of these neighborhoods are now facing a demographic trap: the demographic

1 For historic reasons, the principal house form in similar neighborhoods in a coastal belt including northern New Jersey and most of coastal New England was the two- and three-family house, in which the units were stacked on one another, known in Boston as "triple-deckers." Such houses, while not unheard of, make up only a small part of the residential stock in other American cities.

2 U.S. Census Bureau, "American Community Survey," (2006-2011). I derived estimates of residential structures by using the data for units in structures from the 2006-2011 survey. Because the data are presented in ranges (3-4, 5-9, 10-19, etc.), I estimated the number of structures by taking the midpoint of each range. For buildings containing 50 or more units, I used 75 as the average for that category.

for which they were designed and which sustained them for most of the past century has declined drastically as a share of the urban population and no new source of demand capable of sustaining these areas has emerged.

The Demographic Challenge

In the middle of the twentieth century, before the effects of suburbanization were widely felt and when urban neighborhoods were arguably at their most stable (Suarez 1999)[3], the great majority of all households in legacy cities were married couples, of which one-half or more were rearing children at any given point. In 1960, 68 percent of all households in Cincinnati were married-couple families, over half of these, or 39 percent of all households, were rearing children, close to the statewide percentage of 43% of all households. In both Dayton and Youngstown, the percentage of married couples raising children was even higher than the statewide level.

The share of married couples with children among all households has declined nationally, but the decline has been far more precipitous in older industrial cities. While married families' share of all households has declined in Ohio from 43 percent in 1960 to 20 percent today, it has dropped to 9 percent in Cincinnati, 8 percent in Dayton, and less than 8 percent in Youngstown. Of more than 100 census tracts in Cincinnati, only one has a share of child-rearing married couples equal to the statewide share. The effects of this demographic change reflect the classic problem of a monoculture, whether in nature or in the urban environment. They were designed for child-rearing households, and the partial substitution of single-mother families has not been adequate to sustain neighborhood stability.

In view of the sensitivity of these issues, it is important to be clear why this demographic change is of such significance for the future of urban neighborhoods. There is an extensive albeit much contested research on the difference between married-couple and single-mother households with respect to various social issues, most notably child outcomes. Whatever the merits of the arguments, these issues do not bear on my point here, which is more narrowly economic. There is a fundamental difference in the role each household type can play in sustaining the economic vitality or stability of their neighborhood, and that difference is driven by the extreme income gap between the two groups.[4]

The median income of single-mother households in most legacy cities is only 20 percent to 30 percent that of married-couple child-rearing households (Table 1). In most cases, between 5 percent and 25 percent of married-couple households with children at home fall below the poverty level compared with 45 percent to 60 percent or more of single-mother households. Although the latter are as likely to be working as female parents in married

3 R. Suarez, The Old Neighborhood (New York, NY: Free Press, 1999).

4 Two other groups exist, including single-father households, whose economic condition falls in the middle between married parents and single mothers, and unmarried couples raising children Their numbers, however, especially the latter category, are too small to affect the trajectory of urban neighborhoods to any meaningful degree.

couples, most earn far less and are trapped in low-level, often transitory employment by low skills and limited educational levels.[5]

TABLE 1: Incomes and Poverty Rates for Married-Parent and Single-Mother Households

City	Median Household Income (households with children under 18)			Percentage of Households (with children under 18) below the Poverty Level	
	Married Couple	Female Head	Income Ratio* (%)	Married Couple (%)	Female Head (%)
Baltimore	$90,604	$21,417	23.6	10.1	50.8
Buffalo	$54,385	$15,964	29.4	25.6	57.6
Cincinnati	$80,153	$14,524	18.1	8.6	57.7
Cleveland	$48,358	$13,780	18.5	22.6	61.6
Philadelphia	$67,458	$21,478	31.8	15.5	45.2
Pittsburgh	$87,545	$22,685	25.9	7.2	47.0
St. Louis	$62,790	$19,528	31.1	18.5	49.5

**Median for female-headed households as percentage of median for married couples*
Source: 2013 One-Year American Community Survey

Taken as a whole, single-mother households lack the economic means to maintain economically vital neighborhoods. Their poverty or near-poverty means that most cannot realistically hope to become homeowners, or if homeowners, to sustain homeownership.[6] Many lack the financial resources to maintain single-family houses that are more than 50 years old and demand regular, expensive repairs and replacement. As tenants, they often cannot afford to pay enough to obtain decent-quality housing for themselves and their children, while, except for the fortunate few who win the housing voucher lottery and obtain a rent subsidy, chronic income insecurity makes them highly prone to residential instability.

5 This in turn also reflects a separate issue; namely, the extent to which marriage in the United States has become in important ways a marker of social class; as Charles Murray writes, "marriage has become the fault line dividing American classes". C. Murray, Coming Apart: The State of White America (New York NY: Crown Forum, 2012) p. 153.

6 I am not familiar with any research that explicitly tracks homeownership survival or exit rates for single-mother families. There is, however, a substantial body of research that has found significantly greater exit rates, and lower spells of stable homeownership, for low-income and African American households. Given the extremely low incomes of the single-mother households in the urban neighborhoods discussed here, comparable exit rates can reasonably be inferred. C. Reid, "Achieving the American Dream: A Longitudinal Analysis of the Homeownership Experiences of Low Income Households," dissertation, (University of Washington, 2004); T. Turner, and M. Smith, "Exits from Homeownership: The Effects of Race, Ethnicity and Income," Journal of Regional Science, 49 (2009): 1, 1-32; D. Haurin, S. Rosenthal. "The Sustainability of Homeownership: Factors Affecting the Duration of Homeownership and Rental Spells," U.S. Department of Housing and Urban Development (Washington, DC, 2004).

The exceptions, while real and important, are not numerous enough to change the generality of this picture.

Another group, the Millennials or people born in the 1980s and 1990s, is moving to these cities in large numbers. Although many can afford to maintain a house, few are likely to move to these neighborhoods, beyond the handful of areas that have particularly strong locational or other assets. The majority of urban neighborhoods outside the central core lack the distinctive features–high density, walkability, mixed residential and nonresidential land uses, high level of activity, and proximity to major locational assets such as downtown or major universities–that draw the Millennial generation to the same cities' central core areas. Although this could change if the Millennial generation chooses to remain in the city as they marry and raise children, it remains highly uncertain whether that will be the case.[7] In the meantime, as middle-market neighborhoods lose the demographic element that was their economic underpinning, they are being further buffeted by powerful economic trends.

The Economic Challenge

The demographic changes taking place in legacy cities' middle market neighborhoods are paralleled by a series of economic changes, reflecting both national and local forces. These forces further weaken these neighborhoods' vitality and heighten their risk. Three different but related factors are at work. First is the impact of greater inequality and the thinning out of the middle class in the larger society. Second is the effect of increased residential segregation or "income sorting," which exacerbates the effect of inequality, while third is a steady erosion of both jobs and workers in those parts of legacy cities beyond their central core.

Inequality

The pool of urban middle-income families has shrunk considerably during the past few decades, reflecting the shrinking middle of the national economic distribution as well as trends more specific to the cities themselves. As Table 2 shows, in 1970, well over 50,000 middle-income families (defined as having incomes between 80 percent and 120 percent of the city median) lived in Milwaukee, making up nearly one-third of all of the city's families. By 2013, the number had dropped to under 20,000, and this group's percentage of the total families in the city had dropped by more than one-half. By contrast, the number of low-income families (incomes less than 50 percent of the city median) remained roughly the same across the decades, while the number of upper-income families (incomes more than 150 percent of the city median) increased by more than 60 percent, despite the drop in the

7 Although, as noted earlier, 25–34-year-old college graduates are significantly over-represented as a share of the city's population in cities such as Baltimore, Pittsburgh, or St. Louis, the opposite is true of college graduates aged 35 and older. Although 8.2 percent of Baltimore's population is made up of college-educated 25–34-year-olds compared with 7.5 percent of the statewide population, only 4.3 percent of Baltimore's population is made up of 35–44-year-old college graduates compared with 7.1 percent of the state's population.

total number of families in the city. The pattern in St. Louis is similar but less pronounced. This is not, however, because growth in St. Louis has been more egalitarian, but rather because in 1970 St. Louis was already a more economically segregated city than Milwaukee. The effect of this increasing income disparity, and shrinking middle class, is exacerbated by the trend toward increasing economic segregation in these same cities.

TABLE 2: Distribution of Families by Ratio of Family Income to City Median Income, 1970 and 2013

ST LOUIS	0-50%	50-80%	80-120%	120-150%	150%+
	Percentage of all families				
1970	20.5%	16.7%	25.0%	11.8%	25.9%
2013	25.4%	15.2%	16.9%	8.8%	33.8%
	Number of families				
1970	30,765	25,057	37,413	17,680	38,829
2013	15,965	9,565	10,650	5,529	21,264
Percent change 1970-2013	-48.1%	-61.8%	-71.5%	-68.7%	-45.4%
MILWAUKEE					
	Percentage of all families				
1970	18.1%	21.5%	31.9%	12.6%	15.9%
2013	24.5%	17.0%	15.4%	10.0%	33.2%
	Number of families				
1970	30,208	35,785	53,153	21,007	26,446
2013	31,525	21,801	19,799	12,845	42,645
Percent change 1970-2013	+ 4.4%	-39.1%	-62.8%	-38.9%	+61.3%

Sources: 1970 Census; 2013 One-Year American Community Survey

Income Sorting

The long-term trend toward increased family income segregation–the sorting of families by income into neighborhoods–has been extensively documented since 1970.[8] This phenomenon is distinct from the growing inequality in the distribution of incomes, although the two are related. Sorting is about the extent to which people of different income levels share the same areas, and for our purposes, the number of residential areas that can be characterized as middle neighborhoods; that is, neighborhoods where the median income of the families in the neighborhood is close to the middle of the citywide median. Such areas were widespread through the 1970s, but have diminished markedly since then. Researchers Kendra Bischoff and Sean Reardon have found that the share of the national population living in neighborhoods where the median family income is between 80 and 125 percent of the regional median has dropped in the past 40 years from 65 percent to 42 percent of all U.S. families.

The same sorting patterns are visible in legacy cities. Indeed, the extent to which income segregation has increased even since 2000 is notable, as is the decline in the number of middle-income census tracts (defined as those in which the median family income is between 80 percent and 120 percent of the city median). Table 3 compares the change in St. Louis and Milwaukee from 2000 to 2013. As late as 2000, middle-income tracts–a reasonable surrogate for middle neighborhoods–made up more than one-third of all census tracts in both cities. In little more than a decade, their share of tracts dropped sharply, while the share of upper-income tracts (150 percent or more of city median) increased, particularly in Milwaukee, where the number of such tracts more than tripled.

8 J. Booza, J. Cutsinger and G. Galster. "Where Did They Go? The Decline of Middle-Income neighborhoods in Metropolitan America," (Washington DC: Brookings Institution, 2006); S. Reardon and K. Bischoff. "Growth in the Residential Segregation of Families by Income," US 2010 Project (Providence: Brown University, 2011); and K. Bischoff and S. Reardon. "Residential Segregation by Income, 1970-2009," US 2010 Project (Providence: Brown University, 2013). Income segregation is "the uneven geographical distribution of families of different income levels within a metropolitan area." K. Bischoff and S. Reardon. "Residential Segregation by Income, 1970-2009," US 2010 Project (Providence: Brown University, 2013) p. 1.

TABLE 3: Distribution of Census Tracts by Ratio of Tract Median Family Income to City Median, 2000 and 2013

ST LOUIS	0-50%	50-80%	80-120%	120-150%	150%+
	Percentage of all tracts				
2000	3.7%	26.2%	38.3%	16.8%	15.0%
2013	7.6%	37.1%	18.1%	16.2%	21.0%
	Number of tracts				
2000	4	28	41	18	16
2013	8	39	19	17	22
Change 2000-2013	+4	+11	-22	-1	+6
MILWAUKEE					
	Percentage of all tracts				
2000	8.9%	25.5%	33.9%	25.0%	6.8%
2013	5.2%	37.3%	21.2%	14.0%	22.3%
	Number of tracts				
2000	17	49	65	48	13
2013	10	72	41	27	43
Change 2000-2013	- 7	+23	-24	-21	+30

Source: 2000 Census, 2009-2013 5-Year American Community Survey

The growth in upper-income tracts does not necessarily mean that these are areas of great wealth. What it shows is that in a city with anemic economic growth, those tracts that are above average to begin with – over 120% of the city median – tend to remain stable or grow wealthier relative to the rest of the city. Those below that level tend to move downward. Between 2000 and 2013, of the 41 middle-income tracts in St. Louis, 19 moved downward economically, five moderately upward, and two sharply upward, going from middle to upper income status. Only 15 remained economically stable.

Sadly, there is nothing in either macroeconomic trends or forthcoming public policies to suggest that this trend is likely to change meaningfully in the foreseeable future. Although the downward progression from middle-income to moderate-income may not be the same as neighborhood decline, it sharply increases the risk of decline. The simultaneous decline in homeownership in these areas is arguably both a symptom of economic decline and a potential trigger for further decline.

Erosion of Jobs and Workforce

At the same time as increased inequality and income sorting are leading to a decline in the economic base of middle-market neighborhoods, trends in the distribution of both jobs and jobholders within legacy cities are further undermining them. As legacy cities undergo selective revitalization, they are seeing a twofold shift in their job patterns: jobs are increasingly being concentrated in the cities' central core areas, particularly around major institutions such as universities and medical centers, and the people holding these jobs are increasingly likely to live in the suburbs and commute to the city, rather than live in the city. The number of city residents holding jobs in the city where they live, and the size of the city's employed workforce in general, are both rapidly declining.[9] Urban neighborhoods outside the central core have seen substantial losses in both jobs and job holders.

This point is most vividly apparent in St. Louis, an archetypal legacy city. The total number of job holders living in the city (whether working inside or outside the city) declined by 15 percent from 2002 to 2011. The decline in the city's southern ZIP codes, which contain the great majority of the city's remaining middle-market neighborhoods, was also 15 percent, representing a total loss of more than 10,000 employed residents (Table 4). In the northern ZIP codes, the decline was 27 percent, or nearly 11,000 workers. Only in the central core area did the number of employed residents increase, by a modest 3 percent. In both the south and the north, the decline in the number of employed residents was roughly double the decline in total population.

TABLE 4: Change in Distribution of Workers by Worker Residence in St. Louis, 2002-2011

	Workers 2002	Workers 2011	% 2002-2011	Population % 2000-2010	Share of Total City Workers	
					2002	2011
South	70,389	59,972	- 14.8%	- 8.0%	51.6%	51.7%
Central	25,985	26,755	+ 3.0	+ 2.6	19.0	23.1
North	40,059	29,234	- 27.0	-15.0	29.4	25.2
City*	13,6433	11,5961	- 15.0	- 8.3	100%	100%

Source: Bureau of the Census, On-The-Map (http://onthemap.ces.census.gov) population data from city-data.com
** Citywide figures represent sum of figures for ZIP codes located entirely within city boundaries, and are approximately 2 percent smaller than actual city totals.*

The change in jobs followed a similar pattern, although the number of jobs in the city declined much less during that period, by only 3.5 percent. The number of jobs in the southern ZIP codes declined by more than 17 percent, while the total in the northern ZIP

9 A. Mallach. "The Uncoupling of the Economic City: Increasing Spatial and Economic Polarization in American Older Industrial Cities," Urban Affairs Review online publication (June 25, 2014).

codes by a smaller amount, less than 6 percent (Table 5). The central area gained jobs, although modestly, increasing its share of citywide jobs from 68.5 percent to 71.4 percent.

TABLE 5: Change in Distribution of Jobs by Job Location in St. Louis, 2002-2011

	Jobs 2002	Jobs 2011	% 2002-2011	Share of Total City Jobs	
				2002	2011
South	38,253	31,680	- 17.2%	18.1%	15.5%
Central	144,716	145,721	+ 0.7	68.5	71.4
North	28,152	26,572	- 5.6	13.3	13.0
City*	211,391	203,973	- 3.5	100%	100%

Source: Bureau of the Census, On-The-Map
** Citywide figures represent sum of figures for ZIP codes located entirely within city boundaries, and are approximately 2 percent smaller than actual city totals.*

Patterns are similar elsewhere. In Baltimore only the central core ZIP codes (21201, 21202, and 21239) gained employed residents, with an average 16 percent loss elsewhere in the city between 2002 and 2011. Eight of 18 ZIP codes outside the city's central core lost 20 percent or more of their jobholders, with five of these losing more than 25 percent.

The relationship between the loss of jobs and workers and the declining economic condition of middle-market neighborhoods produced by increased inequality and income sorting is a difficult one to untangle. Whatever the causal links may be, it is clear that these forces reinforce one another, and collectively further destabilize large numbers of middle-market neighborhoods in legacy cities.

The Physical Challenge

Within the parameters of a predominately single-family inventory, the housing stock in legacy city middle-market neighborhoods is quite varied. Houses vary by size, architectural character, materials, and other features. That stock, however, shares one feature: it is old. Moreover, as a largely single-family stock, regardless of age, it may no longer be a good fit with today's housing market demands.

Legacy city neighborhoods were typically built between the late 19th century and the early 1960s. Since the 1960s, developers have built little new housing in these neighborhoods, with the exception of housing developments financed with public subsidies. For example, 80 to 90 percent of owner-occupied single-family homes in these cities predate 1960 as do

approximately two-thirds of the renter-occupied single-family stock (Table 6).[10] Although a handful of older homes have been extensively rehabilitated, largely with public funds, their numbers are modest as a share of the total housing stock.

Table 6: Share of All Single-Family Structures Built Before 1960 by Age of Structure and Tenure

	Owner-Occupied	Renter-Occupied
Baltimore	85.3%	78.1%
Cincinnati	80.0%	65.9%
Dayton	81.0%	71.9%
St. Louis	85.8%	64.2%
Syracuse	86.8%	66.5%

Source: 2009-2013 Five-Year American Community Survey

At the same time, to the extent that the demand for urban housing today is disproportionately from young, single individuals, couples, and people living in informal living arrangements, much of the housing in middle-market neighborhoods may not draw their interest. Although those few neighborhoods with distinctive architectural or historical character, or those in close proximity to major employers or other centers, may draw greater demand, most middle-market neighborhoods lack those special features.

In this context, the effects of an aging housing stock raise particular problems for middle-market neighborhoods. Although there is little or no research on this point, anecdotal evidence from many different cities suggests that the majority of older houses in these neighborhoods have not been upgraded or modernized to any significant degree, while many–particularly those owned by lower-income elderly people or absentee landlords–suffer from significant deferred maintenance and repair needs. Without an infusion of significant capital, either public or private, in the coming years, a large part of the housing in middle-market neighborhoods could deteriorate further, perhaps to the point of no return. At that point, the question arises whether the capital is available and the market demand exists to replace these houses with new houses or apartments better reflecting market demand.

Assembling the capital to either to repair and upgrade, or to replace, existing housing in middle-market neighborhoods may be extremely difficult. Public funds are likely to fall far short of what is needed, and in any event, are likely to be restricted in large part to means-tested households, typically with incomes of 80 percent or less of the HUD-defined area median income. Building new subsidized housing to replace older market housing is unlikely to stabilize middle-market neighborhoods and may, under certain conditions, further desta-

10 The larger share of newer single-family rentals, compared with owner-occupied units, can be attributed to the widespread preference, particularly since 2000, among many developers and community development corporations (CDC) to use single-family housing types (particularly row houses) as the design scheme for subsidized rental housing developments.

bilize them.[11] Thus, the fate of these neighborhoods is likely to depend ultimately on their ability to attract private capital, whether in the form of individuals buying and improving homes, or private market developers rehabilitating existing houses or building new homes or multifamily buildings.

Whether an influx of private capital takes place will depend on attracting not only enough private market demand, but enough demand at income levels capable of moving neighborhood market prices to the point where they support substantial investment in existing houses as well as construction of new housing without public capital subsidy.[12] Given not only the demographic and economic forces working against middle-market neighborhoods described earlier, but also the generally low market values in legacy cities, continuing shortfalls in mortgage access in urban areas, and the ongoing competition from nearby inner-ring suburban markets, this is likely to be a daunting challenge for those neighborhoods that lack the special attributes likely to render them particularly desirable.

The magnitude of the challenge is reflected in trends in homeownership and rental tenure in legacy cities. These trends reveal a substantially greater loss of homeowners in legacy cities since the end of the housing bubble than in the United States as a whole. Although the number of homeowners declined by 2 percent between 2007 and 2013 nationally, the number of homeowners declined by 8 percent in Philadelphia, 13 percent in St. Louis, and 17 percent in Detroit. As Table 7 shows, these cities' homeownership rates declined at roughly twice the national rate of decline during the same period.

Table 7: Change in Number of Homeowners and Homeownership Rate, United States and Select Legacy Cities, 2007-2013

	UNITED STATES	CLEVELAND	DETROIT	PHILADELPHIA	ST. LOUIS
Homeowners 2007	75,515,104	77,178	153,708	323,021	71,725
Homeowners 2013	73,843,861	69,845	127,502	297,098	61,551
Change in number of homeowners 2007-2013	- 2.2%	-9.5%	-17.0%	-8.0%	-14.2%
Change in homeownership rate 2007-2013	- 5.5%	- 8.9%	- 9.9%	- 11.2%	- 11.9%

Source: 2007 and 2013 1-Year American Community Survey

11 L. Deng. "Assessing Changes in Neighborhoods Hosting the Low-Income Housing Tax Credit projects." Center for local, State and Urban Policy working paper (MI: University of Michigan, 2006).

Although data limitations make it difficult to pinpoint the same trends as shown in Table 7 for individual census tracts,[13] in view of the demographic and economic trends discussed earlier, it is likely that many, if not most, middle-market neighborhoods in these cities show similar trends. A continued shift from owner-occupancy to rental tenure in these neighborhoods is unlikely to lead to the level of capital investment necessary to provide for either long-term maintenance or replacement of their aging housing stocks.

The Competitiveness Challenge

The last area I would like to address is harder to quantify, and yet may ultimately be the most challenging for those seeking to bring about the long-term stabilization of urban middle-market neighborhoods in legacy cities, specifically, the challenge of suburban competition. The core market for middle-market neighborhoods, with relatively few exceptions, is not the highly educated Millennial single individual, but the remaining pool of working-class and middle-class households, neither affluent nor poor, including large numbers of child-rearing families. The particular features that have drawn Millennials away from the suburbs and into urban central core areas are not necessarily important to this middle market, and moreover, even if they found them appealing, most urban middle-income families would be unable to afford the downtown lofts or upscale townhouses being created to cater to affluent newcomers. Competition for the city's middle-income families does not come from the central core or the city's few gentrified neighborhoods, but from its suburban neighbors.

In that respect, legacy city neighborhoods are at a particular disadvantage. In contrast to rapidly growing regions, where homes in even relatively modest suburbs tend to sell for prices out of reach of most working-class families, and many urban middle-income families may have no realistic alternative but to remain in the city, inner-ring suburbs around legacy cities such as Detroit, Cleveland, or Cincinnati tend to be far more reasonably priced, and often accessible to families with incomes of $30,000 or less.

Moreover, these suburbs appear to offer clear advantages over neighborhoods in the central cities, particularly to families with children. With respect to both education and crime, relocation to the suburbs appears to confer significant benefits, at relatively modest incremental cost. Table 8 shows median house prices, violent crime rates, and school graduation rates (used as a proxy for quality of the school district) in Detroit and Dayton and in several of their inner ring suburbs. Moreover, as a growing share of the urban workforce works in the suburbs, the appeal of living in the suburbs is likely to become that much greater.

13 The one-year ACS data that was used to create the table, and that enables one to track the entire period from the end of the housing bubble to near the present, is not available at the census tract level; the best available data at the census tract level comes from the 5-year ACS. While that data would enable one to compare 2005-2009 with 2009-2013 data, the margin of error in the data is significant and problematic.

TABLE 8: Median Home Prices, Graduation Rates, and Violent Crime, Detroit and Dayton

	Median Home Sales Price (2013)	Violent Crimes per 100,000 Population (2012)	Average Graduation Rate (%) of Entering Freshmen (2008-2009)
Detroit (city)	$ 17,222	2547.5	45.1
Detroit Inner-Ring Suburbs			
Oak Park	49,750	548.6	86.0
Southfield	70,000	487.1	75.7
Ferndale	82,500	414.9	100.0
St. Clair Shores	82,724	252.3	87.5
Dayton (city)	$ 24,600	973.7	45.9
Dayton Inner-Ring Suburbs			
Trotwood	26,325	385.6	61.7
West Carrollton	55,000	189.4	73.1
Kettering	92,000	88.6	84.7
Clayton	103,000	67.2	80.9

Source: PolicyMap (median sales price and freshman graduation rate); FBI Uniform Crime Reports

With mortgage interest rates at approximately 4 percent, a moderate-income family earning $35,000 to $50,000 could easily afford to buy a home in any of the suburban communities shown in Table 8. Although some families may find it difficult to get a mortgage, or come up with a down payment, the increase in investor activity in many of these towns has also meant that an increased supply of single-family homes are available for rent, making that an affordable alternative.

Suburban flight from the cities is an old story. It has historically been associated, however, with "white flight" during the 1950s through the 1980s. What appears to be taking place now, and which appears to have markedly accelerated during the past decade or so, is movement of middle-class African American households from the cities to the suburbs. Although the dynamics of this trend have yet to receive systematic scholarly attention, they have been the subject of many journalistic accounts, including detailed reporting from Philadelphia[14,15] and Detroit[16], as well as more modest but credible accounts from many other cities including

14 T. Ferrick, "Black Exodus: Part One," Metropolis, October 7, 2011. http://www.phlmetropolis.com/2011/10/black-exodus.php.

15 M. Mallowe, "Black Exodus: Part Two," Metropolis, October 6, 2011. http://www.phlmetropolis.com/2011/10/black-exodus-part-two.php.

16 A. Kellogg, "Black Flight Hits Detroit," Wall Street Journal, June 5, 2010. http://www.wsj.com/articles/SB10001424052748704292004575230532248715858.

Birmingham, Dallas, Los Angeles, Memphis and Oakland. All of these accounts add credence to the possibility that cities are losing a critical battle for the population that more than any other has sustained their middle-market neighborhoods for many decades–the African American working- and middle-class family.

Table 9 illustrates the change in the African American population by income (in constant 1999 dollars) in eight legacy cities and for the United States as a whole between 2000 and 2008-2012. Every one of these cities saw sharp declines in middle- and upper-income African American households and simultaneous increases in lower-income households. Although nationally, the number of African American households with incomes greater than $50,000 held steady during this period, and the number with incomes between $35,000 and $49,999 grew by 5 percent, both groups saw losses in all of these cities, in most cases by more than 20 percent.

TABLE 9: Change in Number of African American Households by Income, 1999 to 2008-2012 (in constant 1999 dollars)

	<$35,000	$35,000-$50,000	$50,000+	TOTAL
Baltimore	-0.6%	-5.2%	-17.6%	-5.1%
Philadelphia	14.4%	-32.0%	-21.1%	2.7%
Pittsburgh	-1.9%	-9.9%	-25.5%	-7.7%
St Louis	4.4%	-22.3%	-31.6%	-4.9%
Cincinnati	4.0%	-19.9%	-32.2%	-4.9%
Cleveland	10.3%	-32.0%	-47.3%	-4.7%
Detroit	2.9%	-35.4%	-57.7%	-20.1%
Milwaukee	28.4%	-6.1%	-23.6%	13.2%
United States	25.0%	4.7%	0.2%	15.1%

Source: 2000 Census and 2008-2012 5-Year American Community Survey

Whether cities will be able to withstand this challenge will depend in large part on their ability to provide public services of reasonable quality to middle-market neighborhoods, not only decent schools and public safety, but also services as street and sidewalk repair, street lighting, park maintenance, garbage pickup, and other services that translate directly into residents' quality of life. That in turn is closely related to the fiscal constraints under which most, if not all, legacy cities and their school districts operate. Although those constraints may become marginally less severe as the economy improves, they are unlikely to improve in the foreseeable future to the point where school quality, safety, and service delivery will be seen as comparable to the cities' suburban neighbors. .

Closing Note: Confronting the Challenges

The purpose of this chapter has been to describe the challenges facing middle-market neighborhoods rather than the solutions, which are the subject of many of the other chapters in this volume. It would be inappropriate, however, to end without at least a brief discussion of the policy implications of the challenges sketched out above.

First, the challenge facing these neighborhoods is a multifaceted one. As such, the response cannot be a matter of identifying a single problem and zooming in on it with a laser-like focus. Rather, it will require recognizing the multidimensional nature of the problem and tackling it in systematic, comprehensive ways that reflect an understanding of its complexity and the interrelationship of its many parts.

Ultimately, the challenge facing legacy cities' middle-market neighborhoods is one of demand. Although supply is an issue, as discussed above (the physical challenge), that problem would be far more easily manageable if it did not exist within a framework of limited and often diminishing demand. Rebuilding demand must be the driving force of any strategy to stabilize or revitalize middle-market neighborhoods, whether in the form of getting more people to buy and improve homes in the neighborhood or making it easier–through greater access to mortgage and home improvement loans, incentives to restore vacant properties, or other means–for those who want to stay to do so.

The process of restoring demand is likely to take more than marketing and branding strategies, as described by David Boehlke and Marcia Nedland later in this volume. Important as they are, it is likely to require increased access to financing and incentives to overcome the market gap. In the long run, however, any effort to rebuild middle-market neighborhoods must also address the economic issues and improve access for urban residents to job opportunities, and even more directly, must confront the competitive challenge these neighborhoods face. No amount of marketing or branding can overcome deficiencies in the underlying product. However attractive a neighborhood's housing stock may be, ultimately people need to feel that the neighborhood is a good place to live, and that its trajectory is upward, or at least stable, rather than downward. As the stories in this volume show, many neighborhoods have been able to make this happen, although it has often required years of dedicated effort.

As one looks at the success stories in the context of the larger trends discussed earlier, another question arises: can every neighborhood be saved? The thinning of the middle class from growing income inequality coupled with the decline in child-rearing households generally, and married-couple child-rearing households in particular, means that the pool of potential demand for middle-market neighborhoods in legacy cities has shrunk considerably during the past few decades. The hollowing out of the middle class and the decline in married-couple families with children is not limited to cities; it is taking place throughout these cities' regions, thus reducing the source from which the greater part of any future demand will be drawn.

Fifty years ago, roughly one-third of Milwaukee's residents were middle income, and–an educated guess–half of its neighborhoods could probably be considered middle-market neighborhoods. Today, less than one-sixth of the city's residents are middle income and barely 20 percent of its neighborhoods are middle market. Many urban areas that are devastated and disinvested today were once middle-market neighborhoods. The power of the larger economic and demographic trends affecting these areas is such that, despite our best efforts, the erosion is likely to continue. That does not mean that our efforts are in vain. It does mean, however, that we may have to be selective with those efforts and identify what can be saved.

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