
WHAT DOES IT TAKE TO PRIORITIZE AND STRENGTHEN MIDDLE NEIGHBORHOODS?

There is growing awareness that **middle neighborhoods** play important roles in our urban housing markets and that keeping them healthy (or making them healthier) requires interventions that respond to their challenges and assets.

What remains elusive to many communities, however, is a meaningful commitment to prioritize the middle—choosing to patiently dedicate limited resources and take risks to achieve durable outcomes. Half-hearted and inadequately funded implementation of middle neighborhood strategies is a

problem, especially in cities where inequality is starkest and a strong middle is most important for building long-term fiscal capacity.

In our work on comprehensive plans and housing strategies in diverse markets, czb has found that overcoming innate resistance to difficult choices and having a market-informed framework for consistent decision-making are essential to increasing the probability of successful outcomes. The crux, in other words, is building a consensus to work in the middle and maintaining the discipline to do it effectively.



DEFINING THE MIDDLE AND THE BIGGER PICTURE

Signs of distress are detectable but not pervasive.

Prices are within reach of median earners, but strong enough to build equity and motivate reinvestment.

Neighbors exhibit basic levels of capacity, however fragile, to manage change and impose standards.

These and other general markers have been widely used to help define and identify middle neighborhoods in a variety of markets. czb's recent efforts to define the middle have come while developing housing demand typologies for citywide comprehensive plans and housing strategies in over a dozen small- to mid-sized markets since 2015. While the middles we've identified share many characteristics, the exact parameters of 'middle' in each case have varied depending on how the market typology is used, the range of available data, and local market context.

Five projects in particular are useful for demonstrating the practical uses of citywide market typologies and how the location and scale of middle neighborhoods influence the process of strategy development and implementation. All five projects involved cities with generally soft or weak markets (with median values trailing inflation since 2000) and considerable market diversity internally, making a typology useful for differentiating between problems to address and tools to utilize in stronger, middle, and weaker neighborhoods.

Buffalo, NY

Buffalo's generally weak and highly polarized market resulted in a citywide typology where the middle was remarkably soft, owing to low and eroding incomes, high levels of deferred maintenance, and proximity to distress. As part of a housing opportunity strategy, middle blocks nearest to strong blocks and major city assets were highlighted as prime areas to focus revitalization efforts and promote homeownership as a wealth-building tool.

Canton, OH

For Canton's new comprehensive plan, areas with flagship city assets became focal points for well-capitalized revitalization strategies involving the city and anchor institutions. These asset areas were found to overlap with many of Canton's vulnerable middle neighborhoods, requiring that careful attention be paid to revitalizing intact residential blocks as part of efforts to protect and strengthen the city's 'vital organs.'

Des Moines, IA

When Des Moines' market was analyzed to gauge the impact of over 25 years of neighborhood revitalization activities, it looked more like a bell curve than any other city we've seen, with a highly pronounced and generally stable middle. Nonetheless, demand for Des Moines' middle has been falling increasingly behind suburban markets, resulting in areas where proactive measures will be needed to reverse slipping standards before distress becomes intractable.

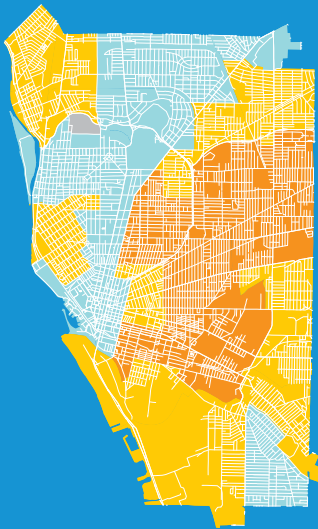
Erie, PA

Few areas in Erie could be characterized as genuinely strong, resulting in a wide ring of middle neighborhoods—some at greater risk of decline than others—around a core of distressed residential areas. Choosing where and how to intervene over such a broad geography was a focus of the new comprehensive plan, which put an emphasis on improving disheveled corridors and boosting code enforcement as steps toward restoring the confidence of pessimistic homeowners.

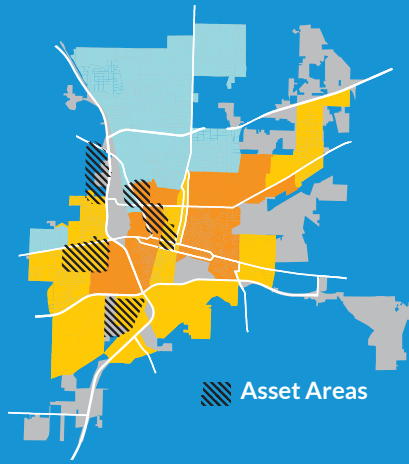
Rochester, NY

A fine-grained market analysis of Rochester found a thin middle precariously wrapped around highly distressed markets, with many such neighborhoods bordering competitive suburbs rather than stronger city neighborhoods with spillover potential. Building on lessons learned from the city's recent experience with middle neighborhood strategies—an effort that focused on areas that were, in hindsight, too weak to expect near-term revitalization—will be critical to a new comprehensive plan now underway.

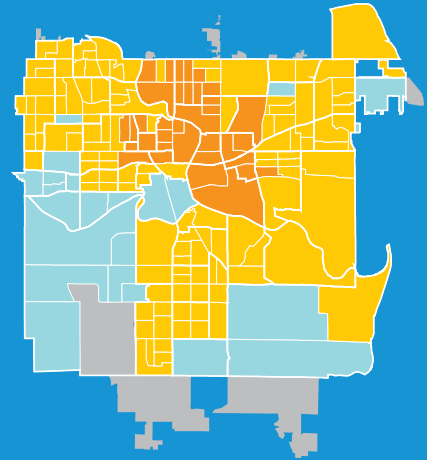
Buffalo, NY



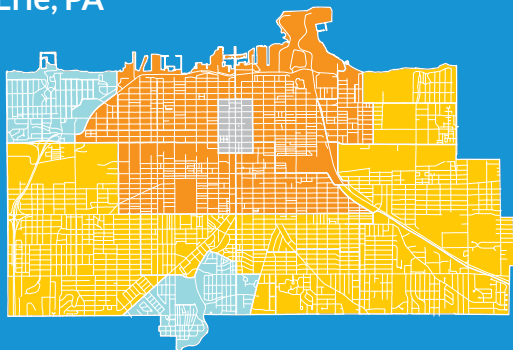
Canton, OH



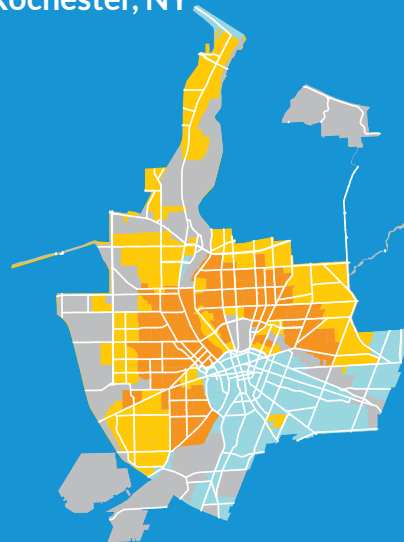
Des Moines, IA



Erie, PA



Rochester, NY



Neighborhood Type

- STRONGER
- MIDDLE
- WEAKER

Note: These maps represent simplified versions of the neighborhood typologies developed for these five cities. In each case, the typologies were developed using indicators of demand and investment such as sales data, condition surveys, foreclosures, building permits, code violations, and household income.

Characteristics of 'Middle' on Selected czb Projects

	Buffalo	Canton	Des Moines	Erie	Rochester
% of city's population living in the middle	42%	35%	63%	52%	39%
% of city's residential tax base in the middle	28%	29%	62%	61%	32%
Median household income	\$27,228	\$30,711	\$50,800	\$41,989	\$36,710
Poverty rate	36%	34%	18%	20%	25%
Median home value	\$59,300	\$55,150	\$117,400	\$86,800	\$71,100
% of adults with Bachelor's degree or higher	16%	7%	24%	23%	18%
% of middle population that is non-white	59%	35%	27%	24%	66%
% of city's non-white population that lives in the middle	44%	35%	53%	43%	40%

Data Source: 2016 ACS 5-Year Estimates

OBSERVATIONS AND HUNCHES

Identifying the middle within the context of diverse city and regional markets—especially in predominately soft-market cities—has given us a unique vantage point for observing trends and key issues affecting middle neighborhoods. Three observations that we’ve been making often in recent years and that shape our thinking about research and policy opportunities include:

Vulnerable to decline, more often than not.

In the soft markets we’ve been working in, middle neighborhoods often have as much or more exposure (in terms of what’s adjacent) to the destabilizing forces of weak blocks as they do to stronger blocks. And where stronger city markets are adjacent, they often have considerable catching up to do after decades of deferred maintenance and therefore offer less spillover potential for the middle than is usually assumed. Despite legitimate concerns about affordability for low-income renters (regardless of the market), housing in the middle remains very affordable to households earning well below city and regional median income levels, signaling major supply-demand imbalances.

Middle of what?

What are generally defined and understood as middle neighborhoods in cities can be generous and somewhat skewed definitions of ‘middle’. In all but the country’s strongest metropolitan markets, middle neighborhoods in cities are usually performing well below what might be defined as the regional middle.

Significance and fragility of the suburban middle.

In many regions, the true middle today is found in suburban jurisdictions that offer buyers and renters reasonably sized and priced housing in neighborhoods that are safe, conveniently located, and have good schools. Nevertheless, they face headwinds from aging housing stocks (now 60 years old, on average) and from aging homeowners who are cutting back on maintenance and often resist public investments in schools, parks, and infrastructure that will be necessary to keep attracting younger families—something we recently observed while doing a comprehensive plan in Erie’s largest suburb. This is likely to lead to disposition challenges that many communities do not yet recognize and are ill-equipped to confront, even if they have the resources to act today.

Comparing City Middles to Their Regions



Median Home Value



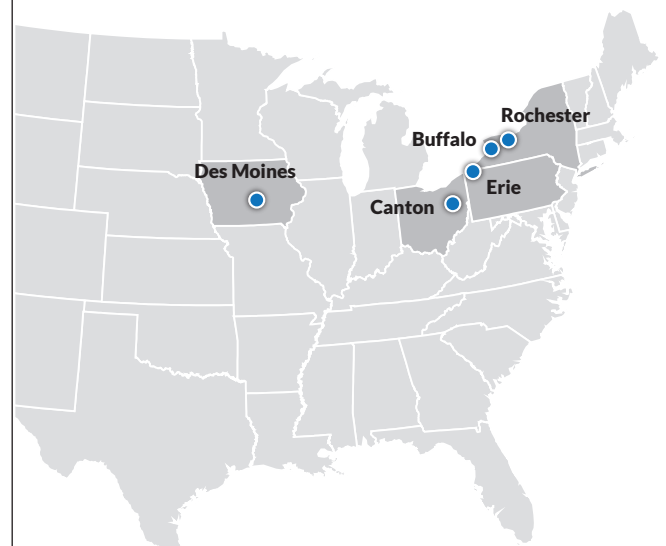
% of Adults with Bachelor's Degree or Higher



Poverty Rate

Buffalo's Middle	\$59,300	16%	36%
Erie County, NY	\$134,600	32%	15%
Canton's Middle	\$55,150	7%	34%
Stark County, OH	\$124,000	23%	14%
Des Moines' Middle	\$117,400	24%	18%
Polk County, IA	\$161,100	35%	12%
Erie's Middle	\$86,800	23%	20%
Erie County, PA	\$120,300	27%	17%
Rochester's Middle	\$71,100	18%	25%
Monroe County, NY	\$140,200	37%	15%

Data Source: 2016 ACS 5-Year Estimates



PROBLEMS TO ADDRESS

For communities with middle neighborhoods—whether they’re stable, vulnerable to decline, or on the cusp of entering a period of heightened demand—there are good examples of tools and programs that have a high probability of stimulating reinvestment and bolstering confidence when applied at a scale and for a duration sufficient to make a difference. In other words, identifying the right tools for middle neighborhood strategies is a straightforward problem to solve.

Based on our experience, **the biggest problems that need solving**—two in particular—are more behavioral in nature and related to answering this question:

What does it take to prioritize and strengthen **middle neighborhoods**?

Problem #1

Worst-first mindset

Proactively strengthening middle neighborhoods requires that they become clear priorities for a community—getting the attention and resources that they need to achieve outcomes that are unlikely without intervention.

Even when there is recognition that middle neighborhoods are important, there may still be doubt about their overall fragility and an unwillingness to prioritize areas that seem to be doing ‘okay.’ The common impulse for many communities—especially those dealing with significant levels of deferred maintenance—is to treat the worst potholes first, or to leave seemingly stable neighborhoods alone while resources are devoted to those experiencing the most distress. In this vicious cycle, the resources devoted to the weakest neighborhoods are almost always insufficient to engender a turnaround because they will often require a prolonged period of stabilization before revitalization becomes a realistic possibility. Meanwhile, the stable neighborhoods decline. What once was a neighborhood with a list of affordable issues to fix becomes a failing market requiring far more drastic intervention by a city government with low and eroding fiscal capacity.

Problem #2

Trade-off aversion





Overcoming the worst-first mindset requires a willingness to make trade-offs that favor the middle and to commit resources to those places at a level and duration sufficient to make them sustainably vital. Few places, however, have a comfort level talking about opportunity costs or confronting the fact that getting something requires giving something—whether by shifting resources around or expanding local revenues. Where trade-off aversion is most extreme, resources are spread as evenly and inoffensively as possible—which rarely translates to serious strategic commitments of any kind.

TOOLS FOR GOOD DECISION-MAKING

Overcoming worst-first tendencies and trade-off aversion are critical adaptations for communities to make if they are serious about prioritizing and strengthening middle neighborhoods or being intentional about other long-term goals. Such adaptations, we have found, are unlikely to occur with planning processes and documents that only offer to-do lists or a set of technical tools. Rather, actionable plans are those that keep communities focused on long-term outcomes and provide a framework for making consistent decisions and trade-offs to realize those outcomes.

In particular, we have found utility in **decision-making frameworks built around core values, revitalization**

principles, and neighborhood market typologies. The typology and associated action steps help to define the tools needed to intervene in different markets, including middle ones, and do much to frame the likely costs of intervention. This crystalizes the scale of work that different markets will require to achieve specific outcomes and helps to puncture misperceptions about resource requirements—which are often underestimated. Such a framework makes it harder for a policy dialogue to be steered by the political impulse to reject hard choices and pretend that benefits can be derived without spending public money and incurring opportunity costs.

<p>WHERE?</p>  <p>Neighborhood Market Typology</p>	<p>WHY?</p>  <p>Values</p>	<p>HOW?</p>  <p>Principles</p>	<p>WHAT? WHO?</p>  <p>Implementable Action Plan</p>
<p>The typology helps define market geographies within a city and pinpoints the middle markets where revitalization is both a realistic and necessary ambition.</p> <p>Which middle blocks are healthiest and represent low-hanging fruit? Which ones are most susceptible to decline?</p> <p>What is the probable cost of intervening in a transformative way throughout the city's middle neighborhoods, or in specific sub-markets?</p> <p>How do middle blocks fit into the city's overall market picture? How do they influence non-housing goals the city is aiming for?</p>	<p>Community values should inform the 'why' behind working in middle neighborhoods.</p> <p>If diversity is a value, we should ensure that strengthening the middle translates to preserving affordability and access for a broad range of households.</p> <p>If respect for cultural heritage is a value, we should ensure that work on middle blocks strengthens cultural assets.</p> <p>If self-determination is a value, we must prioritize the middle to build the fiscal capacity to invest in ourselves.</p>	<p>Revitalization principles should guide the allocation of scarce resources and serve as a basis for shaping actions.</p> <p>Focused: Given resource limitations, is this action or decision geographically focused enough to avoid spreading resources too thinly to have an impact?</p> <p>Patient: Progress will take time. Is there patience to see this program through and maintain a focus on outcomes?</p> <p>Asset-based: Is this action preserving and strengthening critical assets that make neighborhoods more competitive?</p>	<p>Actions laid out in an implementable plan will realistically respond to market dynamics as well as aligning with community values and revitalization principles.</p> <p>What is the proposed action?</p> <p>What outcomes does it seek to achieve or influence?</p> <p>How is it aligned with values and principles?</p> <p>What inputs does it require? Where will they come from?</p> <p>Who is accountable for doing the work?</p>

KEY TAKEAWAYS FOR PLANNING IN MIDDLE NEIGHBORHOODS

For communities that are developing citywide or small area plans that involve work in middle neighborhoods, a good decision-making framework can be an invaluable tool for ensuring that leaders and residents remain focused on outcomes, are using tools in appropriate geographies, and aligning actions and trade-offs with a consistent set of principles and values.

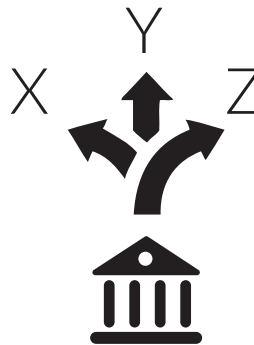
Put more simply, there are key content and process issues to get right to maintain a strong commitment to improving middle neighborhoods.

CONTENT



It is critical to differentiate the proper responses for middle markets, where the focus is revitalization, from weaker markets, where the realistic focus is stabilization. Expecting weak markets to run before walking leads to failure and frustration that can derail commitments to middle market strategies.

PROCESS



Emphasize the inevitability and necessity of trade-offs and build capacity to cope with the difficulties of posing choices to elected officials and constituents. Successful work in middle neighborhoods requires leadership at multiple levels, and that is a muscle that needs to be purposefully tested and flexed from the beginning of any planning process.



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czb is an award-winning urban planning firm specializing in market-based economic analysis, housing analysis, and strategy development for communities willing to put in the effort to obtain the outcomes they want. What we do better than any planning practice in the United States is help communities clarify what's at stake, get the information they need to make good decisions, and build their capacity to manage and implement change.

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