

THE LONG-TERM IMPACTS OF REDEVELOPMENT ON RESIDENTIAL  
NEIGHBORHOODS: THREE SACRAMENTO CASE STUDIES

A Thesis

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in

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by

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Abstract  
of  
THE LONG-TERM IMPACTS OF REDEVELOPMENT ON RESIDENTIAL  
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#### Statement of Problem

Redevelopment and Tax Increment Financing were long determined to be the best and most cost effective way of improving blighted and economically and socially challenged neighborhoods. However, even as the California State Legislature discussed terminating redevelopment and Tax Increment Financing as a local development tool, there were no evaluations of the long-term impacts of redevelopment on the communities that the redevelopment projects were intended to help. Redevelopment as an activity had, in many communities, at least 30 years of activity to analyze. This thesis is a case study of three redevelopment areas in the City of Sacramento, and is a response to the question “what were the long-term impacts of redevelopment on residential neighborhoods in designated redevelopment areas?”

#### Data Used

The data for this thesis was retrieved predominantly from the U.S Census Bureau. It includes data from the 1970, 1980, 1990, and 2000 Decennial Census. Additional Geographic Information System data was also pulled from the Sacramento Area Coalition of Governments, the City of

Sacramento and the U.S. Census Topologically Integrated Geographic Encoding & Referencing system shape files.

#### Conclusions Reached

Despite the many claims of redevelopment proponents and local governments, who came to rely on redevelopment funding as a supplement to property taxes, redevelopment activities did not directly correlate with positive impacts in residential neighborhoods located in redevelopment areas. Conversely, redevelopment activities may have contributed to neighborhood instability and residential turn-over. The inconsistency of redevelopment plans over the long-term resulted in uneven results, and exacerbated an apparent connection between subsidized economic development and rising rents. This connection is in contradiction to a fundamental tenet of redevelopment to protect, preserve, and produce affordable housing. The relationship between economic development and rising rents created one of several contradictions that critically compromised the effectiveness of redevelopment activities in the areas studied.

\_\_\_\_\_, Committee Chair  
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Date

## PREFACE

On December 29, 2011 the California Supreme Court announced their ruling on the constitutionality of ABx1 26, the bill introduced in the State Assembly that eliminated redevelopment in California. ABx1 26 had been passed and signed by Governor Jerry Brown on June 30, 2011, but had been held in judicial stay while the California League of Cities and the California Redevelopment Association(CRA) challenged its constitutionality under the newly enacted Proposition 22 that was intended to protect local government funds from being taken by the State. The Court ruled that ABx1 26 was constitutional, but that its companion legislation, ABx1 27, which provided a pay-to-play framework that would have allowed redevelopment agencies to opt-in and continue to function, was unconstitutional. Interestingly enough, while the Court found that ABx1 26 was not protected by Proposition 22, it also found that ABx1 27 violated Proposition 22. The CRA and the California League of Cities were somewhat surprised by this ruling as they did not expect their argument to work against them and truly eliminate all redevelopment in California.

I began this thesis in January of 2011, six months before ABx1 26 was signed into law, and almost a year before it became the new reality of redevelopment. During that time I worked extensively on the analysis and application of ABx1 26, ABx1 27, and, once it was made available, the Court's ruling for a mid-sized municipality in the Sacramento Metropolitan Area. My thesis suffered a bit from that additional work as the present condition of redevelopment took precedence over the past. However, as I worked with the new legislation, the results and conclusions of my thesis became more and more pertinent, and lent some valuable background to the present drama.

I have not gone back and changed the time reference of my thesis. The first five chapters were mostly written and approved before the Court's ruling dissolved redevelopment, and

redevelopment is discussed in the present tense, as though it were still operating. Only the conclusion had remained incomplete when redevelopment was eliminated. I have written it in past tense.

Conclusions of research papers like this are most valuable when they propose solutions to the problems they identify. In this case, the solutions I had originally considered during my research are already null and void. The California State Legislature has determined that redevelopment cannot be fixed. Yet, the problems with redevelopment have not been eliminated by the discontinuation of redevelopment activities. The State now has an opportunity and the responsibility to address the problems faced by blighted and low-income communities with a new set of tools – tools that can be customized to meet the needs of unique jurisdictions in unique ways.



## ACKNOWLEDGMENTS

I would like to acknowledge the many friends and family that have offered emotional and intellectual support during the creation of this thesis. I would particularly like to thank Michelle Egan, who was the first person, other than my professors, to read this thesis, and who provided valuable edits and insights. Michelle, we can schedule band practice now.

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## Chapter 1

### INTRODUCTION

#### Purpose of the Study

#### **Overview**

Redevelopment in California means different things to different people. Developers often see redevelopment projects as an opportunity to tap into development subsidies that have the potential to be both socially and commercially profitable. Some landowners see redevelopment as a potential threat to their property rights as land within the boundaries of a redevelopment area is vulnerable to eminent domain, while others lobby for their property to be included in a redevelopment district because inclusion often raises its value. Fiscal administrators see it as a means to tap into the property tax flow to direct money into local governments, many of whom have been under varying levels of fiscal stress since the 1978 passage of Proposition 13. Moreover, land use advocates of smart-growth policies see redevelopment as one of the key answers to the social and environmental problems caused by suburban sprawl. One thing that almost all stakeholders in redevelopment projects would agree on is redevelopment's role as a potential catalyst for change. Whether it is successful in this role or not is one of the critical debates surrounding redevelopment and the focus of this master's thesis.

Specifically, this thesis looks into the long-term impacts of redevelopment on residential neighborhoods and neighborhood composition. In this research, I focus on three case studies of redevelopment areas in Sacramento located in the Alkali Flats, Del Paso Heights, and Oak Park neighborhoods.

The remainder of this introductory section provides a narrative of the current challenges facing redevelopment agencies in California. A general background of redevelopment follows

that and includes a brief history of redevelopment and the urban renewal movement. The next section is a short review of tax increment financing, which is followed by a discussion of the changing definition of “blight” in redevelopment. The next two sections include a description of the question of this thesis regarding the long-term impact of redevelopment on residential neighborhoods, and a summary of the introduction. The last section offers a one-paragraph description of each of the remaining chapters in the thesis.

### **Challenges to Redevelopment**

There has been no shortage of debate over redevelopment in California. Redevelopment projects frequently inspire controversy – particularly if the acquisition of property occurs through eminent domain or if relocation of existing tenants is necessary. The controversy of eminent domain and relocation keeps redevelopment a revolving topic in the judicial arena. The 2006 Supreme Court case *Kelo vs. New London*<sup>1</sup> is a well-known example of the volatility of redevelopment as the case spawned a public and legislative backlash against eminent domain and property takings, particularly for the sort of economic development projects common in redevelopment activities (Somin, 2007). Locally, redevelopment and eminent domain have had judicial, political, and media exposure through the takings case *Lily vs. Rancho Cordova Community Redevelopment Agency*<sup>2</sup>, recently decided in the California 9<sup>th</sup> Circuit Court (Rayl, 2010a).

Since the 2010 gubernatorial election, however, the debate around redevelopment has been of a very different nature. California's record \$26 billion budget shortfall combined with the

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1 The U.S. Supreme Court found in favor of New London five to four, but the public backlash against what was seen by both the media and the general public as a violation of property rights led to widespread legislation intended to put tougher restrictions on the use of eminent domain, particularly for redevelopment.

2 The Lily takings case was decided in favor of the Rancho Cordova Community Redevelopment Agency, however the amount of “just compensation” for the property is still to be decided. A secondary trial to address Lily Co.'s collusion charges between the redevelopment agency and Los Rios Community College District is still pending.



worst recession since the Great Depression of the 1930's have created a political climate in which legislators are willing to take unprecedented economic actions. The proposal that second term Governor Jerry Brown has presented as part of his budget is the elimination of redevelopment agencies and the gradual expiration of redevelopment activities and project areas (Williams, 2011).<sup>3</sup> The proposal has created a great deal of controversy – particularly between local governments, who are the main beneficiaries of redevelopment, and the state. The media has weighed in, often with emotionally charged and vague explanations of the complex financial components of redevelopment. In many instances the press has presented redevelopment as a siphon of public education funds to growing public consternation (Walters, 2011a).

A large part of the public image problem that redevelopment is currently experiencing has to do with persistent issues regarding oversight and accountability, and whether or not the State's reporting requirements actually influence redevelopment decisions. While the California State Controller's Office has required annual financial reports from redevelopment agencies since the mid-1980s redevelopment advocates are now finding those reports to be useless, even detrimental, in that they have not adequately represented redevelopment activities or sufficiently described where and how redevelopment monies have been used (Miller, 2011). Despite the frequent tightening of California Redevelopment Law regulations intended to ensure that redevelopment funds are spent transparently and used efficiently, many agencies cannot directly account for all redevelopment expenditures, while others are showing questionable spending on staff payrolls, consultants, planning – everything but physical projects (Buchanan, 2011). The omissions and irregularities in these reports have not helped redevelopment agencies in their self-defense.

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<sup>3</sup> Governor Brown's legislation passed both houses of the legislature and was signed into law June 28, 2011. It was subsequently challenged in court and was upheld by the California Supreme Court on December 29, 2011.

## **General Background of Redevelopment in California**

The modern concept of redevelopment was born out of the urban renewal movement of the 1940s and 50s. Urban renewal was supposed to be a solution to the problems of urban blight that had begun to affect many U.S. cities. Suburban developments were becoming increasingly common and were very popular with the emerging middle class. As a result, the population demographics of the inner city began to change dramatically as upper and middle class residents moved to the suburbs and the poorer urban residents, many of who belonged to racial and ethnic minority groups remained in the inner city. The urban renewal movement was advertised as a means to increase the housing stock of the nation, and gathered considerable momentum in the housing shortage crisis after WWII (Jackson, 1987).

In 1945, the California Legislature passed the California Community Redevelopment Act, which was intended to act as a legal means for local jurisdictions to address blight (Dardia, 1998). While blight has been one of the fundamental components of redevelopment in California from the beginning, the actual definition and application of the term have changed dramatically throughout the state's redevelopment history. Early definitions of blight included few specifically measurable components, but instead relied heavily on public perceptions. Most of the early “blighted” neighborhoods were actually minority and ethnic enclaves of working-class residents (Gans, 1962). Some of these neighborhoods, like West Oakland, and the Fillmore neighborhood in San Francisco, were thriving commercial and cultural centers for African Americans and other minority groups (Murray, 2001). Early determinations of “blight” frequently referred to overcrowding and poor structural quality as a reason for renewal, and advertised additional affordable housing stock as a quantifiable outcome of slum clearance. The reality is that the bulldozer renewal projects that wiped out whole working-class neighborhoods in favor of public facilities, such as the BART station and the U.S. Post Office in West Oakland, infrastructure like the

freeway interchanges that now thread through almost all California cities, and new housing projects seldom lived up to their affordable housing advertisements (Murray, 2001). All too often, the new housing that was built was mostly made up of market rate units that were unaffordable to the original residents. Additionally, the over-crowding issues that the proponents of many early urban renewal projects intended to alleviate ended up being much more elusive. Developers and local governments with a stake in the urban renewal projects frequently forced residents of “blighted” neighborhoods to relocate to other neighborhoods – generally other nearby working-class neighborhoods since that was what they could afford. This dispersal increased the residential density of those adjacent neighborhoods and often increased and accelerated the spread of “blight” in those areas (Murray, 2001).

California's approach to urban renewal was unique among the states. In 1951, the California legislature codified redevelopment in the Health and Safety Code of California Regulations 33000 (Beatty, 2004). This law was different from previous redevelopment legislation in that it included a financial mechanism to help redevelopment projects get access to federal “match” monies. As part of the federal housing act, the government provided several grants and low interest loans to help local governments fund redevelopment projects. However, to ensure that the projects would be fiscally responsible, the federal authorities required local funds to be committed or “matched” before they would release funding (Berens, 2007). California's response to this requirement was to introduce tax increment financing.

### **Mechanics of Tax Increment Financing**

Financial experts and public administrators considered tax increment financing (TIF) to be a very unusual financial tool when the California legislature first introduced it as part of the California Redevelopment Law in 1952. Many financial experts at the time claimed that it would not work and that the movement would be short lived. These dire predictions had to do with the

unpredictable nature of TIF – in that it is not a constant revenue stream. Tax increment financing locks in the property tax revenue of an area at a “base year” level. Private financial investment firms issue the redevelopment bonds, in cooperation with the local jurisdiction, for the needed infrastructure, land acquisition, land clearance, and other activities that are supposed to encourage redevelopment projects. New redevelopment projects, in theory, increase the property values in the redevelopment area, and the local government uses the resulting property tax increment above the base year level to pay off the bonds. The state legislature designed redevelopment and tax increment financing in California to have an almost symbiotic relationship where the redevelopment activities that result in the tax increment could not exist without the TIF mechanism that makes the redevelopment bonds possible.

The difference between the increased property tax and the amount locked in at the base year is the tax increment. Redevelopment agencies can use this amount a few different ways to provide project funding. It could be used as soon as it was collected on specific programs and services designed to address blight and improve economic conditions. It could be saved and then used as match money for federal grants, or as stand-alone financing for more extensive projects. Alternatively, the jurisdiction could issue bonds leveraged against future tax increment for immediate access to more funds for larger projects. Bonds became a very popular way for local governments to raise enough money for large projects relatively quickly – without waiting for the gradual accumulation of tax increment. The theory was that by issuing bonds for large projects, a jurisdiction could increase the value of surrounding properties faster, thus reaping more tax increment with which to pay back the bond. Additionally, most California redevelopment agencies were, so tightly connected to the local governments that many redevelopment agencies are actually made up of active city council members and county board of supervisors’ members. Since redevelopment tax allocation bonds do not require public approval, tax increment financing

became a way for redevelopment agencies to help jurisdictions meet infrastructure needs that otherwise would have needed voter approval through a general obligation bond (Chapman, 1998).

### **The Definition of Blight**

The California Redevelopment Law (CRL) incorporated tax increment financing into its very structure, creating a nexus between the physical activity of redevelopment and the financial means of capturing tax increment (California, 2010). However, the CRL also had a social agenda. Redevelopment, according to the CRL, was supposed to be about improving areas that had become “blighted.” The original definitions of blight were vague. There were obvious conditions that qualified as blight, such as abandoned neighborhoods and dilapidated structures, but many of the early blight findings were much more obtuse. Urban renewal advocates frequently identified overcrowding as a criterion of blight, but the delineation for what constituted overcrowding was set much closer to suburban than urban densities. At the same time, many of the neighborhoods identified as blighted were minority enclaves for whom close-quartered living was part of the cultural identity (Gans, 1962).

Other problems with the lack of specific “blight” definitions involved the practice of declaring vacant land blighted so that it could be included in the tax increment financing, and using a lack of infrastructure as a determination for “blight” even when the density of an area did not necessitate complete urban infrastructure. Initially, the only fixed requirement for redevelopment was the 'but for' test that validated the use of TIF if private or public entities considered reinvestment in the area infeasible without the additional powers and financing advantages provided by redevelopment (Lefcoe, 2010). Blight was truly in the eye of the beholder. Local jurisdictions had the authority to make the blight finding and to designate the redevelopment area boundaries, and it was the redevelopment agency, which was often synonymous with the jurisdiction, which would then collect the tax increment. Local

governments and their redevelopment agencies had an incentive to be selective about which land was included in the redevelopment area. It is not surprising that local governments and their redevelopment agencies would generally favor land with the highest tax increment potential, such as large vacant parcels that could be subdivided and sold off for development (Fulton, 2005).

Many legislators considered this a misuse of the powers of redevelopment and contrary to the spirit of the law – which legislators intended to provide a means for eliminating blight and increasing the supply of housing stock, not milking the tax increment. While the other taxing entities, whose property tax income was locked in at the base year, had incentive to sue redevelopment agencies whose definition of “blight” included large tracts of vacant or otherwise undeveloped land, litigation was a time consuming and expensive means of protecting the tax increment from trumped up blight findings. Over the next several decades the legislature would continually update the CRL with additional limitations on just what was considered “blight”. There was the inclusion of the 80% urbanized rule, which declared that a minimum of 80% of land selected for a redevelopment area had to be urbanized. This cut back on the inclusion of large tracts of vacant land in redevelopment areas. Another requirement that allocated 20% of all tax increment collected by the redevelopment agency be utilized for low and moderate-income housing was supposed to incentivize agencies to address the actual housing deficiencies of their areas instead of focusing purely on economic development. There were additional rules that set out specific definitions of physical and economic blight – requiring redevelopment to identify at least one of each (Fulton, 2005). Most recently, the blight definitions have become even more stringent, requiring that blight criteria meet levels of significance and severity with specific evidence that can be critically evaluated by both taxing entities that have an interest in preventing the formation or amendment of a redevelopment area, and by the courts. As with previous definitions of blight, redevelopment agencies and affected taxing agencies are actively defining

the most current standards through litigation. In the 2010 Sixth District California Court of Appeal case between the County of Los Angeles and the City of Glendora, the court scrutinized the amended redevelopment plan adopted by the City for specific examples of blight. The City was unable to convince the court that the new area that the redevelopment agency wanted to add to the existing redevelopment areas contained sufficient blight, and the Court found in favor of the County (Rayl, 2010b).<sup>4</sup> The latest incarnation of the CRL also makes it more difficult for non-blighted adjacent parcels to be included in redevelopment areas – an additional restriction of the provision that was originally intended to allow redevelopment agencies the authority to put together multiple parcels of land (blighted and un-blighted) in the redevelopment area for large projects (Best, 2007).

While the legislature was strengthening the blight requirements, the state was also starting to demand a higher level of financial transparency from redevelopment agencies. The California State Controller's office started requiring annual financial reports from active redevelopment agencies in the 1980s. However, most agencies reported the bare minimum required information, often providing aggregate numbers, and failing to track how many jobs redevelopment activities created, or other evidence of economic development resulting from redevelopment projects. Combined with the complexity of redevelopment finance, the vague redevelopment agency reports only added to the public confusion over the real costs and benefits of redevelopment. At the same time, though, redevelopment and by extension tax increment

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4 Glendora proposed an amendment to their redevelopment plan that would have both combined a couple of existing areas and would have included almost the entire industrial section of the city into the new merged redevelopment area. One of the existing areas to be merged predated the 80% rule and included hundreds of acres of vacant land, much of which had been developed with luxury homes during the last two strong real-estate cycles.

financing had become a fundamental tool for economic development among local governments, especially after the passage of Proposition 13 in 1978.<sup>5</sup>

**Question: The Long-Term Impacts of Redevelopment**

The effectiveness of redevelopment as a means of physically improving areas, neighborhoods, and, specifically, the lives and livelihoods of the residents and businesses that are located in redevelopment areas is much different from the effectiveness of redevelopment as a municipal financial tool. TIF has proven to be one of the most utilized infrastructure and economic development funding tools available to local governments in California. Proof of its effectiveness exists in the fact that since its inception, it has spread throughout the nation and is now used by local governments across the country to finance development and redevelopment projects.

While tax increment financing has been the subject of many studies both in California and across the nation, much of the study of redevelopment comes from other states where, unlike California, TIF is separate from redevelopment, and “blight” requirements are either less stringent or non-existent. Two thirds of the states that currently use tax increment financing link it directly to blight requirements, and of those states, California's definition of blight is one of the most demanding (Lefcoe, 2010). Since many states do not have as restrictive of a property tax environment as California, the role that tax increment financing plays in financing local improvements, including infrastructure and economic development, varies considerably, and thus makes interstate comparisons complicated and potentially misleading. Studies performed in other

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5 Proposition 13 was a ballot initiative that rolled back property tax rates to 1976 levels and then put a 2% cap on annual property tax increases. One of the many consequences of Prop 13 is that local governments have lost much of the control they once had over tax income – unable to raise taxes to pay for projects, many jurisdictions have come to rely on tax increment financing for basic infrastructure construction and maintenance.



areas are difficult to generalize for California. At the same time, the majority of studies of redevelopment in California have focused on the roles of tax increment financing or eminent domain with little examination of the physical environment that redevelopment was intended to address. The long-term impact of redevelopment activities on specific neighborhoods is often unclear and spotty. While some neighborhoods appear to have experienced certain levels of gentrification as a result of redevelopment, others are worse than they were when the redevelopment agency designated the area a redevelopment project. Even within a single area, impacts can vary widely.

The current political and financial environment in California has put the future of redevelopment in question. The problem with relying on financial studies of tax increment financing and legal questions of eminent domain is that neither asks or answers the question of whether or not redevelopment activities are actually effective in improving the physical environment in the areas that they were intended to help. There is a shortage of long-term evaluations of redevelopment on the human element of the urban environment, on the residential neighborhoods and business districts designated as “blighted”, and on the demographic and social composition of those neighborhoods. How does redevelopment impact the large swaths of residential neighborhoods included in redevelopment area boundaries? An answer to this question should be required before the governor or the legislature makes any sweeping public policy changes to redevelopment in California.

### **Summary**

This thesis is an attempt to examine the long-term impact of redevelopment on residential neighborhoods and neighborhood composition. By analyzing the demographic and geographic changes in three redevelopment areas in Sacramento over the lifetime of those areas, I hope to show some of the ways that redevelopment has affected the residential component of

redevelopment neighborhoods. I am basing the analysis on census data at the block, block group, and tract breakdown, to capture as much detail about the differences within established neighborhoods as possible. I will then map the results through a geographic information system to identify the specific areas that have changed the most, and to posit potential spatial, economic, infrastructural, or other redevelopment project related reasons for that change.

### **Description of Remainder of this Thesis**

The remainder of this thesis contains five additional chapters. The second chapter will continue with a more thorough narrative of redevelopment in California that includes a discussion of the effects of Proposition 13 on redevelopment projects and financing, the quest for a viable definition of blight, and the relationship between redevelopment agencies and local governments. That chapter is followed by a review of the literature regarding redevelopment and tax increment financing in California. The fourth chapter will include a description of the methodology of this study including the means of gathering and assessing the data used for this analysis and how that data was processed. The fifth chapter is an in depth review of the results of the data evaluation process. The final chapter offers the conclusions and implications of the study and summarizes the principle components of the paper, suggests alternative options, and lists additional areas prime for additional study.

## Chapter 2

### PROPOSITION 13 AND REDEVELOPMENT

When voters approved and passed Proposition 13 into law in 1978, few politicians understood the chain of political events that would follow. That there was a looming fiscal crisis was obvious – and the State took immediate efforts to triage local governments’ sudden budget shortfalls. However, the long-term impacts were unknown, and in some cases, unknowable. In this chapter, I will provide a brief description of Proposition 13, some impacts that it has had on local governments, and the role that it has played in redevelopment in California.

#### **Proposition 13 – Origin and Definition**

Proposition 13, or the Jarvis Gann Initiative, as it was known before it received a numbered slot on the November 1978 ballot, was a response to growing dissatisfaction with the ever-increasing California property taxes. Median home values in California almost doubled from 1970 to 1980, increasing 89% from \$88,700 to \$167,300 (adjusted to 2000 dollars) – representing a more rapid rate of property value growth than ever seen before in the state (U.S. Census, 2012).<sup>6</sup> This rapid increase in property values quickly outpaced household incomes. From 1969 to 1979, median household incomes in California grew only 7%. In 1969 median household incomes were \$36,447 (in 1999 dollars); by 1979, incomes increased \$2,581 to \$39,028 (U.S. Census, 2010)<sup>7</sup>. This disparity between property prices and incomes meant that homeownership was rapidly moving out of affordability range for much of the population, and

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<sup>6</sup> According to Historical Census of Housing Tables Home Values found at <http://www.census.gov/hhes/www/housing/census/historic/values.html> home values in California were \$211,500 in 2000, \$249,800 in 1990, \$167,300 in 1980, \$88,700 in 1970, \$74,400 in 1960, \$57,900 in 1950, and \$36,700 in 1940, adjusted for inflation to 2000 dollars.

<sup>7</sup> Found at <http://www.census.gov/hhes/www/income/data/historical/state/state1.html>.

that those who did own property were seeing huge increases in their tax assessments, even if the assessment rate itself had not increased.

Before Proposition 13, each jurisdiction assessed property taxes independently – with many households residing in multiple tax assessment districts with multiple tax rates. A piece of property could be taxed by the county, the city, and any number of assessment districts (such as utilities and schools), each with their own rate and set of rules regarding tax increases and new assessments. This layering of tax rates combined with rapidly increasing home prices and a \$4 billion budget surplus contributed to the growing civic unrest regarding property taxation in the state, particularly in the ever-expanding suburban neighborhoods located in the major metropolitan areas of Los Angeles (Davis, 1990).

Tax unrest was not unique to California. During the 1970s, 37 states across the nation experienced tax revolts that led to a variety of tax limiting measures on both property and income taxes (Lo, 1990). Yet Proposition 13 raised the bar of property tax restriction to new heights. The new property tax law rolled back property values to the 1975-76 assessments, locked the property taxes in at one percent of those values, and capped annual inflation to two percent (Chapman, 1998). The county tax assessors update the property value assessment to the new market price when the property is sold, and then the tax rate is locked in at the new base year. The resulting \$6 billion reduction in revenues faced by local governments was devastating, or would have been if the State of California had not been running a \$4 billion budget surplus. The legislature immediately passed Senate Bill 154 (followed the next year by Assembly Bill 8 that refined and made permanent many of the stopgap provisions of SB 154) that provided emergency financial support to prop up local governments through the disbursement of State funds (Chapman, 1998). This action set a precedent for local governments' fiscal dependency on the state that has continued for over three decades.

### **The Consolidation of Fiscal Authority**

One of the most widespread consequences of Proposition 13 has been the consolidation of fiscal authority with the State of California. Local jurisdictions that were once able to institute new taxes and assessments to help pay for capital improvements, social programs, or public education as reflected by public need or public demand were suddenly stripped of that power and instead were provided a formula derived portion of the very limited property tax revenues. The State stepped in to assist counties with the costs of running public health and human welfare services but mandated that counties use the funds provided exclusively for those purposes.

The net effect of this consolidation of fiscal authority with the State has been a loss of autonomy and financial flexibility at the local government level. Funding from the formula allocated property tax is stretched thin to cover necessary services. State and Federal annual grants, such as the Community Development Block Grant, which have become critical components of many city and county budgets, also come with restrictions regarding their use. Local jurisdictions that are responsible for providing a wide variety of social and community services, infrastructure maintenance, and capital improvements, have little fiscal autonomy in how they pay for these services.

For local governments facing both an austere budget environment and a lack of fiscal autonomy, redevelopment and tax increment financing (TIF) becomes increasingly attractive. This is in part due to the lack of rules regarding how TIF funds are spent and the generally relaxed reporting requirements demanded by the State. Additionally, the fact that the authority to incur TIF backed debt lies in the votes of the redevelopment agency instead of the general public means that access to redevelopment's tax increment funds is not tied to a public ballot schedule. Another appeal of redevelopment is the composition of the redevelopment agency itself, which is often either closely affiliated with or the same as the local governing body, and which gives local

governments the leeway to adjust expenditures according to perceived local need. In many cases, that perceived local need is for more general fund income.

### **Redevelopment and the Fiscalization of Land Use**

Fiscalization of land use is the term coined by Dean Mischynski in 1986 to describe the process of determining land uses based on revenue and expenditure (Campbell, 1998). The severe revenue shortfalls incurred by the tax limitations of Proposition 13 combined with the consolidation of fiscal authority with the State meant that local governments were constantly searching for additional revenue streams that were, at least nominally, under their control. Determining land uses is a power that has been firmly rooted in the jurisdiction of local governments, and the tendency to use planning and zoning to maximize fiscal gains was a natural response for jurisdictions looking for fiscal stability and autonomy. The result on the built environment has been inescapable.

Commercial land uses inherently bring in more revenue and cost less than residential uses – in part, because commercial uses require fewer public services. Big box stores, auto malls, and tightly clustered strip-mall developments are, or until the most recent recession, were much sought after by local governments competing for additional revenues due to their significant revenue gains over and above their development expenditures. This has been especially true when developers build these large retail commercial projects in greenfields on the outskirts of other commercial and residential developments where land is still relatively cheap. Situs based sales tax formulas that allocated significant sales tax revenues to the jurisdiction where purchases physically take place encourages stiff competition between local governments eager to tap into any additional revenue source.

The same flexibility and autonomy that was arguably intended to make redevelopment and TIF a functional tool in addressing real blight, has also made it an ideal tool for luring new

commercial development. Redevelopment agencies have used tax increment funds to subsidize infrastructure costs or provide other incentives to entice the firms looking for development deals. In theory, the role of redevelopment and TIF in drawing firms to a jurisdiction was to encourage the physical and economic revitalization and re-use of blighted or under-developed land. In fact, redevelopment, in terms of rebuilding on previously built land, can be and often is much more expensive than greenfield development, especially when competing local jurisdictions are willing to subsidize infrastructure costs. Not only does the re-use of pre-developed land often mean that a development is physically restrained by adjoining parcels and land uses, but there are a host of demolition, environmental, and neighborhood impacts that tend to drive up project costs beyond similar greenfield developments. The result is a conflict between purpose (the amelioration of blight), and practice (economic development).

### **The Problem with “Blight”**

In 1994 and again in 2006 the California State legislature made significant changes to California Redevelopment Law (CRL) in efforts to stem land use abuses by redevelopment agencies with overly liberal definitions of “blight”. Before the 1994 changes, blight, which was the primary determining factor of what land was and was not eligible for redevelopment, was vague. Agencies had significant leeway in how they chose to define “blight” and the only real threshold that they had to meet was whatever would keep them out of court. Counties and assessment districts, such as fire and police, would face a serious loss of future revenue if territory were designated a redevelopment area. Their recourse was to challenge the redevelopment agency in court and force judicial review of the redevelopment plan to ensure compliance with the CRL.

The threat of a lawsuit is something many agencies still take seriously. Before 1994, the solution to a potential lawsuit was prevention – in the form of negotiated pass-throughs for the

taxing entities most likely to initiate legal action against the new redevelopment area. Pass-throughs are tax increments that the redevelopment agency allocates to other taxing entities, like counties and special districts. Prior to the 1994 CRL amendments, redevelopment agencies negotiated pass-throughs with the affected taxing entities on an individual basis, resulting in a wide range of pass-through rates (Dardia, 1998). Counties and special districts, assured of getting a cut of the tax increment, would forego legal challenge to the redevelopment area, and redevelopment agencies were given considerable leeway in their definition of “blight”. As a result, it was not uncommon to see large swaths of undeveloped and vacant land included in redevelopment areas throughout California. After 1994, when the legislature locked in the pass-through rate at a fixed percentage, thus eliminating redevelopment agencies’ flexibility in negotiating “blight”, the ability to claim undeveloped land for redevelopment became much more difficult. However, by that point redevelopment agencies had already designated thousands of acres of undeveloped and vacant land for “redevelopment” (Dardia, 1998).

The amorphous definitions of “blight” meant that redevelopment agencies, with their access to autonomous tax increment funds, could play active roles in assisting local governments in the quest to get the most revenue out of land use decisions. Agencies had the fiscal autonomy to pay for new or upgraded infrastructure, and could even donate or, theoretically, condemn land for new development projects. Even when the redevelopment agency did not have a direct link to specific revenue-driven land-use projects, they still had the ability to use tax increment funds to cover infrastructure and maintenance costs in the redevelopment area. These were costs that might have otherwise drawn down the jurisdiction’s general fund or required general obligation bonds that would have counted against the jurisdiction’s debt limits. Redevelopment’s autonomous tax increment gave the jurisdiction some extra fiscal flexibility in the quest for additional revenue. While the definition of “blight” has been strengthened by the legislature, it



could be argued that redevelopment's role in local government finance and land use decisions has also increased as many jurisdictions rely heavily on tax increment funds to provide some amount of fiscal autonomy.

### **Education Finance – The State's Leaky Bucket**

Not every special district is a direct adversary to redevelopment agencies looking to form new or amended redevelopment areas. The one category of special districts that redevelopment agencies do not generally need to be overly concerned about are also the special districts with arguably the most legislative and political leverage – the school districts (Dardia, 1998). School districts were not exempt from Proposition 13's property tax limits. During the 1960s and early 1970s California school districts were recognized as some of the best in the nation (Carroll, 2005). In part, this was a result of the multi-layered property value appraisal and tax assessment policies available to the various taxing entities. Local jurisdictions had the ability to levy additional assessments for school districts to use in order to improve per-pupil spending. In 1971, the California Supreme Court determined in the case *Serrano vs. Priest* that the school finance system in the state was unconstitutional (Coon, 2008).<sup>8</sup> School districts in wealthier neighborhoods with higher property values were spending significantly more money on education per pupil than schools in poorer neighborhoods where property values were lower and residents less likely to be able to accommodate additional school district tax assessments. This disparity in educational spending between the wealthier and poorer areas of the state initiated a variety of attempts at improving social equity – including integrative bussing in Los Angeles where the

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<sup>8</sup> *Serrano v. Priest* actually included three California Supreme Court decisions between 1971 and 1977 and two trial rulings in 1974 and 1983. The class action suit originated in Los Angeles in response to significant discrepancies in education spending per pupil between inner-city and suburban school districts. A key issue was the fact that poorer neighborhoods had to tax themselves at much higher rates than wealthy neighborhoods to match per pupil spending levels, something that was impossible for many low-income neighborhoods to do.

inequality was particularly severe, and ultimately resulted in statewide school finance reform (Davis, 1990).

Proposition 13 legislatively eliminated the ability of individual school districts to levy additional assessments or taxes. Districts that had been relying on additional assessments to supplement their portion of the jurisdictional property tax were suddenly faced with huge operating deficits. The State responded by taking official control of allocating school district funds, backfilling most of the deficits and equalizing per-pupil spending across the state (Campbell, 1998). Proposition 98 in 1985 set the minimum per-pupil spending that the State was obligated to provide to school districts. This was in response to the realization that California's public education spending had noticeably begun to fall behind the rest of the nation (Carroll, 2005). This meant that the State guaranteed a minimum operating revenue for school districts. This guarantee relieved some of the pressure that school districts had been putting on property taxes. Essentially, if the redevelopment agency declared an area blighted and started collecting the tax increment, the school district, which would lose their portion of the tax increment along with the other taxing entities, could rely on the State to backfill revenues to meet the mandated minimum (Fulton and Shigley, 2005). While this meant that school districts were much less likely to exert the legal pressure necessary to negotiate pass-throughs from redevelopment agencies, it also meant that the remaining taxing entities could not rely on the legal and political influence of school districts to regulate redevelopment agencies and enforce more conservative definitions of "blight". Many analysts and experts have compared this relationship between the State, education finance, and redevelopment agencies as a State subsidy of redevelopment by proxy.

### **Unforeseen Consequences of Proposition 13 on Redevelopment**

Proposition 13 had a number of unforeseen and unintended consequences on local governments, the State, and the quantity and quality of public services and institutions. Even now, over 30 years since voters passed the tax limiting initiative, there are political, economic, and social repercussions that are still open for additional analysis. For instance, Proposition 13 has had long-term impacts on housing affordability and, as some experts argue, contributed to housing price volatility because it disproportionately rewards long-term home-owners by allowing them to both grow wealth through home equity and keep lower property taxes (Hoyt, Coomes, & Biehl, 2011).

Some studies suggest the initiative contributed to the rapid increase of housing prices in California, which has had direct impact on social equity and housing accessibility. How has the proposition affected racial and ethnic minorities? Davis (1990) suggests it contributed to racial and ethnic segregation by contributing to the rising housing prices that have prevented many of the lower-income groups, including minorities, from being able to purchase a home in increasingly expensive suburban neighborhoods. It has also had direct impacts on the ability of communities to raise funds to pay for the “goods and services” that they prefer. Then there is the fact that tax-averse residential advocacy groups have consistently expected local governments to provide additional services at less cost – the something-for-nothing principle. While government efficiency is a good goal, there is a difference between efficiency and reduced capacity – a difference that may have contributed to the dis-investment of downtown centers and first ring suburbs in favor of suburban sprawl and greenfield development. There is also evidence that one of the most direct consequences of Proposition 13 has been the demands it has put on local governments to get clever about identifying and capturing additional revenue – even when the long-term environmental, social, and developmental externalities far outweigh the short-term

revenue gains. Financial maneuverings have become increasingly complicated and obfuscated from the public view, and loophole hunting is considered all but billable for many municipal and county lawyers as well as local government and special district staff (Campbell, 1998).

The consequences on redevelopment have also been significant. First, the limits created by Proposition 13 and the subsequent consolidation of fiscal authority with the State have made redevelopment increasingly attractive for many jurisdictions. Redevelopment agencies and areas have dramatically increased in number and activity since 1980, when there were 197 agencies with 300 project areas, to 2008 when 425 redevelopment agencies reported on 756 project areas with a total tax increment of \$5.36 billion (Campbell, 1998; State Controller's Office, 2010). Local governments looking for a means to differentiate themselves economically from competing jurisdictions to draw in firms and spur economic growth have become increasingly reliant on redevelopment funds for incentives and subsidies. At the same time, the fiscalization of land use has, in some cases, co-opted redevelopment to assist in the constant hunt for more revenue and fiscal autonomy.

Two other consequences involve the size and longevity of redevelopment areas. The flexibility and autonomy of redevelopment allocated tax increment gives many agencies additional incentive to include as much territory as possible in their redevelopment areas. Gordon (2004) noticed that redevelopment areas have considerably increased in size over the decades since the passage of Proposition 13, doubling in average acreage to about 800 acres. This increase in size not only means that redevelopment agencies are collecting more tax increment, but that the tax increment available for expenditure is not isolated to a specific neighborhood or project and instead can be used throughout the redevelopment area as needed. The second consequence is that many redevelopment agencies, and by extension local governments, have become dependent on the tax increment for economic development, infrastructure, and

maintenance costs. The expiration of redevelopment areas that locked down the property tax rate in the early 1970s means an instant and dramatic loss of tax increment funds for the corresponding redevelopment agency. Agencies and redevelopment legal experts have worked hard at finding loopholes that allow areas to remain in redevelopment past their designated retirement date (Fulton and Shigley, 2005). However, in the next few years many of the oldest redevelopment areas are legally scheduled to expire. For some the redevelopment effort has been moderately successful and while the loss of tax increment may be significant, the physical impact on the redeveloped area may well be negligible. Other neighborhoods, however, have not had the same results, and still show significant signs of blight. The loss of redevelopment tax increment will still be significant, even in areas where property values are way below county averages, simply due to decades of property price inflation. The loss of tax increment and the fiscal authority to spend it as deemed necessary may well have a dire impact on these still blighted neighborhoods. Whether redevelopment is eliminated or not, the next few years may prove to be a huge challenge to neighborhoods struggling with decades of blight compounded by housing price volatility and long-term economic recession.

### Chapter 3

#### LITERATURE REVIEW

Redevelopment, both in California and in the rest of the United States, has been the subject of considerable study. One reason for academia's interest in redevelopment is due to its multiple moving parts. Redevelopment is an activity that is inherently part financial, part physical, part social, and part political. It is also an example of how policy and practicability can differ. Many states, not just California, have seen a deviation between their original redevelopment policies and their actual redevelopment activities. Redevelopment in California, however, is unique compared to the rest of the nation. First, California was the first state to use tax increment financing (TIF), and legitimized it by writing TIF directly into California Redevelopment Law (CRL) in 1952. While many states have followed suit, few have the decades of TIF experience combined with the inherent linkage between redevelopment and TIF that characterizes California's redevelopment law. Second, California's ongoing struggles with the property tax restrictions imposed by Proposition 13 in 1978 have placed redevelopment and TIF much higher in the hierarchy of municipal tools than in states that either do not have the same kinds of property tax limits or that have kept TIF separate from redevelopment laws. And third, few states have blight definitions as stringent and demanding as California's current standards. Redevelopment in California is defined by blight and financed by TIF, and has been since the beginning of the modern redevelopment movement. To understand redevelopment in California means understanding TIF, the problems with "blight" as a measurement, and the long-term effects of declaring areas "blighted" for the purpose of creating TIF districts.

The following literature review is broken into three components: (1) an assessment of TIF, (2) an evaluation of "blight", and (3) a discussion of some recognized long-term results of redevelopment activity, specifically gentrification. By breaking redevelopment in California into

its base components, I was able to use literature that focused on those components in general, the impact of the components in other states, and the role of the components specifically in California to develop a more comprehensive review.

### **Tax Increment Financing (TIF)**

Tax Increment Financing plays a variety of roles in the different cities and counties that use it to fund development. While 49 states allow TIF in some form or another, the rules that govern its use run a gamut (Briffault 2010). Johnson and Kriz (2001) analyzed the variations between the different states application of TIF and discovered that only 33 of the then 48 states with tax increment laws on the books required some sort of blight finding, and for the vast majority of those that did require a finding of blight the definition of “blight” was “not quantified”. Johnson and Kriz (2001) also identified significant differences in the way that states handled the issues of overlapping tax districts, such as school districts and counties. While a small handful of states, like California, included some sort of partial remediation for tax increment loss for special districts via pass-throughs or, unlike California, used alternative timelines wherein school districts started to receive their portion of the increment early, other states fully exempted school districts from TIF areas. Though Johnson and Kriz (2001) provide a very clear comparison of tax increment financing laws in different states, they do not compare how these laws ultimately impact the selection of which projects will be funded by tax increment financing. Nor do they discuss the role that legislated and voter approved property tax restrictions, such as Proposition 13 in California, have played in influencing the differences between TIF laws in different states. However, the sheer variety in state government approaches towards TIF underlines some of the difficulties involved in firmly tying TIF to one particular kind of economic development activity.

TIF's rise in popularity is in large part, as Man (2001) argues, due to the gradual reduction of federal support for infrastructure and capital improvements at the local level. Local governments, who are frequently torn between the fiscal needs for infrastructure construction and maintenance and the political complications involved in raising taxes or adding special assessments to the tax roll, find TIF particularly appealing because it does not change the amount of taxes that residents pay, but instead changes the allocation of those taxes to favor TIF districts. Another reason that Man (2001) suggests cities are willing to adopt TIF districts is to address excessive unemployment and economic stagnation. Local governments can use the improved infrastructure and other economic development policies funded by TIF backed bonds to lure in new businesses and additional development, thus enlarging the job base. Byrne (2010), however, found through his regression analysis of TIF districts in Illinois that there was no general evidence that tax increment financing increased employment in the districts where municipalities used it as an economic development tool. His research showed that only in the case of industrial based TIF districts was there any increase in municipal employment while residential and commercial TIF districts had no significant results.

The mixed results regarding the use of TIF for redevelopment projects is complicated by the role that TIF plays in municipal finances. Chapman (2001) reviews the use of TIF as a response to fiscal stress in California cities. He cites four situations in which municipal fiscal stress might encourage a local government to look to TIF for funds - natural disaster, externalities due to national economic conditions such as military cutbacks and illegal immigration, voter initiatives, and the complexity of the state and local government revenue formulas. Redevelopment agencies can use TIF to finance infrastructure and to supplement or replace the general obligation bonds that would otherwise be necessary to facilitate capital improvements and address maintenance demands. Jurisdictions can also use TIF to improve an area's fiscal



character. Local governments can use TIF to fund legitimate projects that respond to specific local needs, such as the repair of downtown Santa Cruz after the Loma Prieta earthquake. However, some agencies also used TIF to fund development with the sole purpose of increasing sales tax – such as car dealerships and big box stores – as a means for municipalities to compensate for reduced tax revenue due to tax restricting voter initiatives.

Yet it is the flexibility of tax increment financing as a fiscal tool that, as Briffault (2010) explains, is a large part of its appeal for local governments. He goes on to present four basic reasons that TIF has become so widespread as a means of financing local development. First, the decentralized nature of tax increment financing – where there is no singular controlling agency or funding entity that can establish regulations and requirements – marries well with decentralized local governments who are looking for fiscal tools that they can effectively control without excessive state, federal, or voter input. Second, tax increment financing also reflects the increasing fiscalization of land use. TIF's allure to local governments who have lost the ability to levy additional tax assessments to pay for infrastructure and economic development is that they can use it to finance land use decisions that maximize financial return – whether through an increase in the tax base or additional sales tax revenues or other fee structures. Third, local governments are frequently very competitive, not just with other cities or counties, but within the local government structure between taxing entities. TIF feeds this conflict by forcing local governments into a game theory scenario, wherein if one city adopts a TIF district to draw new development, the other nearby cities must also adopt TIF districts to stay competitive. At the same time, TIF fuels the conflict between taxing entities as it redistributes the very tax increments that service providers need to meet the demands of local growth. Fourth, tax increment financing connects with the free market ideology. Tax increment financing appears to be an innovative and entrepreneurial market driven development tool that meets the public perception that local

government should perform with efficiencies more akin to private industry. One problem, Briffault notes, with these views of TIF is that it divorces tax increment financing from the blight that redevelopment was originally intended to ameliorate by turning TIF into a tool that is primarily focused on economic development.

However, tax increment financing's effectiveness as an economic development tool is not as clear as most policy makers probably think. Dye and Merriman (2000) found, through an analysis of TIF districts in Chicago, that cities who had adopted TIF districts, particularly during the early 1990s actually grew slower than cities that did not adopt TIF districts. Their explanation is that areas targeted for tax increment financed projects are essentially subsidized by the tax increment of the entire district. Therefore, while the targeted area may exhibit significant economic growth, it does so at the expense of the overall district. However, in their analysis of similar studies, Dye and Merriman show the difficulty in accurately measuring the impacts of TIF. They evaluate a study by Man and Rosentraub (1998) in which TIF was associated with increased median home value in Indiana. They also cite a regression analysis of economic incentives in cities around Detroit completed by Wassmer in 1994. In that study, TIF displayed a positive influence on retail employment. Wassmer (1994) explains that his results show that not all economic development tools are equally effective, and suggests that TIF's positive influence may be in part because TIF districts do not suffer from the same bureaucratic roadblocks as other forms of municipal revenue generation. Additional studies cited by Briffault also suggest that TIF does little to encourage new development, and that it instead works to shuffle development from one place to another within the city or region, with no net gain.

Dardia (1998) set the performance standards for tax increment financing higher than a simple positive impact on growth in his 1998 study of California redevelopment projects. Keeping in mind that tax increment financing in California is inexorably tied to redevelopment,

Dardia argues that in order for TIF to actually be worth the increment loss suffered by other taxing entities, redevelopment would have to dramatically increase the value of the project areas – as much as six times the increase seen by nearby non-project areas. Dardia used 38 matched pairs of redevelopment projects and non-redevelopment areas and did a parcel-by-parcel comparison of individual parcel values between the time that the redevelopment project area was initiated (between 1978 and 1982) and 1996. What he found, after subtracting the “natural” growth as exhibited by the non-redevelopment control areas and any pass-throughs that project areas paid to other taxing entities, was that out of 38 project areas, only four added value beyond the cost of the increment that they collected during the life of the project. Four more project areas created between 80 and 100% of the increment collected. The remaining 30 project areas created, on average, an increase in value that was about half of the amount of increment that had been collected. This study suggested that counties, school districts, and, ultimately, the State of California were subsidizing redevelopment in the vast majority of project areas. Dardia’s results contradict one of the biggest selling points of TIF – that TIF projects pay for themselves through a post-redevelopment increased tax base. Dardia’s study also revealed something important about the physical nature of the successful project areas. Of the four areas that increased in value beyond their cost in increment, all four had more than 50% vacant land in their area boundaries at the initiation of the redevelopment project. This finding is critical in two respects. First, it follows with Briffault’s economic development theory in that redevelopment agencies used TIF in these project areas more for development than *re*-development, and that as a development tool, TIF can be very effective at driving growth. Second, Dardia’s findings regarding the successful use of TIF undermined the fundamental criteria for declaring an area a redevelopment project in the first place - blight. Of the studied project areas that did not create more value than increment cost, the average amount of vacant land at the initiation of the project was only 14%. This

inefficiency suggests that TIF may not be the best economic development tool for addressing urban blight. Yet, as Dardia comments, a large part of that discrepancy lies in the inconsistency of the political definition of “blight”.

### **Blight**

Dardia is not the only TIF researcher to struggle with amorphous definitions of blight. Lefcoe (2001) also recognizes that there is a disconnect between the most fiscally advantageous use of TIF and its attachment to blight. He explains that the best candidates for tax increment financed projects are areas where the land is already vacant or easily cleared and where the potential demand for “higher and better” uses in the area is sufficient to ensure a real tax base increase. The problem is that redevelopment agencies in California have considerable incentive to maximize the fiscal returns on TIF projects, particularly considering the property tax limits instilled by Proposition 13. This means that on one hand, as Lefcoe points out, the most blighted neighborhoods are poor candidates for TIF projects because there is no latent demand to convert the properties into higher uses. On the other hand, it encourages uses that provide the highest tax increment, and those are seldom residential and never affordable residential developments.

Lefcoe’s concern is shared by Man, Johnson and Kriz, and Briffault in regards to the “but for” clause that characterizes all of the blight affiliated TIF legislation. The “but for” clause states that TIF is only a viable option in cases where there would be no redevelopment and no increase in the taxable base “but for” tax increment financed investment. However, if an area has either latent or potential demand for redevelopment to higher and better uses, then it can be difficult to prove that the “but for” clause applies. The more potential an area possesses, the more likely that private development would happen without tax increment assistance. Dardia’s analysis of redevelopment project areas validates this concern, as it was the project areas with the most vacant land that had the highest return on tax increment financed projects.

The incentive to maximize the fiscal returns on TIF funded redevelopment is particularly problematic when the key criteria by which areas qualify for redevelopment is blight. Gordon (2004) traces the evolution of the definition of “blight” to its origin as a designation for sub-standard housing and residential conditions. Residential blight was the problem and tax increment financed, or “self-financed”, redevelopment was supposed to be the solution. Yet as TIF fiscalized redevelopment, both developers and municipal agents found that there was little incentive to replace blighted housing with more housing – particularly affordable housing, which did little to nothing to increase the tax base. Gordon points out a concern shared with Lefcoe that the fiscalization of redevelopment inherent in tax increment financed projects encouraged looser definitions of blight and the adoption of larger redevelopment areas – resulting in the overuse of redevelopment powers. There is evidence in California’s redevelopment history that this concern was valid. Legislative efforts at narrowing the definition of blight and curbing redevelopment have largely been a response of perceived abuses of redevelopment powers by local governments.

### **Gentrification**

While the use of TIF may not naturally encourage the development of affordable housing, in many cases TIF’s financial success relies on the gentrification of the housing stock around new projects. The success of redevelopment as a whole has often been directly associated with whether or not the redevelopment efforts have been successful at encouraging private investment, development, and rehabilitation of the area. Yet, as Freeman (2006) points out, gentrification is an emotionally and politically charged topic. He examines the contradiction between gentrification as identified by housing advocates and gentrification as experienced by people living in the neighborhood. Freeman interviewed residents in two gentrifying neighborhoods in New York and found that while there was quite a bit of range in how residents felt about the changes in their neighborhoods, almost all of them viewed the changes as positive. One curious

aspect of Freeman's study that does not completely translate to gentrification in California is that while most of his interviewees were concerned about rising rents forcing long-time residents out of the neighborhood, almost none of them were concerned about their specific situation. Freeman suggested that this was due to the history of rent control and the rise of co-op owned apartment complexes in New York. He also admitted that it was likely that the most vulnerable residents would have been priced out of the neighborhood at the very beginning of the gentrification process – long before he started his interviews. While California does not have the same history of extensive rent control, it does have Proposition 13, which has acted to keep property taxes artificially low which is of particular benefit to long-term homeowners. It is likely that, in California, homeowners in gentrifying neighborhoods would experience a similar kind of protection against rising taxes that New Yorkers in rent-controlled complexes have against rising rents. As Freeman notes, this stability allows remaining residents to enjoy the increased amenities inherent in gentrification.

The experience of gentrification, as reported by Freeman, is much different from the often-wholesale relocations and property condemnations that marked redevelopment's history. Yet, as Hackworth and Smith (2001) remind, gentrification is more than a social experience, it is a market driven activity. Gentrification is the byproduct of latent redevelopment potential. As Hackworth and Smith argue, gentrification will happen without governmental intervention in areas where redevelopment offers sufficient potential for profit. However, as local governments become more entrepreneurial and as they increasingly focus on increasing tax revenue, especially sales tax revenue, they also become complicit partners in advancing the gentrification process. Cumulatively, the use of TIF, the vague definitions of "blight" and the governmental fiscal interest in supporting gentrification poses serious social equity questions. There is incentive to define "blight" as loosely as possible so as to establish redevelopment projects in areas with the

most potential for profitable redevelopment, which may not necessarily be the areas with the worst social and physical conditions. There is little fiscal motivation to build affordable housing with TIF funds as they do not provide a sufficient increase in the tax base to pay for the increment costs involved in the construction process. And, there is municipal support for gentrification (though mostly unspoken) because gentrification does increase tax revenue. The net impact is a redevelopment environment that is unfavorable if not downright hostile to the protection and development of affordable housing, even though redevelopment and TIF is underwritten by legislation intended to improve and protect that housing.

### **Summary**

Johnson and Kriz showed that municipalities have used tax increment financing under a wide variety of legal and fiscal circumstances in the U.S. Dardia's examination of the financial viability of TIF raises serious questions about whether or not TIF is a fiscally responsible tool for redevelopment. Dye and Merriman offer proof that tax incentives, like TIF, encourage development, though, as Byrne explained, not employment. While Briffault suggests that TIF does not so much increase economic development as move it around from one place to another within the region. Chapman describes how municipalities and other jurisdictions can use TIF to respond to fiscal stress and improve an area's fiscal character by supplementing general obligation bonds and using redevelopment to increase sales tax. Briffault explains TIF's popularity as an economic development tool for local governments, but questions whether it is a good match for blight driven redevelopment. Lefcoe and Gordon expose the problems inherent in using "blight" as a metric for redevelopment and tax increment financed investment. Freeman and Hackworth and Smith show that financially profitable redevelopment often raises social equity questions about gentrification and forced residential relocation, particularly when that redevelopment is subsidized by funds provided through a local government, as in the case of TIF.

One of the complications inherent in the theoretical studies, and statistical and financial analysis of redevelopment is that it is divorced from the spatial project area – the physical changes funded and supported by redevelopment efforts. While the policy analysis of redevelopment raises some very serious and valid questions regarding the efficacy of redevelopment as a community revitalization tool, it is incomplete without a corresponding analysis of redevelopment's impacts on neighborhoods and residential living conditions. A thorough analysis of redevelopment's impact on the built environment and on residential neighborhoods is a topic that deserves considerable analysis, particularly in light of the controversy regarding the financial role redevelopment plays in the State and local governments. This thesis intends to initiate that analysis. The following chapter discusses the methodology used in this study, including the selection of the different redevelopment areas, the variables chosen for analysis, the data sources used, the means of analysis, and the limitations of this evaluation.



## Chapter 4

### METHODOLOGY

In preparing this study, I considered various methods of analysis, including community surveys, regression analysis, and cost benefit analysis. It was important in designing the study that the means of analysis complement the question – what is the long-term impact of redevelopment on residential neighborhoods and neighborhood composition? The methodology that best fits the question is a descriptive analysis of case studies. I selected three redevelopment areas in Sacramento for the focus of this study. The following section explains which areas were selected, why, and provides a brief history of each area.

#### **Area Selection**

Redevelopment in Sacramento is somewhat different than in many other cities in California. First, Sacramento's redevelopment agency is also its housing authority. The Sacramento Housing and Redevelopment Agency (SHRA) was the result of a merger between the Sacramento Redevelopment Agency (SRA) and the Sacramento Housing Authority (SHA) in 1972 as the result of an embezzlement scandal in the SHA (Trainor, 1991). The SHRA's range is not limited to the City of Sacramento boundaries. The SHRA manages redevelopment project areas throughout Sacramento County, including the retired Mather and McClellan military bases. Redevelopment in Sacramento began long before the consolidation of the SHRA. The initial downtown, old-town, and Capitol Mall redevelopment areas were designated as project areas by the original SRA in the 1950s (Trainor, 1991). This includes the first Alkali Flats redevelopment project area that was selected for redevelopment in 1957 (Trainor, 1991). The SRA's initial redevelopment efforts in downtown and old-town were a mix of preservation and economic development and included some of the most criticized components of the urban renewal

movement – the bulldozer and tenant “relocation.” While much of the historic old-town was preserved and restored (a process that took several decades), the original downtown areas, for the most part, had all tenants evicted (resident relocation requirements at the time were minimal) and the land scraped clean for new construction (Trainor, 1991). These efforts consumed most of the SRA’s resources and capacity, and it wasn’t until the early 1970s, and the merger with the SHA that redevelopment in residential neighborhoods became a more pressing priority (Trainor, 1991).

The goal in selecting the redevelopment project areas for this study was to find projects with significant residential components, but that also included some commercial development, that were of similar vintage, and that had unique residential characteristics. The residential components were necessary because the goal was to measure redevelopment’s impact on residential neighborhoods. However, the literature suggests redevelopment’s financial success is measured in economic growth and since many redevelopment efforts have been focused on commercial development, the areas also needed to have some commercial focus. The age of the selected redevelopment areas needed to be similar to ensure that all three areas had had sufficient time to realize impacts from redevelopment – particularly since the goal of the study is to evaluate long-term impacts. However, the selected areas also had to have unique characteristics. This is because it could be hypothesized that the base neighborhood characteristics would not only affect the kind of redevelopment efforts expended in the neighborhood, but could also suggest what kinds of residential neighborhoods were most likely to recognize the most quantifiable benefit from redevelopment. Since this study only includes three redevelopment areas from the same city, any results would be anecdotal at best and would definitely pose serious limitations in extrapolating the findings to other areas. However, they might also provide a starting point for further and more in-depth research about the impacts of redevelopment on the neighborhoods in the project areas.

The three areas chosen for this study are Alkali Flat, Del Paso Heights, and Oak Park. Though Alkali Flat was originally designated a redevelopment project area in 1957, it wasn't until the Alkali Flat Redevelopment plan developed in 1972 was approved that any redevelopment based activity was initiated. The Del Paso Heights redevelopment project area was designated in 1970 and Oak Park became a redevelopment project area in 1973. A critical part of the analysis of these areas includes a comparison of the changes in the redevelopment project areas to changes in nearby non-redevelopment neighborhoods and, in some cases, to Sacramento County as a whole. For the control neighborhoods, I selected Census block groups and tracts immediately adjacent to the redevelopment areas. These control areas were examined to ensure that they included both residential and commercial land uses and that they were not too dissimilar in age or origin from the redevelopment project areas. The control neighborhoods are identified with their respective study areas below.

### **Alkali Flat**

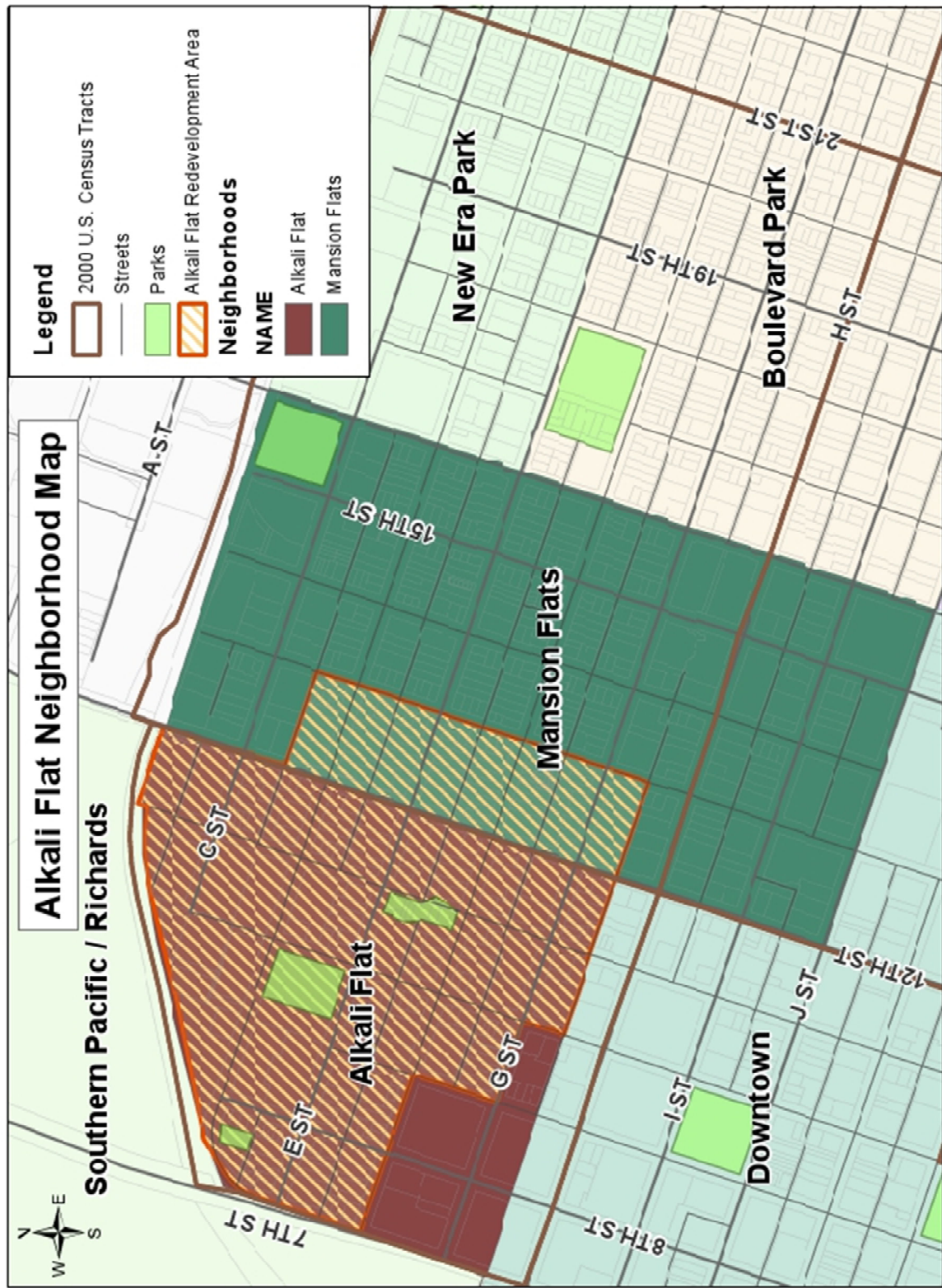
Alkali Flat was one of the first residential neighborhoods in Sacramento and contains a mix of classic Victorian-era structures intermixed with working-class bungalows of similar vintage. It also contains one of the earliest commercial avenues along 12<sup>th</sup> Street. The area is adjacent to the original downtown redevelopment area to the south and shares borders with the newer River District redevelopment project area to the west and north, which includes the Railyards and Richard's Blvd. planning areas. Central city dis-investment and the abandonment of urban residential neighborhoods for new suburban developments hit the Alkali Flat neighborhood hard, and by the 1970 Census, the neighborhood had the lowest median income in the City and contained three of the poorest neighborhoods (SHRA, 1977). The area had a reputation as a high crime neighborhood, and easily met the redevelopment definition of "blight" with its aged and neglected housing stock. One thing unique to the Alkali Flat neighborhood, and

possibly in part due to its deterioration during the mid-20<sup>th</sup> century, was the number of historically and architecturally significant structures still standing in the neighborhood. Unlike the downtown, which was all but razed during the commercial redevelopment process, many of the original structures built in Alkali Flat were still standing, albeit in poor condition, when the agency finally began planning the area for redevelopment. The historical and cultural preservation movement was gaining momentum in the 1970's and many of the oldest structures in Alkali Flat were marked for restoration instead of demolition. At 79 acres, Alkali Flat is the smallest of the redevelopment areas in this study, probably in large part because the original redevelopment area boundaries were drawn by the SRA before the advantages of larger redevelopment areas were recognized. The control area for the Alkali Flat redevelopment project area is the Mansion Flats neighborhood located to the east of the redevelopment area. This neighborhood includes many homes from the same general period, has a considerable amount of rental housing, and includes similar commercial development.

Neighborhood delineations in Sacramento do not always match up exactly with the other spatial identifiers used in this study. In the Alkali Flat analysis, a portion of the Alkali Flat Redevelopment area is actually in the area identified as Mansion Flats, while a part of the neighborhood identified as Alkali Flat is not in the redevelopment area. Additionally, the U.S. Census blocks and tracts that I used for the long-term comparisons do not always align exactly with the neighborhood or redevelopment area boundaries. In the case of the Alkali Flat analysis, the Census tract used to identify the Mansion Flats neighborhood statistics also includes parts of the adjacent neighborhoods of Boulevard Park and New Era Park. These neighborhoods have comparable development patterns to Mansion Flats and were built out at around the same time. In the interest of simplicity, the comparison only references Mansion Flats even though the Census tract crosses neighborhood boundaries. Figure 1 shows the Alkali Flat Redevelopment

Area in relation to the Alkali Flat neighborhood and to the adjacent Mansion Flats neighborhood and other surrounding neighborhoods. The map data layers I used for all of the maps in this study come from multiple sources. The base City of Sacramento map layer, including the streets and centerlines as well as the location of parks, rivers, transportation, the redevelopment areas, and the individual neighborhoods is from the City of Sacramento Geographic Information Systems Data website (City of Sacramento, 2011). The U.S. Census blocks, block groups, and tracts map layers are from the U.S. Census Bureau TIGER files, downloaded from the U.S. Census website (U.S. Census Bureau, 2011). I created all of the maps in this thesis using ArcMap GIS software combining the various map layers.

Figure 1.



Alkali Flat Neighborhood Map showing overlay of U.S. Census tract boundaries, local neighborhood identities, and the Alkali Flat Redevelopment Area.

The following table shows the median household income, median home value, median contract rent, vacancy rate, owner-occupancy rate, and renter-occupancy rate variables for both Alkali Flat and Mansion Flats in the 1970 Decennial Census, two years before the SRA initiated the 1972 redevelopment plan. For the purpose of this study, as will be discussed later, all monetary amounts have been adjusted to 2000 dollars for comparability across multiple decades. Additional variables, such as total population change, total housing unit change, and demographic composition including racial, ethnic, and educational attainment are examined in the Results section of Chapter 5. Complete analysis and comparison tables are provided in the appendix.

**Table 1. Alkali Flat Study Area 1970 Census**

| <b>Neighborhood</b> | <b>Median Household Income</b> | <b>Median Home Value</b> | <b>Median Contract Rent</b> | <b>Percent Vacant</b> | <b>Percent Owner-occupied</b> | <b>Percent Renter-occupied</b> |
|---------------------|--------------------------------|--------------------------|-----------------------------|-----------------------|-------------------------------|--------------------------------|
| Alkali Flat         | \$20,433                       | \$77,225                 | \$271                       | 8.3%                  | 6.5%                          | 85.2%                          |
| Mansion Flats       | \$25,116                       | \$64,798                 | \$333                       | 7.5%                  | 12.2%                         | 80.3%                          |

**Comparison of Alkali Flat and Mansion Flats neighborhood variables from the 1970 decennial Census (U.S. Census Bureau (1973)).**

As shown in Table 2 above, the Alkali Flat and Mansion Flats neighborhoods were fairly comparable in 1970. While Mansion Flats had higher median household incomes and contract rents, Alkali Flat had higher median home values. The neighborhoods also had similar vacancy rates, as well as very high renter-occupancy rates.

### **Oak Park**

Many local historians consider Oak Park to be the first Sacramento suburb. The City of Sacramento identifies the area as three neighborhoods, North, Central, and South Oak Park. The redevelopment project area is 1,305 acres. Broadway marks the redevelopment area boundary to the north, Highway 99 to the west, Stockton Blvd. to the east, and Fruitridge Road and 14<sup>th</sup> Ave. to the south. The area was traditionally agricultural, but during development became one of the

original working-class neighborhoods in the area. In its prime, Oak Park was the host neighborhood of both the California State Fairgrounds and the local amusement park, Joy Land. It also boasted a well-integrated public trolley system that connected the neighborhood to downtown Sacramento a couple of miles away, making it one of the original commuter neighborhoods.

From the beginning, Oak Park was a relatively diverse neighborhood, racially and ethnically, and was home to several minority-owned businesses (Simpson, 2004). Most of the housing stock in the neighborhood was built prior to the 1950s, but with more urban planning than Del Paso Heights. While both Oak Park and Del Paso Heights are bordered by freeways, the role that Highway 99, and to a lesser extent, Highway 50 played in the evolution of Oak Park has been much more dramatic.

Though the neighborhood had begun to struggle with decay and blight as early as the great depression of the 1930s, the construction of the freeways during the 1950s greatly accelerated the process (Simpson, 2004). By the 1970s Oak Park had already experienced severe decay and commercial abandonment, along with occasionally violent racial confrontations. Like Del Paso Heights and Alkali Flat, Oak Park had a well-known reputation for high crime, drugs, and poverty.

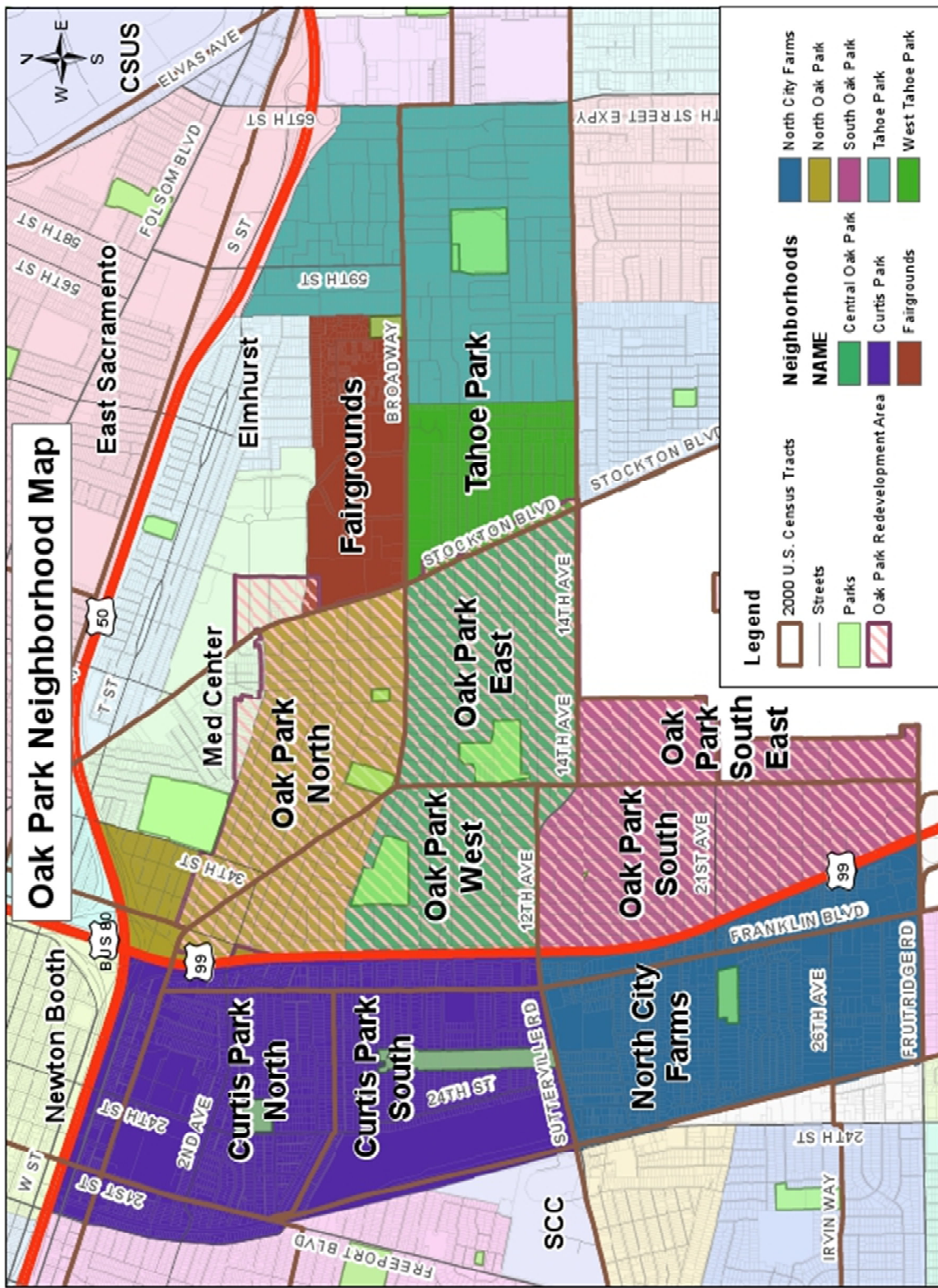
Multiple control neighborhoods were selected for the Oak Park redevelopment project area. This is because the area boundaries, particularly Highway 99, which separates Oak Park from nearby Curtis Park, the most comparable neighborhood for layout and development, has been in place so long that the divergence in neighborhood qualities cannot reliably be related to redevelopment activities. Curtis Park, which is located to the west of Oak Park, is still one of the control neighborhoods; however, I also selected the Fairgrounds, North City Farms, and Tahoe Park neighborhoods for comparison, even though some of their residential development came



after Oak Park was already established. I chose these neighborhoods primarily due to their problems facing Oak Park, they were all working-class neighborhoods in 1970, and would help to define which trends were local to Oak Park, and which were more regional in nature.

The analysis of the Oak Park redevelopment area has many of the same limitations and caveats as the Alkali Flat analysis. The boundaries of the redevelopment area do not perfectly line up with either the neighborhood boundaries or the Census geographies. At the same time, neighborhood identities have changed over time through development and build-out. This is particularly true for the neighborhoods selected as control areas for the Oak Park analysis. There are two main areas where these inconsistencies in the boundaries have impact. First, is the northern boundary between where North Oak Park meets Med Center. Parts of the redevelopment area along this boundary spread over into the Med Center neighborhood. Second, is the western boundary along Highway 99. Here the discrepancy is between the Census tracts and the redevelopment area. The Census tracts along the western border extend to Franklin Boulevard while the redevelopment area stops at Highway 99. Figure 2 shows the layout of the neighborhoods, redevelopment area, and Census tracts for Oak Park and the adjacent neighborhoods.

Figure 2.



Oak Park Neighborhood Map showing the overlay of U.S. Census tract boundaries, local neighborhood identities, and the Oak Park Redevelopment Area.

Table 2 below shows the median household income, median home value, median contract rent, vacancy rate, owner-occupancy rate, and renter-occupancy rate variables for both the Oak Park redevelopment area and the adjacent North and South Curtis Park, West Tahoe Park, Fairgrounds and North City Farms neighborhoods in 1970. The Oak Park redevelopment area is divided into Oak Park North, East, West, South, and South East sections.

**Table 2. Oak Park Study Area 1970 Census**

| <b>Neighborhood</b> | <b>Median Household Income</b> | <b>Median Home Value</b> | <b>Median Contract Rent</b> | <b>Percent Vacant</b> | <b>Percent Owner-occupied</b> | <b>Percent Renter-occupied</b> |
|---------------------|--------------------------------|--------------------------|-----------------------------|-----------------------|-------------------------------|--------------------------------|
| Oak Park North      | \$28,542                       | \$54,146                 | \$368                       | 9.0%                  | 42.7%                         | 48.4%                          |
| Oak Park West       | \$24,503                       | \$51,039                 | \$351                       | 12.9%                 | 39.9%                         | 47.2%                          |
| Oak Park East       | \$26,727                       | \$48,376                 | \$368                       | 9.3%                  | 53.5%                         | 37.2%                          |
| Oak Park South      | \$23,309                       | \$45,270                 | \$355                       | 9.5%                  | 45.4%                         | 45.1%                          |
| Oak Park South East | \$18,862                       | \$54,146                 | \$373                       | 5.4%                  | 58.2%                         | 36.4%                          |
| Curtis Park South   | \$53,991                       | \$90,095                 | \$506                       | 2.2%                  | 85.6%                         | 12.2%                          |
| Curtis Park North   | \$43,139                       | \$78,112                 | \$435                       | 5.4%                  | 52.7%                         | 41.9%                          |
| Fairgrounds         | \$43,641                       | \$66,573                 | \$439                       | 2.5%                  | 69.3%                         | 28.2%                          |
| Tahoe Park          | \$43,641                       | \$68,348                 | \$444                       | 2.4%                  | 74.8%                         | 22.8%                          |
| North City Farms    | \$36,424                       | \$55,921                 | \$386                       | 3.4%                  | 60.6%                         | 36.0%                          |

**Comparison of Oak Park Redevelopment Area with adjacent Curtis Park, Tahoe Park, Fairgrounds, and North City Farms neighborhoods in 1970 (U.S. Census Bureau (1973).**

As seen in table 2, the Oak Park redevelopment area is not as comparable to adjacent neighborhoods as the other redevelopment areas studied. While Oak Park compares to North City Farms in median rents and home values, and to Curtis Park North in vacancy rates and renter-occupancy rates, it is very different from almost all of the metrics for Curtis Park South. These adjacent areas are still valuable comparisons, though, because they can help to identify economic and demographic trends that were more regional in nature.

### **Del Paso Heights**

Del Paso Heights, located on the old Rancho Del Paso north of Sacramento, was one of the earliest suburban developments in Sacramento. The redevelopment project area is 1,037 acres total and is bounded by the Interstate 80 freeway to the north and Arcade Creek to the south and approximately bordered by Marysville Blvd. to the east and Norwood Ave. to the west. While there was some farming and ranching related sub-development prior to the area's subdivision and build-out, most of the development in the area happened before and during the post-war housing boom of the 1950s.

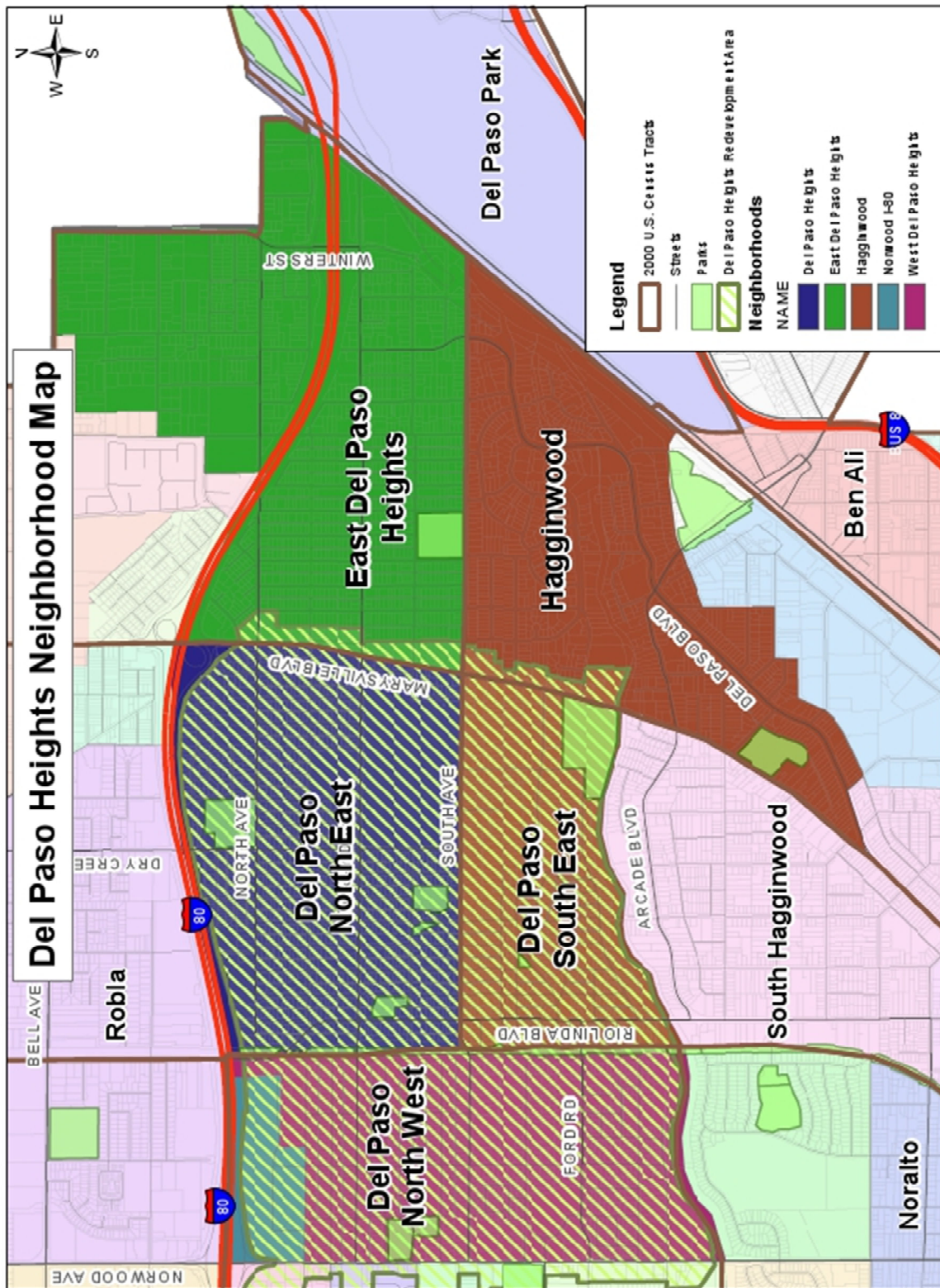
Unlike Oak Park and Alkali Flat, Del Paso Heights was never fully urbanized, and many of the residential neighborhoods lacked basic infrastructure or any integrative design (Newman, 2002). The area experienced a large influx of racial and ethnic minorities during the 1950s and 1960s and had one of the highest minority concentrations in the area by the 1970 Census (U.S. Census Bureau, 1973). North Sacramento and Del Paso Heights in specific began to have problems with blight during the 1960s after the construction of Highway 160, which connects Sacramento downtown with the, neighborhoods to the north and east (SHRA, 1997). The new highway bypassed North Sacramento and the boulevards and businesses that residents had built on the transportation economy. By the 1970s and through the 1990s the area had a high crime rate, with a reputation for violent crime and an abundance of narcotics.

The Del Paso Heights redevelopment area does have a boulevard style commercial district that once housed some of the more interesting architectural and historically significant buildings in the area, including the Ice Land ice skating ring. The City of Sacramento did not annex North Sacramento and Del Paso Heights until 1964 and in many ways, the lack of traditional city planning has continued to trouble the area throughout the redevelopment process (Newman, 2002).

The control neighborhoods for Del Paso Heights are the East Del Paso Heights and Hagginwood neighborhoods, which occupy the territories immediately adjacent to the redevelopment area boundaries to the east and southeast. Both East Del Paso Heights and Hagginwood were subdivided out of the same original ranch, and displayed much of the same development patterns during comparable time periods as the redevelopment area.

For this analysis the Del Paso Heights area is divided into three sections. The northeast section is bordered by the adjacent neighborhood of East Del Paso Heights and was the most completely developed area in Del Paso Heights at the formation of the redevelopment area. The southeast Section is adjacent to the Hagginwood neighborhood and is bordered to the south by the Arcade Creek. It initially had some of the development traits of the North East section but generally on larger less regular blocks and with less urban environment. Finally, there is the northwest section of the Del Paso Heights Area. Technically there is also a southwest section, but it was not built out until the 2000's, and was a merged Census tract area with the northwest section until the 1990 Census split the two areas. For aggregated demographic and economic variables in this study, the split Census tracts were re-combined to keep consistency through the data. The total population of the southwest section was much smaller and had a much lower impact on overall demographic and economic trends in the area until after the conclusion of this study period. The entire west section of the area is identified in this study as the northwest, as that is where the majority of both the development and the population were located throughout the study period. This area also had slightly larger blocks than the northeast section, but without the large irregular blocks and parcels identified in the southeast section. Differences in boundary alignment play a role in the analysis of Del Paso Heights as well. Figure 3 overlays the U.S. Census tract boundaries with the neighborhood identities and the redevelopment area.

Figure 3.



Del Paso Heights Neighborhood Map showing the overlay of U.S. Census tracts, local neighborhood identities, and the Del Paso Heights Redevelopment Area.

Table 3 compares the median household income, median home value, median contract rents, vacancy rates, owner-occupancy rates, and renter-occupancy rates between the redevelopment areas, identified as Del Paso Heights North East, South East and North West, and the adjacent neighborhoods of Hagginwood and East Del Paso Heights. Additional variables are discussed in detail in Chapter 5, Results.

**Table 3. Del Paso Heights Study Area 1970 Census**

| <b>Neighborhood</b>         | <b>Median Household Income</b> | <b>Median Home Value</b> | <b>Median Contract Rent</b> | <b>Percent Vacant</b> | <b>Percent Owner-occupied</b> | <b>Percent Renter-occupied</b> |
|-----------------------------|--------------------------------|--------------------------|-----------------------------|-----------------------|-------------------------------|--------------------------------|
| Del Paso Heights North East | \$27,765                       | \$48,376                 | \$328                       | 9.2%                  | 46.6%                         | 44.3%                          |
| Del Paso Heights South East | \$30,335                       | \$51,927                 | \$373                       | 7.1%                  | 42.6%                         | 50.2%                          |
| Del Paso Heights North West | \$26,159                       | \$61,691                 | \$373                       | 10.4%                 | 46.6%                         | 43.0%                          |
| East Del Paso Heights       | \$32,496                       | \$48,820                 | \$386                       | 7.4%                  | 51.9%                         | 40.8%                          |
| Hagginwood                  | \$33,668                       | \$56,365                 | \$382                       | 4.3%                  | 51.2%                         | 44.4%                          |

**Comparison of Del Paso Heights redevelopment area with adjacent East Del Paso Heights and Hagginwood neighborhoods (U.S. Census Bureau (1973)).**

As shown in Table 3, the Del Paso Heights redevelopment area (identified as North East, South East, and North West) was comparable to the adjacent neighborhoods of East Del Paso Heights and Hagginwood, particularly in the median home value and median contract rent variables. The redevelopment area did have slightly higher vacancy rates and renter-occupancy rates, as well as slightly lower median household incomes, however both the redevelopment area and the adjacent neighborhoods share enough like variables to make the comparison valid. The subsequent (Chapter 5), chapter has more detailed analysis of these and additional variables over the three decades of the study period.

## **Variables**

Changes in neighborhood composition can be associated with a wide number of variables, many of which are correlated. Crime is a major factor in community stability and investment, but it is also directly associated with poverty and unemployment rates, as well as community involvement and population density. Studies have shown links between education and poverty, as well as property values, the age of the housing stock, economic opportunities, and poverty. Neighborhood design and the quality and maintenance of the infrastructure can be associated with property values and by extension poverty. Researchers have even traced environmental impacts to poverty, with poorer neighborhoods often bearing the brunt of environmental externalities inherent in urban development. Determining the full impact of redevelopment efforts on residential neighborhoods would involve not just recognizing all of these variables, but also identifying the level of influence that they have in defining the neighborhood. For the scope of this study, the variables under examination have been limited to some of those suspected to show the most change due to the influence of redevelopment activities. Median property values, contract rents, and household incomes are used to measure the economic changes in the redevelopment areas and adjacent neighborhoods studied. The goal of this study is to ascertain the impact of redevelopment on residential populations using some of the most widely recognized residential economic vitality indicators: housing costs and incomes. To evaluate redevelopment's impact on neighborhood demographics, I chose educational attainment and population changes in race and ethnicity to look for correlations between redevelopment projects and activities and changes in neighborhood demographics. Finally, I chose to look at changes in homeowner to renter ratios and vacancy rates to see if there were any measurable relationships between redevelopment and changes in neighborhood composition and stability. I chose not to study crime or unemployment, though both definitely play critical roles in



neighborhood development. The absence of some obviously important variables is, in large part, the result of the limited availability of historical data. As this study aims to track changes in redevelopment project areas over the redevelopment project's life span, the availability of historically comparable data is the most limiting factor.

## **Data**

The analysis of the impact of redevelopment projects and efforts on redevelopment area residents and neighborhood characteristics involved the use of multiple data sources. Population and housing data was collected from the 1970, 1980, 1990, and 2000 Decennial Census. The 1970 Census data was collected before the formation of the Oak Park and Del Paso Heights redevelopment areas, and before the 1972 redevelopment plan for Alkali Flat was developed. Redevelopment project data was collected from reports and plans produced by SHRA. The collected data was then either mapped using geographic information system (GIS) software or processed through graphs and tables. This study compares the maps, graphs, and tables to identify long-term changes and impacts in the redevelopment areas studied.

### ***Census Data***

The Decennial Census provided the majority of the data used for this study. One of the key elements in finding the appropriate Census data was determining the best level of study. The Decennial Census has changed significantly over the last five decades. Not only have Census tracts, block groups, and blocks physically changed their boundaries, but also the numbering system and Census identification methodology has changed significantly, particularly between the 1960 and 1970, and 1990 and 2000 Census. Additionally, the actual measurements used by the Census have changed. For example, earlier Census used different definitions for what constituted a household, and measured household incomes by the mean for the whole population.

They used median income measurements for sub-groups only; multi-person households as opposed to single person households. They also used sample data to identify ethnic minority populations, and had different criteria as to how citizens were defined as an ethnic minority. These measurement criteria evolved with each decade's Census. Combined with the complications posed by changes in Census geography, particularly the division of tracts and the new labeling systems introduced each decade, these inconsistencies posed serious challenges in finding comparable time series Census data.

Sample size was a critical factor in determining which data would best fit this study. There is an abundance of data available at the Census Designated Place (CDP) and even the Census tract level. There is even some historical Census tract data that the National Historic Geographic Information System has digitized for ease of processing. However, much of that data was too general and covered too much area to provide sufficient detail for a neighborhood level analysis. The Decennial Census is collected in small chunks and then layered to provide different kinds of evaluation and estimates at different geographic levels. Census tracts are broken down into Census block-groups, which are broken into Census blocks. The best data for the analysis of the impacts of redevelopment projects on specific neighborhoods is the most geographically specific data – the Census blocks. The data used to compare larger neighborhood composition changes and residential trends in the studied redevelopment project areas to adjacent areas and to Sacramento County as a whole did not need to be so geographically specific, and so Census tract data was used for that level of analysis.

Since 1990, the U. S. Census Bureau has digitized the Decennial Census with public access to Census data via the Internet. Pre-1990 data, however, is not readily available in a digital format and exists on paper, as digital scans of paper documents, and as microfiche. While there are some scans of Census population and housing records available for download from the

U.S. Census website, the data is incomplete and not formatted for processing. Complete Census records exist at the local Federal Depository Library branch, which, for Sacramento, is in two locations – the California State Library located near the capitol, and a temporary warehouse in West Sacramento. The State budget crisis that has been threatening redevelopment has also taken a toll on the State Library system with some locations no longer open to the general public and some rare collections at risk of loss due to understaffed and poorly maintained facilities.

All pre-1990 Census block data had to be hand-entered from microfiche and digital scans of population and housing reports into a spreadsheet format appropriate for analysis. Initially the scope of this study included 1960 Decennial Census data as well, to provide a solid decade of pre-redevelopment neighborhood statistics for comparison to post-redevelopment changes. However, between 1960 and 1970 Sacramento changed so significantly that the Census tracts and blocks between the two Censuses were too dissimilar. A consistent comparison at the block level was impractical and would not have provided reliable information.

The 1970, 1980, and 1990 Census blocks were fairly consistent in shape and number, though each Census had blocks that split, merged, or had altered boundaries from the previous decade. Despite these differences, a block-by-block evaluation of each Census was possible. It was necessary to create a standardized identification for each block in each Census, from 1970 to 2000, so that the GIS software could map the data consistently. Since the shape files used for the GIS mapping were from the 2000 Census, it provided the framework into which the rest of the Census collections were fit. Some blocks from the 1970, 1980, and 1990 Census had to be merged or split to fit the 2000 block boundaries. Mergers were a simple matter of aggregating the data from the merged blocks. Splits involved an estimation of the area in each of the new blocks, and a division of the previous blocks' population at an estimated ratio to match the new areas. While this method is not perfectly accurate, the number of split blocks per redevelopment area

was very small, and the overall splits did not have significant impacts on the maps. As a whole, the areas chosen for the case study, Alkali Flat, Del Paso Heights, and Oak Park, were all well established and, with the exception of Del Paso Heights, mostly built neighborhoods when the Sacramento Redevelopment Agency identified them as redevelopment areas. The age and level of development in these neighborhoods meant that the redevelopment area Census tracts were not under constant revision to accommodate for new growth. For the most part, the overall Census demarcation in the study areas was consistent over the four decades analyzed.

The use of Census data in a time series analysis posed three other problems beyond changes in the geographic boundaries and methods of measurement mentioned earlier. First, not all data was available at the same geographic level for each Census. While the 1970, 1980, and 1990 Census had owner occupied home values and contract rents available at the block level, the 2000 Census had moved those measures to the block group level. While this move prevented the excess of null values that came from blocks where home value and contract rent information was not available, it also generalized the level of analysis. This study used the block data for home values and contract rents for the decades that it was available, and used the block group data for the decade it was not. While this change in geographic specificity dilutes the overall accuracy of the study, it does not completely invalidate the data.

The second issue is that much of the more analytical Census data is not available at the block level. This includes data such as household incomes and educational attainment. Historically this data is only available at the block group or tract level. While this makes a detailed analysis of specific neighborhood changes difficult to identify, it does make comparison with other nearby areas and with the county much more reliable. This study uses tables and graphs for data that was only available at the tract level, as opposed to maps. This is because the redevelopment areas are relatively small, and in each case include both tracts and parts of tracts,

which makes mapping inaccurate and obfuscates the actual changes that this study aims at identifying.

The third problem with using Census data in a time series evaluation is the fact that the Census is inconsistent with its identified measurements. Race and ethnicity is a good example. The 2000 and 1990 Census provided detailed racial and ethnic options for respondents to choose from, creating a spectrum of racial and ethnic identifiers.<sup>9</sup> For the 2000 Census, these options included multiple race choices that allowed respondents to be more detailed in reporting racial and ethnic identities. However the 1980 and especially the 1970 Census were much more limited in the range of racial and ethnic identities available for respondents. The result is an inconsistent means of measurement of minority populations over the decades, which complicates any analysis of changes or trends in those minority populations over the study period. In order to mitigate for that inconsistency, this study used the most limited population identifiers of the 1970 Census to set the standard that subsequent Census population counts would follow. This meant aggregating some minority population groups in the 1980, 1990, and 2000 Census, resulting in a loss of precision but allowing for a long-term evaluation of population changes in the study area.

### ***Redevelopment Data***

One of the most consistent complaints against redevelopment agencies and redevelopment efforts has been the lack of detailed project and expenditure reporting. For the first several decades of legislatively endorsed redevelopment activity in California, redevelopment agencies had almost no State mandated reporting requirements. While redevelopment project areas were required to have redevelopment plans when the agency

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<sup>9</sup> The 2010 Census has taken this spectrum to a new level by identifying a variety of racial and ethnic mixes. While previous Census have had options for “two or more” races, the 2010 Census traces race and ethnic identification to “four or more”.

identified the project area, the longevity of redevelopment project areas meant that those plans had to be general in scope, and seldom-listed specific projects beyond those scheduled for the immediate future. Additionally, even when plans listed specific projects, agencies were not required to complete those redevelopment plans, and as community and redevelopment priorities shifted over the decades, the older redevelopment plans became obsolete, often with unfinished goals and projects still outstanding, and new or amended plans with new goals were adopted.

Another complication in identifying redevelopment projects over the last four decades is the diversity of funding sources. Large-scale redevelopment projects financed through TIF bond sales or through large grants are much easier to recognize than the smaller projects – some of which were funded through accumulated TIF collections or were coupled with other local funding sources. This is particularly true of single-family housing rehabilitation and construction projects. Other difficulties in identifying projects included land grants wherein the role of the redevelopment agency was the acquisition of the land that it then provided to non-profit developers. At the same time, few projects that received redevelopment funds were financed exclusively with redevelopment money. Most of the larger projects and many smaller projects had mixed funding sources. Combined with the inconsistency in redevelopment reporting, older small projects funded by multiple sources were difficult to confidently identify and confirm as completed, and, in many cases, difficult to accurately place.

Project placement was one of the biggest challenges in identifying historical redevelopment efforts, particularly in regards to housing and infrastructure. While many plans and reports referred to the total number of housing units built or the total amount planned for rehabilitation, they did not always identify specific addresses where these units were located. Infrastructure spending posed a similar issue in that the redevelopment plan often identified improvements throughout the redevelopment area. Projects like improved street lighting and

sidewalk repair, while valuable in the built environment, were often impossible to accurately place and quantify.

Finally, a considerable portion of redevelopment money has been spent on programs, like emergency housing rehabilitation, homebuyer assistance, and business assistance programs that provided loans or other forms of assistance to redevelopment project area non-profits, businesses, and residents. Unless the plan focused the efforts of these programs on specific areas with clear targets, their overall impact is difficult to measure on a map. Programs also required special consideration because most of them utilized mixed funding sources. A part of this difficulty regarding programs is due to the unique role that the SHRA plays as both the redevelopment agency and the housing authority. In some respects these tasks overlap – redevelopment does have an affordable housing component. However, it also means that the funding of different redevelopment projects in the SHRA sphere tend to have a number of sources. Additionally, some of the efforts and their associated funds are difficult to identify as exclusively redevelopment or exclusively public housing, particularly when examining the older redevelopment area plans and budgets.

The mixed funding sources pose an issue in light of Dardia's (1998) study that attempted to tease out whether or not redevelopment actually pays for itself by an increased tax base. Multiple funding sources may improve a project's viability and increase the odds of that project's completion, but they also make it difficult to accurately identify what long-term impacts are the results of redevelopment and tax increment financing and what are the result of Community Development Block Grant or HOME grants or Jobs Grants or other funding sources.

These concerns, the mixed funding, the large number of small residential projects, the public improvements that were spread across the area, and the lack of reliable historical redevelopment project data required a reassessment of the methodology of this study. The critical

question was whether a comprehensive list of redevelopment projects was necessary to identify the long-term impacts of redevelopment efforts on residential neighborhoods. A close evaluation of the available Census data and the current literature shows that there are clearly identifiable neighborhood changes that I could analyze and compare to the control areas for redevelopment related influences without incorporating a complete list of redevelopment activities. A comprehensive list of projects would provide potentially interesting results regarding what projects have the most long-term impact. However, in regards to widespread redevelopment activities, like infrastructure maintenance and programs, a more general analysis of available Census and neighborhood data should capture the long-term changes in the project area. An analysis of those changes compared to any changes in the control areas helps to provide an evaluation of redevelopment's role.

Creating a comprehensive list of projects for the purpose of this study was infeasible. Yet there is enough data to include some projects in the analysis, particularly large-scale projects and projects that were very high profile. Identifying which of these projects would be included required setting specific parameters. While single-family rehabilitation efforts funded in part from the 20 percent housing set-aside, for example, were technically part of the redevelopment effort, the impact of one or two, such projects on the overall neighborhood composition would be difficult to measure using Decennial Census data due to its decade long gaps. On the other hand, concentrated rehabilitation areas with dedicated funding and programs aimed at addressing code violations or specific forms of blight in a limited area could provide measurable results. Likewise with large commercial or multi-family housing redevelopment projects which should have obvious and long-term impacts on neighborhoods that the Decennial Census would be able to capture.



In the interest of feasibility, redevelopment projects used in this study were limited to residential, commercial, and capital improvement projects that I could geographically identify, either with a specific address, or with a clearly delineated target area. This eliminated many of the single-family rehabilitation and construction projects, as well as minor investments in façade improvements for businesses and basic infrastructure maintenance that were spread throughout the redevelopment project area. There are a number of historic preservation efforts included in the study as most these identify a specific area. Additionally, while the historic preservation efforts generally involved single-family homes, the investment was not limited to repairing substandard housing to meet current housing code, but frequently included full restoration, and even conversion for multifamily, commercial, or office use.

The projects identified in this study come from the redevelopment plans, implementation plans, and environmental reports associated with each redevelopment project area. Many of these plans were vague and did not include project specifics. Specifics have been included where they could be determined.

### ***Geographic Information Systems (GIS)***

GIS has become an increasingly common and accessible tool for data analysis. Using GIS to process and analyze population, housing, and economic as well as infrastructure data has become a fundamental aspect of effective municipal management. New uses for GIS are constantly under development as different kinds of data become accessible.

GIS is a natural fit for this study as it allows for an accurate visual display of the spatial changes in neighborhood characteristics and populations over time. However, there are still many limitations, particularly when the product of GIS analysis must be compatible with traditional hard copy printing. It is easy to put too much data into a map, rendering it indecipherable. Additionally, not all data is map friendly, and data that can be mapped must still

be processed and cleaned to ensure that the results are both accurate and readable. I produced all of the maps in this study using ARCMAP software published by ESRI. To address the difficulty of displaying time series data in a static printed medium, I used transparent layers representing the different decades of Census data to allow for easy comparison. The maps and map analysis is found in the appendix.

The data selected for GIS mapping were limited to a select few variables to help make sure that the analysis was as accurate as possible. Fixed maps showing the redevelopment area boundaries and the Census tracts and blocks were prepared to provide background information about the spatial characteristics of the study areas. Subsequent layered maps show the changes in population totals, renter to owner ratios, home value and contract rents, and other measurable variables over the four decades of the study period. The base map of each layered set includes the starting 1970 data with each layer representing one decade's change. To help identify long-term changes in the area, some maps also include layers that identify the location of several of the redevelopment projects that were completed during the previous decades. I chose a color scale to represent the changes in each block, with blue shades representing decreases and red representing increases. To make sure that the block maps did not become too confusing, I chose to measure change by percentage ranges.

To ensure consistency in the measurement of change in home prices and contract rents, I converted all dollar amounts to 2000 values, using a formula provided by the Bureau of Labor Statistics (United States Department of Labor, 2011).

### **Analysis of Graphs and Tables**

The data variables that were not suited for analysis through GIS, either because they are not geographically specific enough or they are not map-able, were processed through tables and converted to graphs for analysis. These variables include household income, racial and ethnic

population changes, and educational attainment. While it would be interesting to be able to map racial and ethnic changes spatially over multiple decades, the limitation posed by inconsistent Census data would make these maps necessarily vague – too vague for a neighborhood analysis. By using tables and graphs, these variables can be compared to the control areas as well as Sacramento County in general.

The following chapter provides an analysis of the graphs and maps prepared for this study. The graphs and maps, along with a more detailed descriptive analysis are included in the appendix.

## Chapter 5

### RESULTS

#### **Overview**

The legislative framework that defines and permits redevelopment activities provides no clear criteria as to the definition of success. There is generally an expectation of economic improvement in the area, but the threshold of what constitutes improvement and the variables that should be used to measure that improvement are unidentified. This has provided one of the biggest political and social challenges for the defense of redevelopment efforts. It is very difficult to tease out the specific effects of redevelopment projects from the general changes in economic environment, the cyclical fluctuations of the market, and the natural long-term changes that occur in all neighborhoods – especially residential neighborhoods.

This difficulty is even more acute in that many of the economic impacts of redevelopment are almost indistinguishable from gentrification. In fact, the two are often so interlinked that I would argue that the best measurement of the economic influence of redevelopment activities and projects would be to measure the same variables most frequently associated with gentrification, such as housing costs, household incomes, and race and ethnicity of the residents. It is important to remember that the economic success of redevelopment is not the same as the legislated intent of redevelopment. Redevelopment was supposed to be a legal and financial tool to help local governments to address the conditions of substandard development and neglect identified as blight, and to protect and increase the amount of available affordable housing stock.

In this chapter I will review each of the study areas in comparison to the established control areas via two different tools. First, I will analyze the results of the Census-tract level

statistics that did not lend themselves to mapping. The graphs these statistics have been included in the appendix for reference. Second, I will evaluate the mapped changes of certain variables at the Census block level for each of the project areas. I chose to measure the variables for each of the maps as percent change from each Census period to the next. I used the 1970 Census as the base case and mapped changes from 1970 to 1980, 1980 to 1990, and 1990 to 2000. Where available I have also mapped specific redevelopment projects. An important caveat of the discussion of this data is the fact that the measurement tools used by the US Census over the decades have not always been consistent.

### **U.S. Census Data Methodology Adjustments**

One of the key inconsistencies is the measurement of median household income. The 1970 Census data offers three income measurements as medians. One is Median Family Income, the second is Median Unrelated Individual Income, and the third is a mix of combination of the two presented as Median Family and Unrelated Individual Income. None of these three categories compare exactly to the “household” category used in all subsequent decennial Census tabulations. The Median Family Income data skews high as the Census defines a family as two or more related individuals living together. This measurement omits all single member households and households of two or more unrelated individuals. The Median Unrelated Individual Income is also skewed, only this data is skewed low as it omits families but counts single householders and other situations where unrelated people live together. The closest match is the combination measurement that uses both families and individuals. The problem with this measurement is that it ends up tabulating the income from more people than there are households as it counts the income from the unrelated individuals who are living in couple or group situations as individual income instead of household income. I chose to use the combined median data to represent the 1970 median household income because, while the data is not completely comparable, it comes

the closest to matching the measurements used in the subsequent Census. I used the Inflation Calculator provided by the U.S. Bureau of Labor Statistics on their web site to adjust all monetary variables to the 2000 rates to ensure consistency when comparing buying power and rents over the decades. (United States Department of Labor, 2011)<sup>10</sup>

Another complication arising from methodology changes over time is the inconsistency in median home value records. Until 2000, the U.S. Census recorded home values based on reports from Census takers who either estimated the worth of their home, or used recent sales data to derive a value. This meant that each Census block would have a unique median home value, albeit a not entirely verifiable one. In 2000 the U.S. Census stopped tabulating the median home values at the Census block level and instead only provided median home values at the Census tract level. While this mitigated the impact of self-reported home value errors, it made it impossible to continue to track median home values at the block level, and artificially normalized median home values in the redevelopment areas, where until 2000, median home values ran the price range gamut. The percent of change in median home value from 1990 to 2000 is skewed by the normalized median prices when examined at anything more detailed than the Census tract level. To compensate for this, I have discussed median home values at both the Census block level with maps, and the Census tract level with graphs and tables in the appendix.

The U.S Census also measures race and ethnicity data differently in each decennial Census. The categories of racial identifications differed significantly between 1970, 1980, and 1990. The categories are similar in the 1990 and 2000 Census. The difference in the racial and ethnic breakdowns between decennial Census' made it impossible to compare changes across the decades with the raw data. To address this issue I simplified the racial and ethnic breakdowns

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<sup>10</sup> Calculator can be found at [http://www.bls.gov/data/inflation\\_calculator.htm](http://www.bls.gov/data/inflation_calculator.htm). I used the calculator to provide the conversion calculation, and then applied the calculation to my data in Excel.

into five primary categories. This simplification allowed me to introduce some consistency in the racial and ethnic variables. The data for the white and black racial counts was consistent across all four decades. However, the measurement for American Indians, Pacific Islanders, Asians, and what was included in the Other category was very inconsistent. In this study, I grouped Asians and Pacific Islanders into one category and included all other racial identifications, along with the two or more racial identifiers in the newer Census', in the Other category across all four decades. Though this may not be the most accurate racial description for the people counted, it does eliminate the problem that occurs when trying to account for the evolution of the U.S. Census methodology over the decades. As the Other category is consistently small, the overall impact on the data is minor.

Another issue that arises from changes in Census methodology over time is the measurement for Hispanic ethnicity. 1970 was the first Decennial Census that measured Hispanic origin as an ethnicity in its own category. However, the Census did not collect the data at the 100% level. Instead, 5% and 15% samples were used to make estimates of the number of people identified as Hispanic (by surname, language spoken at home, or country of origin) for each Census tract. The sample method of data collection makes it very difficult to accurately compare the real number of Hispanics in any given area from the 1970 Census to any subsequent Census. Additionally, since the 1970 Census used sample data, it did not collect race data separate from ethnicity. In every decade since 1970 the Hispanic ethnicity has been measured separately from race, so that both accurate race counts and accurate ethnicity counts are available. In 1970 the race data and the ethnicity data was not broken out at the tract level. The result is a population count overlap. The 1970 Census counts Hispanics that also identified as a specific race twice, skewing the race and ethnicity distributions. This problem is most apparent in the Del Paso Heights Redevelopment Area analysis.

Demographics derived from sample data poses several problems. While sample data can provide fairly accurate large-scale estimates, the margins of error for small data groups, such as Census blocks and block groups, is so high that the data becomes unreliable. During the last ten years the U.S. Census has sponsored several demographic studies, some of which try to work out the challenges of using sample data for time-series analysis. Two of these studies, one aimed at large cities and urban areas and one focused at the State and Regional level, used 1970 Hispanic origin sample data to calculate the number of non-Hispanic whites, Blacks, and Other races in the State of California and in the City of Sacramento. (Gibson, Historical Census Statistics On Population Totals By Race, 1790 to 1990 and By Hispanic Origin, 1970 to 1990, For Large Cities And Other Urban Places In The United States, 2005) (Gibson, 2002)<sup>11</sup> In both cases approximately 96.1% of the Hispanic population identified as white, while in the statewide evaluation 1.2% identified as Black and another 2.5% identified as Other. The Sacramento City study did not have evaluations by race for the number of Hispanics who identified as other than white.

I used the percentages provided in these studies (which are based on the same 1970 decennial Census foundation data that I use throughout this thesis) to create a formula that would eliminate some of the data skew caused by the race and ethnicity double count. I subtracted 96.1% of the Hispanic ethnicity counts from the total white race counts for each Census tract in the 1970 data. I also made two additional formulas, wherein I calculated the state averages for Hispanics that also reported as Black or Other. However, when I applied these formulas to the

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<sup>11</sup> I used the tables supporting the City and Urban Area study, found at <http://www.Census.gov/population/www/documentation/twps0076/CAtab.pdf>, and the tables supporting the States and Regions study, found at <http://www.Census.gov/population/www/documentation/twps0056/tabE-05.pdf>, to confirm the validity of my formulas that adjust for the race and ethnicity double-count in the 1970 Census.



real 100% race population counts in the 1970 Census, the Hispanic ethnicity sample data's margin of error became a problem (probably as a result of the low numbers of Hispanics that self-identified as any race other than white) and some counts even ended up negative, which is demographically impossible. Without the corrections for the double count for Black and Other Hispanics, and with applying the Hispanic ethnicity subtraction from the white race count only, I was consistently within 100% to 103% of my population totals. Totals over 100% of the population could also result from the sample data margin of error. The 1970 race and ethnicity data is not as reliable as the later decades' that collected race and ethnicity information from 100% of the population, however, for the purposes of this study, I believe it is reliable enough to make general comparisons.

Finally, the changes in the way the Census collected race and ethnicity information between 1980, 1990, and 2000 posed a problem in accurately capturing the full population. The 1990 decennial Census form offered the option of two or more races as a selection for the first time. The 2000 Census added even more options in delineating how many different races that a respondent could self-identify. The addition of more categories through the two or more races option also skews the race and ethnicity totals. Individuals of mixed race who would have chosen a single predominant race in 1970 or 1980 decennial Census' could select the two or more option. The Census did not provide a way to group the two or more responses in with more generalized race categories until the most recent 2010 Census. For the purpose of this study, I aggregated all responses of two or more races in the 1990 and 2000 Census into the Other category.

### **Redevelopment Area Analysis**

The analysis of the three redevelopment areas and their adjacent neighborhoods used several maps and graphs that provided data at a very detailed level. The analysis in this chapter

has been abridged to make the data more accessible. The unabridged version of this analysis, including the maps and graphs, can be found in the appendix.

### **Alkali Flat**

Of all of the redevelopment areas studied, Alkali Flat shows the most consistent improvement in the variables usually indicative of economic development, such as median home values and median contract rents. However, that means that it also shows the most consistent signs of gentrification. The data for the Alkali Flat area has mixed results in the housing and population variables. The area lost both housing units and overall population, even as median home values, median incomes, and median contract rents increased. The following analysis compares Alkali Flat to the adjacent control neighborhood of Mansion Flats across three general areas; economic changes, demographic changes, and tenure changes.

#### *Economic Changes*

The economic changes in the Alkali Flat redevelopment area show the most consistent improvement of all of the redevelopment study areas. The control neighborhood for the Alkali Flat redevelopment area is the adjacent Mansion Flats neighborhood. While Mansion Flats is generally the same age and has the same type of housing and businesses as Alkali Flat, in the 1970 Census it also had slightly higher median household incomes, homeownership rates, and white population counts than Alkali Flat. The Mansion Flats neighborhood was generally viewed as more stable and more desirable as a residential neighborhood. It also includes the 16<sup>th</sup> St commercial corridor that links downtown to the highways and freeways to the North. The dollar amounts represented in each of the following graphs are adjusted for inflation to the 2000 Consumer Price Index for improved comparability.

Median household income had the most consistent disparity between the two neighborhoods of the three economic variables measured. Though incomes did increase during the four decade study period, household incomes in Mansion Flats appreciated significantly more and much faster than incomes in Alkali Flat even though both neighborhoods had very similar starting points. Overall, incomes in Alkali Flat showed a tendency towards stagnancy, with only the 1980s registering any significant increase.

One of the claims of redevelopment is that it acts as a tool to improve the economic and living conditions of troubled neighborhoods. Higher median household incomes indicate more economic stability, which many urban sociologists link to better family stability, higher rates of education, and the improvement of a whole host of other social indicators. However the median household income measurement does not capture just who in the population is raising or lowering the median. It is impossible to know if the increased income is the result of low- and very low-income families receiving the support they need and who are now earning more money, or if it is due to an influx of new higher-income residents. Nor is it possible to know if the same people measured in the 1970 and 1980 Census were also present for the 1990 and 2000 Census. An analytical look at the race and ethnicity information in the demographic section below suggests a significant amount of population shift over the years.

In contrast with median household incomes, the median home values in Alkali Flat in 1970 were lower than the neighboring areas, but then rapidly increased, and continued to accelerate past prices in the adjacent Mansion Flats neighborhood. This price increase was despite major changes in the number of housing units in Alkali Flat. Two decades of significant unit loss was followed by a dramatic increase in new units. Many of these new units were created either through direct redevelopment efforts, or by a combination of grants, tax credit financing,

and other subsidies obtained through or in cooperation with the Sacramento Housing and Redevelopment Agency.<sup>12</sup>

This fluctuation in housing units provides a possible interpretation for the median home value increases in the redevelopment area. The reduced number of units increased the demand while the new units built in the 1990s would automatically call for higher sales prices due to the fact that they were new and modern and did not have a history of deferred maintenance like many of the older homes in the neighborhood.

The housing supply in Mansion Flats, on the other hand, was much more stable, with fewer units lost or gained. The lower median home values in 2000 might reflect the generally older housing supply. The median home value stability compared to Alkali Flat may also indicate the destabilizing impact of subsidized redevelopment on residential housing markets.

The second part of the housing availability component is the rental market. The median contract rents for the Alkali Flat neighborhood in 1970 were significantly lower than in neighboring Mansion Flats. However, by 2000, the rents in the two neighborhoods had almost equalized. Taking the median home value and the median contract rents analysis in tandem, the data shows that by 2000 Alkali Flat had housing costs that were comparable to adjacent non-redevelopment neighborhoods. Notice that the median rent prices in Alkali Flat did not exceed the median rents in Mansion Flats, unlike the median home values. My analysis suggests that this

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<sup>12</sup> It is difficult to know exactly how many new and rehabilitated units were funded or subsidized by redevelopment. The levels of redevelopment involvement varied dramatically from project to project, from free land to grant funding to tax incentives to promises of rent subsidies. Prior to legislation that required unit for unit replacement, and low-income housing inclusionary regulations, such as the Regional Housing Needs Allocation (RHNA) no exact records or running totals of housing production were kept. SHRA claims involvement in the creation of “hundreds” of housing units in the Alkali Flat neighborhood on its webpage (<http://www.shra.org/CommunityDevelopment/Redevelopment/RedevelopmentAreas.aspx>), but even SHRA employees are unsure of how to obtain an accurate count of those units (confirmed via email correspondence with SHRA representatives).

difference may be due to the concentration of housing subsidies in Alkali flat that act to keep rents artificially below market value, thus pulling the median rent downward.

The dramatic increase in rents throughout the Alkali Flat redevelopment area, particularly along the Central Historical District (See Composite Map 2 in the Appendix) reflect a general rise in rents across the Sacramento area, though in many neighborhoods the increase was not nearly as extreme. Yet when compared to the redevelopment area's relatively stagnant median household incomes, the increases in rents raises some very real concerns about housing equity and neighborhood stability.

One of the key signals of the start of gentrification is increases in home values and rents that outpace the increases in real incomes. The most vulnerable and poorest residents end up priced out of their neighborhood when incomes do not keep pace with increased housing costs. While the increased prices and rents infer a certain amount of economic improvement, increased housing costs combined with stagnant incomes result in social inequalities. The next phase of gentrification is often recognized by the outmigration of lower income residents and an influx of wealthier residents with higher incomes who are able to afford the increased rents. A public policy response to this adjustment in neighborhood composition is the application of housing subsidies intended to bridge the gap between the affordable housing costs of the old neighborhood and the increased housing costs of the new changing neighborhood.

As the SHRA is both redevelopment agency and housing authority, many of the Sacramento area's subsidized housing complexes are located in redevelopment areas like Alkali Flat. These subsidies make it possible for low-income residents to remain in their neighborhoods even if housing prices rise and begin to compare to market rents. While this support structure is beneficial for the low-income residents fortunate enough to get a housing subsidy (there are far more people qualified and in need of subsidized housing than subsidies available), the program

has several externalities on the housing market. Subsidies are not self-sustaining and they are constantly vulnerable to governmental budget cuts and legislative overhaul. The overall impact ends up being increasingly expensive for the housing authority – and by extension the government and taxpayers that fund the subsidies necessary to compensate for housing costs that rise faster than incomes in gentrifying neighborhoods.

This dichotomy is representative of the largest contradictions inherent in existing redevelopment practices. Projects and efforts that are focused on economic development are in almost direct conflict with redevelopment legislation designed to ameliorate blight and improve housing conditions for residents. The long term impacts extend far past the economic changes, however.

### *Demographic Changes*

Alkali Flat lost population throughout the study period, with a 29% decrease in the 1970s, a 4.4% decrease in the 1980s and a .1% decrease in the 1990s. However, not all parts of the Alkali Flat Redevelopment Area lost population evenly, and in fact, many Census blocks gained residents during each decade while others lost residents.

Much of Alkali Flat's population loss correlates with the loss of housing units and the conversion of parts of the once residential blocks into office or commercial space. Conversely Mansion Flats experienced a population increase of 1.6% in the 1970s, an 18.9% increase in the 1980s and an 8.6% decrease in the 1990s, despite the fact that there was no corresponding significant increase in housing units during those periods. Early urban renewal projects and redevelopment projects that had not included adequate relocation resources often displaced residents from the targeted neighborhood to adjacent affordable neighborhoods. A hypothesis could be that the increase in population in Mansion Flats was a reaction to the loss of housing units in Alkali Flat. It would be almost impossible to accurately identify if this sort of migration

happened on a household by household basis. However, comparing the population demographics of the two neighborhoods, particularly the racial and ethnic population fluctuations, could give some idea of the nature of this migration. This is a feasible means of measurement because the Alkali Flat neighborhood had one of the highest minority populations in Sacramento during the 1960s, 70s, and 80s. This fluctuation in total population can be broken down to population changes among different racial and ethnic groups as reported on the U.S. Decennial Census.

Though Alkali Flat historically had one of the highest concentrations of minority populations in the Sacramento Area, by the 2000 Census the percent of the total population self-identifying as white in Alkali Flat surpassed that of neighboring Mansion Flats. The opposite is true for the black population in Alkali Flat. After peaking in the 1980 Census, the percentage of the total population that identified as black in the Alkali Flat Redevelopment Area dropped until it was 3% points below neighboring Mansion Flats in the 2000 Census. The percent of the total population identified as Asian and Pacific Islander, which socio-economically tracks more closely with white populations than with most minorities, more than doubled in both Alkali Flat and Mansion Flats, with most of the growth between the 1990 and 2000 Census. The most significant population change in the Alkali Flat neighborhood came from the outmigration of Hispanics. During the study period, the percent of the total population that identified as Hispanic dropped from 65.9% to 29.7%. Historically, Alkali Flat had been home to Mexican immigrants since the 1920s, and the neighborhood had a sizeable increase in the Hispanic population during the 1950s and 60s. (SHRA, 2005)<sup>13</sup> However, during the 1970s, 80s, and 90s (after the initiation of the redevelopment area) that population trend reversed.

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<sup>13</sup> Much of the Hispanic population increase in the neighborhood during the 1950s was the result of residents displaced from the original Downtown and Old Town Sacramento Redevelopment Areas who chose Alkali Flat because of its affordability and proximity to their original neighborhoods.

An important factor to remember in examining the demographic changes evident in this racial and ethnic population data is that Alkali Flat was losing population throughout the study period. An increase in any single category of the population could be a reflection of in-migration of that group, or due to a combination of in-migration of one group and an out-migration of other groups. For instance part of the increased percentage of the population reported as white could be due to less out-migration in that group; perhaps due to a higher rate of homeownership, homes on more stable residential blocks or blocks not chosen for extensive redevelopment, or household incomes that were not as vulnerable to rising housing costs. A combined evaluation of the change in white population numbers with the total population changes and the median home value changes suggests that, since the 1980s saw both the highest population loss, and a significant increase in median home values, the change in the demographic make-up was likely due to less out-migration of the white population, probably combined with some in-migration of whites looking for home-ownership opportunities in the historic districts.

An evaluation of the five demographic groups examined only portrays part of the picture. Yet comparing the data in the light of changes in each neighborhood's total population offers some insight into the changing composition of each neighborhood. The most notable trend is the race and ethnicity changes in the population distribution of traditionally minority-dense Alkali Flat neighborhood that, by the 2000 Census, leave the neighborhood comparable to the racial and ethnic composition of the neighboring Mansion Flats neighborhood. Combined with factors like rising housing costs and stagnant household incomes, the reduced minority population in Alkali Flat strongly hints of gentrification.

Demographics are more than population composition and median income. Education levels are also linked to neighborhood stability and long term success, as well as socio-economic improvement and higher quality of life.



The high school graduation rates in Alkali Flat started out much lower (about 15 percentage points) than neighboring Mansion Flats. However, during the 2000 Census the neighborhoods switched roles. High school graduation rates in Alkali Flat hit almost 77% of the population while Mansion Flats leveled off at 71%. This peak corresponds with noticeable changes in other variables, as both median home values and the percent of the population self-identifying as white in Alkali Flat surpassed those in Mansion Flats in the 2000 Census, while the percent of the population self-identifying as Black and Hispanic in Alkali Flat dropped below that of Mansion Flats. At the same time median contract rents and the percent of the population self-identifying as Asian increased enough in Alkali Flat to be comparable to Mansion Flats. These demographic shifts all point to significant changes in the demographic composition.

### *Tenure Changes*

The last two data analysis for the Alkali Flat neighborhood show how housing tenure has changed over the decades. One trend where Alkali Flat did not catch up to Mansion Flats is in the homeownership rates in the neighborhood, though both neighborhoods had very low owner-occupancy rates during the four decades of this study. Across all four decades the homeownership rates in Alkali Flat lagged behind Mansion Flats an average of about 6%. Additionally, while homeownership rates after 1980 seemed to be on a gradual rise in Mansion Flats, homeownership in Alkali Flats did not follow a clear pattern, despite overall rising median home values and increased median rents.<sup>14</sup>

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<sup>14</sup> It is important to remember when reviewing median home values in Alkali Flat that owner-occupancy rates were always very low, even at their peak, that the vast majority of Census blocks did not report median home values in 1970, that the 2000 Census did not collect median home value data at the Census block level, and that the only decade with somewhat reliable data, 1990, was still based on self-reported median values, and therefore subject to bias. The Census tract data, which is built on the Census block data is only slightly more reliable in this case as it includes 2000 median home value

Both neighborhoods have very high rental occupancy rates compared to many other residential Sacramento area neighborhoods. Composite Map 5, located in the appendix, overlays the Alkali Flat redevelopment projects, identified by decade, on the change in median contract rent data. A summary of the analysis shows that, while the cumulative effect of redevelopment efforts in the Alkali Flat neighborhood may have contributed to the stabilization and modest revitalization that the area has experienced through the 1990s (and, as witnessed by many residents, into the 2000s), it is difficult to attribute these improvements to the projects themselves.

Despite the numerous redevelopment projects undertaken in the 70s, the neighborhood decline registered in the 1980 Census, as identified by a 28% vacancy rate and the largest rate of population loss, still marked a low point for the area.<sup>15</sup> The subsequent changes during the 80s and 90s are equally difficult to directly attribute to specific projects. In some maps the projects are located in areas experiencing dramatic increases in median contract rents, a sign of economic improvement. In other areas the projects are located in areas that saw decreases in the median contract rents, which could signify a failure to address the economic issue of the area, or could be indicative of a subsidized housing project that artificially lowered rents for low-income tenants.

One thing does become clear through an analysis of the Alkali Flat Redevelopment Area, however. Statistically the Alkali Flat neighborhood has improved by all measured economic criteria, as well as in educational attainment. In many respects, the area portrays signs of

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numbers, but for both 1970 and 1980 is probably better approached more as an estimate than a true statistic.

<sup>15</sup> It is possible that the neighborhood could have been experiencing a mild resurgence before the 1980 Census, with the real low point sometime between the 1970 and 1980 Census. However, that would mean that the population and housing unit loss, the median contract rent decline, and probably the dramatic changes in population demographics during the 70s happened even faster and with even more negative impacts than registered in the 1980 Census. Considering that redevelopment projects often take years to complete, it would still be difficult to attribute any significant improvements in neighborhood conditions to specific projects in such a short time frame.

gentrification. Whether or not redevelopment investment contributed to gentrification in the area is debatable, though it probably didn't hurt. It is just as likely that the signs of gentrification are the results of the location of Alkali Flat, combined with the social and economic changes impacting the general area.<sup>16</sup>

The dramatic loss of population and housing units in the 70s and 80s combined with the much lower property values, home values, and contract rents and all in an area immediately adjacent to the commercial rich downtown and residentially desirable midtown neighborhoods would make Alkali Flat a textbook example of a gentrification-ready neighborhood. What many of the redevelopment efforts in Alkali Flat did do is keep residential housing units affordable for the original low-income residents, through housing subsidies. This may have actually acted as a brake on gentrification and an unintentional counter to the economic development investments intended to appeal to investors considering projects in the neighborhood.

### **Oak Park**

The economic, demographic, and tenure changes in Oak Park do not follow the same kinds of trends as those visible in Alkali Flat. Scholars, community activists, and residents have all voiced concerns about the potential gentrification of Oak Park and the negative impact that gentrification would have on low-income residents. However, a review of the four decades of Census data collected – one from three years before the formation of the redevelopment area, and three afterward – do not provide sound back-up for gentrification fears in Oak Park. The following analysis compares the economic, demographic, and tenure changes in Oak Park to the adjacent neighborhoods of Curtis Park, Fairgrounds, Tahoe Park, and North City Farms. For the

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<sup>16</sup> It is also likely that crime rates played a very significant role in the changes in the neighborhood, but were not included in this study.

purposes of this study, the Oak Park redevelopment area is divided into a North, West, East, South, and South-East segment. Curtis Park consists of a North and South division.

### *Economic Changes*

I used the same three variables in this study to examine economic changes in the Oak Park redevelopment area and the adjacent neighborhoods. These are median household income, median home value, and median contract rent.

In 1970 median household incomes in the Oak Park Redevelopment Area were considerably lower than in any of the adjacent neighborhoods. In Oak Park only the north section, which borders the neighborhoods surrounding the UC Davis Medical Center, which underwent massive expansion during the 1980s and 90s, had steady trending increases in median income with an approximately \$10,000 increase between 1970 and 2000. The only other section of Oak Park that showed a significant increase in incomes was the southeast portion in which incomes jumped about \$7,000 between 1970 and 2000. Incomes in the remaining Oak Park neighborhoods remained fairly stagnant.

The Fairgrounds and Curtis Park North neighborhoods had a long-term increase in median incomes, while both Tahoe Park and North City Farms saw median incomes fall slightly from 1970 to 2000. By contrast, Curtis Park South, which is closest to Sacramento City College and the adjacent Land Park neighborhoods, saw a rapid and dramatic increase in incomes from \$42,000 in 1970 to \$72,000 in 2000. It is interesting to note that housing sizes, styles, and ages between Curtis Park North and Curtis Park South, and much of Oak Park are very similar. However, the placement of the freeways, as well as the lack of reinvestment in Oak Park's (and to a degree, Curtis Park North's) housing stock puts these neighborhoods at opposite ends of the livability spectrum.

Median household income is only one economic indicator. A second factor in this analysis of economic changes is the changes in median home values between the redevelopment area of Oak Park and the adjacent neighborhoods. At first glance, the median home values for the Oak Park and adjacent neighborhoods seems to express more about general trends in the Sacramento real-estate market than anything unique to the redevelopment area. A closer evaluation, however, provides some additional information.

Median home prices rose and then fell in all of the Oak Park neighborhoods save one – the Oak Park North section adjacent to the UCD Med Center neighborhood. This is the same area that also saw the biggest increase in median incomes in the Oak Park redevelopment area. According to this analysis, the Oak Park North area is the only portion of the Oak Park redevelopment area that has potentially valid concerns regarding the impacts of gentrification.

One trait that is missing from the overall median home value distribution in Oak Park is that, except for the northern section, there is no consistent trend of accumulated housing value. Many policy and political experts still tout home-ownership as a means for low-income families to improve their socio-economic status. Yet, as this analysis suggests, lower-income neighborhoods, where most low-income families can actually afford to purchase a home, do not exhibit the same kind of value appreciation that is typically observed in moderate- and high-income neighborhoods. When lower-income neighborhoods do show significant home value appreciation, the increased value is often a symptom of gentrification, which by its very process makes home-ownership unaffordable for the low-income families that could most benefit from the increased equity. The changes in contract rents also reflect the economic climate of a neighborhood.

While rents in Oak Park were slightly lower than the rents in the adjacent neighborhoods of Fairgrounds, Tahoe Park, North City Farms and Curtis Park North in 1970, by 2000 median

contract rents in Oak Park and all of the adjacent neighborhoods, except Curtis Park South, were comparable. This equalization in median contract rents represents overall rent increases in Oak Park that accelerated much faster than in adjacent neighborhoods, and far faster than median incomes in the redevelopment area.

With the exception of Oak Park North, the only Oak Park neighborhood with economic evidence of gentrification, the Oak Park redevelopment area shows little economic change. Incomes remained stagnant, median home values increased much slower than in adjacent areas. Only contract rents exhibit a real significant change, and that change was an overall increase that put rents in the redevelopment area on par with adjacent neighborhoods.

### *Tenure Changes*

As the vast majority of low- and very low-income families do not have access to the same financial resources as moderate-income families, such as savings accounts, good credit ratings, and family support, a much lower percentage of low- and very low-income families own their own homes. Most are renters. Comparing the changes in the renter to ownership ratio combined with the vacancy rate provides some insight to the impact that redevelopment efforts might have on an area.

Unlike Alkali Flat, Oak Park and the adjacent neighborhoods did not experience a net loss of housing units and population during the over-all study period. Oak Park actually had an overall increase of both housing units and population between 1970 and 2000, while population and housing unit totals in adjacent neighborhoods remained stable over the four Census periods. Yet the percentage of owner occupied housing units fell in every neighborhood measured – both in the redevelopment area, and in the adjacent neighborhoods. Taken decade by decade, owner occupied housing made up a smaller percentage of the total housing stock in Oak Park than in adjacent neighborhoods.

Conversely, rental occupancy rates increased across both the study and the control neighborhoods, though the Oak Park redevelopment area still had generally higher rental occupancy rates than the adjacent neighborhoods. This across the board increase in renter occupancy rates corresponds with the increases in median contract rents over the same period. The largest increases in rental occupancy happened in the same areas and during the same periods where median contract rents also increased the most. An analysis of these correlations suggests a couple of conclusions.

First, rental occupancy rates and median contract rents increased most in the areas with the most stagnant median household incomes, especially in Oak Park's redevelopment area. This means that families with the least economic flexibility faced the highest increases in housing costs. One of the fundamental purposes of redevelopment is to protect and provide affordable housing. Yet the median contract rent increases through Oak Park suggest that redevelopment failed to meet that particular goal.

Second, rental occupancy rates increased, in many cases significantly, across the board in both the study area of Oak Park and the control neighborhoods. This increase was likely the result of decades of generally cheap fuel, easy access to the freeway system, and larger newer suburban and exurban homes available at comparable prices that made these existing neighborhoods much less appealing to most homebuyers. The filtering of housing stock from owner occupancy to rental occupancy makes sense in this context.

The four decade Composite Map 8, in the appendix, shows a few tenure change trends in the redevelopment area. First, the Oak Part redevelopment area likely experienced a fairly high resident turn-over rate. Second, that turn-over probably included properties changing from owner-occupied to renter-occupied and the reverse, as well as actual occupant turnover. Third, a

fair number of originally renter-occupied housing units may have also just sat vacant for long periods of time, as evidenced by the higher vacancy rates in the Oak Park redevelopment area.

Unlike Alkali Flat, Oak Park did not experience large fluctuations in the total number of housing units in the redevelopment area during the study period. As the Census data does not make a distinction between habitable and inhabitable housing units, only between occupied and vacant units, it is very possible that the exceptionally high vacancy rate in Oak Park is a reflection of the condition of the housing stock. The fact that there is no identifiable pattern of reinvestment in the housing stock, nor a net loss of housing units, which would have lowered vacancy rates, suggests that while market pressures may have been sufficient to ensure a certain amount of housing stock remained usable, it wasn't enough to encourage the revitalization of neglected or uninhabitable housing stock.

One of the claims of redevelopment is that it encourages private investment by using public subsidies to drive economic growth. Along with the measurable economic criteria that would provide evidence of economic improvement, a reduced vacancy rate – one that is more comparable to adjacent neighborhoods – would also signify an increased vitality in the area. That has not happened in Oak Park.

Composite Map 9, also in the appendix, overlays some of the Oak Park redevelopment area's projects over the changes in median contract rent data for the four decades of Census data. This map emphasizes the almost schizophrenic impact that redevelopment appears to have on an area. One very important problem with redevelopment is the dichotomy inherent in the economic development methodology versus affordable housing legislative dictate. An analysis of the map layers shows that almost all of the specific redevelopment projects were either in or immediately adjacent to Census blocks that show significant increases in median contract rents during the decade. The redevelopment project priority areas (which did not specifically identify projects),



on the other hand, were either in areas that had large rent increases, or they were in areas that saw no rent increases. Both are problematic. That median contract rent prices jumped so much in blocks immediately adjacent to projects and some project priority areas suggests that redevelopment efforts were unsuccessful at protecting affordable housing. Conversely, the projects areas that had no significant impact on their adjacent blocks suggests that the redevelopment activities in those areas failed to encourage positive economic development. This mixed expectation, that redevelopment will both protect housing and encourage economic development is inherently contradictory.

### ***Demographic Changes***

Oak Park had experienced some dramatic demographic and population changes in comparison to adjacent neighborhoods.

One universal trend across both Oak Park and the adjacent neighborhoods during the study period is the reduction in the number of people self-identifying as white on the Census. While some of this decrease might be due to changes in the Census itself, it is more likely due to outmigration without an in-migration replacement. However, whites were not the only racial group to lose population in Oak Park.

The black population, which had a very substantial presence in Oak Park at the initiation of the redevelopment area, decreased significantly across the board in Oak Park during the four decades of this study. Combined with the white population loss, this shows a large outmigration of what traditionally made up most of the core population of Oak Park in the four decades studied. This outmigration suggests that the area was both economically and socially unstable, with a high household turnover.

While Oak Park did have continuously high vacancy rates, it also experienced a modest population increase between 1970 and 2000, which means that the demographic decrease among

whites and blacks was compensated. Much of that compensation came from a dramatic influx of Hispanics.

As Oak Park in general experienced an increase in the Hispanic population, the area that experienced the smallest increase is Oak Park North, the area with both the highest median household incomes and median home values in 2000. Conversely, North City Farms, an adjacent neighborhood that is not in the redevelopment area, which had a low level of black population loss, a moderate amount of white population loss, lower median home values, but higher median incomes had the second largest increase in Hispanic population as it went from 24% of the population total to 45% of the population total for that Census tract. This increase also presented a much larger population increase than the total housing unit increase for that neighborhood, and bears deeper evaluation.

The lower median home values and the general population growth in North City Farms could be a sign of a neighborhood where the existing housing stock is under strain, though the higher median household incomes raises questions about neighborhood character. This apparent mismatch raises questions regarding the social and cultural investment that residents can make in a neighborhood that will continue to make it attractive even when the quality of the housing stock (as measured by median home value) is below the household demand curve (as measured by median household income). The value attributed to a neighborhood's cultural or social investment is difficult to accurately quantify, but may, at least anecdotally, have a significant impact on the composition, stability, and attractiveness of the neighborhood, despite raw economic indicators.

The questions about the value of a vested neighborhood, raised by the housing value to income inconsistency in North City Farms, is central to the problem presented by gentrification, and by extension, redevelopment efforts that focus mainly on economic development. It is all but

impossible to put a price value on the feeling of involvement and belonging that a strong neighborhood network can provide. The response for many redevelopment and economic development efforts is to tacitly ignore that factor. Any activities that would result in an increase in median contract rents or home values by default undermines the neighborhood network because it encourages household turn-over. This is also true for efforts that, whether intentionally or not, fail to support, or in some cases, disrupt important neighborhood social structures, resulting in massive racial and ethnic migrations.

Hispanics were not the only population to experience a surge in numbers during the study period. The Asian and Pacific Islander population in the Oak Park redevelopment area also dramatically increased, particularly during the 1980s and 1990s. Overall, the lower income neighborhoods, which are also the neighborhoods showing the least economic growth, also show the most change in population demographics, with a trend towards greater diversity. However, despite the increased racial and ethnic diversification during the study period, especially in the Oak Park areas, racial identities did not seem to blend, as seen by the consistently low percentage of the population identifying as other.

Educational attainment also plays a strong role in neighborhood demographics, and educational attainment levels in the Oak Park and adjacent neighborhoods appear to shadow the median income and median home value numbers from the economic variables discussed. In 2000 the Oak Park areas still measured below most of the adjacent neighborhoods, with the exception of North City Farms. Comparing the educational attainment changes with the race and ethnicity changes shows that the North City Farms neighborhood also underwent some of the highest levels of racial and ethnic population shifts. Specifically, large numbers of Hispanic and Asian and Pacific Islanders moved into these neighborhoods during the study period while large numbers of whites and blacks moved out. The drop in high school graduation rates in those areas could be

explained by an increased number of immigrants – especially refugees and low-income families that did not have the same educational opportunities.

Despite the impression of population loss presented in the racial and ethnic evaluation above, the Oak Park redevelopment area did experience a gradual 13% increase in total population during the study period. However, that increase was not evenly distributed and there were significant total population changes in the redevelopment area.

Oak Park has continued to struggle with blight as reflected by high vacancy rates, housing affordability issues reflected in median contract rent increases, and median household income stagnation throughout the decades measured by this study. Moreover, recorded redevelopment efforts never fully encompassed the whole of the redevelopment area, but instead focused on the sections along the northwest boundary and along the arterial streets. In the north, it could be argued that redevelopment efforts encouraged the gentrification that was likely to happen anyway due to proximity to the Med Center neighborhood. The redevelopment efforts along the arterial streets may have leveraged economic development potential, but were less than successful at stabilizing housing costs; a key component in protecting affordable housing opportunities. The study of Oak Park hints that when redevelopment does work, its results are at odds with its legislated intent. For Oak Park that has meant 30 years of investment in a community that, for the most part, is still blighted and still struggling.<sup>17</sup>

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<sup>17</sup> I have been a resident of Oak Park for the last 4 years and have observed many of the changes and lack of changes in the neighborhood first hand. I have not included the fourth decade of information in this study because the 2010 Census data was not available when I began this study and because the data collection method changed significantly in 2010, resulting in data that did not correspond to the variables I used throughout this study. However, observation suggests that things have not changed much. In fact, due to the inflated housing prices and the concentration of sub-prime mortgages in the area, and the subsequent economic crash and housing crisis, blight in the area appears to be increasing. Yet redevelopment efforts have done little to address either of these problems as housing subsidies are sorely limited and the response to blighted single family homes has been to demolish them, leaving vacant lots that frequently act as local landfills.

## **Del Paso Heights**

The analysis of Del Paso Heights shows a series of demographic changes similar to those experienced in Oak Park, but under very different economic circumstances. It is helpful to remember that the Del Paso Heights Redevelopment Area was unique from the other two study areas in that it had substantial vacant and underutilized land included in the redevelopment boundary. However, it also had a more significant lack of urban infrastructure. These two differences directly influenced the changes identified over the life of the redevelopment area.

### *Economic Changes*

Economically, Del Paso Heights stands out from both Oak Park and Alkali Flat as a much more homogenous area. One of the most dominant economic traits in the Del Paso Heights study area is the general comparability to the adjacent neighborhoods. This trait is very unlike Oak Park, where the neighborhoods in the redevelopment area had median household incomes at half or lower than those in some adjacent neighborhoods. It is also unlike Alkali Flat, where the median household income of both the study area and the adjacent control area both started out far below the recognized poverty line but then changed at very different rates. In Del Paso Heights both the redevelopment area neighborhoods and the adjacent neighborhoods started the study period spread evenly within a fairly narrow median income range. Over the study period, one noticeable change can be observed. While median incomes in the adjacent neighborhoods and in the most developed parts of the redevelopment area stayed either stagnant or showed only modest increases, in the census tracts with the most undeveloped land, median incomes jumped more than \$13,000 between 1970 and 2000.

An analysis of both the median home values and the median contract rents for the Del Paso Heights study area and the adjacent areas shows how other economic indicators reflected the economic changes in the area.

The changes in median home values for the Del Paso study area and the adjacent control neighborhoods also show considerable uniformity with one exception. The Del Paso North West section, where most of the area's un- and under-developed land was located in 1970, showed not only some of the most volatile price changes, but also some of the largest overall price increases, as well as major increases in total housing units by 2000. Much of this development was new greenfield development, or was the densification of underdeveloped parcels. The newer homes corresponded with the higher home values, and with the higher median household incomes as the new neighborhoods brought in wealthier families.

Unlike Oak Park and Alkali Flat, the percent increase in median home values was, in most of the Del Paso Heights neighborhoods (excepting the North West section), only slightly more than the percent increase in median household incomes. This suggests that homeownership remained more affordable for Del Paso Heights residents. Contract rents had a different pattern.

Across the board, in both the Del Paso Heights redevelopment area and in the adjacent neighborhoods, contract rents increased significantly. For an area that is predominantly lower-income, with the understanding that more lower-income households rent rather than own their homes, this rent increase represents similar housing equity challenges to those present in the Oak Park and Alkali Flat neighborhoods. The largest rent increases all happened in the redevelopment area, which again undermined the tenet of redevelopment focused on providing access to affordable housing.

Of all the areas studied, the Del Paso North West section had the highest contract rent increases. Combined with the much higher home values and the higher median incomes, it is very likely that during the study period this neighborhood became unaffordable to the low- and moderate-income residents that originally made up the majority of the redevelopment area's population. An analysis of the changes in contract rents in the North West section reflects one of

the concerns regarding the inclusion of un- and under-developed land in redevelopment areas. Most developers prefer to build on undeveloped land – particularly when the development is market rate. These developments have the highest profit margins, increase the tax base, and are the easiest to complete. However, the construction of new market-rate housing units without affordable components, combined with the loss of lower-rent units, and the increases in contract rents runs counter to the legislated intent of preserving affordable housing. One thing that is clear, is that the rapid increase in rent prices outpaced the increase in median incomes, and even the increase in home values, suggesting a flux in neighborhood stability.

### *Tenure Changes*

The mix of renter and owner-occupied housing in Del Paso Heights is unique of the three redevelopment areas studied in that it started out in 1970 with a much higher owner occupancy rate than the other redevelopment areas. As with the changes identified in the Economic Changes section, the changes in renter-occupied housing in Del Paso Heights are only subtly different from the adjacent neighborhoods. Only in the Del Paso South East neighborhood, was the rental occupancy rate in 2000 significantly higher than it was in 1970.

The Del Paso Heights redevelopment area is different from both Alkali Flat and Oak Park in that it did not initially have high concentrations of renter-occupied housing. For the most part, the Del Paso Heights redevelopment area had an intermixing of moderately rental-dense Census blocks among more homeowner-dense blocks. However, it is the significant increase in total units that really differentiates the Del Paso Heights redevelopment area from Oak Park and Alkali Flat. While both Oak Park and Alkali Flat showed signs of gentrification in the areas with the highest median home value and highest median household incomes, they were also both built out at the initiation of their respective redevelopment areas. Del Paso Heights did not show the same patterns of gentrification because the area was not built out and did not experience a resurgence.

It was already a *re*-development area during its first phase of development. Even though the Del Paso Heights redevelopment area had a higher owner-occupancy rate than the other redevelopment area's studied, comparable median home values and rents to adjacent neighborhoods, and significant un- or under- developed land, it was still selected for inclusion in a redevelopment area. A key reason may have been the area's vacancy rates.

In general over the four Census periods measured, the neighborhoods in the Del Paso Heights redevelopment area had higher vacancy rates than the adjacent neighborhoods. There was an across the board increase in vacancy rates between 1970 and 1980, as in the other redevelopment areas studied. However, the pattern stops there.

The Del Paso Heights redevelopment area was unique in that it had more vacant and under-developed land when it was designated a redevelopment area. Greenfield development, or development of under-utilized areas that do not require extensive relocation of residents and demolition of existing structures is generally less expensive than traditional redevelopment, even if it includes installing standard infrastructure. All of the economic and tenure indicators of the Del Paso North West area suggest a more prosperous neighborhood that, while experiencing economic growth, also had conditions that make finding and obtaining housing much more difficult for the low-income residents that traditionally occupied the neighborhood. These changes also suggest a different pattern of development from the redevelopment efforts used in Oak Park and Alkali Flat. The results also resemble the economic and demographic impacts of new development more than they do redevelopment, particularly the redevelopment efforts in Oak Park and Alkali Flat, as discussed. The changes in vacancy rates for the Del Paso Heights redevelopment area echo the changes in the un- and under-developed land in the redevelopment area.



There is no map in the appendix showing redevelopment projects for the Del Paso Heights redevelopment area. Despite the age of the area and the changes in housing values, and the general turnover of housing that would result in tax increment that could have been reinvested into the community, there is almost no record of any specific redevelopment projects prior to 2000. There is record of redevelopment money used for infrastructure improvements in the area, but the information identifying specific projects, or even the more obscure project areas identified in both Alkali Flat and Oak Park, is missing. Due to the amount of un- and under-developed land in the Del Paso Height area, it is very likely that at least some of the money spent on infrastructure went to what were essentially new housing developments – specifically, to subsidize the development of single-family market rate owner-occupied housing. The impacts of this kind of development echo the gentrification seen in parts of Alkali Flat and Oak Park, only without the moderating impact of large amounts of subsidized housing.

### *Demographic Changes*

In many respects, the demographic changes in Del Paso Heights mirror the demographic shifts in the other redevelopment areas. White and black populations generally declined while the Hispanic and Asian populations increased dramatically. However, Del Paso Heights differed from both Oak Park and Alkali flat in two very specific ways. Unlike both of the other study areas that had been platted and developed as urban type areas, with urban infrastructure included in the development process, Del Paso was originally ranchland, and much of the original development was uneven, with long but dense residential blocks, irregularly shaped industrial and commercial areas, and fairly inconsistent infrastructure development.

There was also an abundance of underdeveloped and greenfield land available for residential redevelopment and new development. Del Paso Heights only had one decade in one

neighborhood when there was a significant loss of housing stock, and that loss is sandwiched between two decades of much more significant increases.

Similarly in population, for each decline in total population recorded by the Census there is a much more significant increase in population the following Census, resulting in net population growth for the area. However, those changes are not the same for each racial and ethnic group in the redevelopment area.

Like Oak Park, most of the Del Paso Heights redevelopment area experienced a loss of population self-identified as white, with the population loss accelerating over the duration of the study period. However, one area, Del Paso North West, marked an overall increase in population self identifying as white during the study period. This overall increase corresponds with the new development patterns that had a 50% increase in total housing stock built in the area between 1990 and 2000. The changes in the white population in the Del Paso Heights area are almost the inverse image of the changes in the black population.

Changes in the black population in the Del Paso Heights study area follow two basic patterns. In the first pattern, as exhibited in the Del Paso North East and North West neighborhoods, there is a radical loss of black residents. It is noteworthy to recognize that the largest decline in the black population in the Del Paso North West area happened between 1990 and 2000, during the area's largest housing production period.

Conversely, the black population in the Del Paso South East, the East Del Paso Heights, and Hagginwood neighborhoods had very modest increases. They also started with much lower percent of their total populations self-identifying as black. Compared with the areas that experienced the greatest population loss, the mild gains in Del Paso South East, East Del Paso Heights, and Hagginwood do not sufficiently cover the displacement of black Del Paso Heights redevelopment area residents.

The loss of white and black residents does not mean that there was an overall loss of population in the Del Paso Heights study area.

The Hispanic population increased in every neighborhood in both the Del Paso Heights redevelopment area and the adjacent control neighborhoods. While there is some variation between neighborhoods in the total percent of the population that self-identified as Hispanic in 2000, there is not marked difference between the redevelopment area and the adjacent neighborhoods. One notable population distribution is that the Hispanics in the Del Paso North West area represent the highest concentration of Hispanics in the Del Paso study area by 2000. While the black population was decreasing, despite new home building, the Hispanic population increased substantially.

Though the Hispanic population displayed an across the board significant increase in population in the Del Paso study area, the Asian population increase was almost completely isolated to the redevelopment area. This raises questions regarding the increased opportunity for Hispanics to penetrate the East Del Paso Heights and Hagginwood neighborhoods over that of the Asian and Pacific Islander groups, and the potential advantages available to Asians and Pacific Islanders in the redevelopment area. It also explains a lot of the drop in overall vacancy rates in the redevelopment area despite the population loss among the white and black population groups. One other discrepancy is evident in the population growth pattern for Asians and Pacific Islanders in the Del Paso North West area. While the neighborhood lost both total population and housing units between 1980 and 1990, that same period is when the Asian and Pacific Islander population group experienced the greatest increase. As the population growth and housing construction rebounded in the North West neighborhood during the 1990 to 2000 decade, the Asian and Pacific Islander population did not continue to grow, even though it had a substantial increase that

same decade in the other redevelopment area neighborhoods, resulting in a reduced percent of the total population for the North West neighborhood.

The final demographic measurement used in this study is the change in educational attainment as represented by high school graduation rates in the study area. The overall 2000 high school graduation rates for the Del Paso study area were still lower than the Sacramento County rates, as were the median incomes and median home values, though they are comparable to the adjacent study areas.

The analysis of the Del Paso Heights redevelopment area brings into question the overall benefits of redevelopment on the area neighborhoods. The redevelopment area in Del Paso Heights differs from the other redevelopment areas studied in that it was not all that different from the adjacent neighborhoods, with one exception. It had a large minority population and a lot of un- and under-developed land. What is notable is that Del Paso Heights stayed comparable with the adjacent neighborhoods on many of the critical economic and tenure criteria over the whole study period – it did not decline to be worse than or improve to be better than East Del Paso Heights or Hagginwood. This raises the question – what did redevelopment achieve in Del Paso Heights? Did it simply prevent the area from declining? The data does not suggest that redevelopment protected Del Paso Heights from the overall economic fluctuations and recessions that impacted the region as a whole. Nor is it evident that redevelopment improved the economic stability of the redevelopment area, as increases in home values and incomes stayed modest, even stagnant, while rents jumped and the overall composition of the area shifted from owner-occupied to renter-occupied majorities. The one thing that redevelopment did do is reap the tax increment rewards from the new development in the area. This is partially evident in the first real recognized redevelopment projects in Del Paso Heights; Del Paso Nuevo, which added 300 single family homes to vacant land, the North Avenue Apartments, which also added 80 units to vacant

land, and the Joe Mims Jr. Hagginwood Community Center, all of which were completed in the last decade.

The final chapter in this thesis will discuss the conclusions drawn from the analysis of these three redevelopment areas. It will also briefly cover the new challenges and possible solutions to the problems remaining in redevelopment areas that no longer have redevelopment.

## Chapter 6

### CONCLUSIONS

#### **The End of Redevelopment**

During the course of the research for this paper, the California State Legislature passed Assembly Bill x1 26. This bill essentially gutted the California Redevelopment Law and started the wind-down process for California's over 400 active redevelopment agencies. The very issues identified in this study – the difficulty to determine the benefits of redevelopment, the unaccounted for costs, and primarily, the negative impact on the county and state budgets were the motivation for the legislation that ended redevelopment.

The elimination of redevelopment has not gone smoothly for the state and for the local governments faced with disassembling one of their most critical development tools. The California League of Cities filed suit against the State in the California Supreme Court in October of 2011. The court ruled in favor of the State in California League of Cities versus Matosantos in December of 2011, thereby restarting the redevelopment wind-down process. In June of 2012, the legislature passed AB 1484, which heavily amended AB 26, and filled in many of the gaps in the original legislation. However, redevelopment successor agencies across the state are scrambling to respond to these sudden and dramatic changes. There is a general sense of pessimism about the future of affordable housing production and the ability of local jurisdictions to attract development and economic re-investment.

The legislated elimination of redevelopment as a community development tool does not negate this study. The need for a policy or procedure like redevelopment has not evaporated. Many of the Sacramento Region's redevelopment areas are going to be facing increased hardship as a key source of funding for infrastructure maintenance and the main incentive for private

investment has been taken away. The majority of neighborhoods in redevelopment areas are older, with infrastructure well into its third and even fourth life-cycle. Since the bursting housing bubble and subsequent recession have hit several of the minority dense neighborhoods exceptionally hard, many of which are also in redevelopment areas, the need for neighborhood reinvestment – for *re*-development – is going to be greater than ever.

### **Redevelopment's Breakdown**

I started this thesis with the question of whether or not redevelopment worked, and what sorts of impacts it has had on residential neighborhoods. While it is difficult to draw universal conclusions from a case study analysis, I believe that the impacts of redevelopment on the most blighted and most needy neighborhoods, like those studied here, have been mixed at best, and, in many cases there is no evidence of noticeable positive results. There are a number of reasons for this “failure”. First, as shown in other studies, such as Dardia’s 1998 analysis, redevelopment does not pay for itself. Second, Proposition 13 and the consolidation of fiscal authority with the State pushed local governments to use redevelopment in ways not originally intended. Third, the fundamental structure of redevelopment as practiced, was conflicted between economic development goals and affordable housing mandates. And fourth, redevelopment suffered from a conflict between the need to address blight, and the desire to maximize tax increment and sales tax gain.

Dardia’s 1998 indictment of redevelopment focused on the tax increment return that was supposed to be the method by which redevelopment “paid for itself”. His analysis proved that, with the exception of redevelopment areas with large areas of undeveloped land that would reap exceptional tax increment when entitled, subdivided, and developed, the new tax revenue generated from the redevelopment of blighted neighborhoods was insufficient to cover the amount of subsidy needed to redevelop those neighborhoods. Dardia’s study was not simply

focused on immediate returns. He acknowledged that even in the long-term, redevelopment generally didn't pay for itself. The new taxes generated by redevelopment, even over the three and four decade long life of the redevelopment area, did not cover the tax increment loss experienced by other taxing entities. My analysis of the changes in property values in the Alkali Flat, Oak Park, and Del Paso Heights study areas underline Dardia's claim. Property values in heavily blighted neighborhoods stayed stagnant, and did not indicate a significant increase in "new" tax revenue. Only property values in areas with latent economic development potential – such as undeveloped land – increased precipitously and added significant "new" tax revenue.

The fiscal failure of redevelopment identified by Dardia did not spell the death toll of redevelopment as public policy. Instead, the state responded by tightening blight definitions and attempting to reign in new redevelopment areas without actually addressing the existing problems. Local governments were willing to accept the overall fiscal losses because tax increment funds restored some of the fiscal flexibility and autonomy that local governments lost through Proposition 13. At the same time, the claims of economic and social benefit attributed to redevelopment combined with a general lack of true results-oriented analysis kept critics of redevelopment disarmed and somewhat at bay. It is difficult to put a monetary value on economic and social benefit – particularly when that benefit is amorphous and is supported not by hard data, but by perception. However, from a raw numbers standpoint, redevelopment in California failed to pay for itself – a direct contradiction of one of the largest selling points of TIF for redevelopment effort.

The fiscal flexibility and autonomy of tax increment funds, while a benefit for the local jurisdictions pinned down by the austerity of post- Proposition 13 property taxes, also proved to be a two-fold problem. First, many jurisdictions came to rely on redevelopment funds to supplement their general funds. Redevelopment funds were used to pay staff costs, to cover



infrastructure maintenance costs in the redevelopment area to free up general funds for other projects, and to simply cover operational costs. They also absorbed many of the planning and land-use costs associated with infill-development – even when these plans were abandoned or only partially completed.

Second, flexible funds are vulnerable to mismanagement. This is particularly true when a fundamental use of these funds is to provide subsidy to private developers for private and for-profit projects. Combined with the political volatility associated with eminent domain, jurisdictions regularly came under fire for misusing redevelopment. Even when jurisdictions used tax increment funds appropriately, the public perception was frequently skewed by the risk of mismanagement. The lack of overall reporting gave the public, who is generally inclined to distrust government anyway, the impression that deals were being made under the table and behind closed doors – an impression that served to increase the legal costs and liabilities of the redevelopment agencies.

A critical failing of redevelopment in California, as identified in this study, is that it struggled with at least two critical internal inconsistencies. The primary conflict was the role of economic development, complete with economic metrics, versus the role affordable housing provider, with the obligation to protect housing for low and moderate-income residents. As shown in all three of the study areas, economic success and housing cost increases are correlated. The more economically successful an area becomes, the higher housing costs rise, and the more difficult it is for low- and moderate-income residents to find housing. Yet, protecting and providing affordable housing was a primary legislated goal of redevelopment. This inherent dichotomy set redevelopment efforts at a cross purpose from the start.

This cross-purpose fundamentally crippled redevelopment and had direct impacts on the neighborhoods that redevelopment was meant to revitalize. One of the most noticeable impacts

in the study areas addressed by this analysis is the outmigration of the original minority populations in all of the redevelopment areas. Some neighborhood turnover and adjustment is due to changes in demographic measurements and changes in populations that took place region- and even state-wide. However, comparisons to the control neighborhoods show that, in many cases, the demographic changes in redevelopment neighborhoods was far more extreme than in the vast majority of the control neighborhoods. Analysis of the long-term data also shows that redevelopment areas experiencing the indicators of economic success also showed a loss of racial and ethnic diversity. As economic success was limited in each of the study areas, Alkali Flat, Oak Park, and Del Paso Heights, these results could be anecdotal. However, in a state that projects, to have no majority racial or ethnic population within the next decade, publicly funded activities that result in the resettlement of minorities or in a loss of racial and ethnic diversity are socially problematic.

A critical factor to this residential turnover is contracts rents, which, in general, increased more in the redevelopment areas than in the non-redevelopment neighborhoods. This increase was higher in neighborhoods with noticeable redevelopment efforts, or with evident latent redevelopment potential. The more successful the economic development, the higher the contract rents, the more neighborhoods were destabilized and residential turnover increased. To a degree, the economic development of a redevelopment neighborhood required this turnover. Redevelopment was based on economic improvement that depended on increases in property values – which translates to increased contract rents – to provide the tax increment that was supposed to pay for the redevelopment. The mitigation for this increase in rents is subsidized housing.

However, subsidized housing does not readily contribute to economic growth. First, subsidized housing, by definition, is not self-sustaining. Subsidies are an expensive and subsidies

for housing are long term financial commitments that jurisdictions must budget for and continue to manage. Second, subsidized housing does not significantly increase the tax base that tax increment financing relies on to create the revenues to pay for redevelopment. If the economic development component of redevelopment could not pay for itself as a tax generating activity, redevelopment sponsored subsidized housing definitely never became revenue neutral. Add this to the fact that land and other physical resources committed to housing could not then be used for redevelopment projects that actually generated new tax revenue, and the dichotomy between the roles of economic development and the protection and production of affordable housing becomes even clearer, with the residential neighborhoods and the housing market of the redevelopment area caught in the crossfire.

The conflict between the protection of affordable housing and economic development is not the only internal conflict that plagued redevelopment. The blight criteria and the economic development effort also had difficulty with reconciliation. Blight remediation, like affordable housing, was one of the fundamental tenets of redevelopment. While the definition of blight has been difficult to legislatively pin down, the existence of blight – particularly in the older redevelopment areas, like the study areas analyzed here, is difficult to deny. This is supported by the general stagnancy of home values in the redevelopment areas studied.

I would argue that neighborhoods that were deemed blighted at the initiation of the redevelopment area that did not see a significant increase in median home values were likely still blighted when redevelopment was ended. This argument is supported by the neighborhoods that did see significant gains in median home values – North Oak Park and Alkali Flat, specifically. These neighborhoods, which had substantial latent economic development potential, also saw the greatest reduction in blight. However the remainder of the Oak Park Redevelopment Area, as well as the bulk of the originally developed Del Paso Heights Redevelopment Area did not

possess that same latent potential, and without it, lacked the capacity to actually deal with blight. Additionally, in the case of Oak Park, sustained high vacancy rates combined with a stable housing unit count and a growing population strongly suggests units that are not habitable. Uninhabitable units are a sign of ongoing blight even under the most stringent of definitions.

Median home values are not the preferred blight measurement metric. Crime statistics, graffiti abatement efforts, demolition permits, dumping complaints, as well as vacant and dangerous building reports all do a better job of identifying blight. However, median home values do signify whether the perception of a neighborhood is improving or not. Home values go up when the perception of a neighborhood is that it is becoming a safer and more attractive place to live. That did not happen in many of the redevelopment neighborhoods studied. These are the same neighborhoods that also had stagnant household incomes and huge turn-over in residents – particularly minority residents. These are the same neighborhoods that showed the least economic development gains.

As evidenced in this study, redevelopment efforts that were driven by economic development goals by default gravitated to the neighborhoods with the most latent development potential. These are the neighborhoods that would contribute the most “new” tax increment and that could support both new businesses and housing – including market rate housing. Meanwhile, the neighborhoods with the most blight and the least latent potential remained blighted. The economic development centric goals of redevelopment made investment in these neighborhoods difficult, if not impossible, particularly if the redevelopment agency was expecting the redevelopment to “pay for itself”. Without latent economic potential, the redevelopment of blighted neighborhoods would never generate sufficient tax increment to justify the investment.

### **The Next Re-Development**

Jurisdictions and municipalities across California are scrambling to wind-down their redevelopment agencies and to re-allocate the tax increment funds that have sponsored redevelopment for the last six decades. Currently their challenge is administrative – meeting the new and often tight deadlines without incurring penalties. As the wind-down proceeds, those administrative challenges will include dispossession of agency assets, including many of the properties acquired for new redevelopment projects. However, once the dust of the wind-down process has settled, these jurisdictions and municipalities will be faced with many of the exact same problems that led them into creating redevelopment areas and agencies in the first place. If Oak Park and Del Paso Heights are representative at all, many of these older redevelopment neighborhoods still have serious physical blight and housing affordability issues that will only get worse without major reinvestment and revitalization efforts.

The need for a tool that addresses these issues is only going to become more apparent as the loss of redevelopment funds and the long term financial opportunity they provided sink in. Whether the next neighborhood revitalization tool is legislated or not, one component will be critical; the tool, the goal, and the motivation will need to actually function holistically. Whatever the next tool is, it is unlikely that it will have anywhere near the incredible funding capacity that tax increment financing provided. Nor is it likely that it will be allowed to function without both short and long term measurable results. The additional scrutiny and limitations will make it critical that whatever tool is created to address the vacuum left by redevelopment, it will not be able to function as a self-contradicting policy oxymoron.

This may well mean addressing the different components of neighborhood revitalization as separate and unique challenges. Economic development will benefit from a different tool kit than what is used to address blight. Moreover, the protection and production of affordable housing

will require yet another tool kit. Each of these tool kits will need to have metric that accurately represent the goals and motivations of the specific efforts. Just as important will be the protection of those efforts. Much like redevelopment fell victim to the revenue consolidation brought on by Proposition 13, any new neighborhood revitalization effort will be vulnerable to coercion from those same forces, if it is not protected and ensured by right. These new tools will also need something that they didn't even have in redevelopment – a consistent and reliable funding source.

One of the biggest challenges in government is developing actionable long-term plans with unreliable and inconsistent funding. These challenges are only magnified in a neighborhood that is struggling with severe blight, high residential turn-over, and stagnant household incomes and home values. Without the ability to plan long-term, it is virtually impossible to capture whatever latent redevelopment potential may exist in these neighborhoods. And without that potential, redevelopment and reinvestment are doomed efforts. The new neighborhood revitalization tools will need to be able to build on successes, to foster latent potential, and actively work toward a long-term vision, and without a reliable funding stream, none of that is possible.

As the wind-down, process for old redevelopment progresses, many jurisdictions are finding themselves caught looking back. California's court system will likely do as much as the legislature to truly define the wind-down process as cities, counties, and agencies try to hold on to as many assets as possible. However, the proactive jurisdictions will be looking forward and working to actively identify the unique needs of their neighborhoods. The new tools they will need may not have been created yet. In addition, the jurisdictions that get a jump on that creation will very possibly be the ones that suffer the least as redevelopment's loss begins to echo. Realizing the impacts of redevelopment, both positive and negative, will be invaluable.

APPENDICES

## APPENDIX A

**Redevelopment Area Analysis***Alkali Flat*

Of all of the redevelopment areas studied, Alkali Flat shows the most consistent improvement in the variables usually indicative of economic development, such as median home values and median contract rents. However, that means that it also shows the most consistent signs of gentrification. The data for the Alkali Flat area has mixed results in the housing and population variables that might better represent the blight amelioration and affordable housing intents for redevelopment. The area lost both housing units and overall population, even as median home values, median incomes, and median contract rents increased. Figures 1 through 1.11 compare Alkali Flat to the adjacent control neighborhood of Mansion Flats across three general areas; economic changes, demographic changes, and tenure changes. Composite Maps 1 through 5 evaluate the changes in the actual redevelopment area itself on a Census block-by-Census block basis.

Neighborhood delineations in Sacramento do not always match up exactly with the other spatial identifiers used in this study. In the Alkali Flat analysis, a portion of the Alkali Flat Redevelopment area is actually in the area identified as Mansion Flats, while a part of the neighborhood identified as Alkali Flat is not in the redevelopment area. Additionally, the U.S. Census blocks and tracts that I used for the long-term comparisons do not always align exactly with the neighborhood or redevelopment area boundaries. In the case of the Alkali Flat analysis, the Census tract used to identify the Mansion Flats neighborhood statistics also includes parts of the adjacent neighborhoods of Boulevard Park and New Era Park. These neighborhoods have comparable development patterns to Mansion Flats and were built out at around the same time. In the interest of simplicity, the comparison only references Mansion Flats even though the

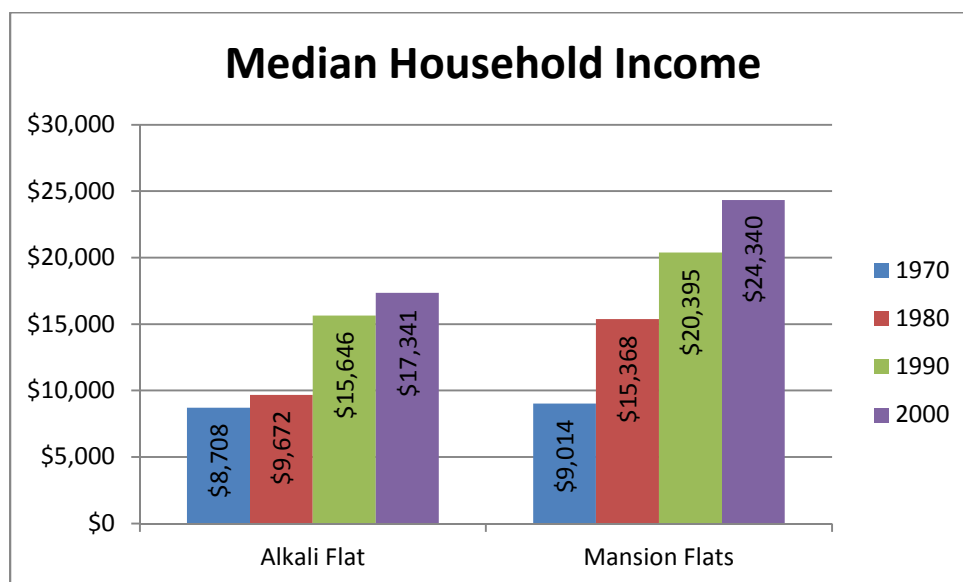


Census tract crosses neighborhood boundaries. The map data layers I used for all of the maps in this study come from multiple sources. The base City of Sacramento map layer, including the streets and centerlines as well as the location of parks, rivers, transportation, the redevelopment areas, and the individual neighborhoods is from the City of Sacramento Geographic Information Systems Data website. (City of Sacramento, 2011) The U.S. Census blocks, block groups, and tracts map layers are from the U.S. Census Bureau TIGER files, downloaded from the U.S. Census website. (U.S. Census Bureau, 2011)

### *Economic Changes*

The economic changes in the Alkali Flat redevelopment area show the most consistent improvement of all of the redevelopment study areas. The control neighborhood for the Alkali Flat redevelopment area is the adjacent Mansion Flats neighborhood. While Mansion Flats is generally the same age and has the same type of housing and businesses as Alkali Flat, it has slightly higher mean household incomes, homeownership rates, and white population counts than Alkali Flat. The Mansion Flats neighborhood is traditionally more stable and more desirable as a residential neighborhood, and has the 16<sup>th</sup> St commercial corridor that links downtown to the new highways and freeways to the North. The dollar amounts represented in each of the following graphs are adjusted for inflation to the 2000 Consumer Price Index for improved comparability.

The following figures compare the changes in median household income, median home value, and median contract rents between the two neighborhoods. Figure 1.1 shows the median household income of residents of Alkali Flat and Mansion Flats over the last four decades according to the U.S. Decennial Census.

**Figure 1.1.**

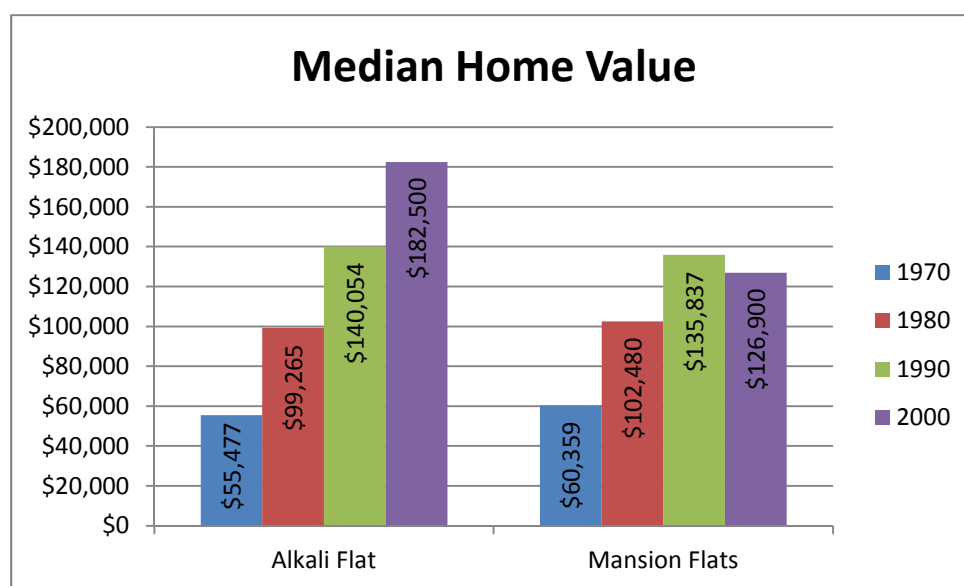
**Median household incomes for the Alkali Flat and Mansion Flats neighborhoods between 1970 and 2000.**

Median household income had the most consistent disparity between the two neighborhoods of the three economic variables measured. Median incomes for both neighborhoods were comparable in 1970 at \$9,014 in Mansion Flats and \$8,708 in Alkali Flat. Incomes rose considerably between 1970 and 1980 in the Mansion Flats neighborhood. Meanwhile incomes in the Alkali Flat neighborhood during the same period were stagnant, which is why it was identified as one of the poorest neighborhoods in the City in its 1972 Redevelopment Action Plan. (SHRA, 2005) Incomes did rise in both neighborhoods during the 1980s. However, median household incomes in Alkali Flat did not catch up to those of Mansion Flats. As a point of reference, the 2000 Poverty Guidelines developed by the Department of Health and Human Services to serve as the federally recognized poverty threshold was \$17,050 for a family of four and \$8,350 for a single person. (Shalala, 2000) Household incomes in Mansion Flats appreciated significantly more and much faster than incomes in Alkali Flat even though both neighborhoods had very similar starting points.

One of the claims of redevelopment is that it acts as a tool to improve the economic and living conditions of troubled neighborhoods. One piece of evidence of improved living conditions is a higher median household income – indicating more economic stability, which many urban sociologists link to better family stability, higher rates of education, and the improvement of a whole host of other social indicators. The key is ensuring that the increased income is the result of low- and very low-income families receiving the support they need and who are now earning more money. The median household income measurement does not capture just who in the population is raising or lowering the median. Nor is it possible to know if the same people measured in the 1970 and 1980 Census were also present for the 1990 and 2000 Census. An analytical look at the race and ethnicity charts discussed in the demographic section below suggests a significant amount of population shift over the years.

In contrast with median household incomes, the median home values in Alkali Flat rapidly accelerated, and continued to accelerate past the adjacent Mansion Flats neighborhood. Figure 1.2 shows the median home values of Alkali Flat and Mansion Flats compared over four decades.

**Figure 1.2.**



**Median home values for the Alkali Flat and Mansion Flats neighborhoods between 1970 and 2000.**

By 2000 the median home values in Alkali Flat, at \$182,500, significantly surpassed the home values in Mansion Flats at \$126,900, suggesting that the neighborhood was experiencing a substantial investment in housing stock and was becoming increasingly attractive to buyers. This increase in price during the 1990s corresponds with an 18.7% increase in total housing units in the area, to 603 units – a significant portion of which were possible either through direct redevelopment efforts, or by a combination of grants and tax credit funding obtained through or in cooperation with the Sacramento Housing and Redevelopment Agency.<sup>18</sup>

This increase in housing stock followed two decades of net loss. The 1970s had witnessed a 26.3% decrease in total housing units, from 911 to 671 units; while the 1980s had an additional 24.3% decrease in total housing units to 508, so the total available housing stock in Alkali Flat had been significantly reduced before any significant number of new units were added. This provides a possible interpretation for the median home value increases in the redevelopment area. The reduced number of units increased the demand for the existing units during the 1970s and 1980s while the new units built in the 1990s would automatically call for higher sales prices due to the fact that they were new and did not have a history of deferred maintenance like many of the older homes in the neighborhood.

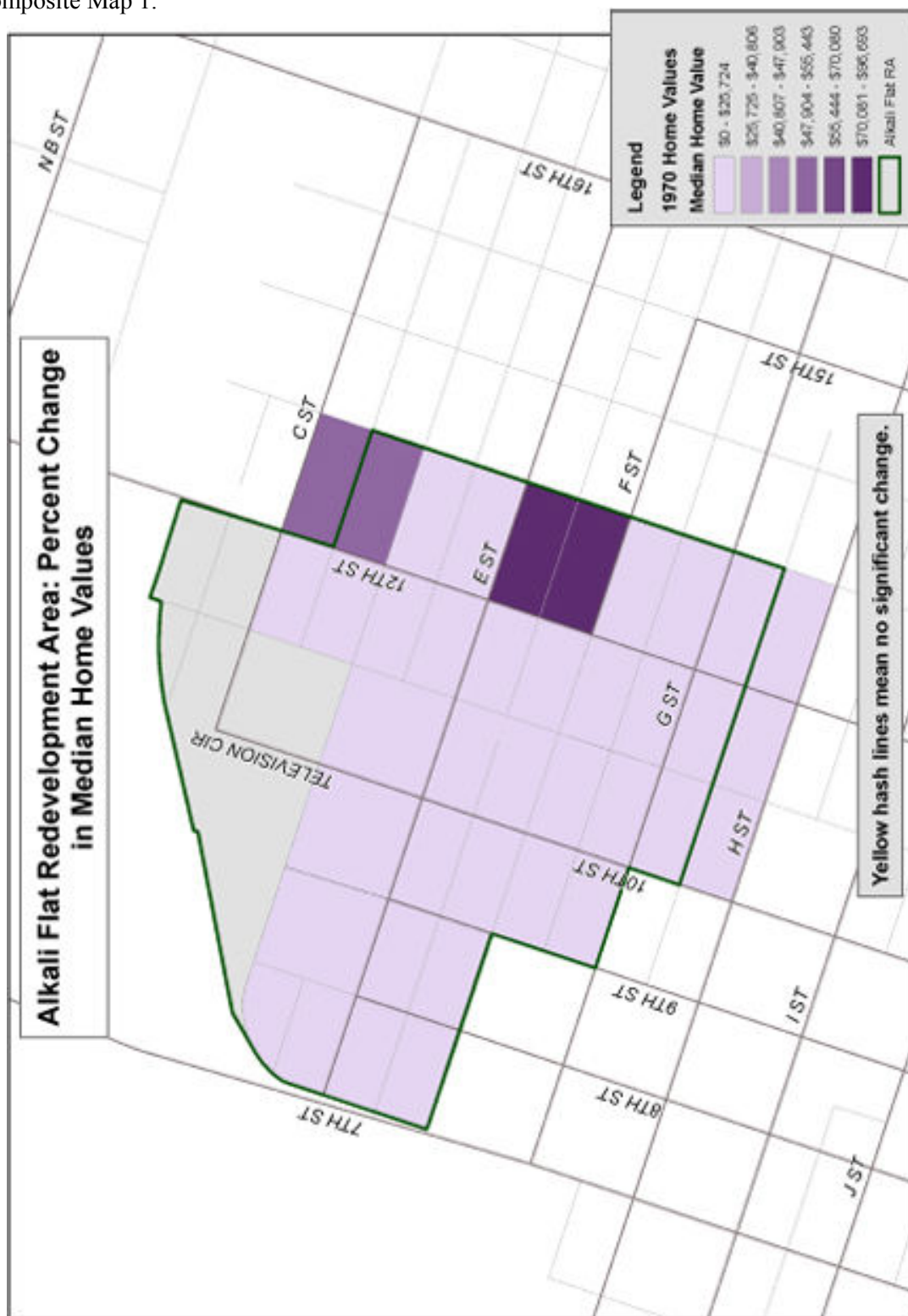
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<sup>18</sup> It is difficult to know exactly how many new and rehabilitated units were funded or subsidized by redevelopment. The levels of redevelopment involvement varied dramatically from project to project, from free land to grant funding to tax incentives to promises of rent subsidies. Prior to legislation which required unit for unit replacement, and low-income housing inclusionary regulations such as the Regional Housing Needs Allocation (RHNA), no exact records or running totals of housing production were kept. SHRA claims involvement in the creation of “hundreds” of housing units in the Alkali Flat neighborhood on its webpage (<http://www.shra.org/CommunityDevelopment/Redevelopment/RedevelopmentAreas.aspx>), but even SHRA employees are unsure of how to obtain an accurate count of those units (confirmed via email correspondence with SHRA representatives).

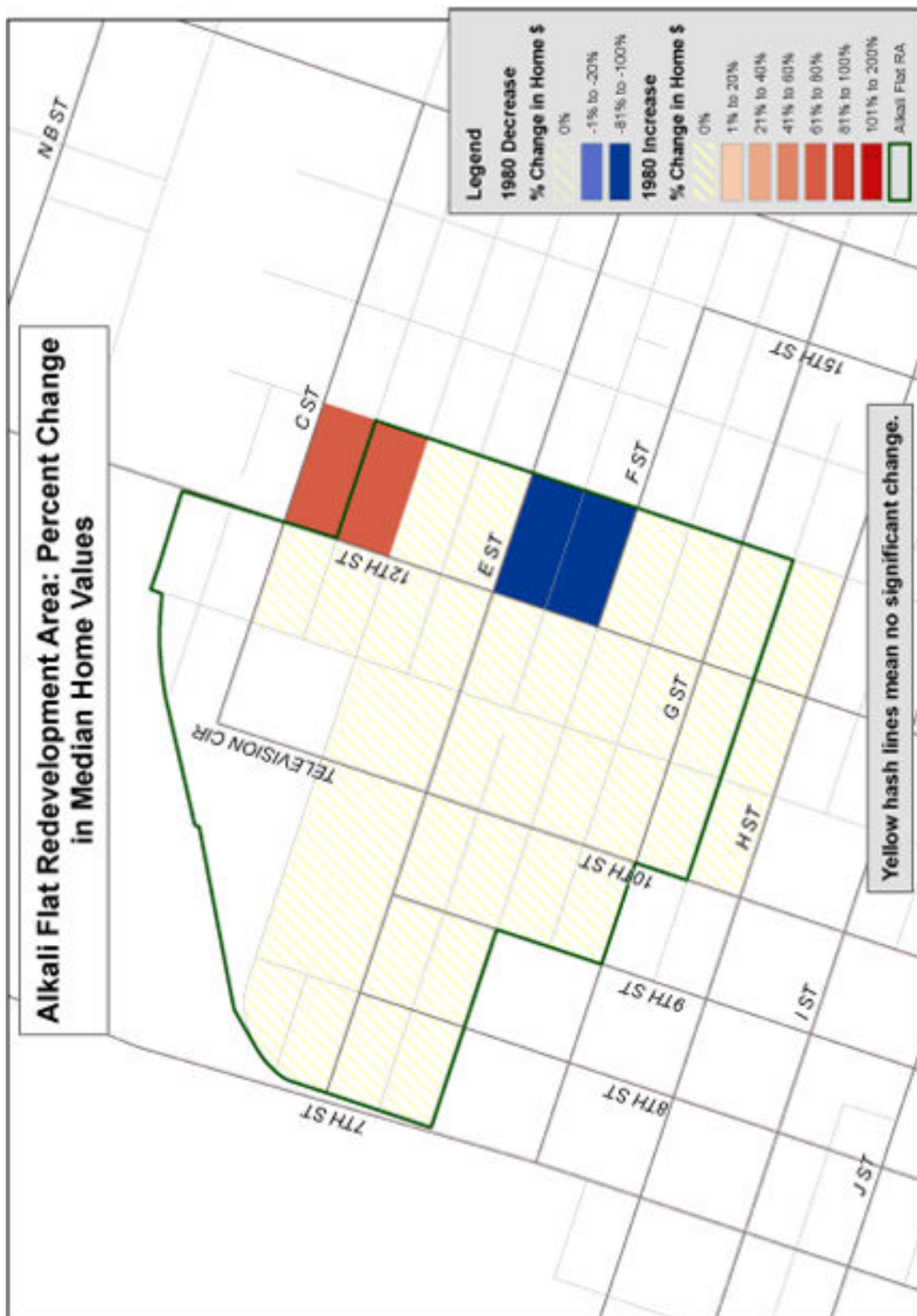
Mansion Flats, on the other hand had a 12% increase in total housing units in the 1970s, a 2.1% decrease in total units in the 1980s, and a 1.7% increase in the 1990s. This means that the housing supply in Mansion Flats was generally more stable, and the lower median home values might reflect the generally older housing supply – as much as the general economic environment.

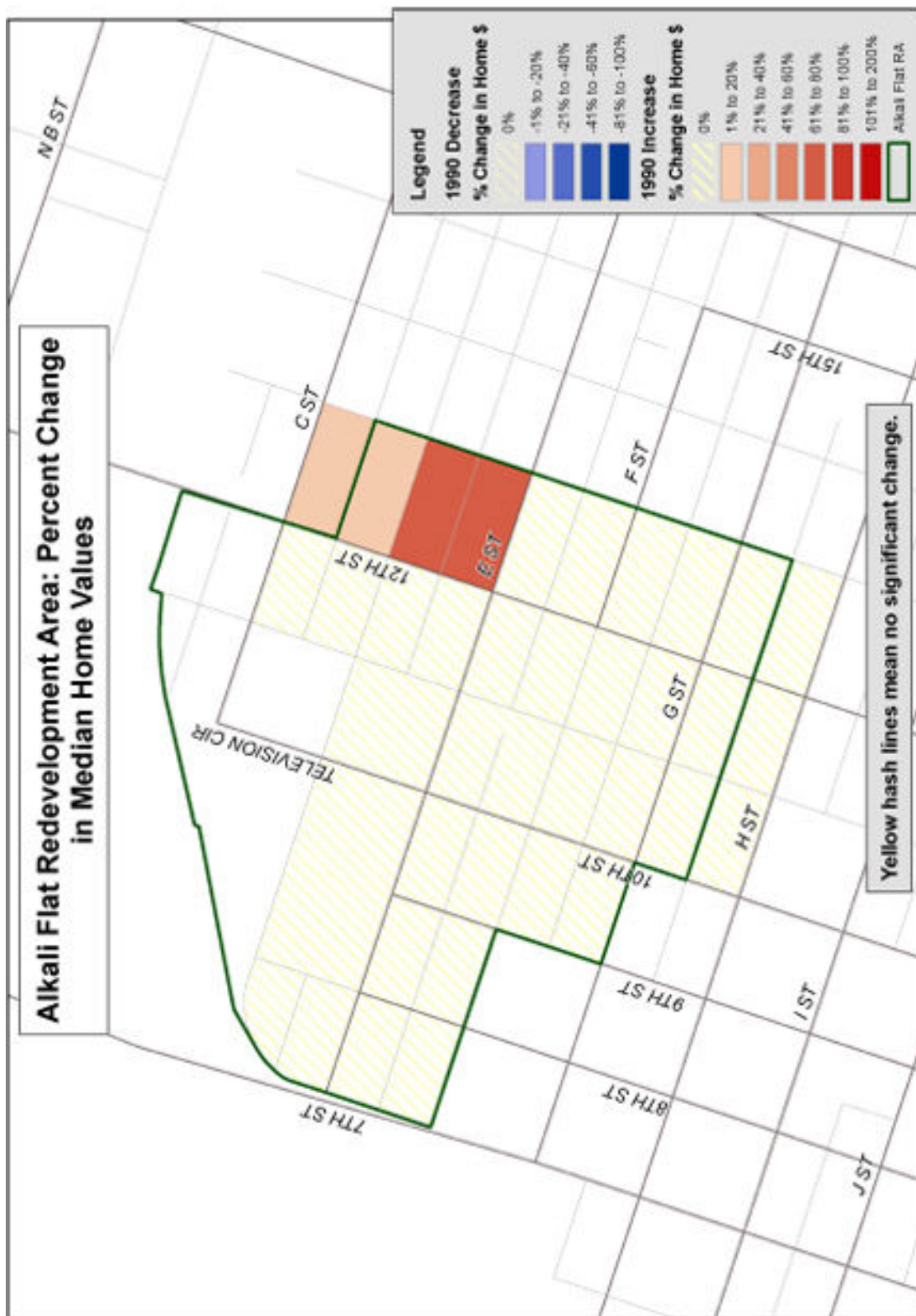
The decrease in total housing units in the Alkali Flat redevelopment area is only one component contributing to the overall changes in median home value. Composite Map 1 is made of three maps that detail changes in the median home value in Alkali Flat at the Census block level. The base layer is the 1970 median home values map that identifies the median home value range for each Census block in the redevelopment area. Each additional layer depicts the percent change, in median home values for each successive decade.

Composite Map 1.

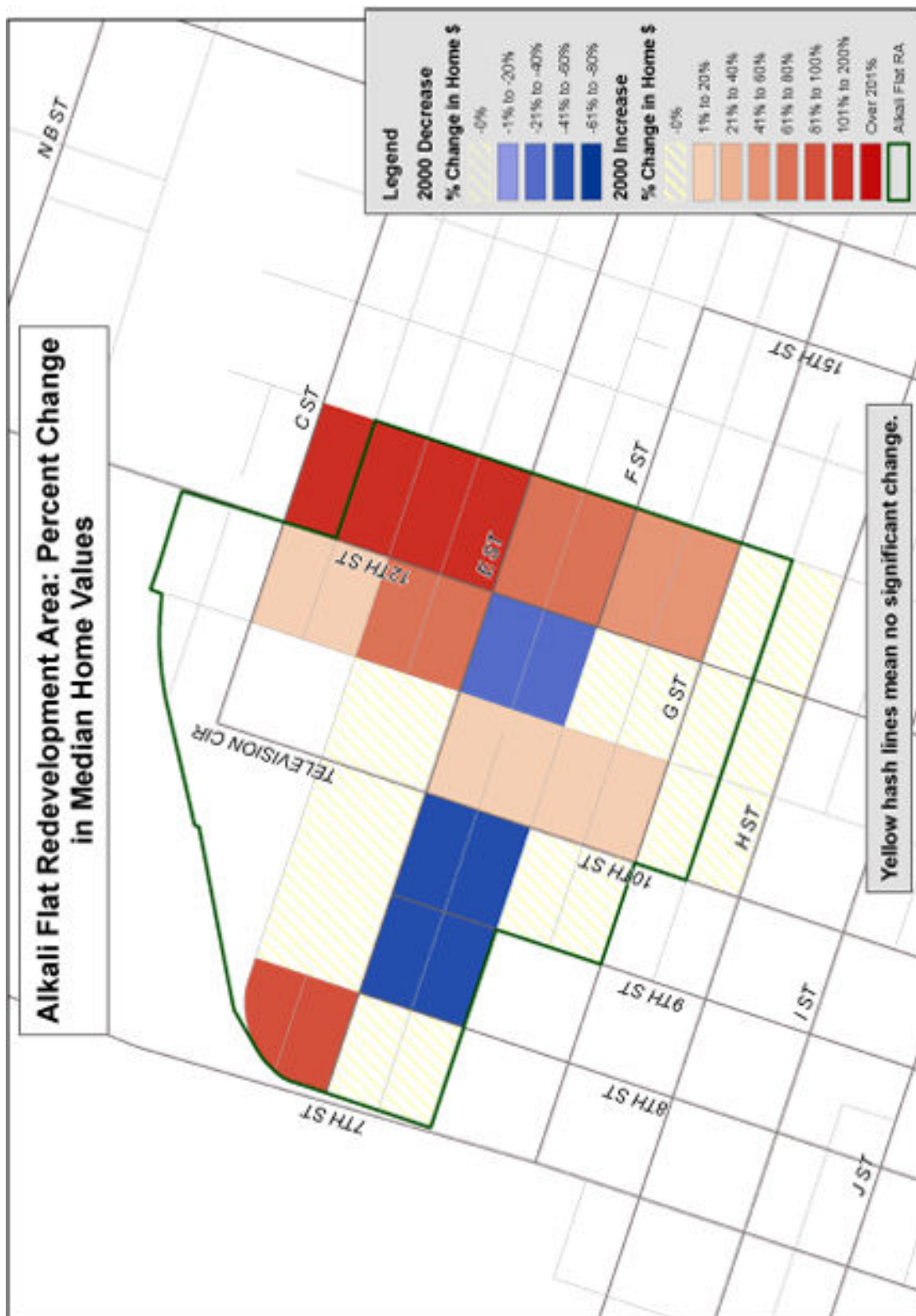


Alkali Flat Redevelopment Area: percent change in median home values from 1970 through 2000.









In examining the median home value composite map, certain patterns become evident. The base map of 1970 median home values shows only two Census blocks as reporting median home values.<sup>19</sup> A comparison with the 1970 base layer of Composite Map 3 suggests that the lack of median home value data is likely the result of 80% to 100% renter-occupancy rates in almost all of Alkali Flat, excepting the two eastern Census blocks identified in Comparison Map 1's 1970 layer. Those two eastern Census blocks, however, had median home values in the higher price brackets.<sup>20</sup>

The 1980 map layer shows that, with the exception of the same two eastern Census blocks, the median home values in the rest of Alkali Flat recorded no change and only one Census block, also on the eastern border, recorded a median home value. This is because there were no home values reported in those Census blocks. Of those two blocks that did change, one saw median home values drop dramatically while the other saw them rise significantly.

Many more Census blocks reported median home values in the 1990 Census. Another comparison with Composite Map 3 shows that these additional home value reports coincide with dramatic drops in the percent of total housing that was renter-occupied during the 1970s and 1980s. It is worth noting that the newly reported home values run the price range gamut with Census blocks reporting median home values in the \$300,000s immediately adjacent to blocks reporting \$29,500 as the median home value. Another interesting pattern is the concentration of higher home values along the eastern side of the redevelopment area, adjacent to Mansion Flats,

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<sup>19</sup> The 1970 and 1980 U.S. Census used self-reported value estimates to determine the median value of housing for a given Census block. In neighborhoods like Alkali Flat, where the owner-occupied sample size is very small, this resulted in many blocks not reporting any home values, and makes suspect the values reported in blocks that did report values as there is no way to validate the value claims.

<sup>20</sup> Price Brackets were determined by using median home values from all Census blocks in the three study areas to identify the full range of median home values in designated redevelopment areas.

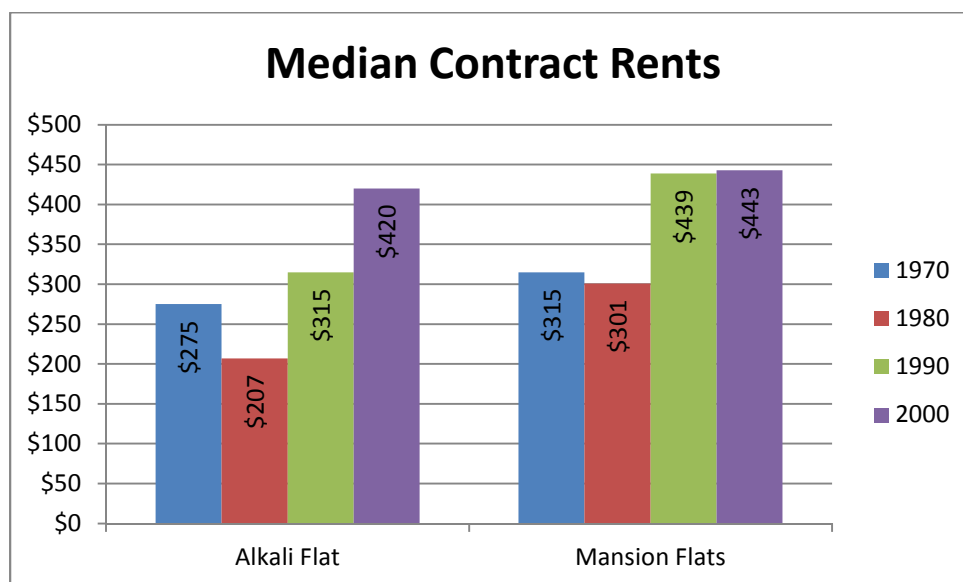
and the corridor between E Street and F Street, which was declared a historic district and placed on the National Register of Historic Places in 1984. (National Park Service, 2011)<sup>21</sup>

By the 2000 Census, Census blocks were no longer reporting median home values individually and instead median home values were evaluated at the Census tract level. This standardization put all of the Alkali Flat neighborhood at the top end of the price range (between \$121,300 and \$190,900) regardless of intra-neighborhood median home value differences.

The second half of the housing availability component is the rental market. Figure 1.3 shows the median contract rents for the Alkali Flat and Mansion Flats neighborhoods over the last four decades, with prices adjusted for inflation to the 2000 CPI.

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<sup>21</sup> The Alkali Flat Central Historic District is the corridor of blocks between E Street and F Street and was declared in 1984. Two additional historic districts in Alkali Flat were also designated in 1984: the Alkali Flat North Historic District around D Street and 11<sup>th</sup> Street, and the Alkali Flat West Historic District around E Street and F Street at 8<sup>th</sup> Street.

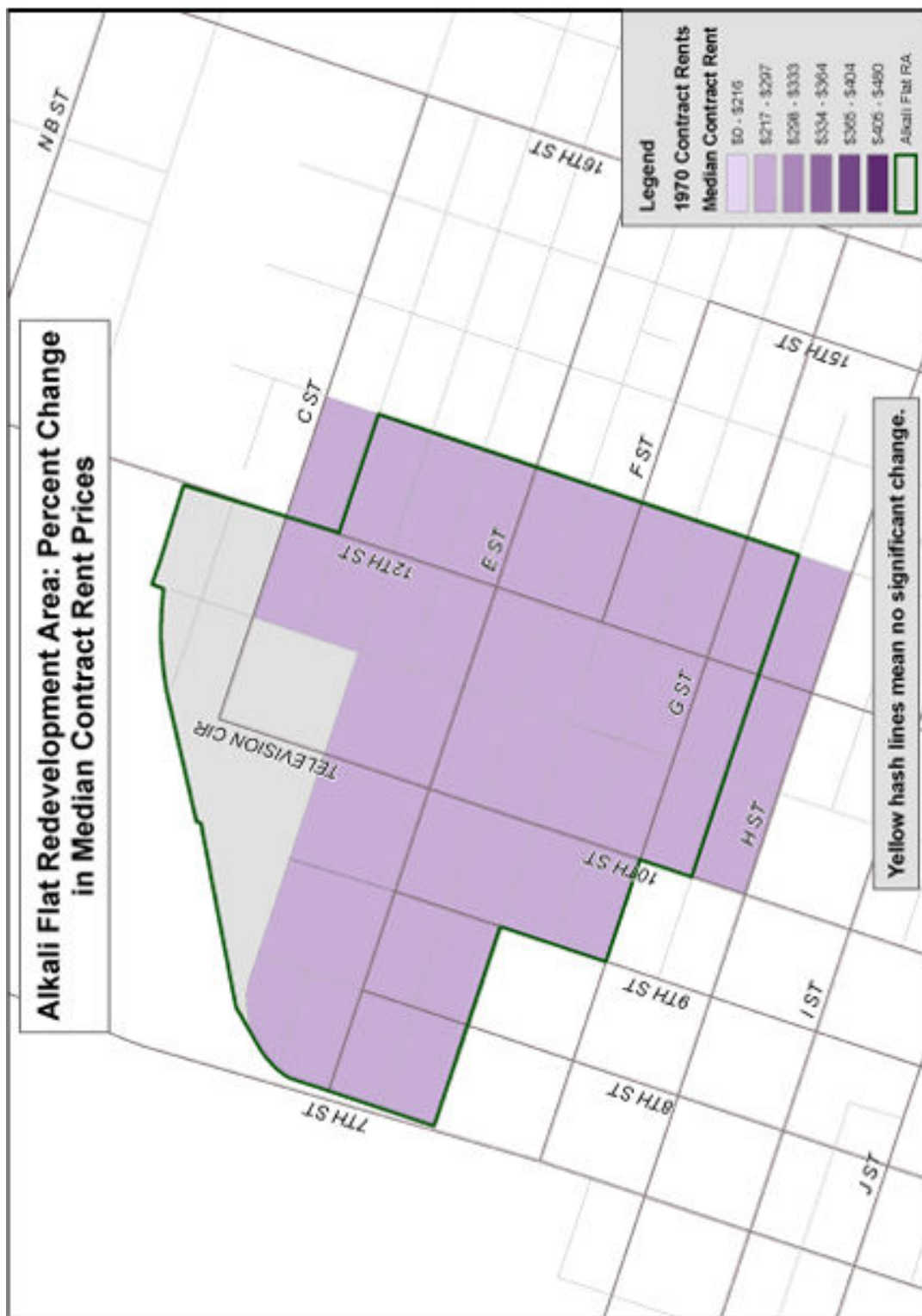
**Figure 1.3.**

**Median contract rent prices for the Alkali Flat and Mansion Flats neighborhoods between 1970 and 2000.**

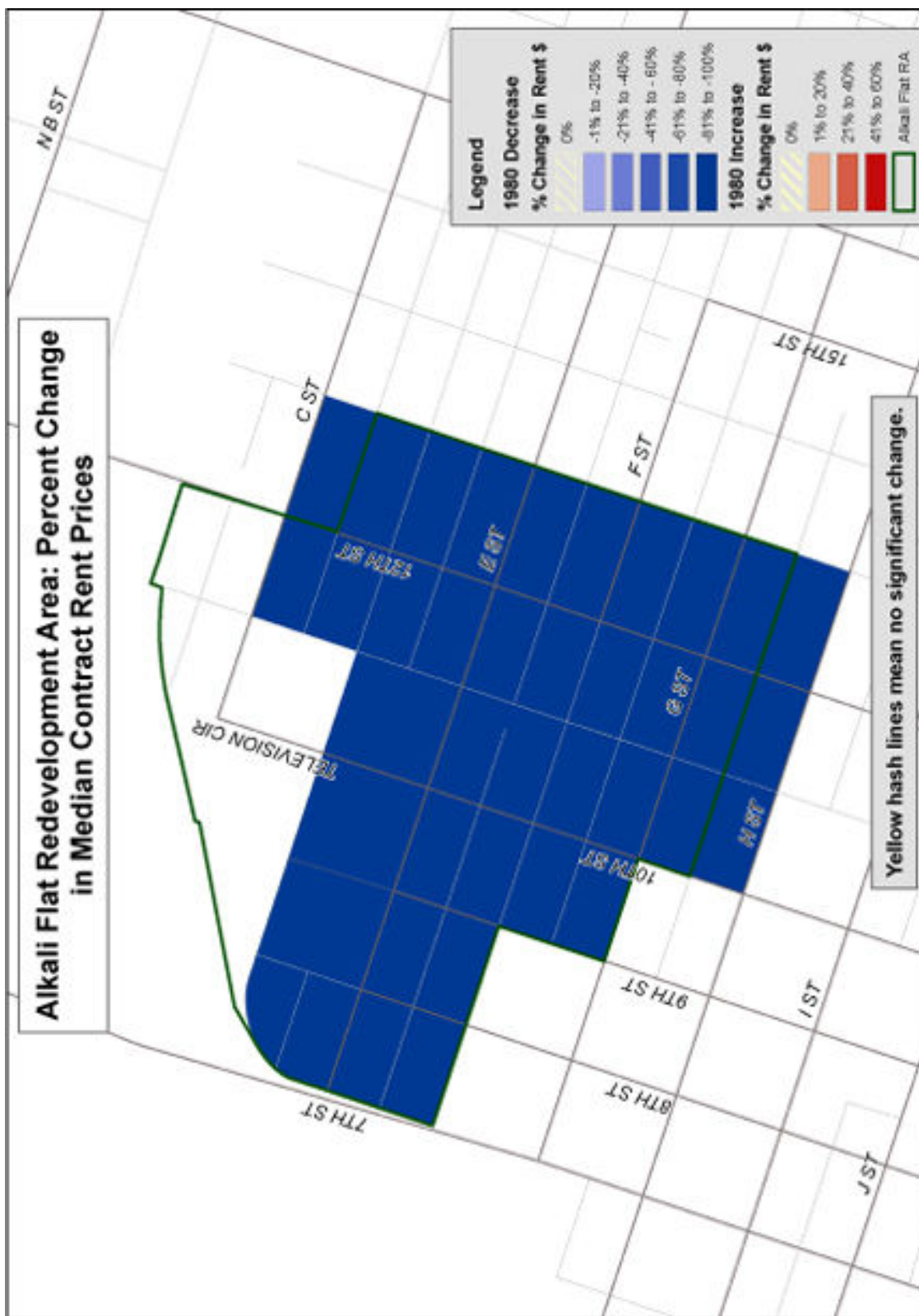
The median contract rents for the Alkali Flat neighborhood in 1970 were significantly lower than in neighboring Mansion Flats. However, by 2000, the rents in the two neighborhoods had almost equalized. The first decade of redevelopment in Alkali Flat saw contract rents drop \$67 to a low of \$207. However the next two decades saw dramatic increases in rents with median contract rents in Alkali Flat increasing about \$107 during the 1980s and \$105 during the 1990s to narrow the margin between the two neighborhoods. Taking the median home value and the median contract rents charts in tandem, the data shows that by 2000 Alkali Flat had housing costs that were comparable to adjacent non-redevelopment neighborhoods.

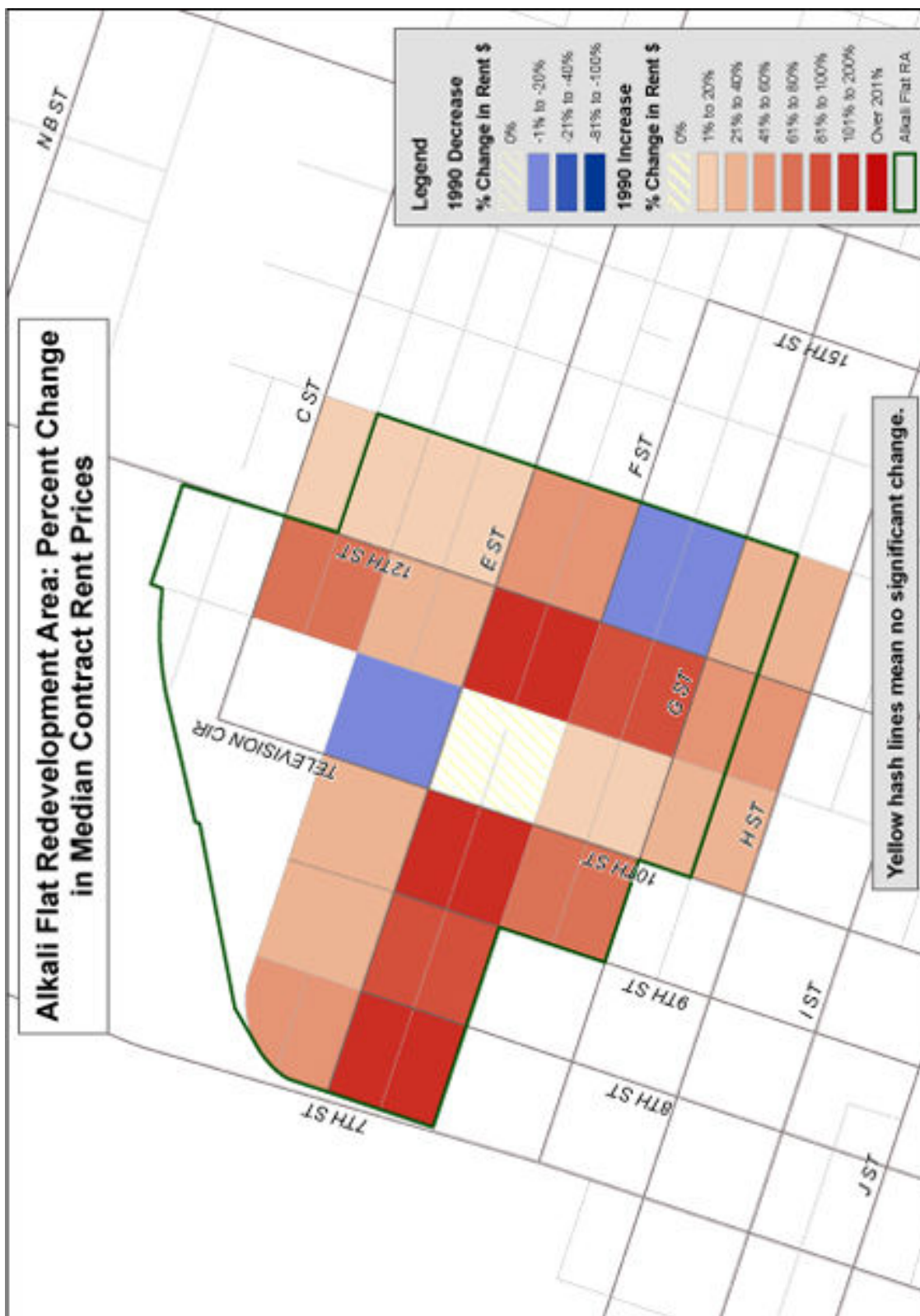
Composite Map 2 below examines these changes in median contract rents on a Census block-by-Census block level.

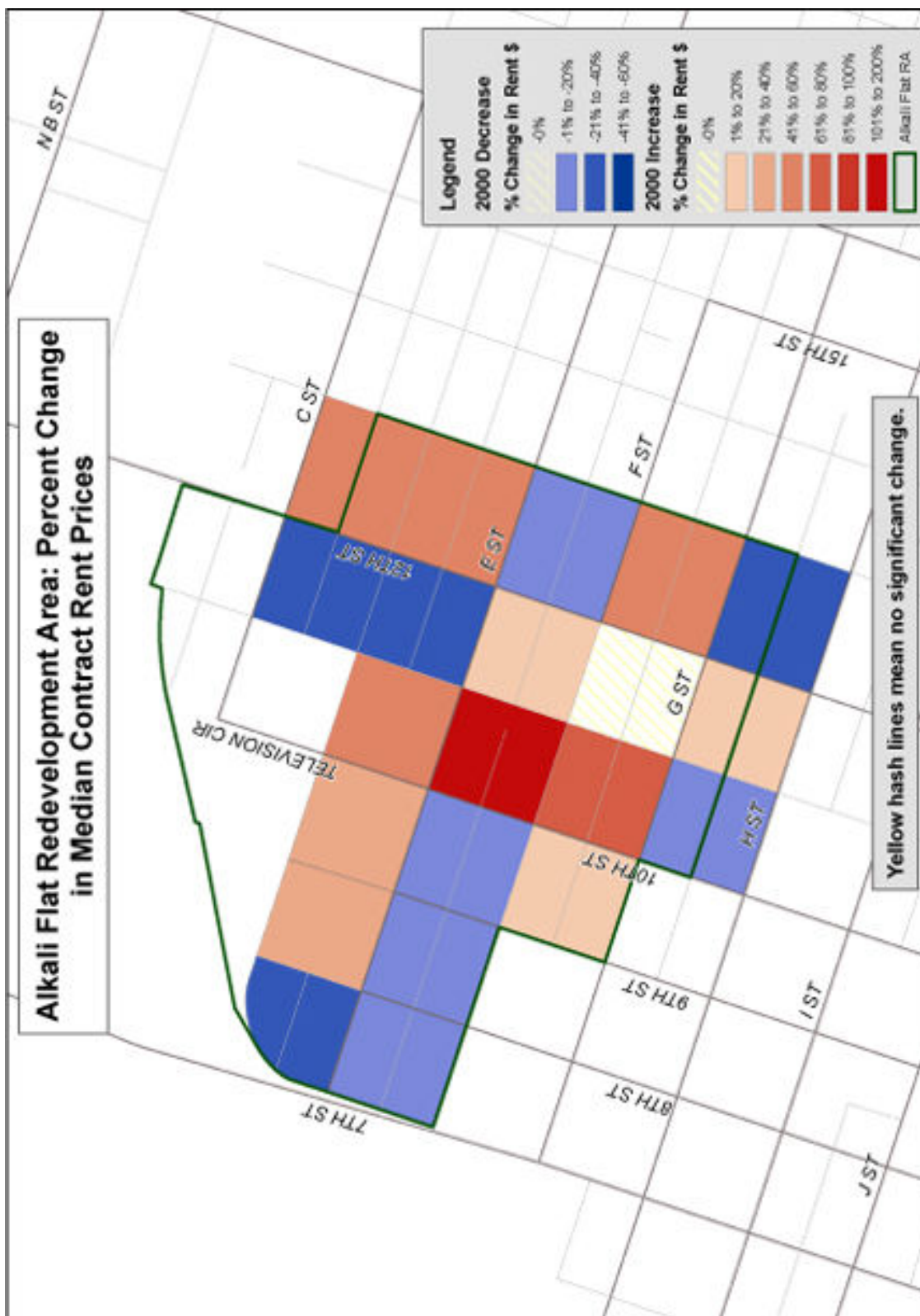
Composite Map 2.



Alkali Flat Redevelopment Area: percent change in median contract rent prices from 1970 to 2000.









The 1970 base map layer shows that at the creation of the redevelopment area Alkali Flat was a universally low-rent neighborhood. The 1970 base map has the entire redevelopment area with median contract rents between \$217 and \$297. The 1980 map layer reflects the price drop in rents identified in the neighborhood comparison graphs of Figure 1.3, where only three blocks registered a rent increase, and only one of those three was significant at 42%. The other two blocks experienced rent increases of 16% for the farthestmost west block, and 1% for the eastern block. However, the 1990 and 2000 map layers portray a rapidly changing rental environment in Alkali Flat.

Median rent prices jumped during the 1980s, particularly along the same E Street and F Street blocks where median home values also increased which encompassed the Alkali Flat Central Historical District. By 1990 three of those six blocks had experienced rent increases of over 200% of 1980 median contract rents. Rent increases were slightly more modest in the rest of Alkali Flat, generally ranging between 20% and 60% over 1980 prices. Only two blocks actually saw median rents drop during the 1980s. However, they did not stay down.

The median contract rent map for 2000 is quite a bit more nuanced. The two negative Census blocks from the 1990 map gained ground with rents increasing between 41% and 60%, while some of the blocks that had more modest rent increases in the 1990 map continued with more significant increases in the 2000 map. One interesting factor is the drop in median contract rents in the Central Historical District. While the drop in the District was less than 20%, it affected all of the blocks but two – one of which had shown no change for two decades as it was mostly vacant pending development, and the other block had modest rent increases after the drastic rent hike during the 1980s. The more varied rent changes may partially be explained by the fact that the 1990s was the first decade that net housing units increased in the Alkali Flat redevelopment area, while at the same time there was a net loss in population.

It is important to keep in mind that all rent prices for this study have been adjusted for inflation to the 2000 CPI. The dramatic increase in rents throughout the Alkali Flat redevelopment area, particularly along the Central Historical District, reflects a general rise in rents across the Sacramento area, though in many neighborhoods the increase was not nearly as extreme. Yet when compared to median household incomes, the increase in rents raises some very real concerns not only about housing equity, but also the effects that rapid rent increases have on neighborhoods where incomes remain stagnant or only modestly increase.

Increases in home values and rents that outpace the increases in real incomes is one of the key signals of gentrification. When incomes do not keep pace with increased housing costs, the most vulnerable and poorest residents end up priced out of their neighborhood. While the increased prices and rents infer a certain amount of economic improvement, increased housing costs combined with stagnant incomes result in social inequalities. The next phase of gentrification is often recognized by the outmigration of lower income residents and an influx of wealthier residents with higher incomes who are able to afford the increased rents. A public policy response to this adjustment in neighborhood composition is the application of housing subsidies intended to bridge the gap between the affordable housing costs of the old neighborhood and the increased housing costs of the new changing neighborhood.

As the SHRA is both redevelopment agency and housing authority, many of the Sacramento area's subsidized housing complexes are located in redevelopment areas like Alkali Flat. These subsidies make it possible for low-income residents to remain in their neighborhoods even if housing prices rise and begin to compare to market rents. While this support structure is beneficial for the low-income residents fortunate enough to get a housing subsidy (there are far more people qualified and in need of subsidized housing than subsidies available), the program has several externalities on the housing market. Subsidies are not self-sustaining and they are

constantly vulnerable to governmental budget cuts and legislative overhaul. The overall impact ends up being increasingly expensive for the housing authority – and by extension the government and taxpayers that fund the subsidies necessary to compensate for housing costs that rise faster than incomes in gentrifying neighborhoods.

This dichotomy is representative of the largest contradictions inherent in the existing redevelopment practices. Projects and efforts that are focused on economic development are in almost direct conflict with redevelopment legislation designed to ameliorate blight and improve housing conditions for residents. Moreover, the long-term impacts extend far past the economic changes.

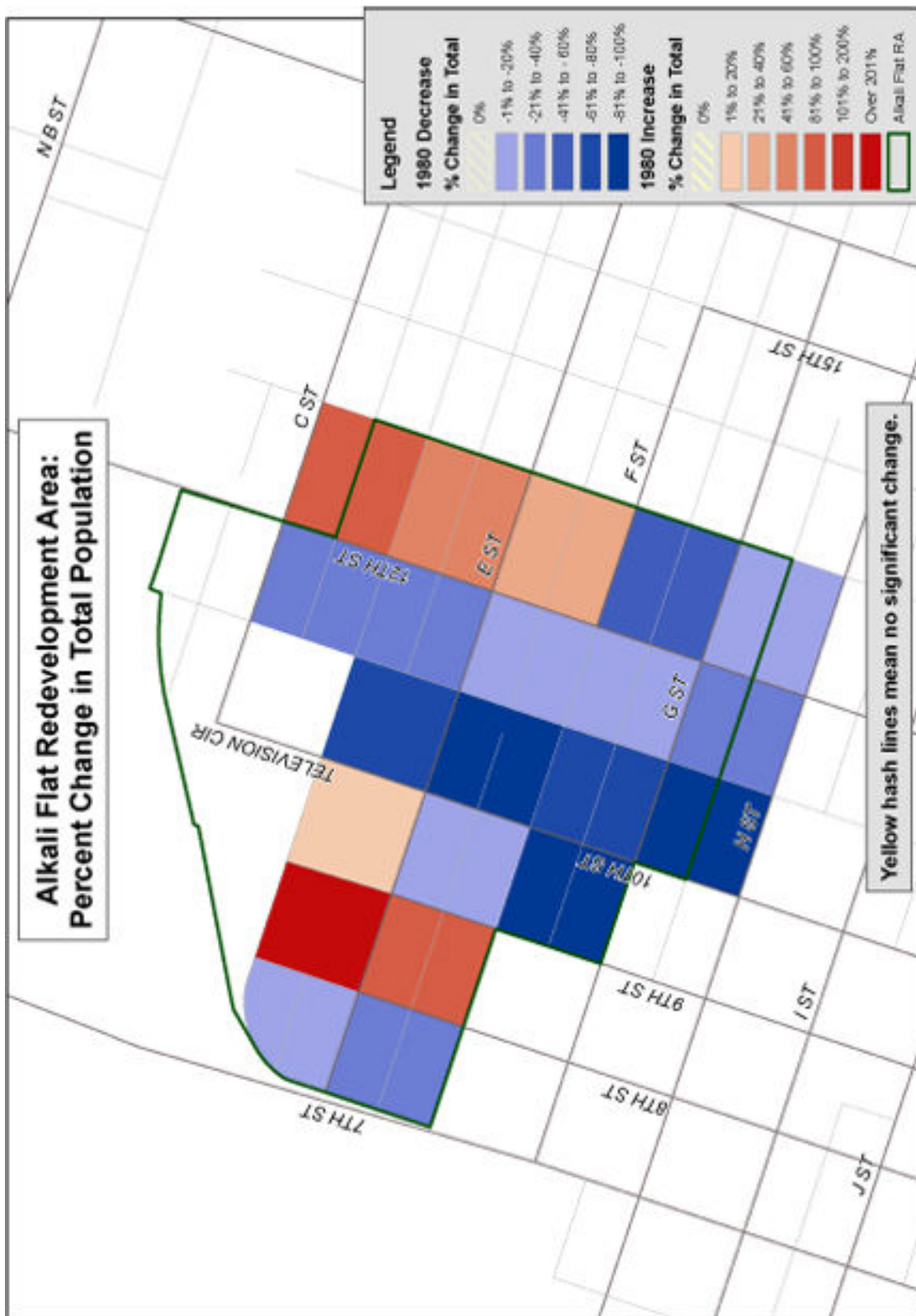
#### *Demographic Changes*

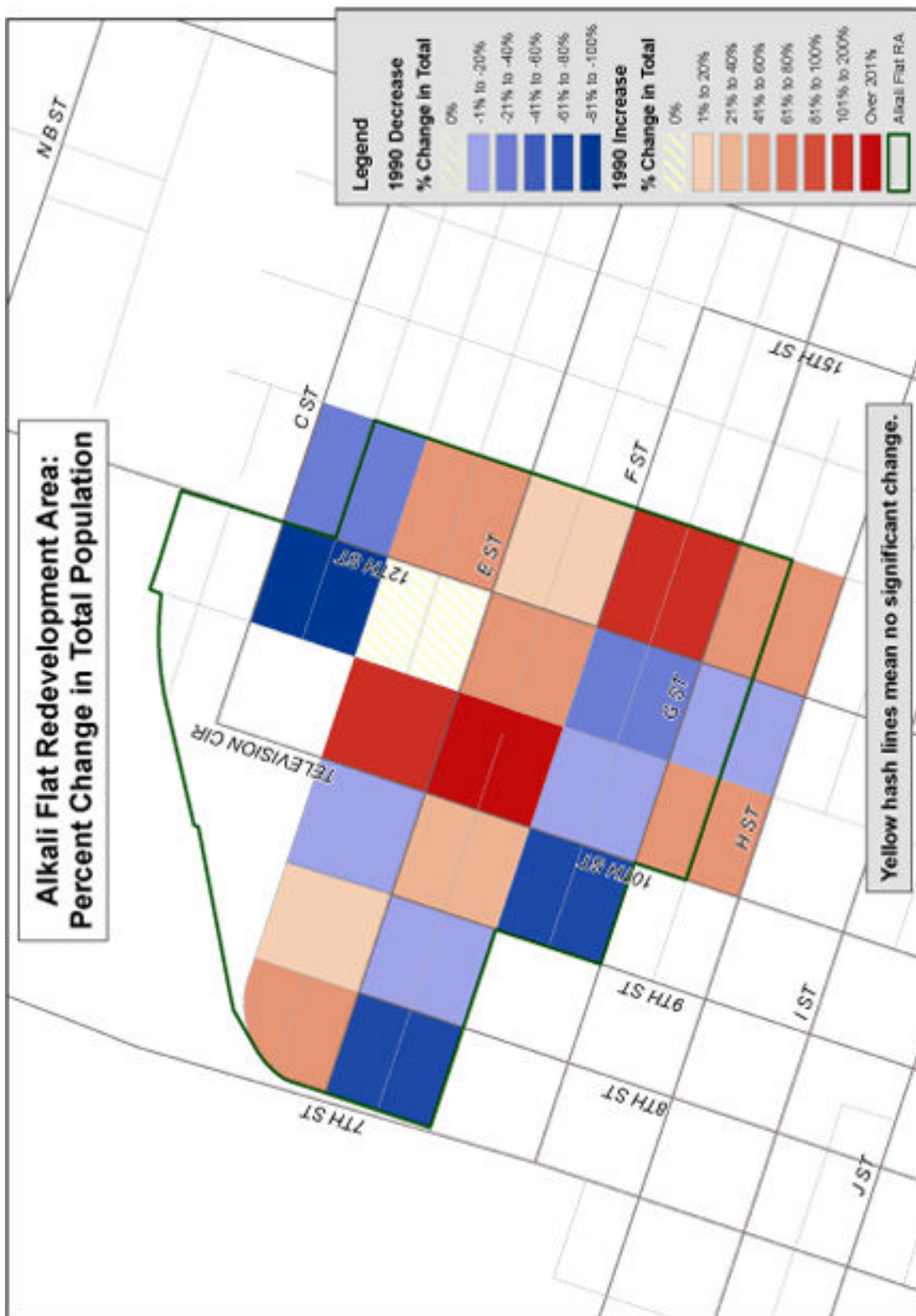
Alkali Flat lost population throughout the study period, with a 29% decrease in the 1970s, a 4.4% decrease in the 1980s and a .1% decrease in the 1990s. However, not all parts of the Alkali Flat Redevelopment Area lost population evenly, and in fact, many Census blocks gained residents during each decade while others lost residents. Though the net effect was population loss, Alkali Flat is still considered a primarily residential neighborhood. Composite Map 3 examines the changes in population at a Census block level based on the 1970 total population counts.

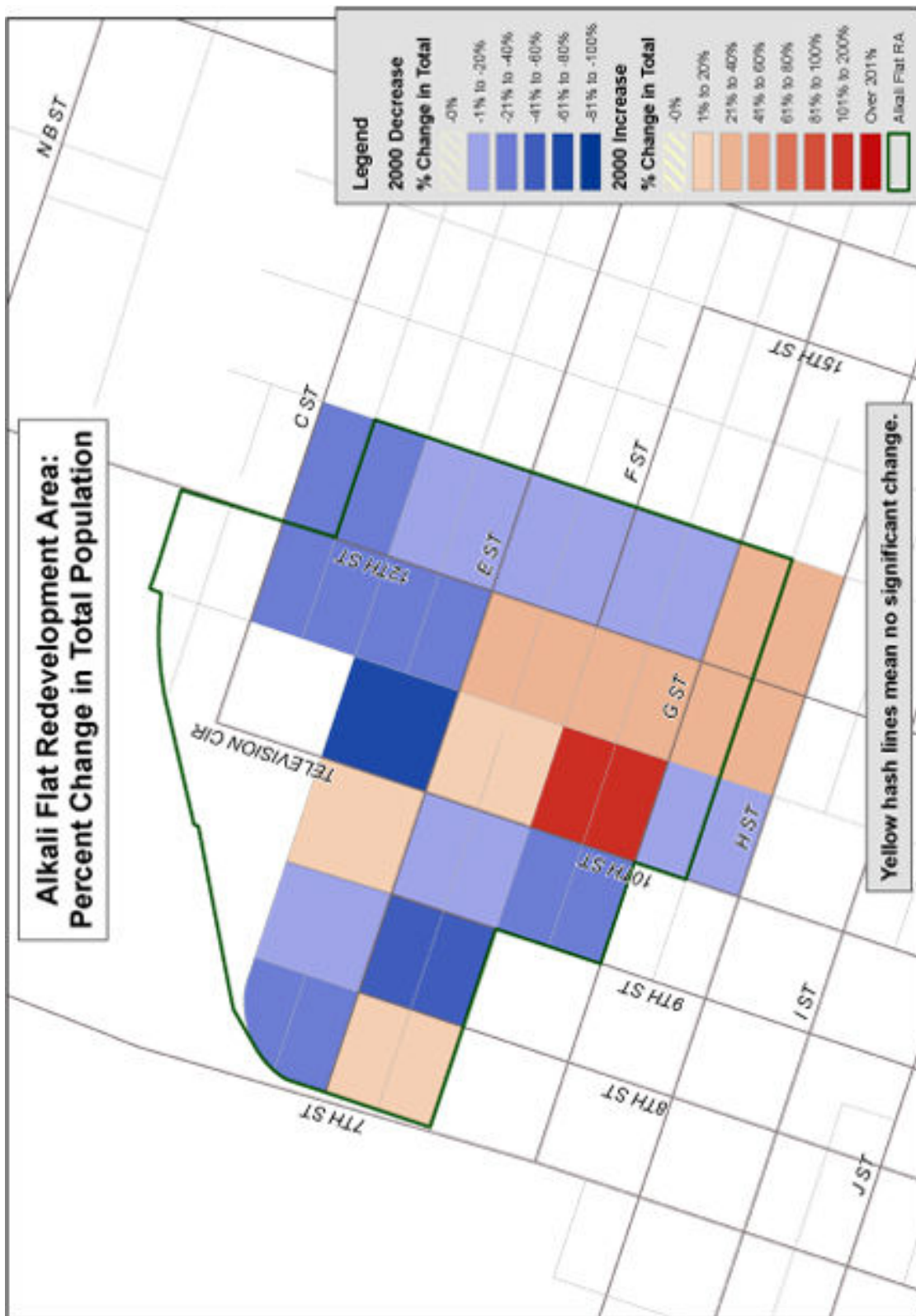
Composite Map 3.



Alkali Flat Redevelopment Area: percent change in total population from 1970-2000.







The 1970 base map shows the location of Alkali Flat's residential population. There are two noteworthy aspects to this map layer. First is the variation of population density from block to block. In more than one instance a Census block reporting between 151 to 266 residents is immediately adjacent to a block reporting 32 or fewer residents. That inconsistency in residential density over such a small area could be indicative of blocks filled with primarily commercial structures featuring fewer housing units, or it could suggest under-utilization of the existing housing stock in some blocks, possibly due to extreme deferred maintenance or abandonment. The residential vacancy rate for Alkali Flat in 1970 was the lowest of all periods studied, at 8.3%, while at the same time the neighborhood had both the highest number of housing units at 911, and total population at 1,371 persons. The second noteworthy aspect of this map is that much of the residential population is concentrated along the same corridor that would later be recognized as the Central Historical District, an area that would become increasingly attractive to home owners and businesses alike for the architectural heritage of the buildings.

The 1980 map layer depicts the bulk of the population loss experienced by the Alkali Flat Redevelopment Area during the study period. While the neighborhood residential population dropped 29% to 974 persons, the bulk of the loss was concentrated in the blocks that had been most densely populated in 1970, between 10<sup>th</sup> Street and 11<sup>th</sup> Street running north and south, and along G Street and H Street east and west. Some of population reduction was directly due to redevelopment projects, as depicted in Composite Map 5 that resulted in the loss of residential units and subsequent resident relocation. Of the blocks that did register population gain, in all but one (the most northeastern block) the population gain was modest, mostly because there had been such a small population to begin with.

The 1990 map layer shows the slowing of the general population loss, as well as some population resurgence in the Central Historical District. At the same time, population also



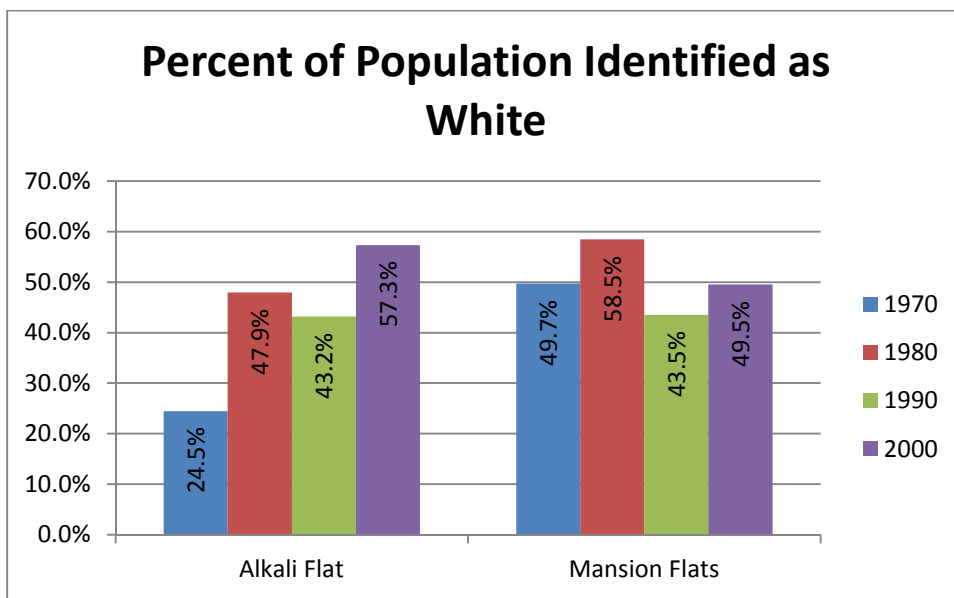
increased along the most eastern border, where the Alkali Flat Redevelopment Area overlaps the Mansion Flats neighborhood designation. Of interest in both the 1980 and 1990 map is the severity of the change. Many blocks lost more than 40% of their total population during the 1970s while most of the blocks that saw population increases during the 1980s also saw gains of more than 40%. The 2000 map layer shows less drastic changes.

By 2000 it appears that much of the total population change in the Alkali Flat Redevelopment Area was starting to stabilize. While three blocks do still show dramatic change, the rest portray modest gains and losses, more aligned with a built-out residential neighborhood. While this period corresponds with an increase in housing units, the neighborhood still lost population.

Much of Alkali Flat's population loss correlates with the loss of housing units and the conversion of parts of the once residential blocks into office or commercial space. Conversely Mansion Flats experienced a population increase of 1.6% in the 1970s, an 18.9% increase in the 1980s and an 8.6% decrease in the 1990s, despite the fact that there was no corresponding significant increase in housing units during those periods. Early urban renewal projects and redevelopment projects that had not included adequate relocation resources often displaced residents from the targeted neighborhood to adjacent affordable neighborhoods. A hypothesis could be that the increase in population in Mansion Flats was a reaction to the loss of housing units in Alkali Flat. It would be almost impossible to accurately identify if this sort of migration happened on a household by household basis. However, comparing the population demographics of the two neighborhoods, particularly the racial and ethnic population fluctuations, could give some idea of the nature of this migration. This is a feasible means of measurement because the Alkali Flat neighborhood had one of the highest minority populations in Sacramento during the 1960s, 70s, and 80s. This fluctuation in total population can be broken down to population changes among different racial and ethnic groups as reported on the U.S. Decennial Census.

Figures 1.4 through 1.8 show the racial and ethnic identification in Alkali Flat and Mansion Flats during the four studied Census periods.

**Figure 1.4.**



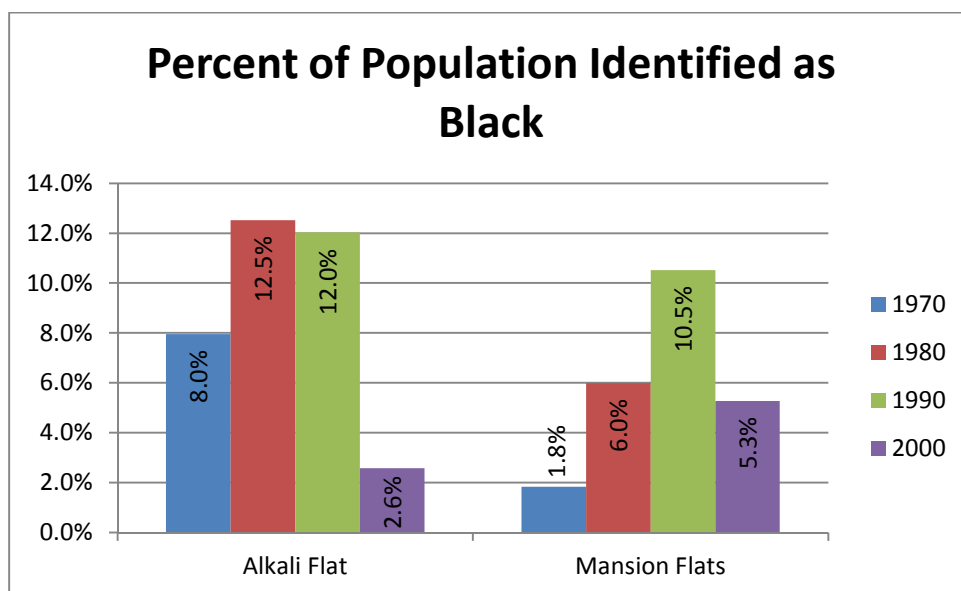
**Percent of total population that self-identified as “white” in the Alkali Flat and Mansion Flats neighborhoods between 1970 and 2000.**

The inconsistencies with the demographic measurements between Census years make it difficult to accurately identify trends and real changes in neighborhood-level demographics. As mentioned earlier, the methodology for Census data collection in 1970 results in some skewing, particularly in the populations that identified as white and Hispanic, and the introduction of the 2 or more race option in the 1990 and 2000 Census could alter the way that residents self-identified by adding more options. However, the graph in Figure 4 roughly corresponds with the historic narrative of the Alkali Flat neighborhood in regards to the racial and ethnic composition of the population.

The graph shows a net increase in the percentage of the non-Hispanic population of Alkali Flat self-identifying as “white” on the U.S. Decennial Census between 1970 and 2000 so that by

the 2000 Census the white population of Alkali Flat surpassed the white population of neighboring Mansion Flats. The white population in Mansion Flats did fluctuate slightly decade to decade, particularly between 1980 and 1990, but the net change is a subtle .2% from 49.7% in 1970 to 49.5% in 2000.

An important factor to remember in examining the demographic changes evident in this racial and ethnic population data is that Alkali Flat was losing population throughout the study period. An increase in any single category of the population could be a reflection of in-migration of that group, or due to a combination of in-migration of one group and some other influence, such as an out-migration of other groups. For instance part of the increased percentage of the population reported as “white” could be due to less out-migration; perhaps due to a higher rate of homeownership, homes on more stable residential blocks or blocks not chosen for extensive redevelopment, or household incomes that were not as vulnerable to rising housing costs. A combined evaluation of the change in white population numbers with the total population changes in Composite Map 3 and the median home value changes in Figure 1.2 suggests that, since the 1980s saw both the highest population loss, and a significant increase in median home values, the change in the demographic make-up was likely due to less out-migration of the white population, probably combined with in-migration of whites looking for home-ownership opportunities in the historic districts.

**Figure 1.5.**

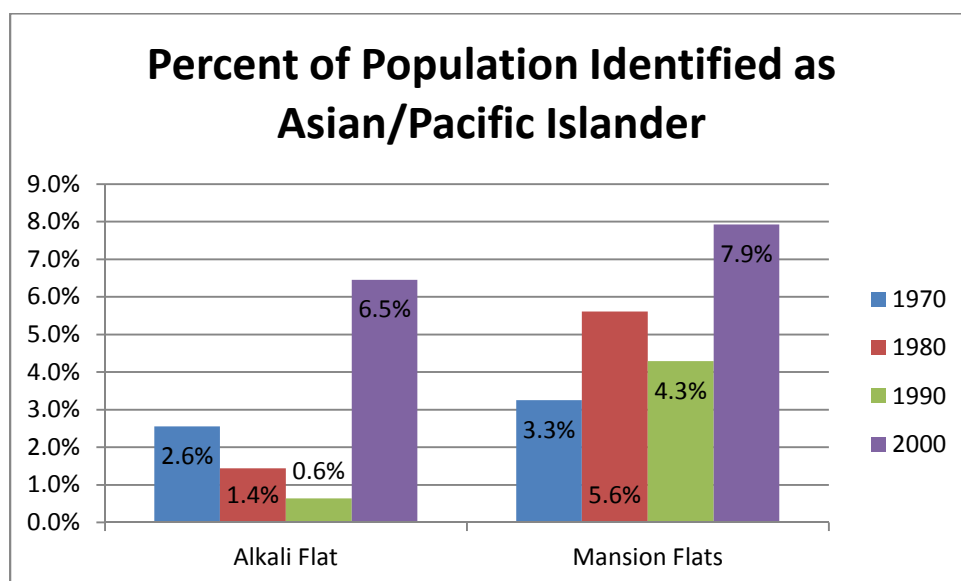
**Percent of the total population self-identified as “Black” in the Alkali Flat and Mansion Flats neighborhoods between 1970 and 2000.**

The Black population in both Alkali Flat and Mansion Flats shows quite a bit of volatility across the four decades of the study period, though at no point did the Black population ever constitute more than 13% of the population, unlike the other redevelopment areas studied. After the 1970 Census and the establishment of the Alkali Flat Redevelopment Area in 1972 the percent of the population reported as Black increased by over 4% to 12.5% in 1980. It declined slightly between 1980 and 1990 and then declined almost 10% to a low of 2.6% by 2000. The Black population in Mansion Flats also fluctuated dramatically over the years, however by the 2000 Census Mansion Flats was home to more Blacks than the traditionally minority-populated Alkali Flat neighborhood.

There are two pertinent points regarding the possible changes in the Black population in Alkali Flat. First, while Alkali Flat did have a large minority concentration, the Black population was not as dense as it was in some other Sacramento neighborhoods. Second, an increase in the

percentage of the population reporting as black did not necessarily mean a dramatic change in the number of Black residents in Alkali Flat as the total population for the neighborhood was rapidly shrinking. The exception is the 1990 to 2000 change wherein 9.4% of the Black population either left or were reporting as Other or Two or More Races instead of Black on the Census.

**Figure 1.6.**



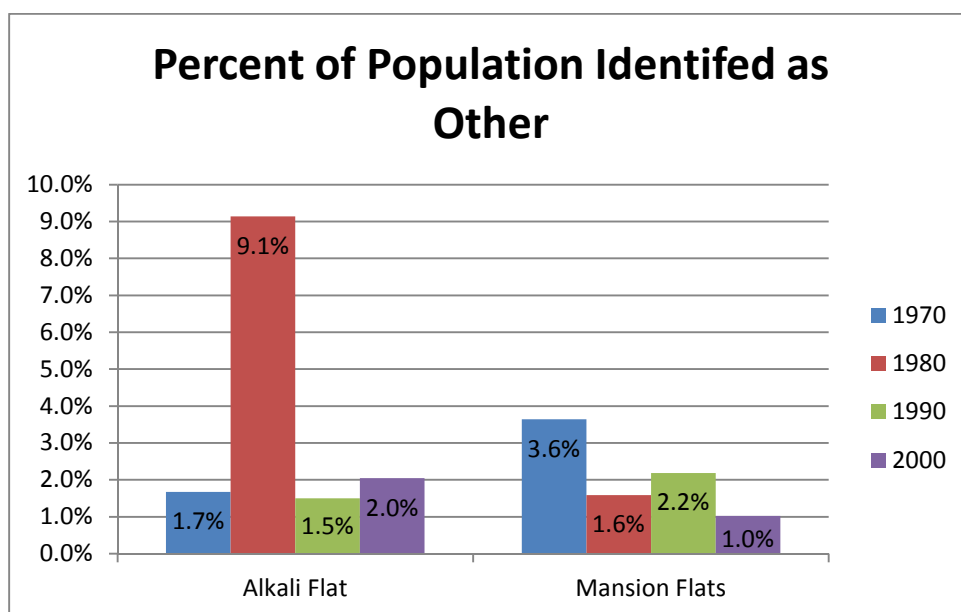
**Percent of the total population self-identified as “Asian” “Pacific Islander” in the Alkali Flat and Mansion Flats neighborhoods between 1970 and 2000.**

While the percent of the population identified as Asian or Pacific Islander never tops 10% for either Alkali Flat or Mansion Flats, the changes in the population still bear examination. In the Alkali Flat neighborhood the Asian and Pacific Islander population steadily decreased. The only increase was a dramatic influx of Asian and Pacific Islanders during the 1990s as captured by the 2000 Census. Conversely, the Asian and Pacific Islander population in the Mansion Flats neighborhood fluctuated some, but followed a general course of increase so that the percent of the population in 2000 was more than twice that in 1970.

Socio-economically, Asian households often track more closely with whites than with other minorities. Homeownership rates tend to be higher, as do high-school and college graduation

rates, and median household incomes. One explanation for the increase in the Asian population in both neighborhoods could be that the increased housing prices and rents, and the economic improvement those increases symbolize signaled neighborhoods in a state of positive economic change, making them more appealing to wealthier minorities looking for neighborhoods accustomed to significant minority populations. Sacramento County saw a 47.5% increase in the Asian population between the 1990 and 2000 Census, so an increased presence in neighborhoods throughout the County stands to reason.

**Figure 1.7.**

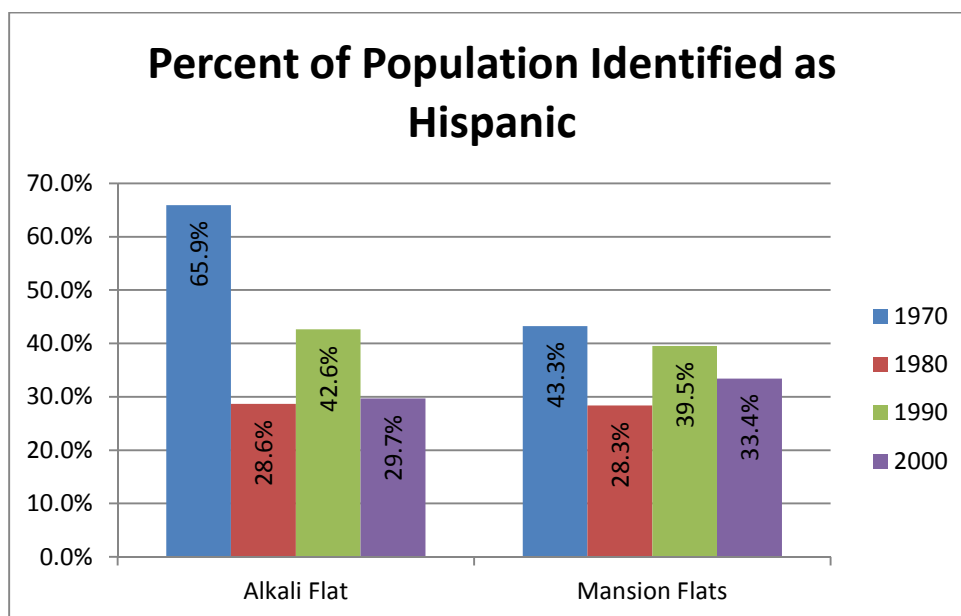


**Percent of the total population self-identified as “Other” in the Alkali Flat and Mansion Flats neighborhoods between 1970 and 2000.**

For the purposes of this study the populations grouped as Other include Native Americans, persons who self-identified as Other on the Census forms, and, for the 1990 and 2000 Census, persons who self-identified as two or more races. In general the Other population groups made up less than 2% of the neighborhood population. The dramatic increase of persons self-identifying as “other” in the 1980 Census at first appears as an anomaly that is difficult to relate

to any other demographic changes in the neighborhood. The 1980 Decennial Census was the first year that Hispanic as an ethnicity was an available selection for the whole population, as opposed to limited samples, and the additional option may have had an impact. As the demographic charts for the Oak Park, and Del Paso Heights redevelopment areas and their control neighborhoods will show, almost all of the minority dense neighborhoods studied had a significant increase in the percent of the population self-identifying as Other in the 1980 Census.

From the adjustments in the way that the U.S. Census has measured race and ethnicity, it would seem reasonable to also expect an increase in the percent of the population identified as Other in the 1990 and 2000 Census as this study grouped the new Two or More Races counts along with the traditional Other category. However, that increase isn't apparent in the population numbers for Alkali Flat and Mansion Flats.

**Figure 1.8.**

**Percent of the total population self-identified as “Hispanic” in the Alkali Flat and Mansion Flats neighborhoods between 1970 and 2000.<sup>22</sup>**

The most significant population change in the Alkali Flat neighborhood came from the outmigration of Hispanics. Even considering the inconsistencies in the demographic measurement of Hispanics between the 1970 Census and subsequent Censuses, the change is dramatic.<sup>23</sup> Between 1970 and 1980, the first decade of redevelopment in Alkali Flat, the percent of the population identified as Hispanic dropped by half. It is difficult to know how much of that

<sup>22</sup> For an explanation of the potential issues regarding the Hispanic population counts, please see the discussion regarding the methodology used to estimate the number of Hispanics in any given Census tract in 1970 provided in the U.S. Census Methodology Adjustments section above.

<sup>23</sup> The method used in this study to correct for the potential double-count of the Hispanic population is a percentage of an estimate based on sample data processed in an effort to identify the actual Hispanic presence in the studied neighborhoods as accurately as possible. The 1970 Census did use 5% and 15% population sampling to ascertain the number of Hispanics in the population, and included surname, language, and place of origin as the criteria that identified persons as Hispanic. However, sampling dramatically increases the margin for error over that for 100% population counts. In the majority of the areas included in this study the percent of the population identified as Hispanic tended to decrease between 1970 and 1980, suggesting the possible influence of the margin of error factor.



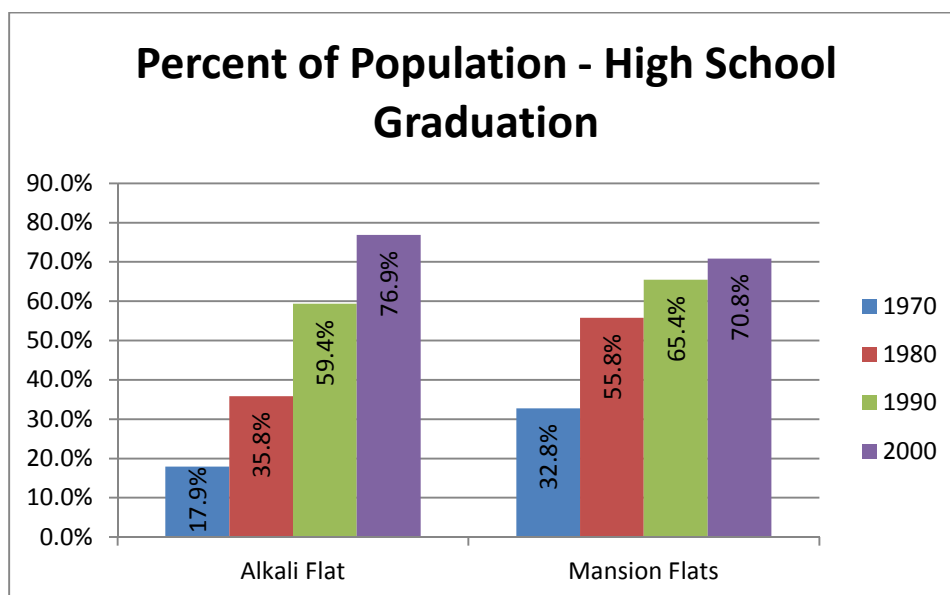
is the result of changes in the way that the Census was conducted or the questions asked, and how much is due to outmigration; however, even with a significant margin of error in the Census sampling there is a high likelihood that there was still quite a bit of outmigration among the Hispanic population in Alkali Flats. This is particularly true considering that historically Alkali Flat had been home to Mexican immigrants since the 1920s, and that the neighborhood had a sizeable increase in the Hispanic population during and after the 1950s. (SHRA, 2005)<sup>24</sup>

These five population charts examined individually only portray part of the picture. Yet comparing the charts in the light of changes in each neighborhood's total population offers some insight into the changing composition of each neighborhood. The most notable trend is the race and ethnicity changes in the traditionally minority-dense Alkali Flat neighborhood that, by the 2000 Census, leave the neighborhood comparable to the racial and ethnic composition of the neighboring Mansion Flats neighborhood. Combined with factors like rising housing costs and stagnant household incomes, the reduced minority population in Alkali Flat strongly hints of gentrification.

Demographics are more than population composition and median income. Education levels are also linked to neighborhood stability and long-term success, as well as socio-economic improvement and higher quality of life. Figure 1.9 compares the high school graduation rates as a percentage of the population of each neighborhood over the four Census decades.

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<sup>24</sup> Much of the Hispanic population increase in the neighborhood during the 1950s was the result of residents displaced from the original Downtown and Old Town Sacramento Redevelopment Areas who chose Alkali Flat because of its affordability and proximity to their original neighborhoods.

**Figure 1.9.**

**Percent of the total population that graduated from high school in the Alkali Flat and Mansion Flats neighborhoods between 1970 and 2000.<sup>25</sup>**

Alkali Flat started significantly below Mansion Flats in educational attainment in 1970. While both neighborhoods were considered working class, Alkali Flat's higher minority population counts, which included both second generation minorities and first generation immigrants, probably had some influence on the high school graduation rates. It is worth noting that despite the discrepancy in educational attainment levels, households in both neighborhoods were earning similar median incomes in 1970. That was in large part due to the availability of manufacturing and industrial jobs, including jobs located at the nearby rail yards, which, while in decline by the 70s, was still a major employer in the area. By the 1980s that was no longer true, and by the 1990s, the rail yards were essentially no longer operating. The big leap in median household incomes in Mansion Flats during the 1970s and reflected in the 1980 Census is

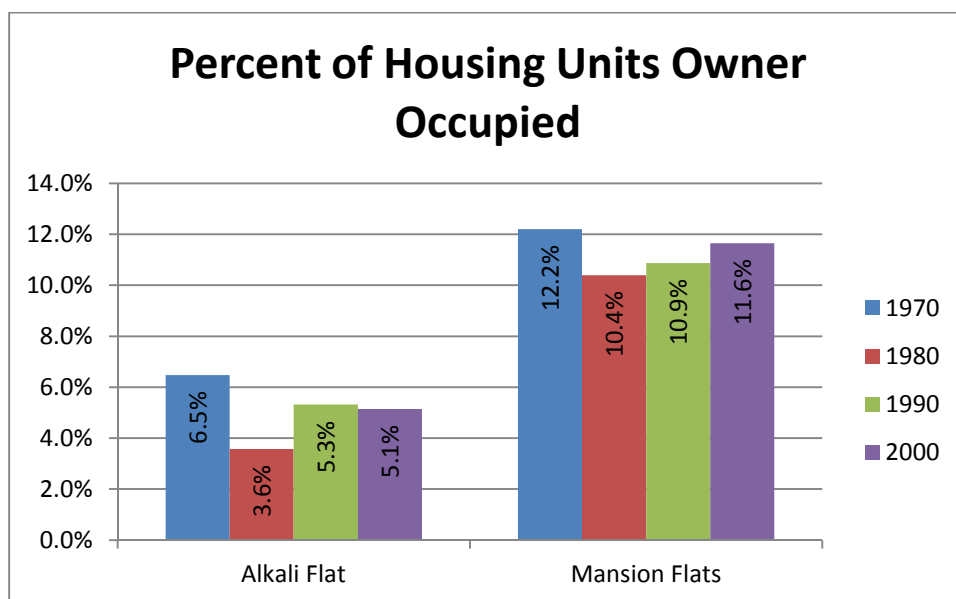
<sup>25</sup> Includes individuals who did not finish high school, but completed a General Equivalency Diploma (GED) instead.

mirrored by a 23% increase in high school graduation rates bringing the neighborhood over the 50% graduation rate. Meanwhile Alkali Flat median incomes remained fairly stagnant and high school graduation rates lagged a full decade behind. High school graduation rates continued to lag for another decade and Alkali Flat did not surpass the 50% graduation level until the 1990 Census, which corresponds with the most dramatic increase in median household incomes for the neighborhood.

However, during the 2000 Census the neighborhoods switched roles. High school graduation rates in Alkali Flat hit almost 77% of the population while Mansion Flats leveled off at 71%. This peak corresponds with noticeable changes in other variables studied as well. For instance, median home values and the percent of the population self-identifying as white in Alkali Flat both surpassed those in Mansion Flats in the 2000 Census, while the percent of the population self-identifying as Black and Hispanic in Alkali Flat dropped below that of Mansion Flats. At the same time median contract rents and the percent of the population self-identifying as Asian increased enough in Alkali Flat to be comparable to Mansion Flats, even if it didn't surpass the adjacent neighborhood. These demographic shifts all point to significant changes in the composition of the neighborhood, and are also generally identified as indicators of the initial phases of gentrification.

#### *Tenure Changes*

The last two charts for the Alkali Flat neighborhood show how housing tenure has changed over the decades. Figures 1.10 and 1.11 compare the homeownership and rental rates between the two neighborhoods.

**Figure 1.10.**

**Percent of the total housing units that were owner-occupied in the Alkali Flat and Mansion Flats neighborhoods between 1970 and 2000.**

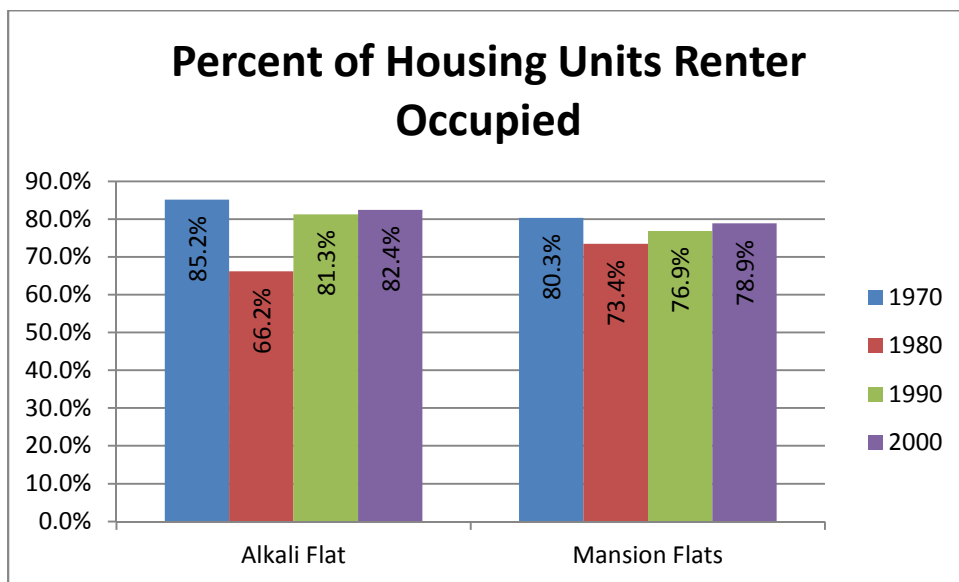
One trend where Alkali Flat did not catch up to Mansion Flats is in the homeownership rates in the neighborhood, though both neighborhoods had very low owner-occupancy rates during the four decades of this study in comparison to the other redevelopment and control areas. Across all four decades the homeownership rates in Alkali Flat lagged behind Mansion Flats an average of about 6%. Additionally, while homeownership rates after 1980 seemed to be on a gradual rise in Mansion Flats, homeownership in Alkali Flats did not follow a clear pattern, despite overall rising median home values<sup>26</sup> and increased median rents. Owner-occupancy rates in Alkali Flat did take

<sup>26</sup> It is important to remember when reviewing median home values in Alkali Flat that owner-occupancy rates were always very low, even at their peak, that the vast majority of Census blocks did not report median home values in 1970, that the 2000 Census did not collect median home value data at the Census block level, and that the only decade with somewhat reliable data, 1990, was still based on self-reported median values, and therefore subject to bias. The Census tract data, which is built on the Census block data, is only slightly more reliable in this case as it includes 2000 median home value

a relatively hard dip during the 1970s, going from 6.5% of the total housing units to 3.6%. This drop coincides with massive drop in both housing units and population that the area experienced during the 70s, while the subsequent partial recover of owner-occupancy rates during the 1980s fits loosely with the designation of the Alkali Flat Central Historical District. Because of the Alkali Flat neighborhood's traditionally low owner-occupancy rates, evaluating changes in the neighborhood is somewhat easier by studying changes in the rental-occupancy rates. Figure 1.11 below compares the total percent of housing units as rentals.

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numbers, but for both 1970 and 1980 is probably better approached as an estimate than a true statistic.

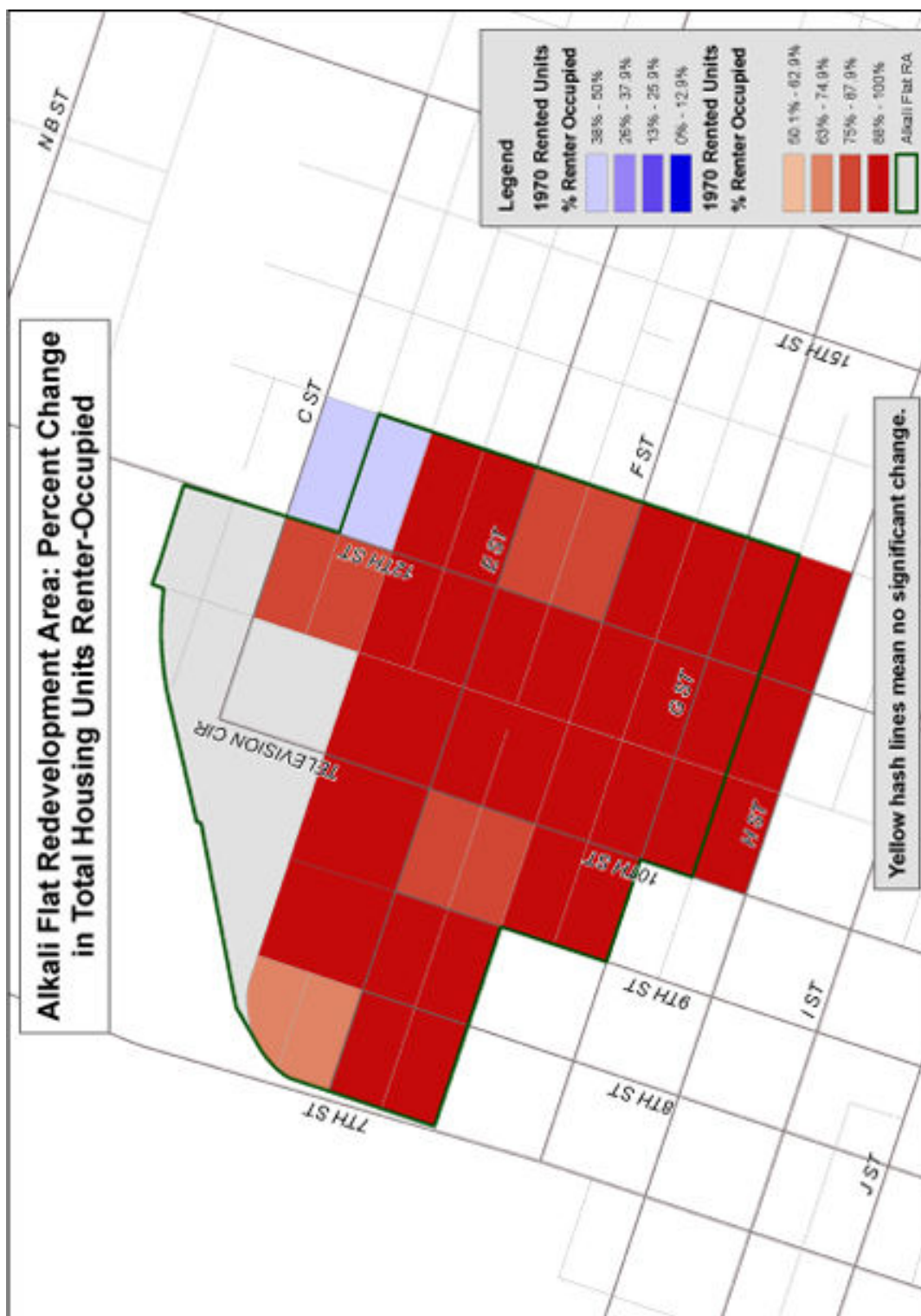
**Figure 1.11.**

**Percent of the total housing units that were renter-occupied in the Alkali Flat and Mansion Flats neighborhoods between 1970 and 2000.**

As shown in Figure 1.11, the percent of total housing units occupied as rentals in Alkali Flat is slightly higher than in Mansion Flats, averaging about 5% more for each Census except 1980. Both neighborhoods have very high rental occupancy rates compared to many other residential Sacramento area neighborhoods. While both neighborhoods follow the same general rental-occupancy pattern, with a rental-occupancy rate peak in the 1970 Census, followed by a drop, and then an increase back to rates comparable to the 1970 percentages, the 1980 decrease in rental-occupancy in Alkali Flat is much more severe than in Mansion Flats. Both neighborhoods had peak vacancy rates in 1980, with Mansion Flats reporting a 16.2% vacancy, and Alkali Flat reporting a 27.6% vacancy, higher than any other year studied. However, Mansion Flats had a small population increase (1.6%) during the 1970s, while Alkali Flat had a 29% population decrease. At the same time, median contract rents for Mansion Flats stayed fairly constant while median contract rents in Alkali Flat dropped \$67 over the decade. And, while Mansion Flats

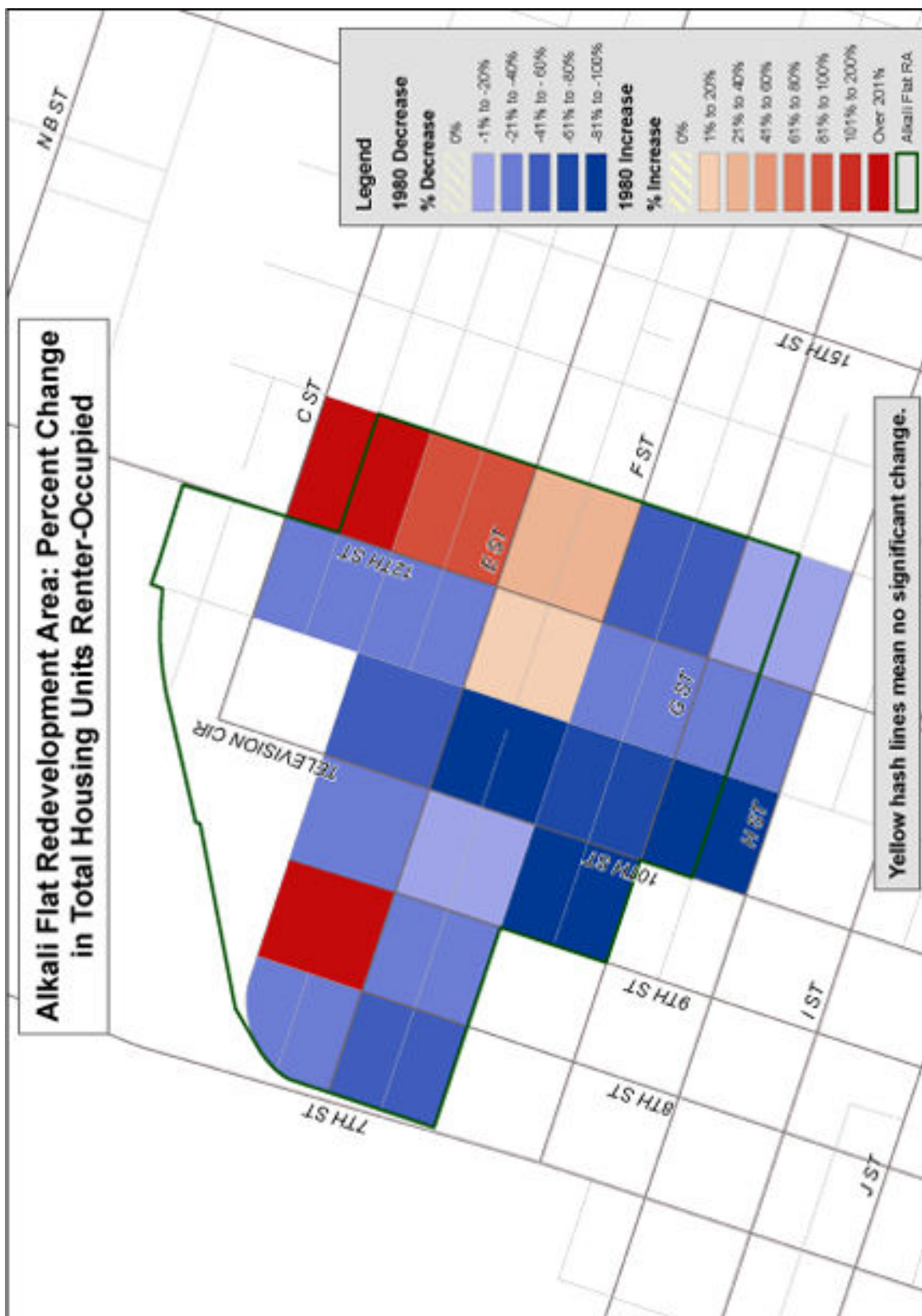
didn't gained housing units during the 1970s (a 12% increase), Alkali Flat lost 26.3% of its housing during the same decade. The general increase in vacancy rates in both neighborhoods may be attributed to general economic instability, and in the case of Mansion Flats, an increase in housing units that outpaced the overall population increase, keeping the vacancy rate higher than it otherwise might have been. Yet the drop in rental-occupancy rates in Alkali Flat combined with the exceedingly high vacancy rate suggests a much larger problem in the neighborhood. Despite the initiation of the redevelopment area and redevelopment activities, the neighborhood was still experiencing rapid economic decline. Composite Map 4 examines the changes in the rental-occupancy rates at a Census block-by-block level over the four decades of the study period to shed further light on the changes the area experienced.

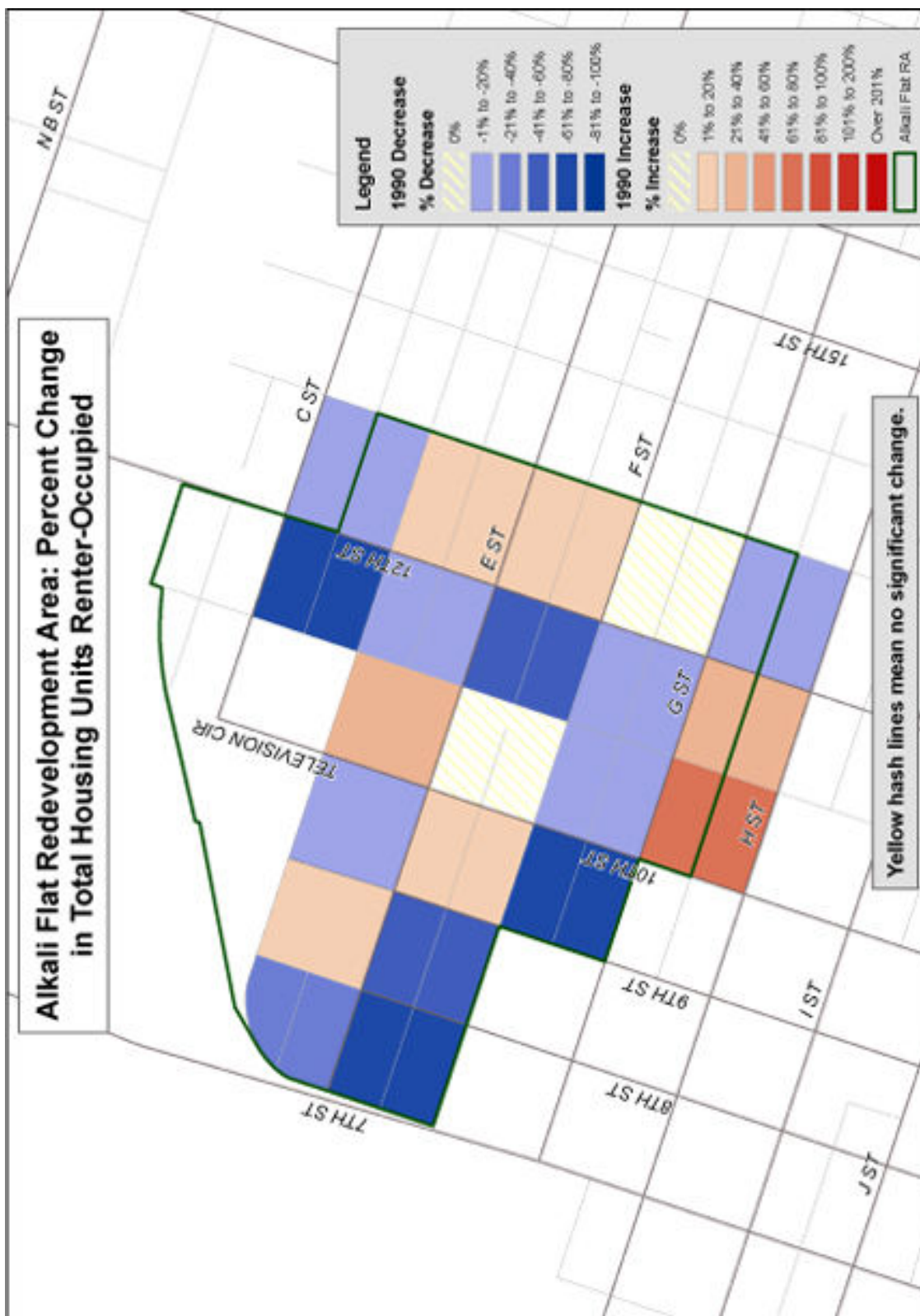
Composite Map 4.

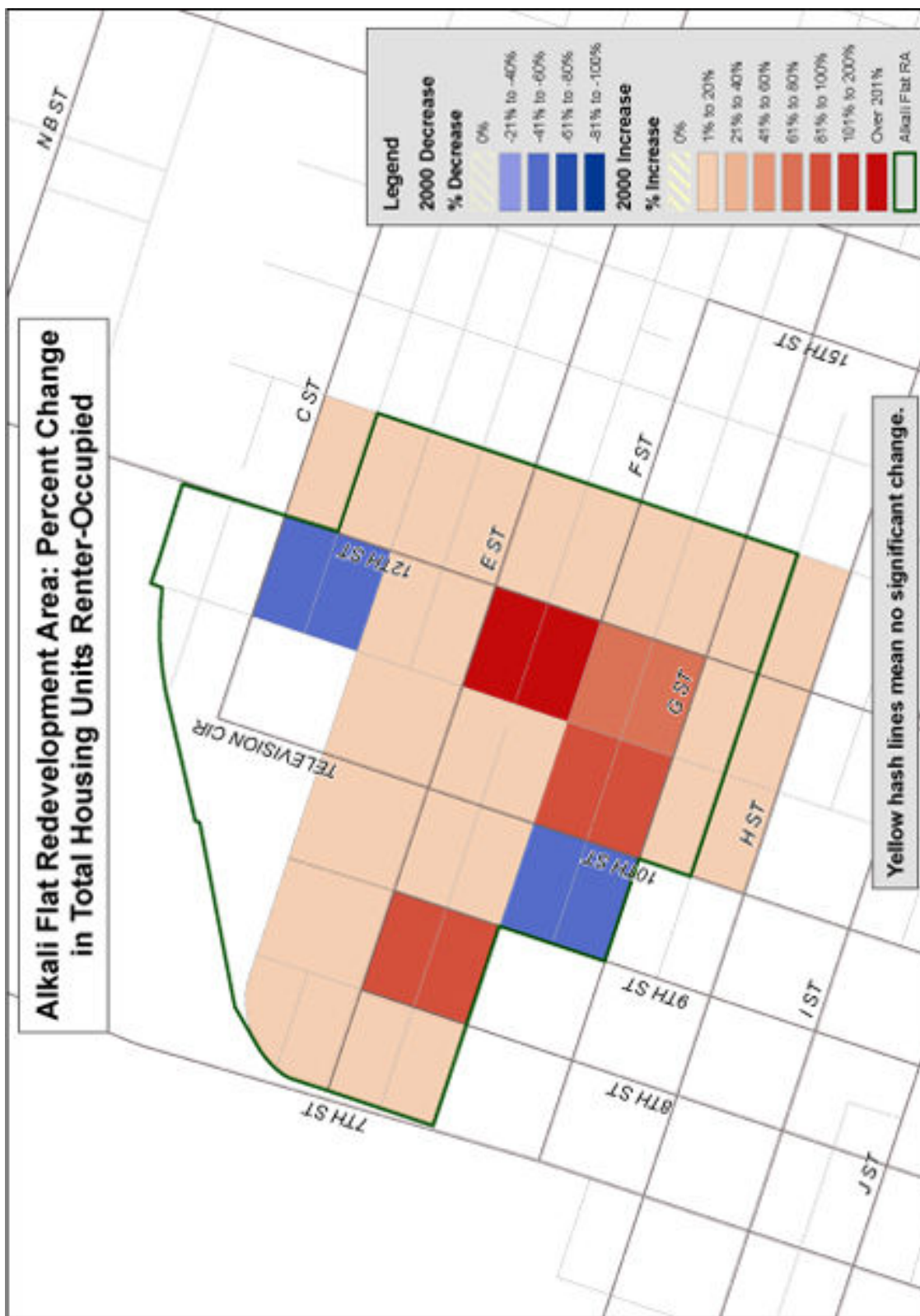


Alkali Flat Redevelopment Area: percent change in total housing units renter-occupied from 1970 to 2000.









The 1970 base map layer shows the renter-occupied housing distribution for the Alkali Flat redevelopment area. All but one Census block were over 50% rental, and only five Census blocks had less than 88% of the total housing renter-occupied. By 1980, however, the Census captured a changing picture. While five Census blocks in 1980 registered as having an increase in the percent of housing that was renter-occupied, the rest of the redevelopment area saw the percent of housing that was renter-occupied decrease significantly. In large part, this decrease probably correlated with the increased vacancy rate. While it is difficult to draw concrete conclusions, one area that does seem to stand out for the rate of decline in renter-occupied units is the cluster of blocks between H Street to the south and F Street to the north and 9<sup>th</sup> Street and 11<sup>th</sup> Street to the west and east.

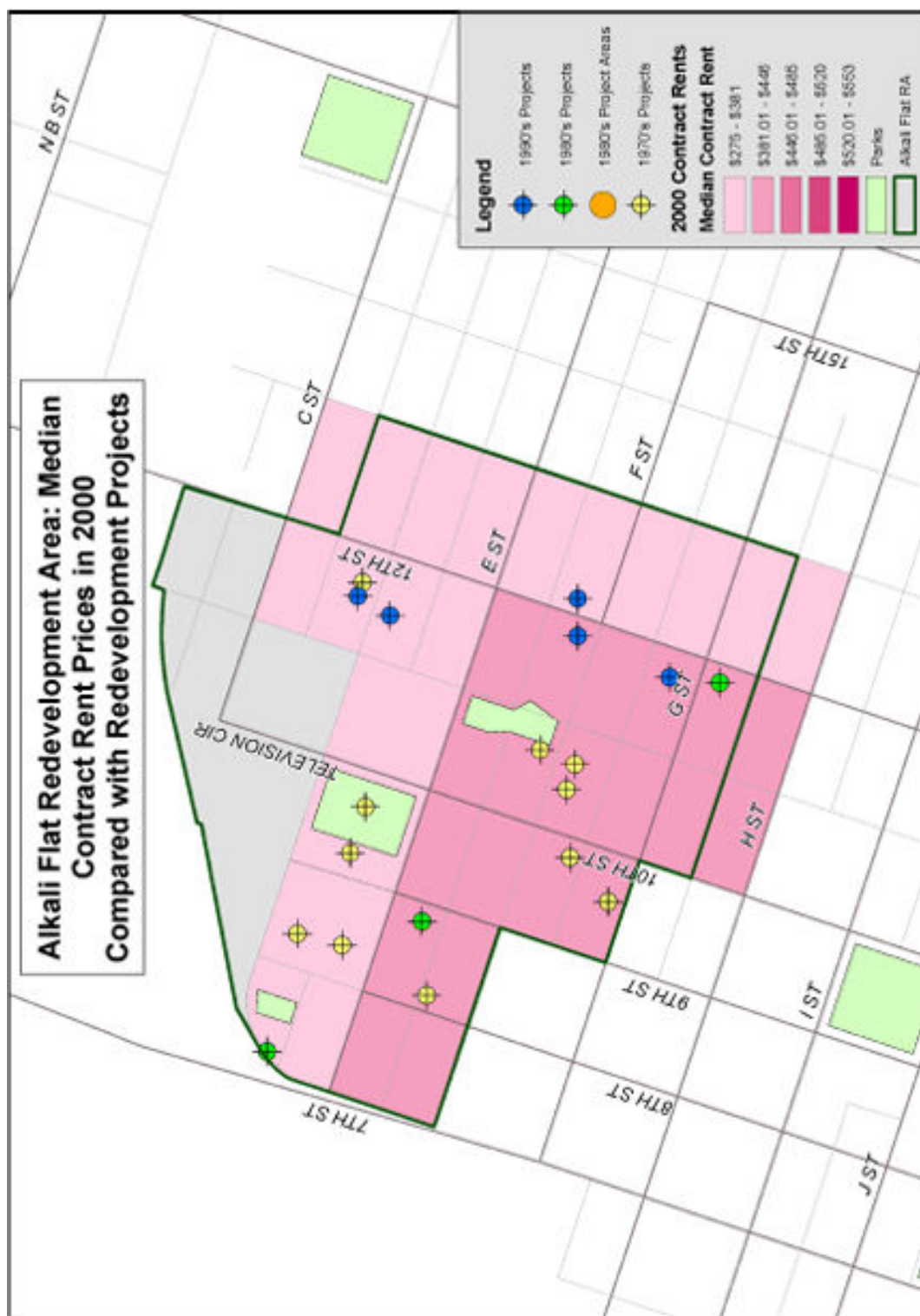
The 1990 map shows the arrest of the population loss, housing unit loss, and general neighborhood decline. It shows a combination of areas with moderate to severe rental-occupied unit loss randomly intermixed with areas of modest rental-occupancy increases. As this moderate increase in rental-occupancy corresponds with an increase in owner-occupancy, the analysis suggests that the combination of a large number of housing units removed during the 80s combined with a much slower rate of population loss and a lower overall vacancy rate allowed for some recovery of the rental market. This also marks the first period of rapid contract rent price increases, where the median contract rents for the Alkali Flat neighborhood Census tract grew from \$207 to \$315, a 52% increase. Meanwhile median household incomes for the same period increased 61%, which could infer that the increase in rental-occupancy could be correlated with the in-migration of some higher income households capable of paying higher rents.

The 2000 map in the inverse of the 1980 distribution with all but 2 Census blocks registering some increase in rental-occupancy rates, and some blocks, particularly the three located in the same general area as experienced the greatest loss before, showing significant rental-occupancy

rate increases, pushing the overall rates up close to the 1970 levels. This growth is echoed by a slight decrease in the vacancy rate and another 33% price increase in median contract rents.

Median household incomes, on the other hand, only increased 10.8%. Composite Map 5 overlays the Alkali Flat redevelopment projects, identified by decade, on the change in median contract rent data.

Composite Map 5.



Alkali Flat Redevelopment Area: median contract rent prices in 2000 compared with redevelopment projects from 1970 through 2000.

Composite Map 5 could be one of the most useful tools in evaluating the economic success of redevelopment efforts, if the data was reliable. Alkali Flat is unique in that many of the redevelopment projects were specifically identified and had specific locations that could be mapped. Still, this map is but a partial list of projects, and fails to capture the infrastructure improvement projects, the projects where redevelopment dollars were only invested in acquisition and demolition, and the redevelopment subsidized single family residence improvement projects, of which there were several blocks of homes identified for funding in the 1970s and 80s planning periods. Alkali Flat is also unique because many of the early 1970s and 80s redevelopment projects were housing or community oriented. It wasn't until the 1990s and the 2000s that redevelopment projects in Alkali Flat took a more economic development oriented path.

Layer by layer the maps suggest that while the cumulative effect of redevelopment efforts in the Alkali Flat neighborhood may have contributed to the stabilization and modest revitalization that the area has experienced through the 1990s (and, as witnessed by many residents, into the 2000s) it is difficult to attribute these improvements to the projects themselves. Despite the numerous redevelopment projects undertaken in the 1970s, the neighborhood decline registered in the 1980 Census still marked a low point for the area.<sup>27</sup> The subsequent changes during the 80s and 90s are equally difficult to directly attribute to specific projects. In some maps, the projects are located in areas experiencing dramatic increases in median contract rents, a sign of economic improvement. In other areas, the projects are located in areas that saw decreases in the median

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<sup>27</sup> It is possible that the neighborhood could have been experiencing a mild resurgence before the 1980 Census, with the real low point sometime between the 1970 and 1980 Census. However, that would mean that the population and housing unit loss, the median contract rent decline, and probably the dramatic changes in population demographics during the 70s happened even faster and with even more negative impacts than registered in the 1980 Census. Considering that redevelopment projects often take years to complete, it would still be difficult to attribute any significant improvements in neighborhood conditions to specific projects in such a short time frame.

contract rents, which could signify a failure to address the economic issue of the area, or could be indicative of a subsidized housing project that artificially lowered rents for low-income tenants.

One thing does become clear through an analysis of the Alkali Flat Redevelopment Area, however. Statistically the Alkali Flat neighborhood has improved by all measured economic criteria, as well as in educational attainment. In many respects, the area portrays signs of gentrification. Whether redevelopment investment contributed to gentrification in the area is debatable. It is just as likely that the signs of gentrification are the results of the location of Alkali Flat, combined with the social and economic changes<sup>28</sup> impacting the general area. The dramatic loss of population and housing units in the 1970s and 1980s, combined with the much lower property values, home values, and contract rents and all in an area immediately adjacent to the commercial rich downtown and residentially desirable midtown neighborhoods, would make Alkali Flat a textbook example of a gentrification-ready neighborhood. What many of the redevelopment efforts in Alkali Flat did do is keep residential housing units affordable for the original low-income residents, through housing subsidies. This may have actually acted as a brake on gentrification as much as the economic development investment would improve the appeal to investors considering projects in the neighborhood.

### ***Oak Park***

The analysis of the Oak Park redevelopment area has many of the same limitations and caveats as the Alkali Flat analysis. The boundaries of the redevelopment do not perfectly line up with either the neighborhood boundaries or the Census geographies. At the same time, neighborhood identities have changed over time through development and build-out. This is particularly true for the neighborhoods selected as control areas for the Oak Park analysis. There

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<sup>28</sup> It is also likely that crime rates played a very significant role in the changes in the neighborhood but were not included in this study.



are two main areas where these inconsistencies in the boundaries have impact. First is the northern boundary between where North Oak Park meets Med Center. Parts of the redevelopment area along this boundary spread over into the Med Center neighborhood. Second is the western boundary along Highway 99. Here the discrepancy is between the Census tracts and the redevelopment area. The Census tracts along the western border extend to Franklin Boulevard while the redevelopment area stops at Highway 99.

The economic, demographic, and tenure changes in Oak Park do not follow the same kinds of trends as those visible in Alkali Flat. Scholars, community activists, and residents have all voiced concerns about the potential gentrification of Oak Park as supported by redevelopment efforts, and the negative impact that gentrification would have on low-income residents. However, a review of the four decades of Census data collected – one from three years before the formation of the redevelopment area, and three afterward – do not provide sound back-up for gentrification fears in Oak Park.

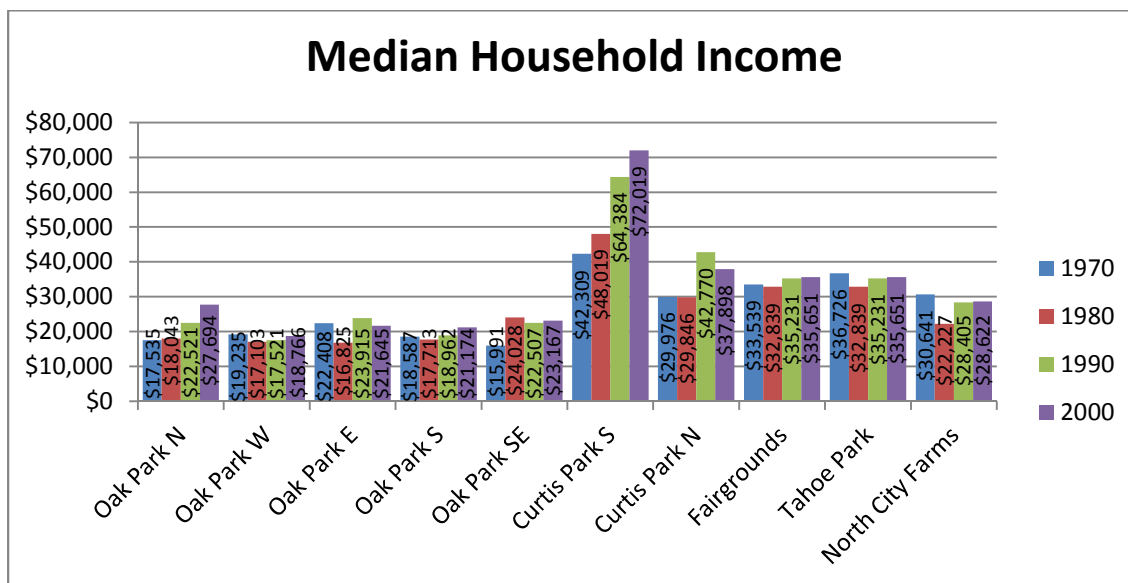
The following Figures 2.1 through 2.16 compare the economic, demographic, and tenure changes in Oak Park to the adjacent neighborhoods of Curtis Park, Fairgrounds, Tahoe Park, and North City Farms over four decades. For the purposes of this study, the Oak Park redevelopment area is divided into a North, West, East, South, and South-East segment. Curtis Park consists of a North and South division. The remaining neighborhoods either have only one Census tract, or only the closest or adjacent Census tract was selected for analysis. Composite Maps 6 through 10 provide a Census block-by-Census block analysis of the changes in the redevelopment area itself over the four decades studied.

### *Economic Changes*

The three variables I used in this study to examine economic changes in neighborhoods are median household income, median home value, and median contract rent. Figures 2.1, 2.2 and

2.3 graph the changes in each of these variables over the study period and compare those changes to the trends in the adjacent control neighborhoods.

**Figure 2.1.**



**Median household incomes for the Oak Park redevelopment area and adjacent neighborhoods between 1970 and 2000.**

The historical connections between the different neighborhoods in and around Oak Park become evident in an evaluation of the changes in economic conditions in those neighborhoods over time. In 1970 greater Oak Park’s median household incomes were considerably lower than in any of the adjacent neighborhoods, ranging between \$15,991 in Oak Park South East and \$22,408 in Oak Park East, in 2000 dollars. Of the adjacent neighborhoods, Curtis Park North and North City Farms, both located on the eastern border of Oak Park, had the next lowest median incomes of all the adjacent neighborhoods at \$29,976 and \$30,641 respectively. Prior to the construction of Highway 99, which created a physical barrier between Oak Park to the east and Curtis Park and North City Farms to the west during the 1950s, these neighborhoods were well connected by the traditional gridded street building pattern. The housing in all three of these neighborhoods is very similar in age, size, and style.

The north section of Oak Park borders the neighborhoods surrounding the UC Davis Medical Center which expanded during the 1980s and 90s. That expansion set in motion a steady trend of increases in median income with an approximately \$10,000 increase between 1970 and 2000. The only other section of Oak Park that showed a significant increase in incomes was the southeast portion in which incomes jumped \$8,000 between 1970 and 1980 and then dropped about \$1,000 between 1980 and 2000. The three remaining areas all had some fluctuations in median incomes over the four decades, but none of them made significant increases over their 1970 start point.

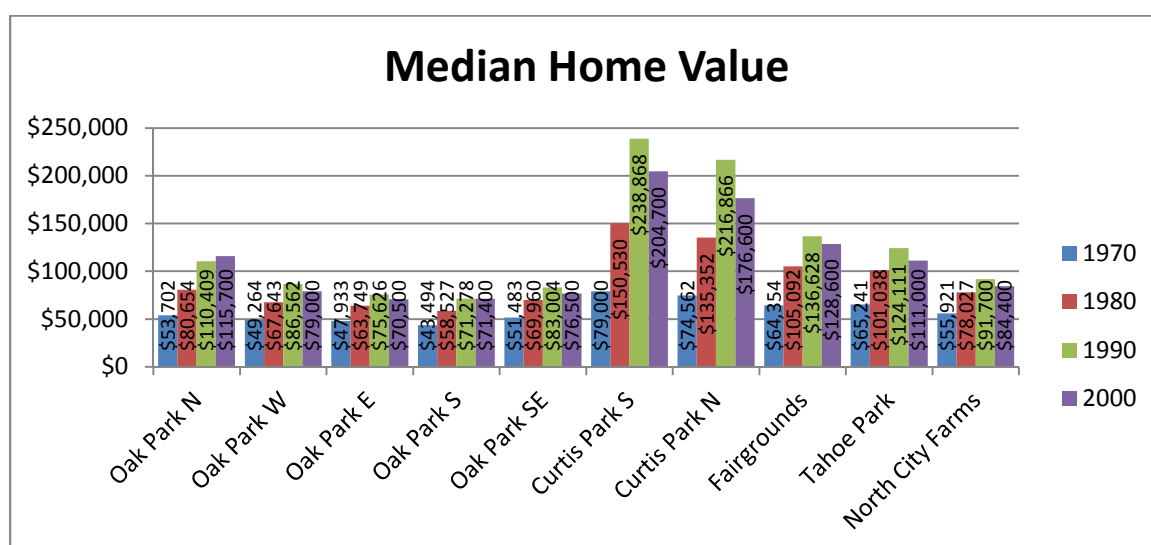
The same is true for the Fairgrounds, Tahoe Park, and North City Farms neighborhoods, of which only Fairgrounds had a long-term increase in median incomes, while both Tahoe Park and North City Farms saw median incomes fall slightly from 1970 to 2000. Curtis Park North did have an approximately \$12,000 jump in median incomes between 1980 and 1990, but then witnessed a decline by almost \$5,000 that put the neighborhood back in line with Fairgrounds and Tahoe Park. By contrast, Curtis Park South, which is closest to Sacramento City College and the adjacent Land Park neighborhood, saw a rapid and dramatic increase in incomes from \$42,000 in 1970 to \$72,000 in 2000.

It is interesting to note that housing sizes, styles, and ages between Curtis Park North and Curtis Park South are almost identical. The primary difference between the two neighborhoods is that Curtis Park North is bounded by two highways: Highway 99 to the east and Highway 50 to the north, while Curtis Park South only has one border against Highway 99 and is bounded by the mostly residential North City Farms neighborhood to the south and the Sacramento City College campus to the West. It is also the neighborhood most impacted by the Union Pacific rail yards on

the boundary between the college and the residential neighborhood, which played much the same role in the early neighborhood economy as the rail yards near Alkali Flat.<sup>29</sup>

Median household income is only one economic indicator. Figure 2.2 shows a second factor in this analysis of economic changes; the changes in median home values as compared between the redevelopment area of Oak Park and the adjacent neighborhoods.

**Figure 2.2.**



**Median home values for the Oak Park redevelopment area and adjacent neighborhoods between 1970 and 2000.**

At first glance, the median home values for the Oak Park and adjacent neighborhoods seems to express more about general trends in the Sacramento real-estate market than anything unique to the redevelopment area. A closer evaluation, however, provides some additional information.

Median home prices rose and then fell in all of the Oak Park neighborhoods save one – the Oak Park North section adjacent to the UCD Med Center neighborhood. This is the same area

<sup>29</sup> The Union Pacific rail yards in Curtis Park have been the focus of considerable controversy over the last decade as the result of the large quantities of contaminated soil on the site and the high cost of environmental remediation. The land has been planned for redevelopment, but is currently stalled while the environmental remediation issues regarding the previous industrial use are resolved.

that also saw the biggest increase in median incomes in the Oak Park redevelopment area. The starting median home value in 1970 ranged between \$43,000 in Oak Park South to \$54,000 in Oak Park North. Values in the adjacent neighborhoods ranged from \$56,000 in North City Farms to \$79,000 in Curtis Park South. While the Oak Park median home values were all below those of the adjacent neighborhoods, the North and South East sections of Oak Park had home values only marginally lower than North City Farms, and about \$10,000 lower than Tahoe Park and Fairgrounds.

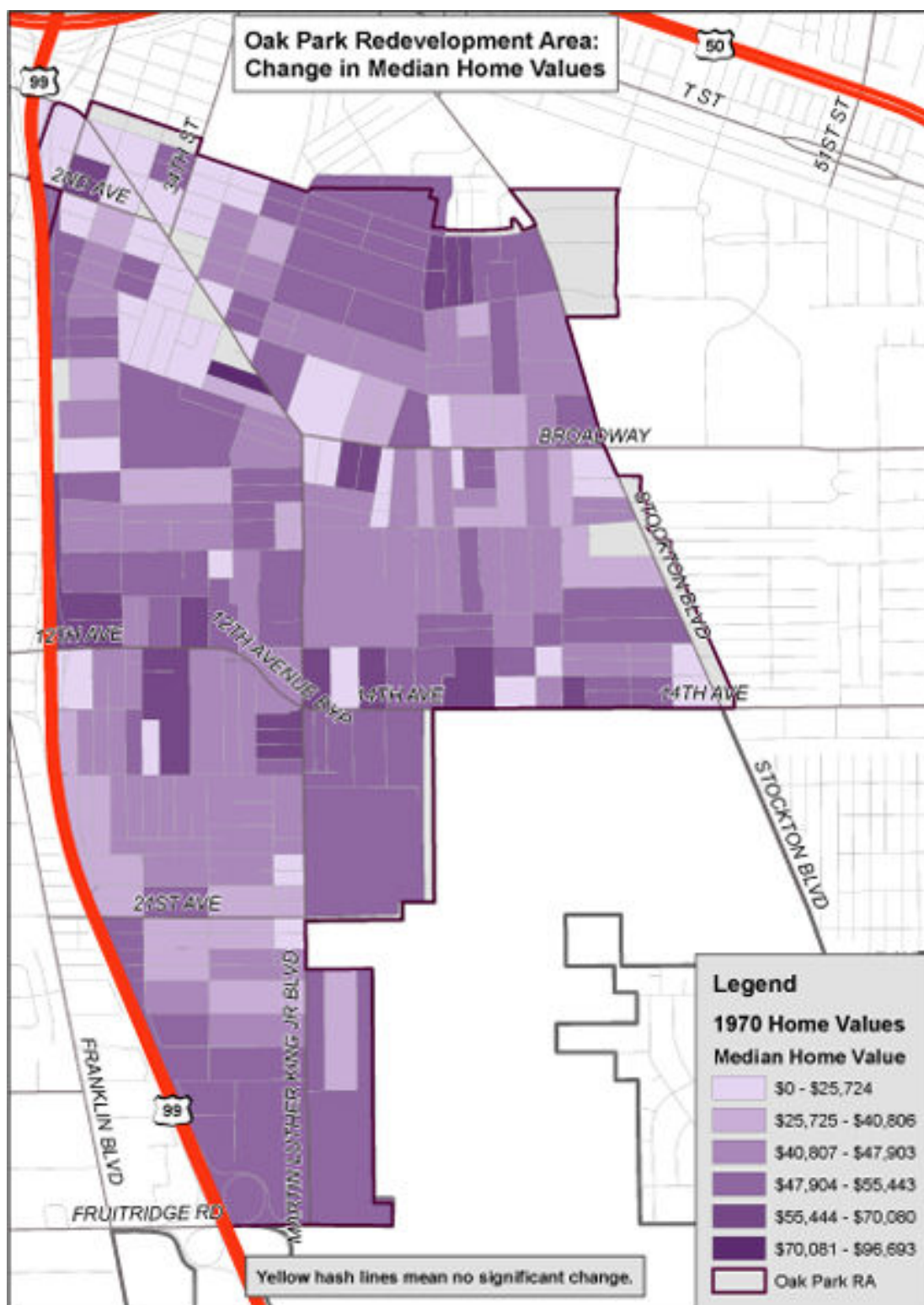
Between 1970 and 1980 median home values increased across the study area, but while increases ranged between 55% and 90% in the Curtis Park, Fairgrounds, and Tahoe Park neighborhoods, Oak Park increases only ranged between 33% and 37%, with Oak Park North the only outlier at 50% increase. The same pattern is repeated between 1980 and 1990, with modest rates of increase in median home values in Oak Park, but significant increases in most of the adjacent neighborhoods, especially both Curtis Park tracts. 1990 to 2000 saw the only study wide decrease in home prices, again with the one exception Oak Park North.

The Oak Park North area is the only portion of the Oak Park redevelopment area that has elicited concerns regarding the impacts of gentrification. The almost universal declines in median home values in the remainder of the Oak Park redevelopment area, as well as the adjacent neighborhood, which saw values fall as much as \$40,000 in the Curtis Park Census tracts, echoes trends seen in both the Alkali Flat and the Del Paso Heights analysis. This suggests that the price drop was a reflection of regional economic instability, and not something specific to the study areas.

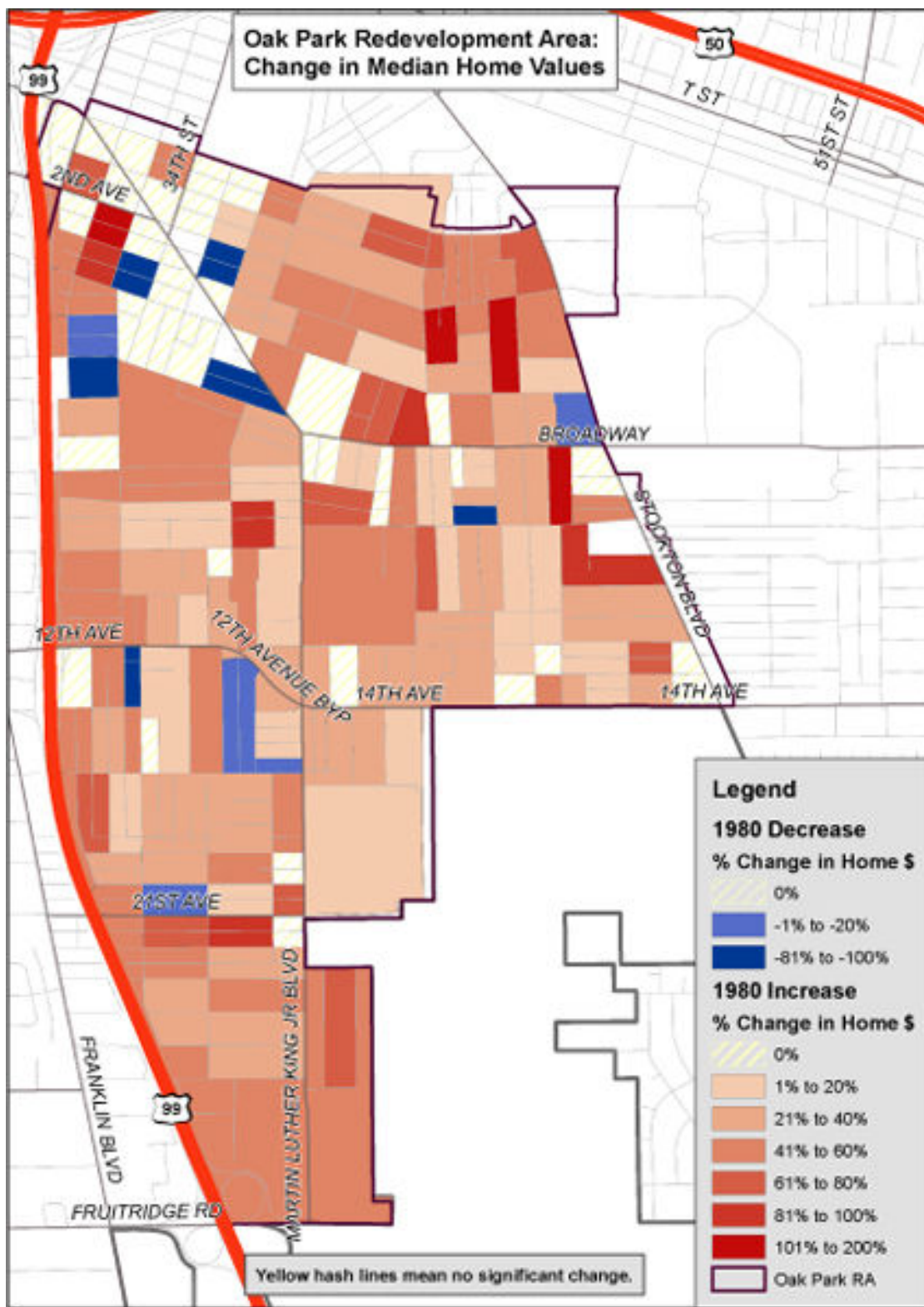
A more geographically detailed analysis of the changes in median home values is presented in Composite Map 6. This composite is made up of four maps from 1970 to 2000 that compare the changes in median home values on a Census block-by-Census block basis. The 1970, 1980,

and 1990 Decennial Census used the Census block as the base geography in median home value measurement, while the 2000 Census shifted the base geography to the much larger Census tract. This means that the measured change between 1990 and 2000 does not have the same level and nuance as previous decades' measurements. However, since Oak Park is made up of multiple Census tracts, this measured change is included in this analysis because it still provides a general idea of the total change in the redevelopment area.

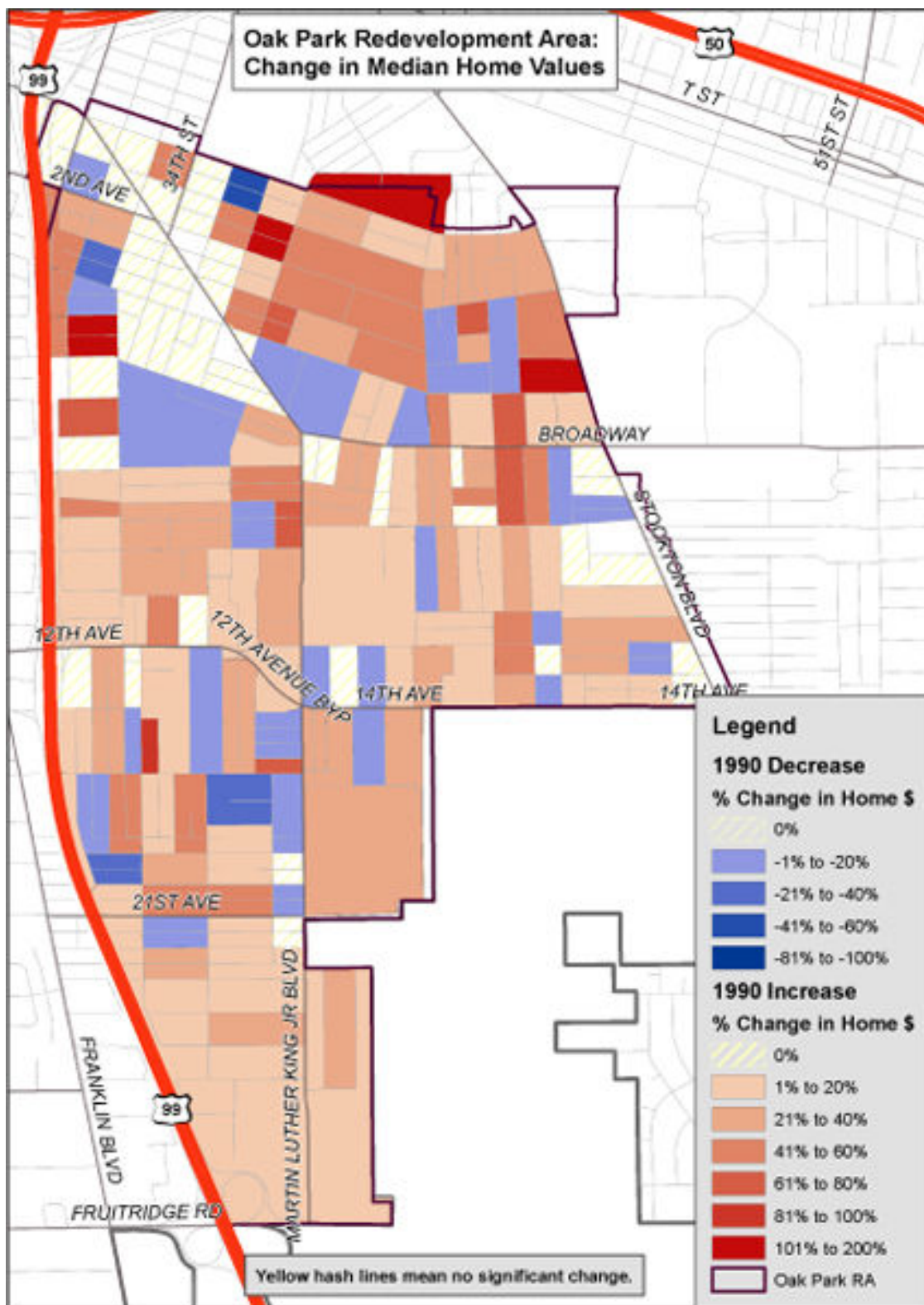
Composite Map 6.

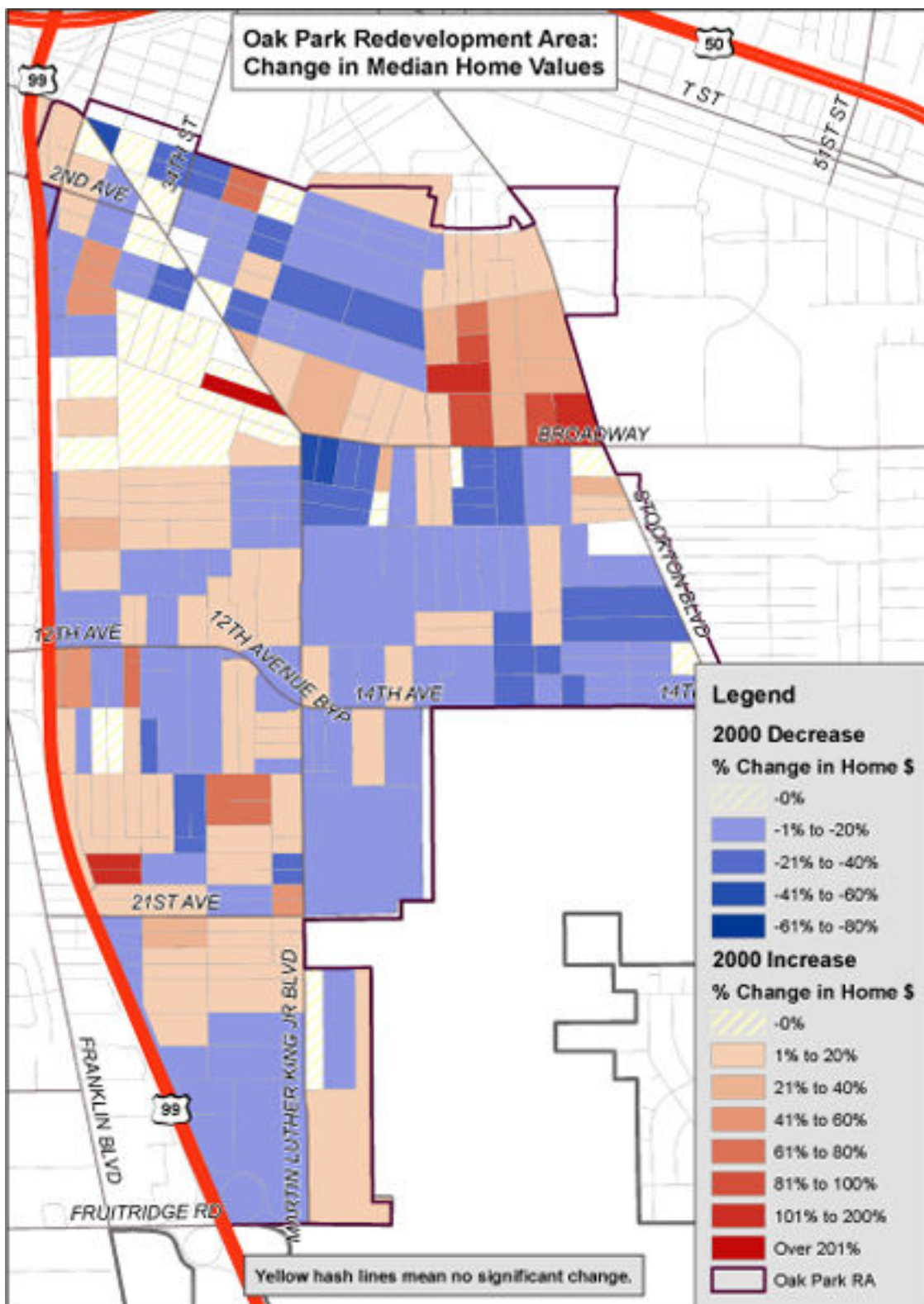


Oak Park Redevelopment Area: change in median home values from 1970 to 2000.









The 1970 base map displays the starting median home value at the Census block geography for the Oak Park redevelopment area. There are a few noteworthy patterns visible in this base map. First, there are only a handful of blocks where the median home value is over \$55,500, and only one block over \$70,000. With the exception of that one block, the median home value in Oak Park was significantly below the Sacramento County median home value of \$79,400.

Second, the area has several blocks that reported median home values below \$25,600. As will become apparent in a composite map discussed later, part of that exceptionally low median home value is due to extremely high rental occupancy rates. One area that specifically exhibits this status is the northwest corner of the redevelopment area around 2<sup>nd</sup> Avenue, Broadway, and 34<sup>th</sup> Street.<sup>30</sup>

Finally, with the exception of the northwest corner and the fact that home values in Oak Park in 1970 were universally depressed, the 1970 median home value map shows an almost patchwork randomness in the distribution of home values.

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<sup>30</sup> This area became one of the primary targets for redevelopment during the late 1990s and throughout the 2000s. Projects included mixed-use commercial and residential development, the rehabilitation of the Guild Theatre, the old Fire Station, and a handful of architecturally significant Victorian era homes, and the construction of the 4<sup>th</sup> Street Lofts, which are priced far above the neighborhood medians. Media response to the concentrated redevelopment effort has mostly been positive, and as recently as December 17, 2011, the Sacramento Bee has portrayed this area as a thriving neighborhood for young professionals. Both the media and redevelopment advocates point to the success of this one small corner of the Oak Park redevelopment area as proof of neighborhood re-vitalization. However, the re-vitalization effort and redevelopment money has not been evenly distributed, and the majority of the Oak Park redevelopment area has not exhibited the same economic growth. The redevelopment of the northwest corner is still too new to know if it will provide the kind of fiscal returns in increased tax base necessary to repay the redevelopment subsidy. However, without knowing the full amount of redevelopment subsidy provided, I suspect that property values (the basis of the property tax rate) will have to dramatically exceed the neighborhood median home value before this is possible, especially since Oak Park was not immune to the inflated home values of the 2005-2006 housing bubble. This means that the vast majority of Oak Park's residents are now priced out of this "thriving" area.

The 1980 map layer shows an overall increase in median home values across the Oak Park redevelopment area. However, the rate of increase is not evenly distributed. Homes in the northern section (above Broadway) showed a generally greater percent increase in median values than the rest of the redevelopment area. At the same time, many of the high rental occupancy blocks showed no noticeable change in median values, while some blocks experienced dramatic decreases in value. For most of the blocks exhibiting decreases, the decrease was generally due to either change in use to a transition of the housing stock from owner to renter occupied (as with the western-most blocks in the northern section that were to become part of McGeorge School of Law) , or to demolished or unoccupy-able housing units. 1980 had the highest overall vacancy rate for the Oak Park redevelopment area, and the 1970 to 1980 decade saw the greatest overall loss of housing units in Oak Park. Single-family housing stock loss can impact home values both positively and negatively. The demolition or extended vacancy of the low-end housing can shift the median values of the remaining stock up, making it seem that home values have increased. While large quantities of single-family housing stock transferred to the rental market can skew median home values because occupant turnover does not reset the assessed home value, just the contract rent.

By 1990 the change in median home values in Oak Park had lost most of its uniformity. Increases and decreases were scattered throughout the redevelopment area. Some long-term patterns had emerged, however. First, the northern section, adjacent to the Med Center neighborhood, again showed the greatest overall value increases. Second, the southernmost section of the redevelopment area also showed consistent increase in median values from 1970. Third, the rental-rich northwest corner continued to be primarily renter occupied, but the area around the Law School showed some increased values. Fourth, the section between 12<sup>th</sup> Avenue and 21<sup>st</sup> Avenue shows an increase in home value volatility over the general 1980 value increase.

However, most of the center section of the redevelopment area exhibits almost random value adjustments, with the majority of blocks showing modest median home value increase. During this decade, vacancy rates decreased, and the area experienced a moderate increase in total housing units (between .5% and 16%) and a dramatic increase in total population (between 18% and 42%).

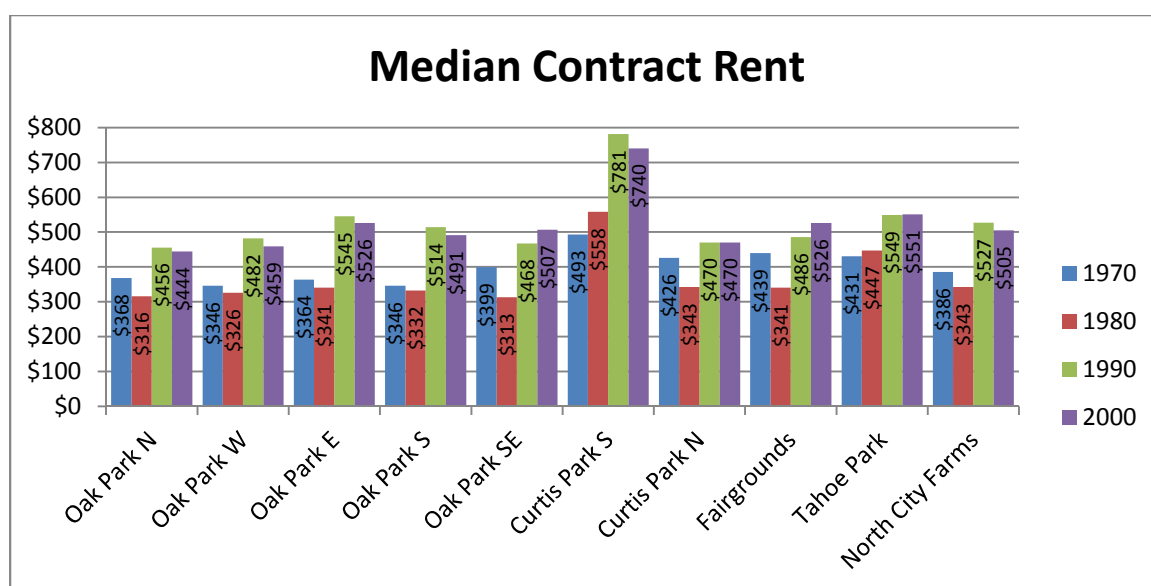
The 2000 median home value map does not offer the same level of detail as it was measured at the tract and not the block level. The changes recognized on Composite Map 6 do two things. First, they measure the change from the 1990 map, and second, they standardize to the Census tract. So any given block is displaying both the change over 1990 and the change necessary to make that block fit with the overall Census tract. Despite this obfuscation of the data, a couple of meaningful observations are still possible. The northern area adjacent to the Med Center neighborhood is the only area that still marked any sort of significant price increase. Even though half of the Census tract shows declining prices, the other half does represent noticeable median value increase, as it is tied to the Census tract as a whole. On the other hand, the tract directly south of Broadway and east of Martin Luther King Boulevard shows an overwhelming decrease in median home values as they are adjusted to the Census tract median.

One trait that is missing from the overall median home value distribution in Oak Park, is that, except for the northern section, there is no consistent trend of accumulated value. Home-ownership is (even now) touted by many policy and political experts as a means for low-income families to improve their economic status, by capturing home equity. Yet, as this analysis suggests, lower-income neighborhoods, where most low-income families can actually afford to purchase a home, do not exhibit the same kind of value appreciation that is typically observed in moderate- and high-income neighborhoods. When lower-income neighborhoods do show significant home value appreciation, the increased value is often a symptom of gentrification,

which by its very process makes home-ownership unaffordable for the low-income families that could most benefit from the increased equity.

While the changes in median home values demonstrate shifts in primarily single-family homes – many of which are owner occupied, the changes in contract rents also reflect the economic climate of a neighborhood. Figure 2.3 compares the median contract rents between Oak Park and the adjacent neighborhoods over the study period.

**Figure 2.3.**



**Median contract rents for the Oak Park redevelopment area and adjacent neighborhoods between 1970 and 2000.**

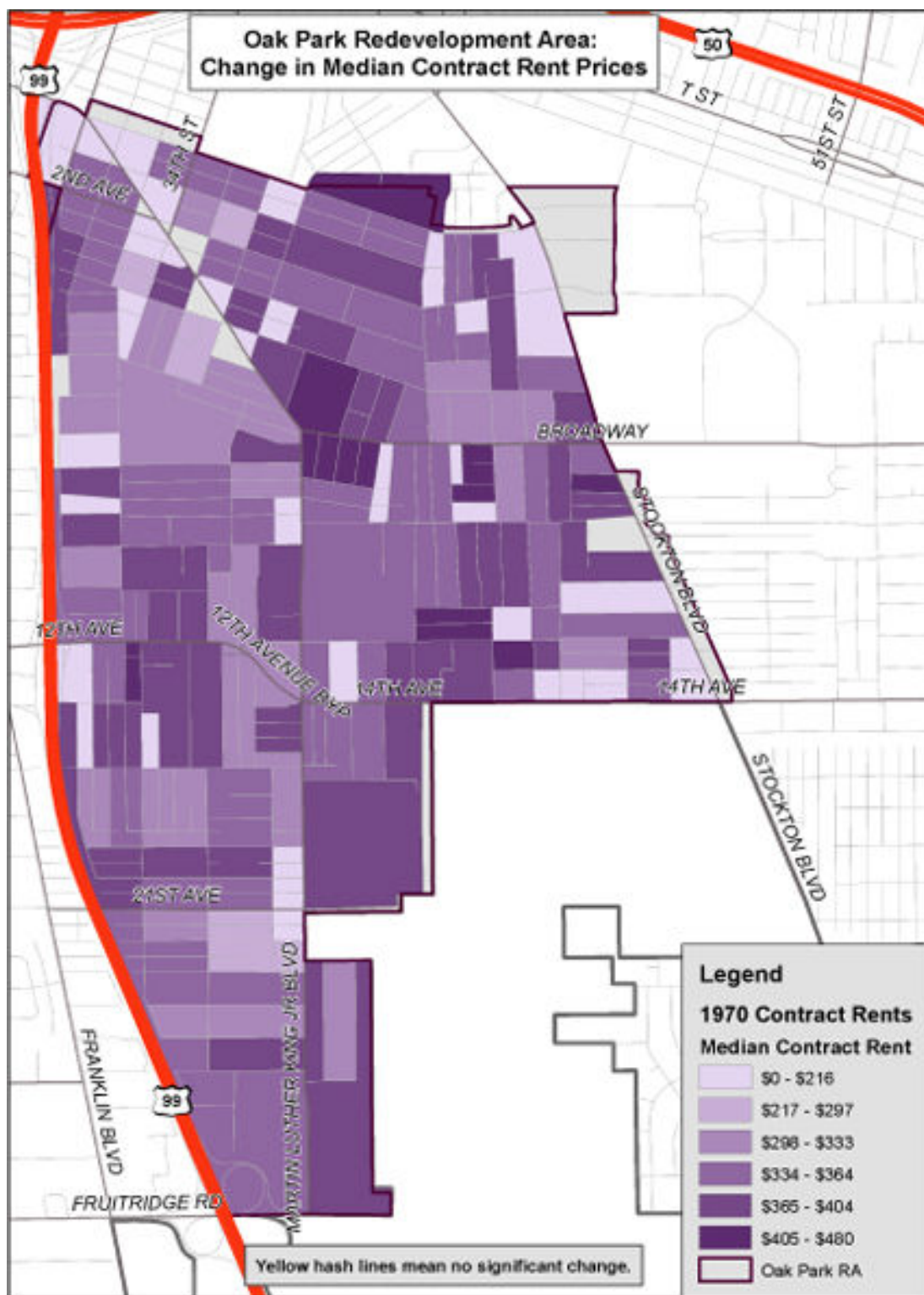
Two patterns are immediately apparent in Figure 2.3. First, in all but two Census tracts, median contract rents fell from 1970 to 1980. The fact that this fall took place in both the redevelopment area and in the control neighborhoods suggests larger economic factors at work. Second, between 1980 and 1990 rents increased dramatically across the board and significantly surpassed the 1970 median rents in every neighborhood. Many of the largest rent increases happened in Oak Park neighborhoods including the second largest rent hike in the area in Oak

Park East, where rents increased \$204 during the decade. By comparison, the neighborhood with the largest rent increase was Curtis Park South, at \$223.

While rents in Oak Park were slightly lower than the rents in the adjacent neighborhoods of Fairgrounds, Tahoe Park, North City Farms and Curtis Park North in 1970, by 2000 median contract rents in Oak Park and all of the adjacent neighborhoods, except Curtis Park South, were comparable. This equalization in median contract rents represents overall rent increases in Oak Park that ranged between 25% and 45% between 1970 and 2000. By comparison the overall median contract rent increases in the adjacent neighborhoods, excepting Curtis Park South, ranged from 10% to 31% during the same period.

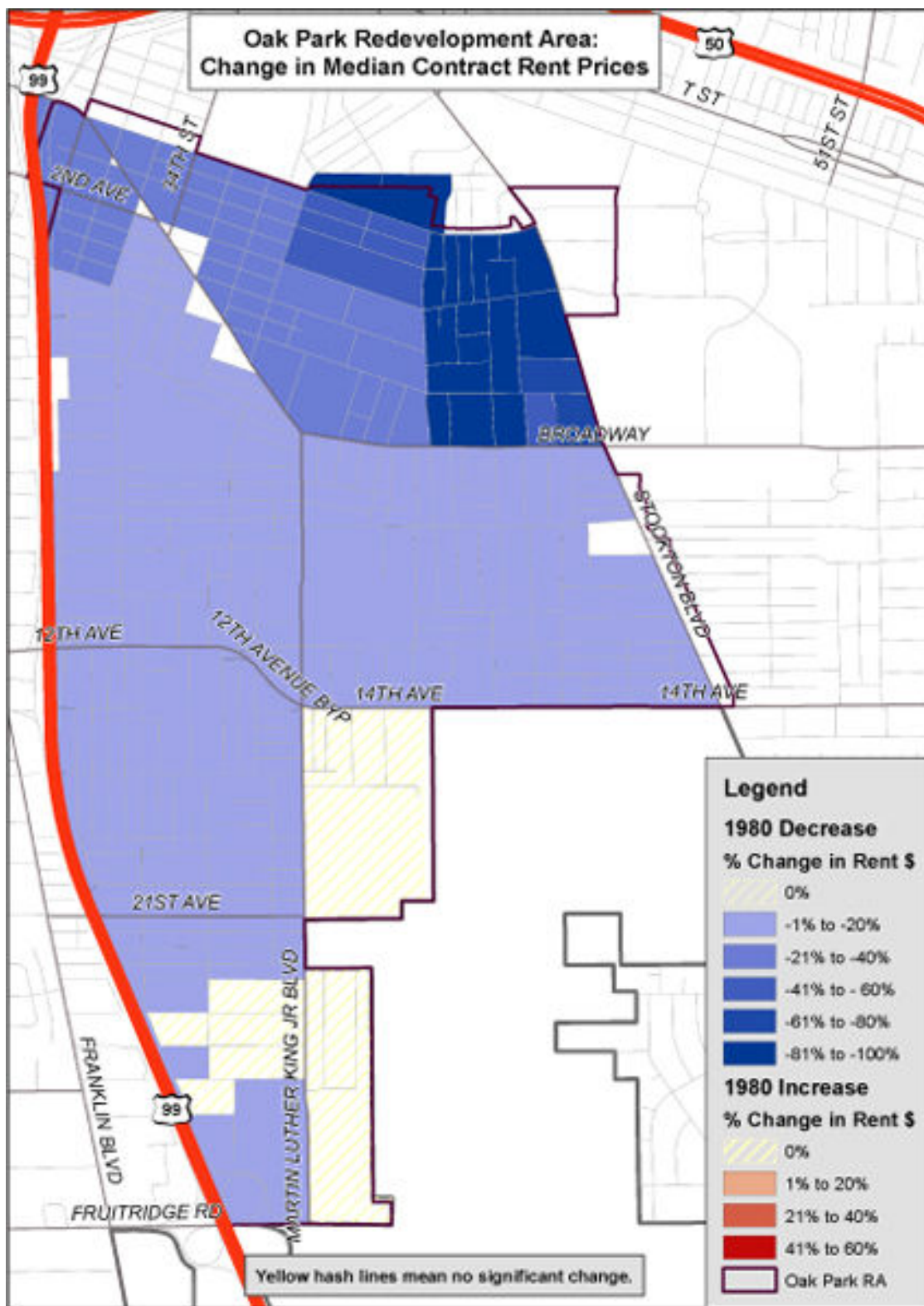
A more detailed look at the changes in median contract rents in Oak Park is provided in Composite Map 7. It tracks the changes in rents on a block-by-block basis from 1970 to 2000.

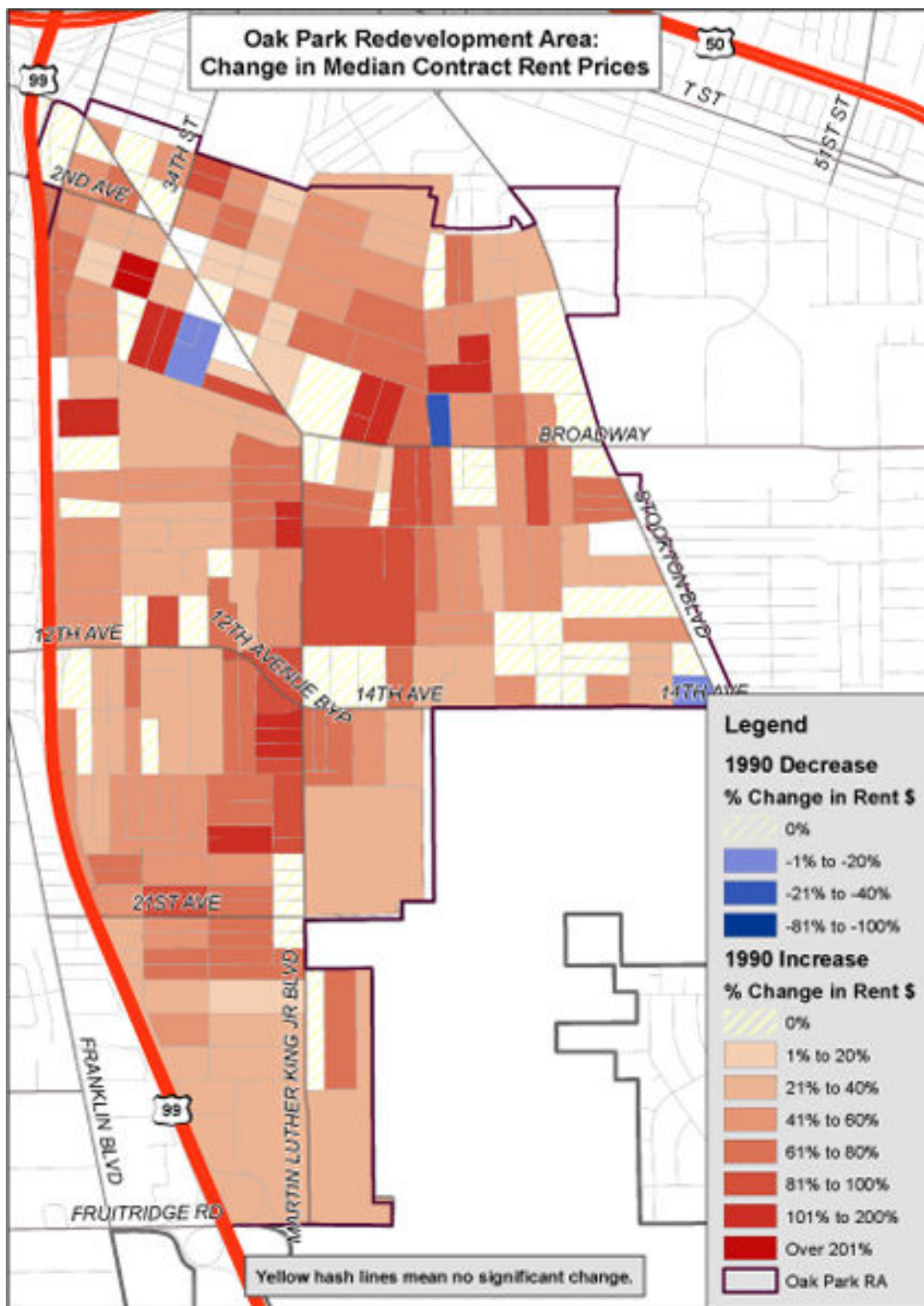
Composite Map 7.

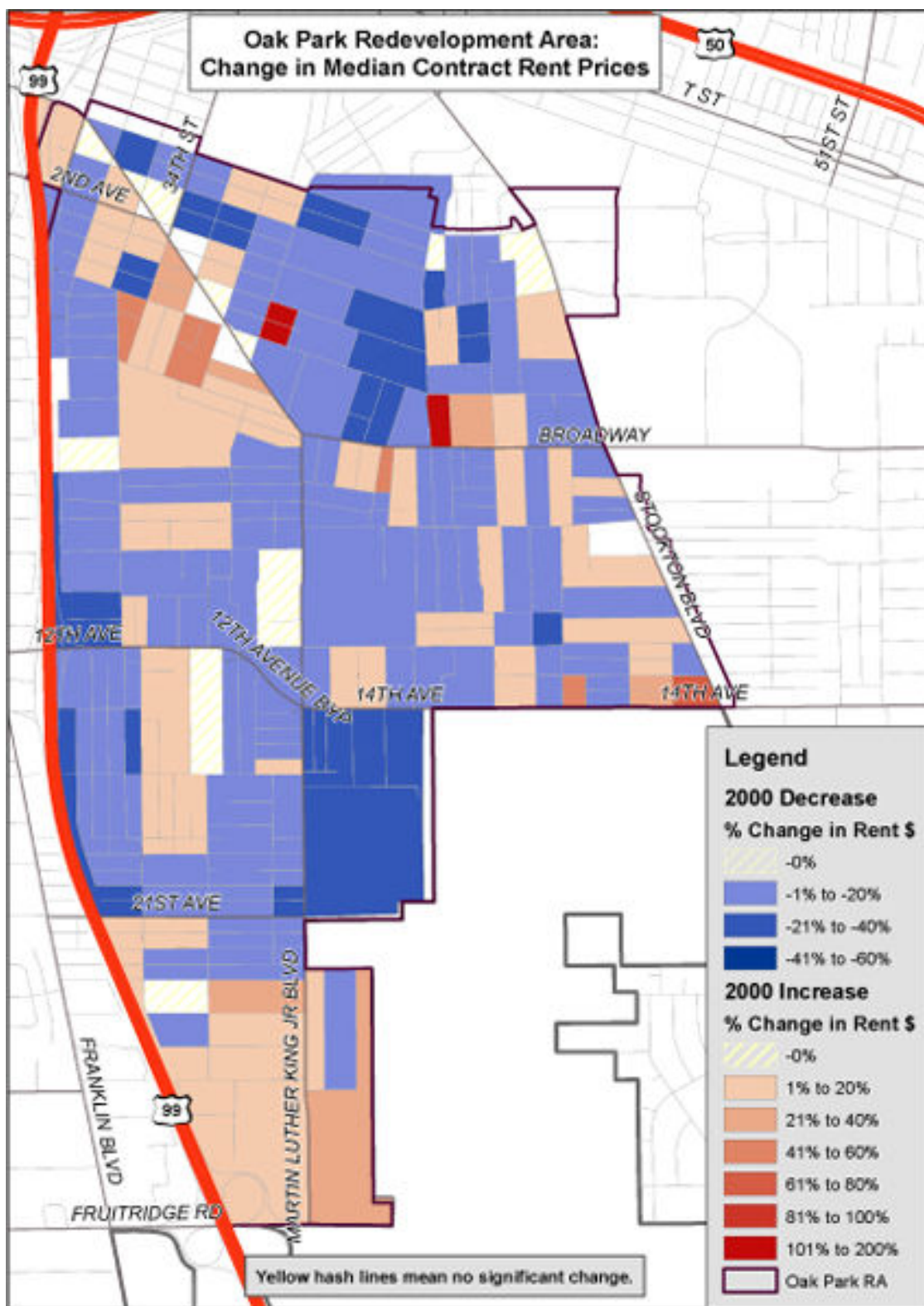


Oak Park Redevelopment Area: change in median contract rent prices from 1970 to 2000.









The 1970 base map shows the starting median contract rent price ranges for this study. The majority of the Census blocks in Oak Park reported median contract rents that were significantly below the Sacramento County median of \$475. While there are no immediately apparent rent price patterns in the 1970 data, there is something of a concentration of higher rents in the northern section of Oak Park, around the intersection of Broadway and Martin Luther King Boulevard.<sup>31</sup> There are also pockets of higher rent Census blocks adjacent to the Med Center neighborhood to the north, and around 12<sup>th</sup> Avenue to the west. The northwest section, which had high rental occupancy rates, as mentioned in the analysis of Composite Map 6, also had some of the lowest rents in Oak Park.

By 1980 the increased vacancy rate and overall housing unit loss had changed the rental market. Overall, median contract rents dropped, however, the block-by-block analysis shows that the overall decreases were not universal. Specifically, rent prices in the southernmost section, along 14<sup>th</sup> Avenue, and at the northeastern tip of the redevelopment area all saw rent price increases, as did some of the interior Census blocks north of 12<sup>th</sup> Avenue. At the same time, many of the blocks that saw rent prices decrease saw significant drops in median rents, probably as a reflection of the wider economic environment and of increased vacancy rates.

The 1990 map tells a very different story. With the exception of three Census blocks, the entire redevelopment area either saw rent prices stay at 1980 levels, or saw them increase. These increases were the most significant along Martin Luther King Boulevard north and south of the 12<sup>th</sup> Avenue Bypass, clustered around the McGeorge Law School campus, and in the northern section north of Broadway. While many blocks saw only modest increases, the overwhelming trend in rising rent prices is obvious, and corresponds with a drop in vacancy rates, an increase in new housing units, and a drastic increase in population.

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<sup>31</sup> Then known as Sacramento Boulevard.

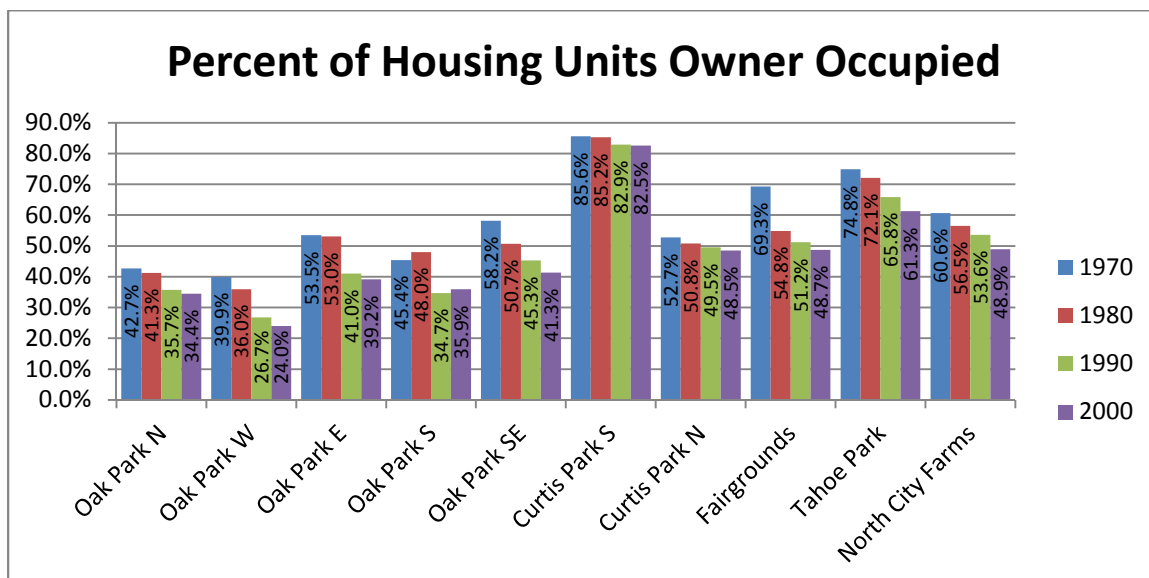
The 2000 map shows a moderating of contract rent prices. Many of the areas that saw the largest increase in 1990, saw modest decreases in median rents in 2000. This is even true for the northern section, which started off with some of the highest contract rents, and saw some of the greatest increases over the previous two decades. Even so, the decrease in median rents reflected by the 2000 map is much more modest than the price increases recorded in the 1990 maps, resulting in overall higher rents across the Oak Park redevelopment area.

With the exception of Oak Park North, the only Oak Park neighborhood with economic evidence of gentrification, the remainder of Oak Park shows little economic change. Incomes remained stagnant, median home values increased much slower than in adjacent areas. Only contract rents exhibit a real significant change, and that change was an overall increase that put rents in the redevelopment area on par with adjacent neighborhoods.

#### *Tenure Changes*

As the vast majority of low- and very low-income families do not have access to the same financial resources as moderate-income families, such as savings accounts, good credit ratings, and family support, a much lower percentage of low- and very low-income families own their own homes. Most are renters. Figures 2.4, 2.5, and 2.6 compare the renter to ownership ratio of residents in Oak Park and adjacent neighborhoods, and the vacancy rate of units in those neighborhoods over the four decades of this study.

Figure 2.4.

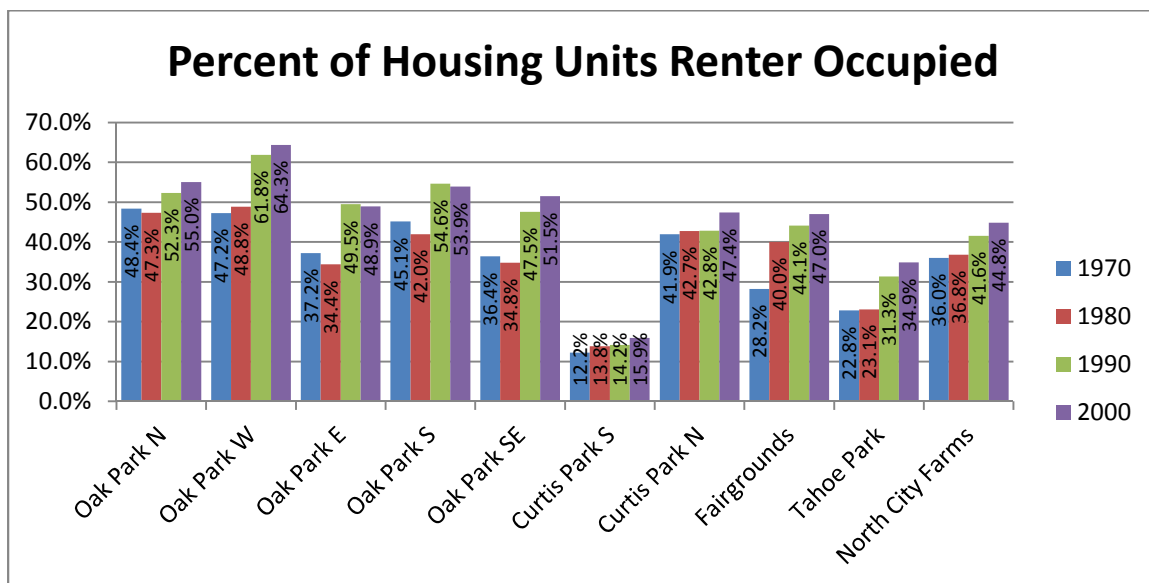


**Percent of total housing units owner-occupied in the Oak Park redevelopment area and adjacent neighborhoods between 1970 and 2000.**

Unlike Alkali Flat, Oak Park and the adjacent neighborhoods did not experience a net loss of housing units and population during the over-all study period. Oak Park actually had an overall increase of both housing units and population between 1970 and 2000, while population and housing unit totals in adjacent neighborhoods remained stable over the four Census periods. Yet the percentage of owner occupied housing units fell in every neighborhood measured – both in the redevelopment area, and in the adjacent neighborhoods. Taken decade by decade, owner occupied housing made up a smaller percentage of the total housing stock in Oak Park than in adjacent neighborhoods, however, in 1970 the Oak Park East and Oak Park South East neighborhoods had owner occupancy rates that compared to Curtis Park North. This could be yet another legacy of the interconnectivity of the neighborhood that existed before construction of the Highway 99 freeway. Long-time homeowners vested in the neighborhood, and older homeowners with paid-off mortgages would be reluctant to move. However, by 2000 all of Oak Park had significantly lower owner occupancy rates than adjacent neighborhoods, though owner-

occupancy rates stayed highest in the east and southeast sections of Oak Park. Figure 2.5 presents the renter occupancy rates for the study areas for comparison.

**Figure 2.5.**



**Percent of total housing units renter-occupied in the Oak Park redevelopment area and adjacent neighborhoods between 1970 and 2000.**

The rental occupancy rates between 1970 and 2000 as graphed in Figure 2.5 show an inverse pattern to the owner occupancy rates in Figure 2.4. While Oak Park had generally higher rental occupancy rates than the adjacent neighborhoods, rental rates increased even in the neighborhoods, like Curtis Park North and South, which also experienced the highest median home value increases. This across the board increase in renter occupancy rates also echoes the increases in median contract rents over the same period. The largest increases in rental occupancy happened in the same areas and during the same periods where median contract rents also increased the most. An analysis of these correlations suggests a couple of conclusions.

First, rental occupancy rates and median contract rents increased most in the areas with the most stagnant median household incomes, especially in Oak Park. This means that families with the least economic flexibility faced the highest increases in housing costs. One of the

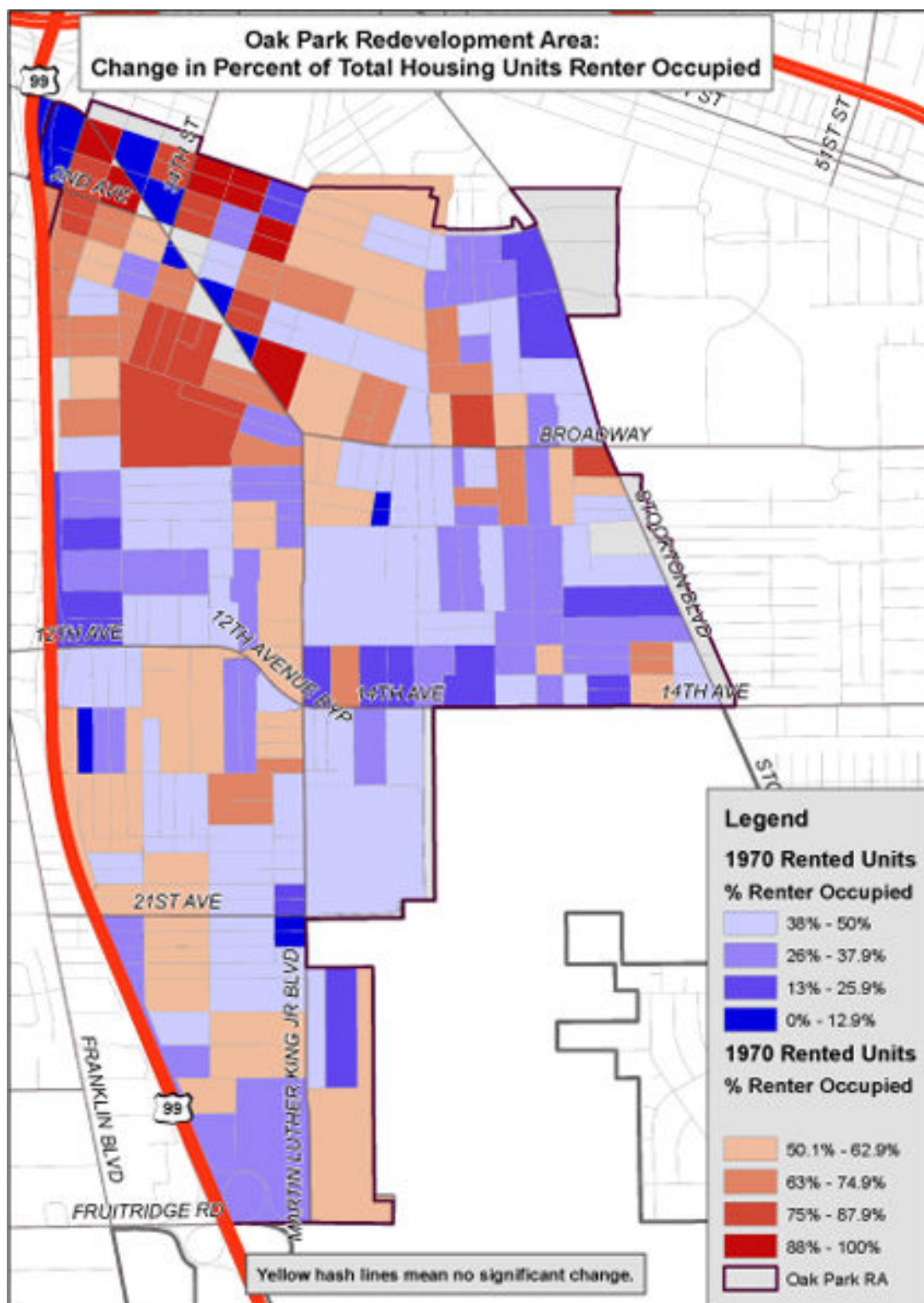
fundamental purposes of redevelopment is to protect and provide affordable housing. Yet the median contract rent increases through Oak Park suggest that redevelopment failed to meet that particular goal.

Second, rental occupancy rates increased across the board in both the study area of Oak Park and the control neighborhoods. This is despite decades of social and economic pressure on families to purchase homes. While this might be understandable in Oak Park where incomes were mostly well below the federal low- and very low- income thresholds, this rise in rental occupancy in the adjacent neighborhoods is somewhat counterintuitive, especially as many of the homes in those neighborhoods were priced, during the 1970s and even the 1980s, at rates consistent with the Sacramento County median home value. An explanation for this increase in rental occupancy might be found at a regional level. Throughout this period the Sacramento region as a whole was growing rapidly, with large numbers of new single-family homes being built in the greenfields and along the suburban boundaries. Cheap fuel, easy access to the freeway system, and larger newer homes at comparable prices would make these new suburban and exurban subdivisions much more appealing to most homebuyers than the older established first and second ring neighborhoods. The filtering of housing stock from owner occupancy to rental occupancy makes sense in this context.

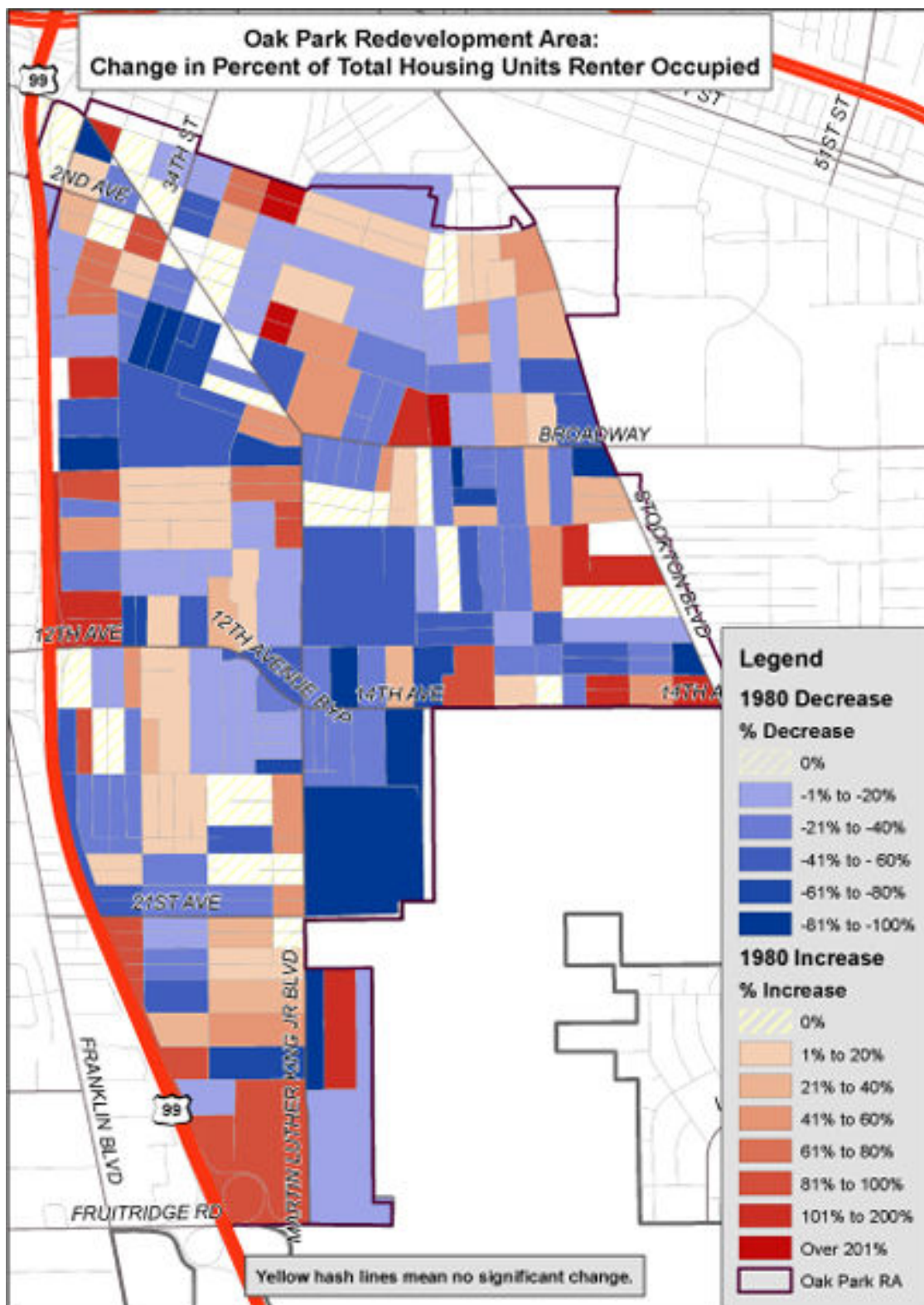
Composite Map 8 provides a more detailed view of the changes in rental occupancy rates in Oak Park redevelopment area during the study period.

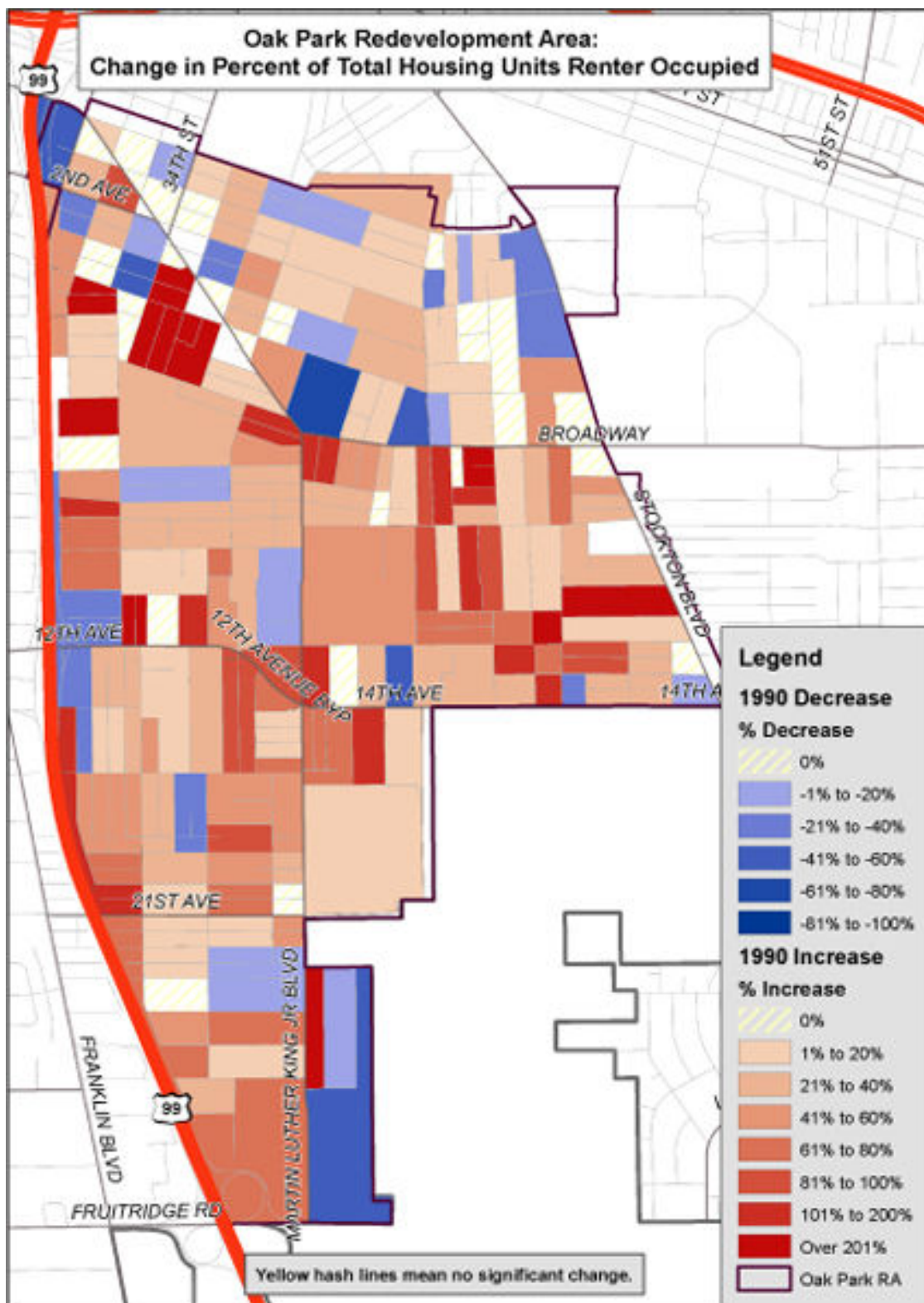


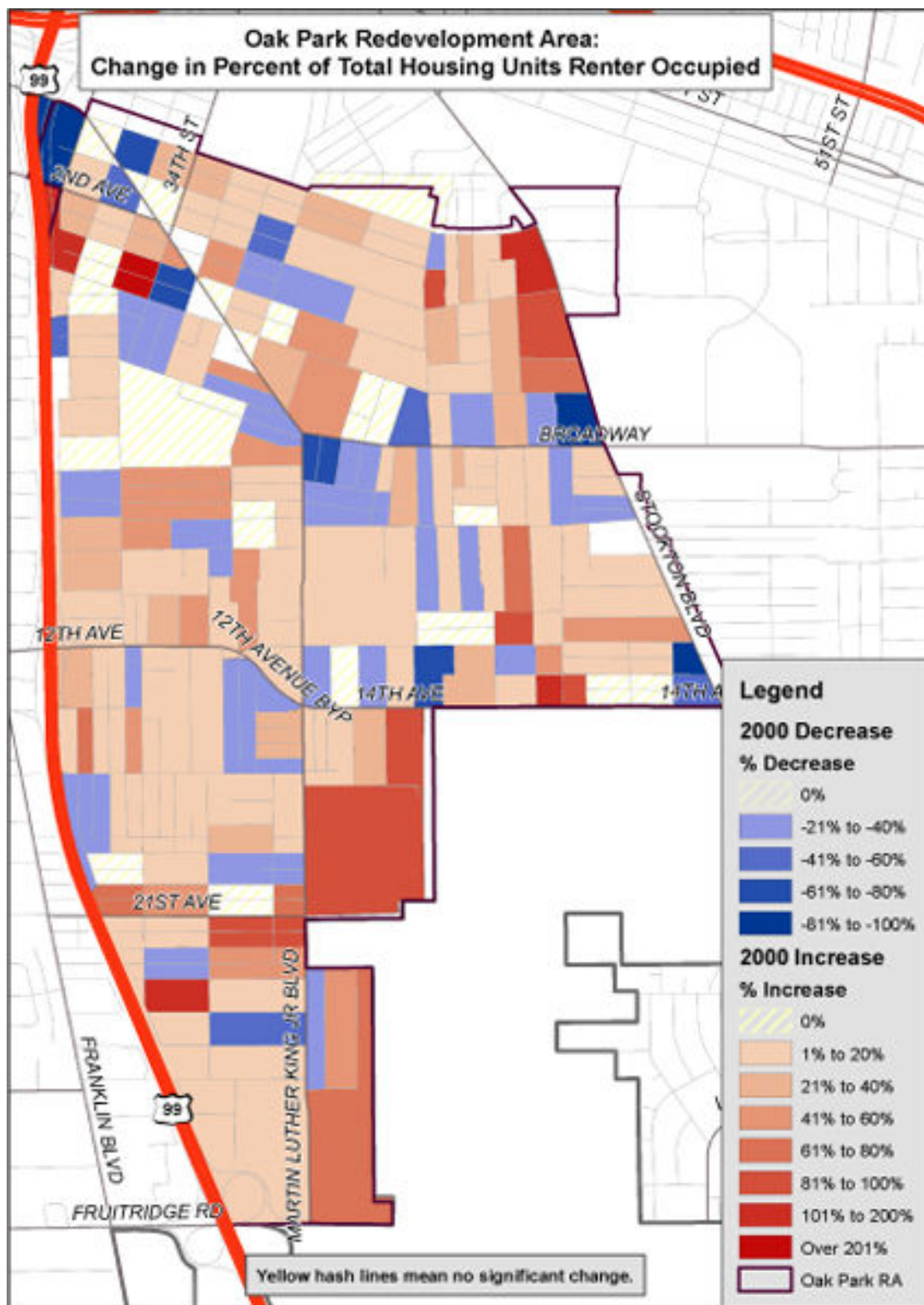
Composite Map 8.



Oak Park Redevelopment Area: change in percent of total housing units renter-occupied from 1970 to 2000.







The 1970 base map shows the initial distribution of rental housing in the Oak Park redevelopment area at the beginning of the study period. The highest rates of rental-occupied housing are represented in shades of red, while the lower rates are in blue. This map provides two important pieces of information. First, as discussed earlier regarding the median home value maps, there is the very high concentration of renter-occupied housing in the north-west corner of the redevelopment area. As Broadway marks the boundary of the Census tracts used to identify Oak Park North and Oak Park West, both Census tracts report a higher concentration of renter-occupied housing, but neither actually capture the 75% and above recorded in many of the Census blocks.

Second, the overall redevelopment area has a large amount of area with rental-occupancy rates between 38% and 63%, compared to the Sacramento County rate of 36% in 1970. This corresponds with the Census tract based graph in Figure 2.5.

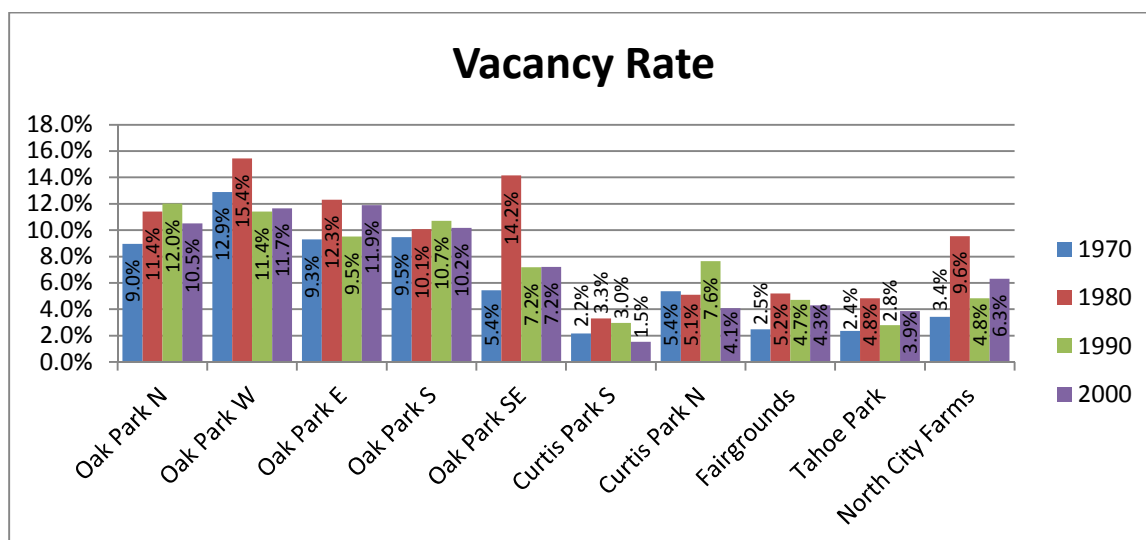
The 1980 map shows the slight dip in renter-occupancy rates reported in every Census tract except Oak Park West. Compared to the 1970 map, several blocks that had been over 50% renter-occupied saw renter-occupancy rates drop by 40% or more. This would also correspond with the jump in vacancy rates, as discussed below in Figure 2.5. One thing not captured by the Census tract data is the fact that while overall renter-occupancy rates dropped, changes at the Census block level were far more diverse. Blocks that experienced significant drops in renter-occupancy are frequently adjacent to blocks that saw equally significant increases in renter-occupancy. This suggests two things. First, that the Oak Part redevelopment area probably experienced a fairly high resident turn-over rate, and second, that turn-over also included properties changing from owner-occupied to renter-occupied and the opposite. As the vacancy rate suggests, a fair number of originally renter-occupied housing units may have also just sat vacant.

By 1990, renter-occupancy rates in the Oak Park redevelopment area had greatly increased. Unlike the 1980 map that had thoroughly mixed blocks of increase and decrease, only a few blocks registered decreased renter-occupancy rates in 1990 while the vast majority of blocks registered some level of increase. The most significant increases happened in the Oak Park West and East areas. Conversely, the northern section had the least significant increase, with many blocks recognizing no change over the 1990 Census.

The 2000 map shows that while renter-occupancy rates were still changing, and resident tenure was still shifting in the Oak Park redevelopment area, the changes were more moderate than the dramatic changes of the 1980 and 1990 Census counts. Still, renter-occupancy rates mostly increased. Yet that increase was far less universal than in 1990, and the pattern of blocks of decrease immediately adjacent to blocks of increase is a common feature in this map. One thing worth noticing is that there are a number of blocks in the northwestern section of the redevelopment area that did not show any change over the 1990 (and in some cases the 1980) Census numbers. Compared to the resident turnover in the rest of the redevelopment area, this decade-long stability suggests that there may be external forces at work, such as housing subsidies or other market stabilizers.

Despite the increase in rental occupancy rates and median contract rents, Oak Park still struggled with one of the foundation definitions of the blight – high vacancy rates. Figure 2.6 compares the vacancy rates between the various neighborhoods over the four-decade study period.

Figure 2.6.



**Vacancy rates in the Oak Park redevelopment area and adjacent neighborhoods between 1970 and 2000.**

Unlike Alkali Flat, Oak Park did not experience large fluctuations in the total number of housing units during the study period. However the increases in median contract rents and the increases in rental occupancy suggest that there was a growing demand for rental housing in the area. Yet all of the Oak Park neighborhoods except the South East section consistently had vacancy rates that doubled those in the adjacent neighborhoods. As the Census data does not make as distinction between habitable and inhabitable housing units, only between occupied and vacant units, it is very possible that the exceptionally high vacancy rate in Oak Park is a reflection of the condition of the housing stock. The fact that there is no identifiable pattern of reinvestment in the housing stock or a loss of housing units, which would have lowered vacancy rates, suggests that while market pressures may have been sufficient to ensure a certain amount of housing stock remained usable, it wasn't enough to encourage the revitalization of neglected or uninhabitable housing stock.

One of the claims of redevelopment is that it encourages private investment by using public subsidies to drive economic growth. Along with the measurable economic criteria that would provide evidence of economic improvement, a reduced vacancy rate – one that is more comparable to adjacent neighborhoods – would also signify an increased vitality in the area. That has not happened in Oak Park.

Composite Map 9 overlays some of the Oak Park redevelopment area's projects over the changes in median contract rent data for the four decades of Census data. There are a couple of reasons that only some of the redevelopment area's projects are displayed on the map. For one, there was a period during the 1980s when, instead of designating specific projects, project areas were used to identify spots with redevelopment priority. The dots on the map only identify the first tier areas from the redevelopment plan. There were also second and third tier areas. Most of these areas did not specify how the redevelopment funds would be used. Another problem is that there were several redevelopment investments in single-family rehabilitations, which were impossible to specifically identify. And yet another problem was insufficient records for redevelopment activities, especially for early projects.

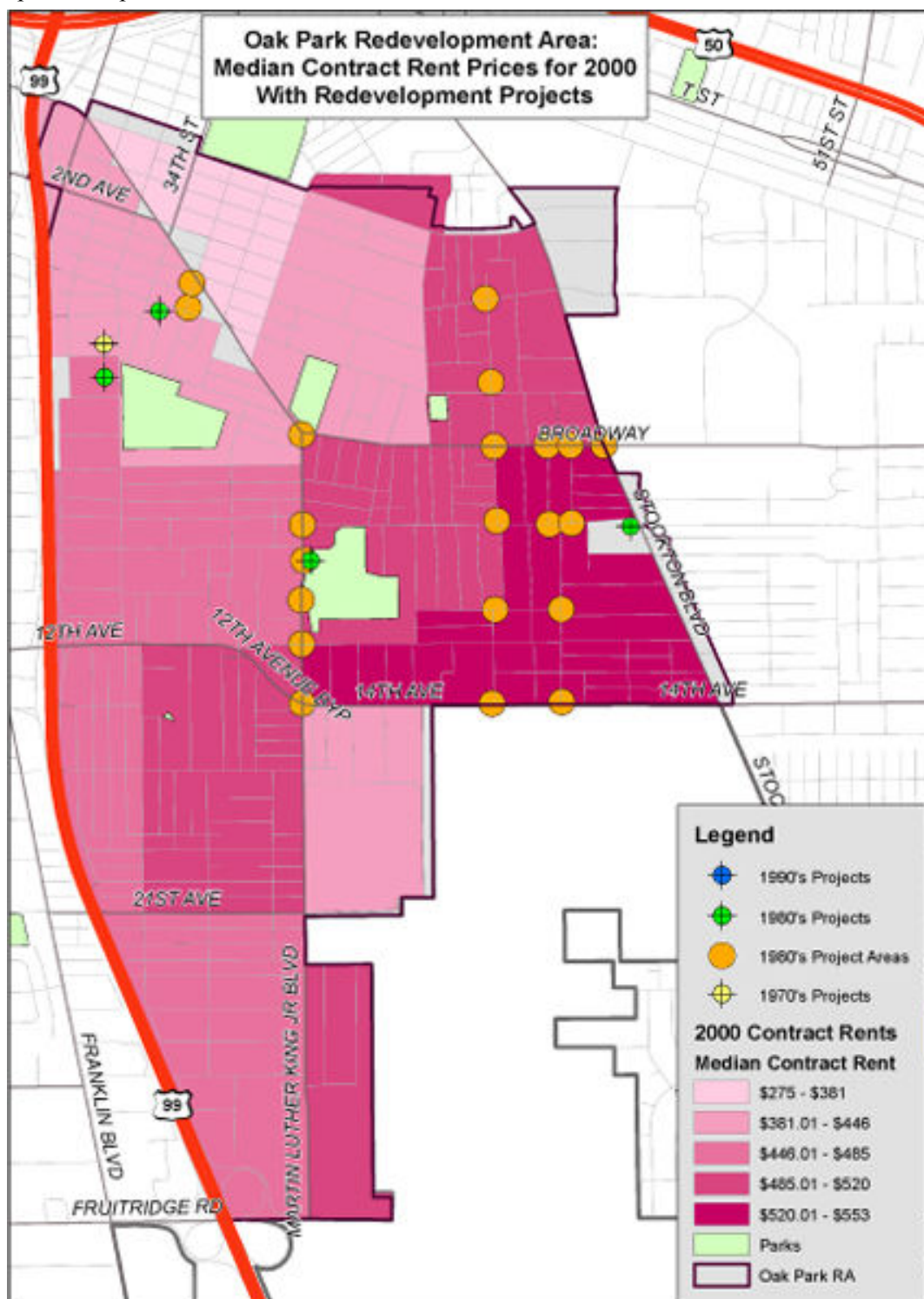


Finally, there are no 1990 redevelopment projects identified for Oak Park even though redevelopment activities were taking place. This is in part because most of the major 1990s redevelopment projects, which were focused on economic development, actually saw completion in the early 2000s. There may have been other places where redevelopment funds were used for projects in Oak Park; however, these are the projects that were available to the public.<sup>32</sup>

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<sup>32</sup> Public availability is an important factor and a major problem with redevelopment reporting. Technically, tax increment is public money; however, it is only recently that redevelopment agencies have been required to make specific detailed reports of their use of tax increment dollars. There is no clear public accounting of the expenditure of redevelopment tax increment dollars over the life of older redevelopment areas available. Correspondence with SHRA staff suggests that it may not even exist. Either way, comprehensive (or even superficial) lists of redevelopment projects do not exist, and the projects identified were collected from inconsistent redevelopment plan reports and news media articles.

Composite Map 9.



Oak Park Redevelopment Area: median contract rent prices in 2000 compared with redevelopment projects initiated between 1970 and 2000.

Composite Map 9 emphasizes the almost dyslexic impact (or lack there-of) that redevelopment appears to have on an area. For consistency, and because Oak Park is a renter-centric neighborhood, the median contract rent prices are again presented with the project and project area overlays. Each map shows the previous decade's projects.

The 1980 map only has one project identified – the first expansion at the McGeorge School of Law. That was not the only redevelopment aided project during the 1970s, but it is the only traceable project. The 1990 map has more information to work with. First, the 1980s saw a couple of different projects, including another McGeorge expansion, a new community center, and the rehabilitation of the Fire Station on 4<sup>th</sup> Street. It also was the first decade that redevelopment priority areas were identified, specifically along Martin Luther King Boulevard, Broadway, and 42<sup>nd</sup> and 44<sup>th</sup> Streets. The exact redevelopment activities engaged in these areas are unreported.

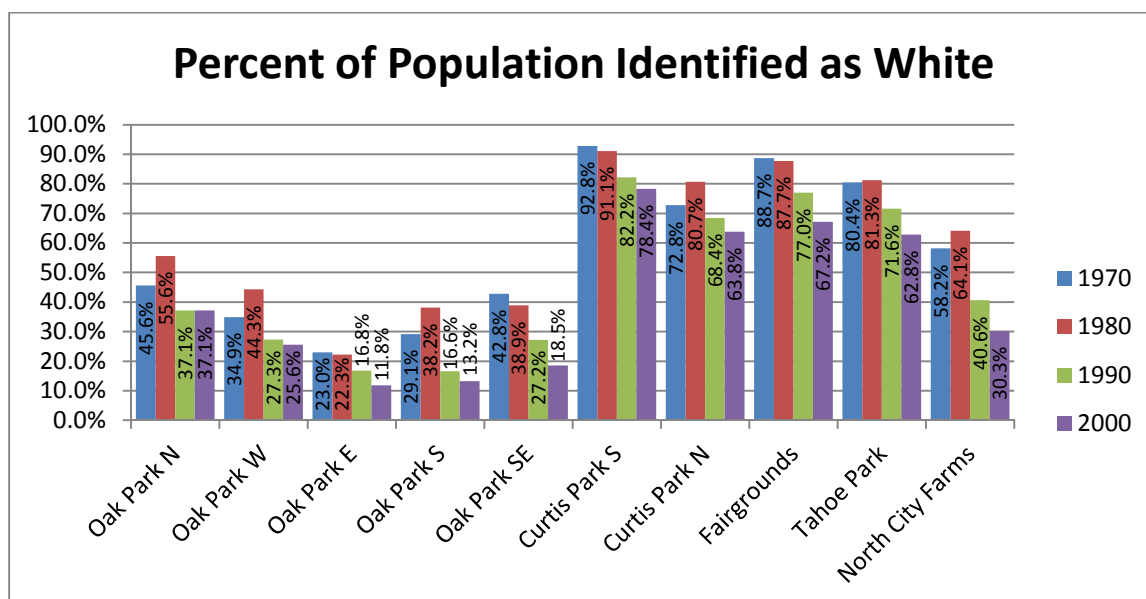
This map does highlight one very important problem with redevelopment – the dichotomy inherent in the economic development method versus affordable housing legislative dictate. All of the 1980s redevelopment projects were either in or immediately adjacent to Census blocks that saw significant increases in median contract rents during the decade. The project areas, on the other hand, were either in areas that had large rent increases, or they were in areas that saw no rent increases. Both are problematic. That median contract rent prices jumped significantly in blocks immediately adjacent to some projects areas suggests that redevelopment efforts were unsuccessful at the mandate that redevelopment be used to protect affordable housing. Conversely, the projects areas that had no significant impact on their adjacent blocks suggest that the redevelopment activities in those areas failed to encourage positive economic development. This mixed expectation that redevelopment will both protect housing and encourage economic development is almost a catch-22, as the 2000 map shows.

The 2000 map only underlines the problem apparent in the 1990 map. First, many of the areas that had median contract rent price increases on the 1990 map had decreases in 2000, which suggests that redevelopment projects had failed to have a long-term positive economic development impact. The one exception is the area near the 34<sup>th</sup> Street and Broadway intersection, which is almost an island of continued median contract rent increases. Again, the suggestion is that if redevelopment does have long-term positive economic development impacts, it does so at risk of gentrification, and in violation of the legislative call to protect affordable housing.

#### *Demographic Changes*

Oak Park had experienced some dramatic demographic changes in comparison to adjacent neighborhoods. Figures 2.7 through 2.11 compare the racial and ethnic changes over the decades, as well as the high school graduation levels, while Composite map 10 evaluates the total population changes in the Oak Park redevelopment area itself.

Figure 2.7.



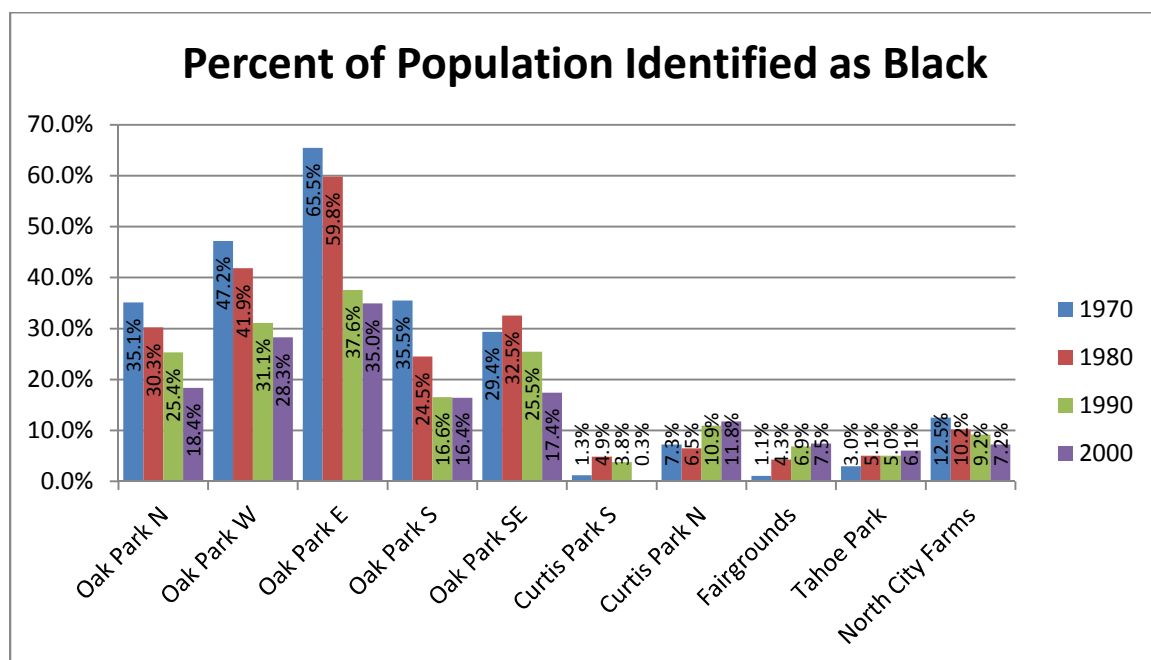
**Percent of total population that self-identified as “white” in the Oak Park redevelopment area and adjacent neighborhoods between 1970 and 2000.**

One universal trend across both Oak Park and the adjacent neighborhoods during the study period is the reduction in the number of people self-identifying as white on the Census. There could be a couple of reasons for this. First, changes in the Census form over the decades provided more alternative answers, particularly in the multiple race categories added in 1990 and 2000. However, analysis of the chart of “other races”, which collects both the other category and the multiple race category, does not show a marked increase that corresponds with the reduction in white respondents. Second, and more likely, is outmigration without an in-migration replacement. It is also possible, as these neighborhoods are older and were mostly built out and occupied long before this study, that some of the white population loss could be attributed to attrition as older residents die or are relocated to nursing or other facilities for the last stage of life. While in the latter case the result is the same as outmigration, the motivation is notably different.

Even with the decrease in the white population, it is worth noting that the adjacent neighborhoods of Curtis Park, Fairgrounds and Tahoe Park all remain over 60% white. Of the adjacent neighborhoods, only North City Farms has seen the white population drop below 50%, however, in that one case, the drop is significant, from 64% white in 1980 to 30% white in 2000. By contrast, Oak Park saw only one neighborhood in a single decade pass the 50% white population mark. Oak Park North, located the closest to the UC Davis Medical Center and which, by 2000, also showed the highest median household incomes and median home values, reported 56% of the population self-identifying as white in the 1980 Census. That number subsequently dropped to 37% in 1990, but, unlike the rest of Oak Park, did not continue to decline and instead held steady during the 2000 Census, making it the whitest area in Oak Park. One irregular pattern in the trend of white population loss was the increase in persons identifying as white between the 1970 and 1980 Census in three of the Oak Park areas. Oak Park North, West, and South all had increases of about 10% between the 1970 and 1980 Census - the first decade of the active redevelopment area. All three Oak Park areas subsequently lost that increase plus additional white population between 1980 and 1990.

Whites were not the only racial group to lose population in Oak Park. Figure 2.8 shows what happened to the Black population over the same period.

Figure 2.8.



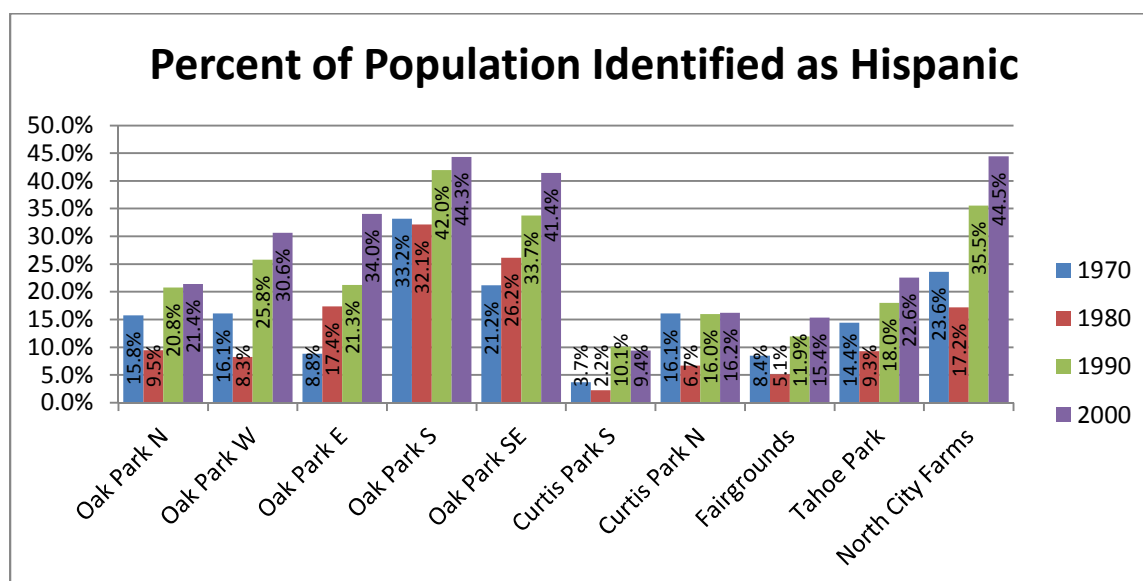
**Percent of total population that self-identified as “Black” in the Oak Park redevelopment area and adjacent neighborhoods between 1970 and 2000.**

Oak Park’s legacy as one of the original black neighborhoods in the area was still in much evidence in 1970. However, the black population decreased significantly across the board in Oak Park during the four decades of this study. Most of the largest losses in black resident happened between the 1970 and 1990 Census, with Oak Park West, East, and South showing a much slower rate of population loss between 1990 and 2000. Combined with the white population loss, these two charts show a large outmigration of what traditionally made up most of the core population of Oak Park in the four decades studied. This outmigration suggests that the area was both economically and socially unstable, with a high household turnover.

It is worth mentioning that three of the five comparison neighborhoods, of Curtis Park North, Fairgrounds, and Tahoe Park all experienced a net increase of black residents over the study period, but in numbers far fewer than the population loss experienced by Oak Park.

While Oak Park did have continuously high vacancy rates, it also experienced no net population loss between 1970 and 2000, which means that the population decrease among whites and blacks was compensated. Figure 2.9 shows the change in Hispanic residents between study areas over the four Census periods.

**Figure 2.9.**



**Percent of total population that self-identified as “Hispanic” in the Oak Park redevelopment area and adjacent neighborhoods between 1970 and 2000.**

While it is important to recognize that not all of the race and ethnicity charts in this study measure population at the same scale (white runs to 100% of the population, black to 70%, and Hispanic to 50%), the changes over time in many cases are still quite significant. Taking that into consideration, the increase in self-identified Hispanics across the board in both Oak Park and adjacent neighborhoods shows the magnitude of the demographic shift. Although the 1970 Census measurement of Hispanics is slightly skewed since it is not cleanly separated from race, as a result of the collection method used in the 1970 Census, the overall trend of population growth is clear. It is of interest to note that the Census tract that lost the most black population,



Oak Park East, where the black population dropped from 66% of the total to just 35% of the population during the study period, also had the greatest increase in Hispanic population from 9% to 34% of the total population during the study period.

While Oak Park in general experienced an increase in the Hispanic population, the area that experienced the smallest increase is Oak Park North, the area with both the highest median household incomes and median home values in 2000. Conversely, North City Farms, which had a low level of black population loss, a moderate amount of white population loss, lower median home values, but higher median incomes had the second largest increase in Hispanic population as it went from 24% of the population total to 45% of the population total for that Census tract.

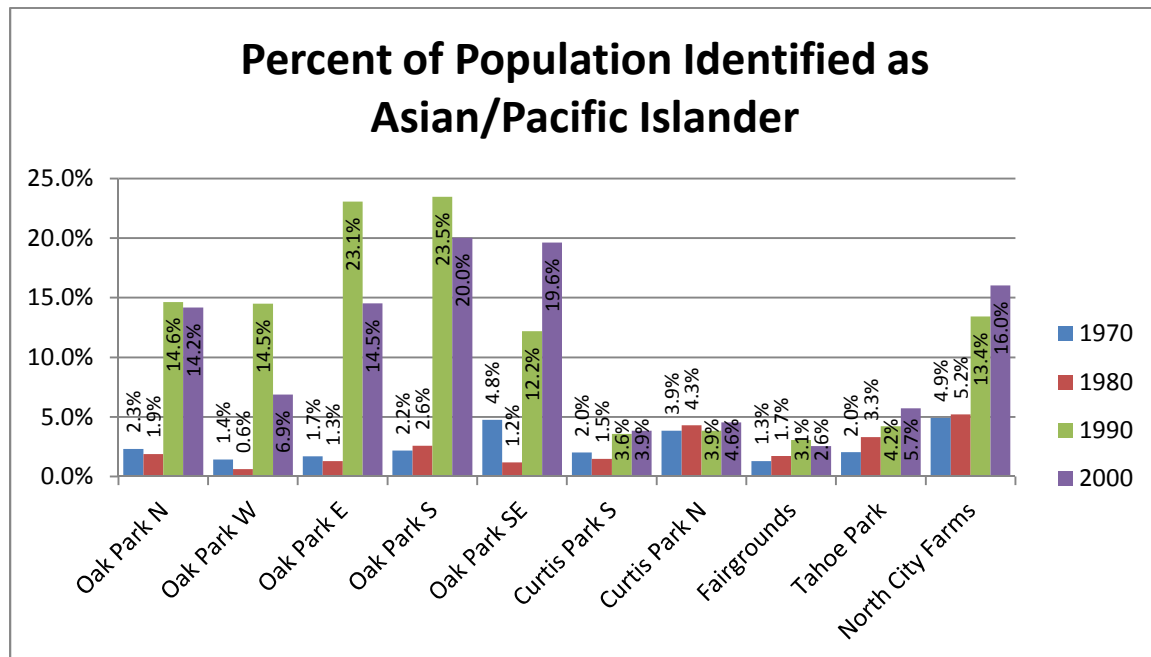
Even though North City Farms had only a 13% increase in total housing units during the study period, it had a 21% increase in total population, suggesting either an overall increase in average family size, or potential over-crowding, or possibly both. The lower median home values and the general population growth could be a sign of a neighborhood where the existing housing stock is under strain, though the higher median household incomes raises questions about neighborhood character. This apparent mismatch raises questions regarding the social and cultural investment that residents can make in a neighborhood that will continue to make it attractive even when the quality of the housing stock (as measured by median home value) is below the household demand curve (as measured by median household income). The value attributed to that neighborhood investment is difficult to accurately quantify, but may, at least anecdotally, have a significant impact on the composition, stability, and attractiveness of the neighborhood, despite raw economic descriptions.

The questions about the value of a vested neighborhood, raised by the housing value to income inconsistency in North City Farms, is central to the problem presented by gentrification, and by extension, redevelopment efforts that focus mainly on economic development. It is all but

impossible to put a price value on the feeling of involvement and belonging that a strong neighborhood network can provide. The response for many redevelopment and economic development efforts is to ignore that value. Any activities that would result in an increase in median contract rents or home values by default undermine the neighborhood network because it encourages household turn-over. This is also true for efforts that, whether intentionally or not, disrupt, or in some cases, fail to support important neighborhood social structures, resulting in massive racial and ethnic migrations.

Hispanics were not the only population to experience a surge in numbers during the study period. Figure 2.10 compares the changes in the Asian and Pacific Islander population between Oak Park and the adjacent neighborhoods.

**Figure 2.10.**

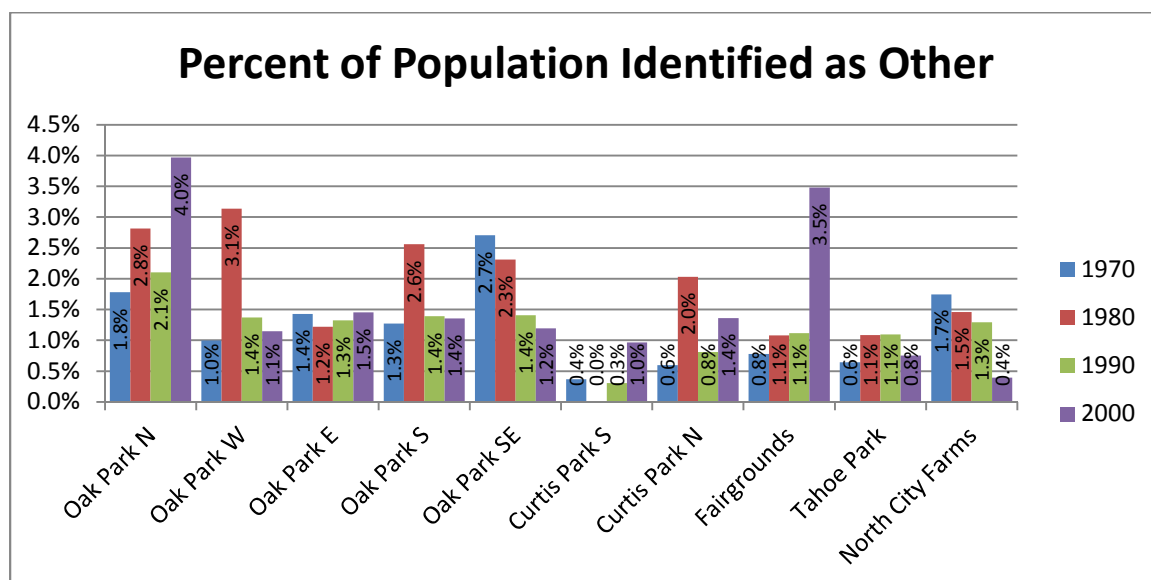


**Percent of total population that self-identified as “Asian/Pacific Islander” in the Oak Park redevelopment area and adjacent neighborhoods between 1970 and 2000.**

While the chart scale of the Asian and Pacific Islander population only measures to 25% of the total population, the increases in the Asian and Pacific Islander population in the Oak Park area are still significant. Both Oak Park East and South saw population increases from 2% and 3% to 23% and 24% of total population respectively from 1970 to 1990. While the Asian and Pacific Islander population in those neighborhoods dropped from 1990 to 2000, the percent of the total population was still significantly higher than in 1970. Historically, this increase corresponds with the wave of Vietnamese and Cambodian refugees, many of whom were low-income with strong family traditions and ties, who migrated to the U.S. during the 1970s and 1980s as a result of a combination of political and economic instability in their native countries, and liberal refugee quotas set by the U.S. Government in the 1970s. (Lee, 1998) The largest increases in Asian and Pacific Islander populations happened where median incomes and median home values were lowest, including all of Oak Park and North City Farms.

Overall, the lower income neighborhoods, which are also the neighborhoods showing the least economic growth, also show the most change in population demographics, with a trend towards greater diversity. Yet Figure 2.11, which compares the percent of the population that self-identified as other or multiple races over the study period, suggests that diversity did not necessarily mean a blending of racial or ethnic identities.

Figure 2.11.

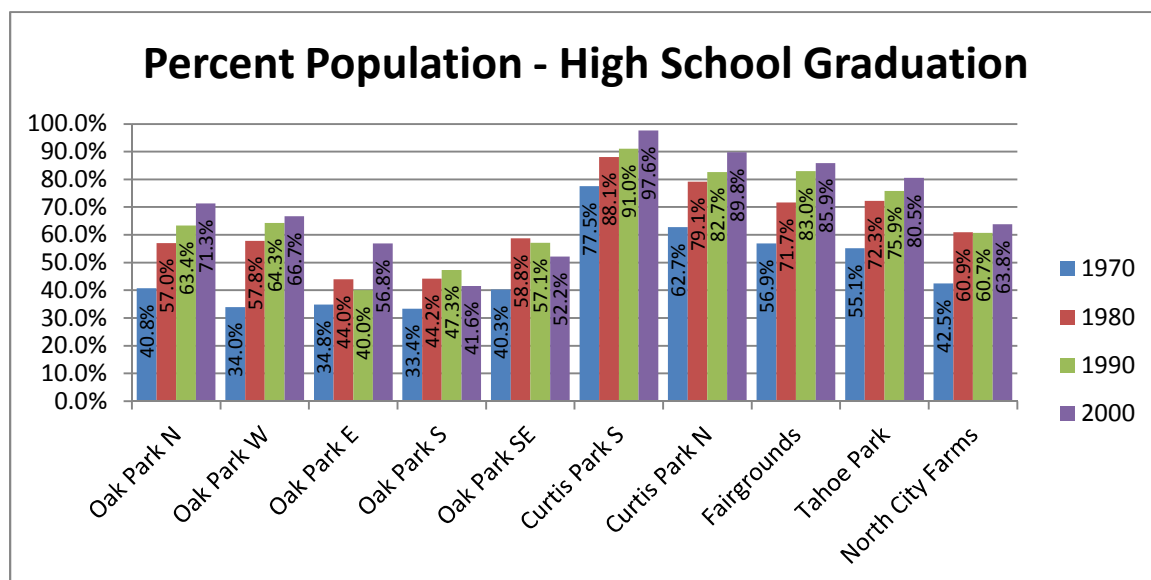


**Percent of total population that self-identified as “Other” in the Oak Park redevelopment area and adjacent neighborhoods between 1970 and 2000.**

As in Alkali Flat and Mansion Flats, the aggregate of the multiple race categories with the “other” category seems like it should have resulted in steadily increasing percentages of the population identifying as other or mixed race. Instead, there are no real identifiable trends, and definitely no significant aggregate increases in the percent of the population that identified as other or mixed race. Additionally, the category is consistently, below 5% of the total population. Despite the increased racial and ethnic diversification during the study period (especially within the Oak Park areas), there seems to be no blending of racial identities at least not in any easily identifiable trend or cycle. Although changes in the U.S. Census intended to offer more choices and options and better capture the racial and ethnic identity of the population, these changes also made trending and generalizability over extended time periods difficult – especially in situations where such a small percentage of the population is involved.

The next measurement of demographic change used in this study is the percent of the population that completes high school. Figure 2.12 compares high school graduation percentages across study areas over the four decades.

**Figure 2.12.**



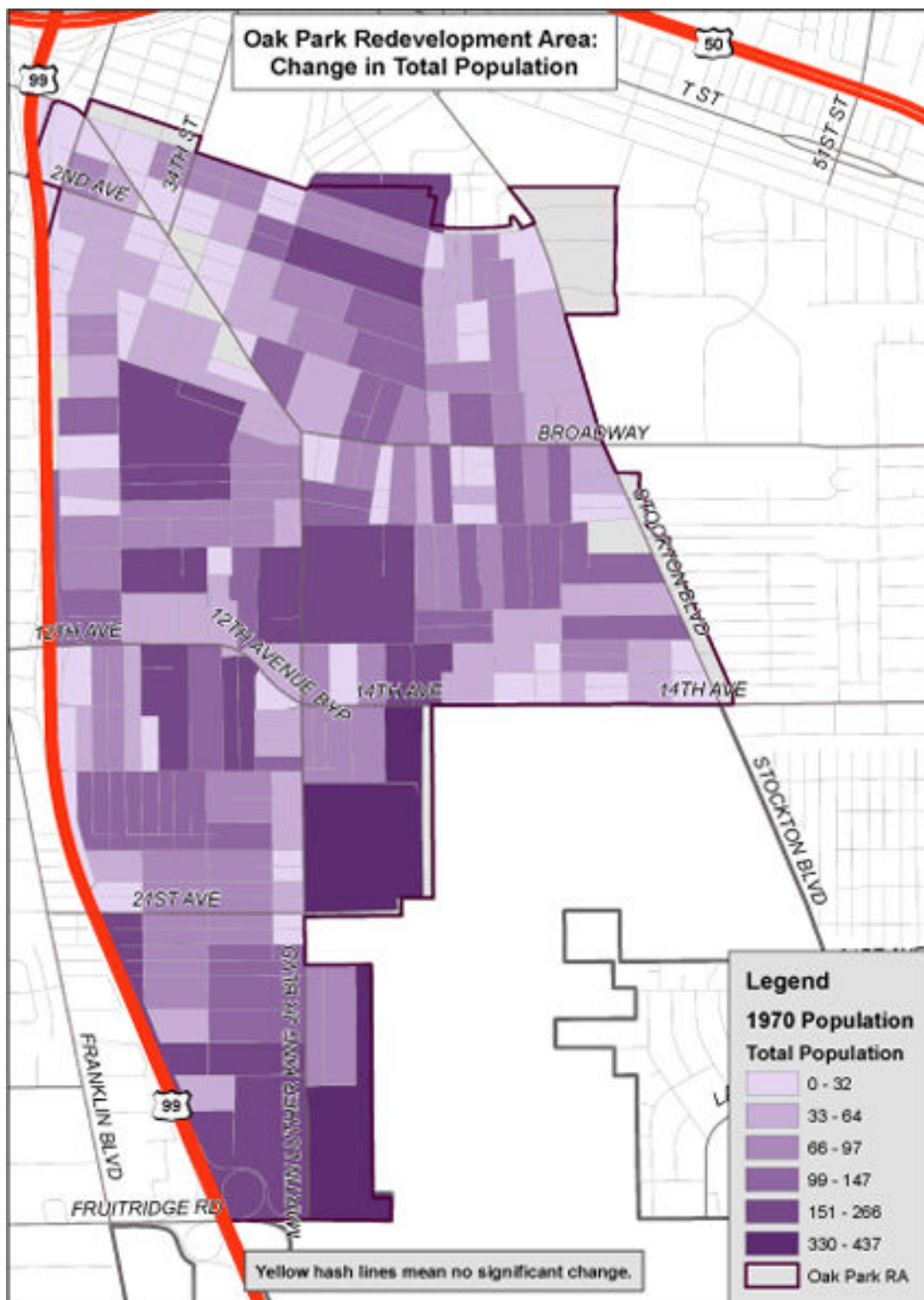
**Percent of total population that graduated High School in the Oak Park redevelopment area and adjacent neighborhoods between 1970 and 2000.**

At a glance, educational attainment levels in the Oak Park and adjacent neighborhoods appear to shadow the median income and median home value numbers from the economic variables discussed. For the most part the trend in educational attainment is an increase in the percent of the population graduating high school. In 2000 the Oak Park areas still measured below most of the adjacent neighborhoods, with the exception of North City Farms. In two Census tracts, Oak Park South and South East, the educational attainment even showed increases followed by decreases, so that the percent of the population that had graduated high school in 2000 was lower than the percent of the population with high school diplomas in 1980 and 1990. Comparing the educational attainment changes with the race and ethnicity changes shows that these two tracts

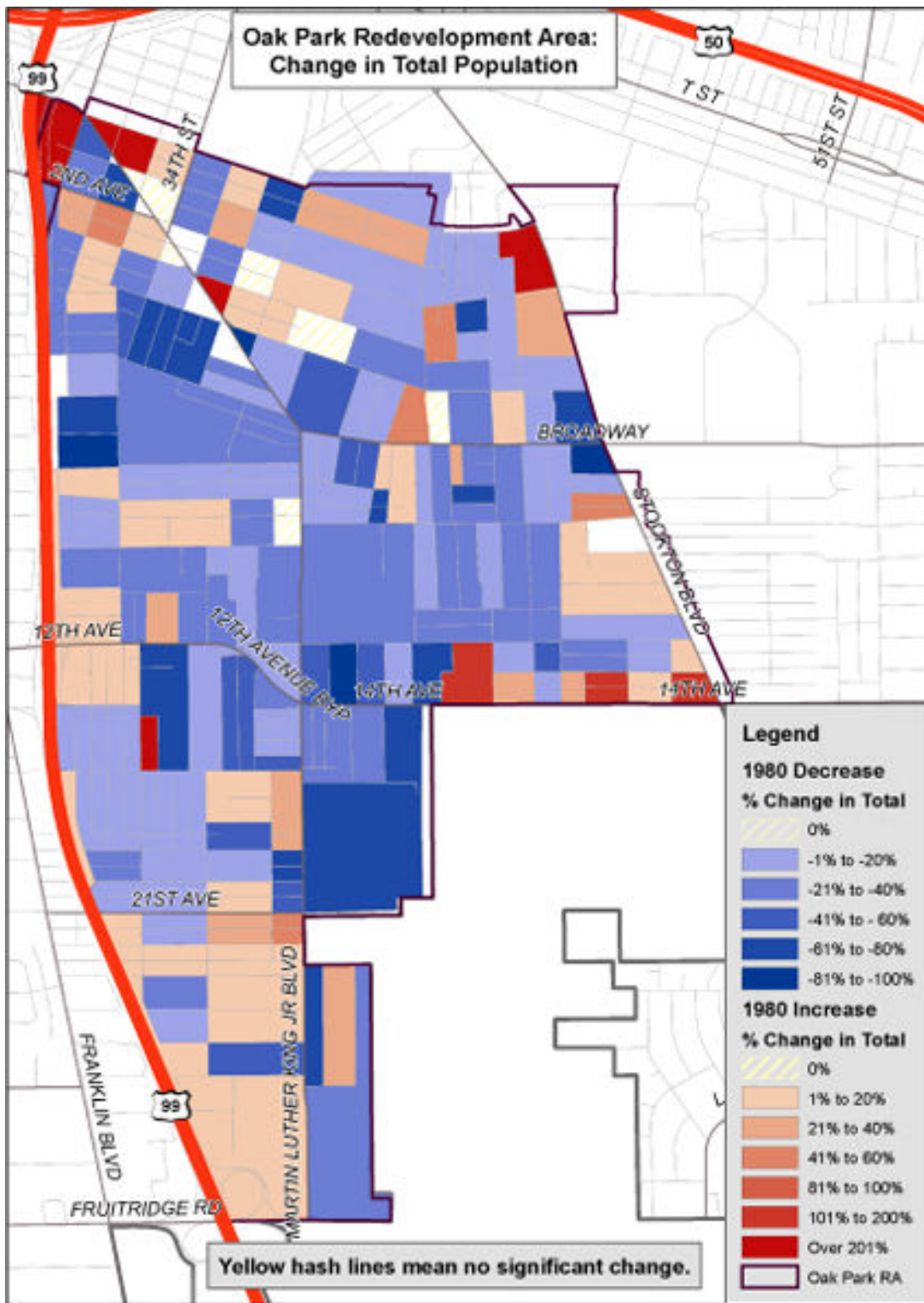
also underwent some of the highest levels of racial and ethnic population shifts. Specifically, large numbers of Hispanic and Asian and Pacific Islanders moved into these tracts during the study period while large numbers of whites and blacks moved out. The drop in high school graduation rates in those tracts could be explained by an increased number of immigrants, especially refugees and low-income families that did not have access to education.

Composite Map 10 tracks the changes in total population in the Oak Park redevelopment area over the study period. Despite the impression of population loss presented in the racial and ethnic evaluation above, Oak Park did experience a 13% increase in total population during the study period. However, that increase was not evenly distributed and there were significant total population changes in the redevelopment area.

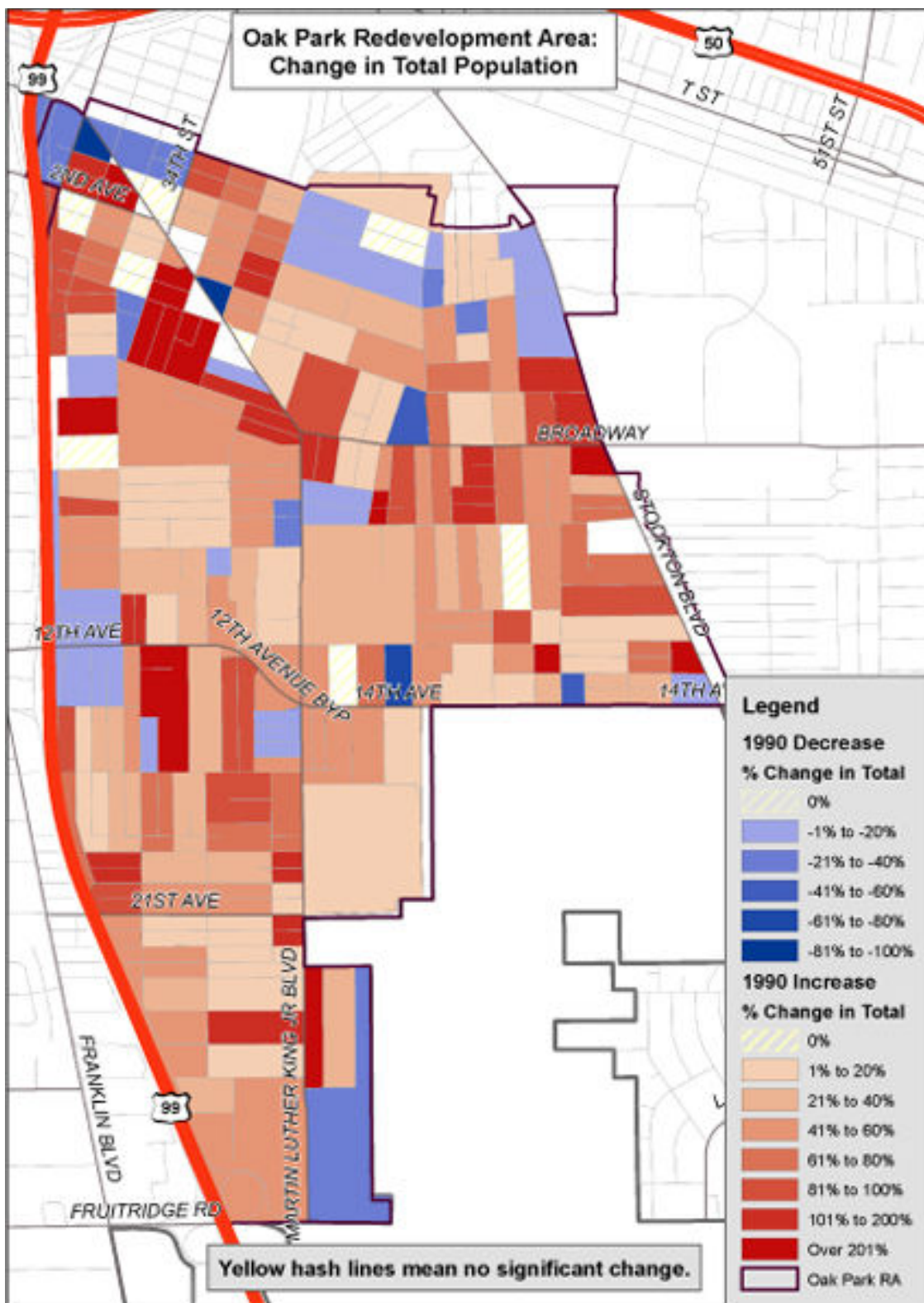
Composite Map 10.

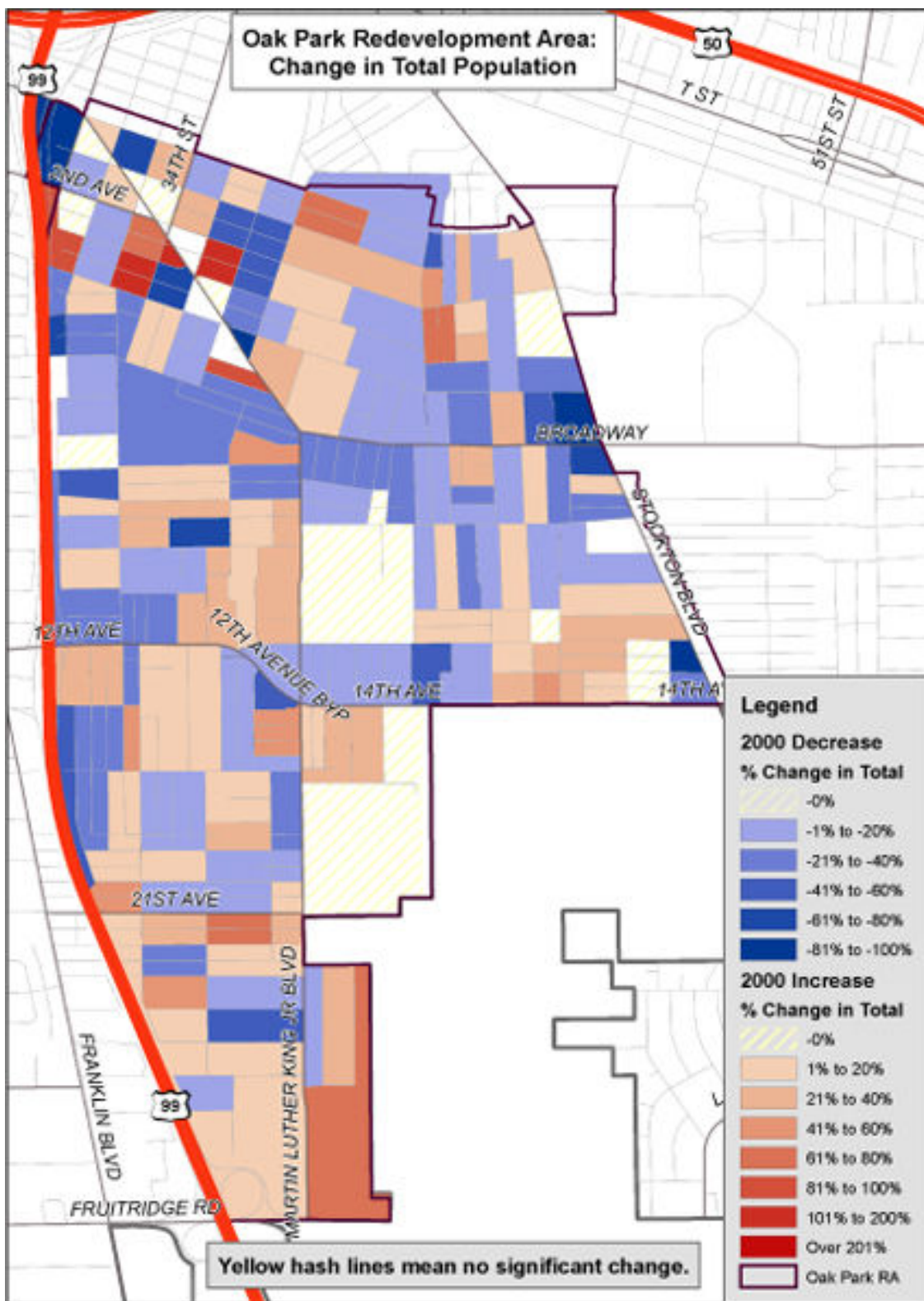


Oak Park Redevelopment Area: change in total population from 1970 to 2000.









The 1970 base map is an almost patchwork display, with few easily identifiable patterns. The heaviest population concentrations are in the southeast section, with some pockets in the east, west, and north sections as well. The section in the northwest, which has the highest renter-occupancy rates and some of the lowest median contract rent prices also has some of the lowest population numbers, which helps to explain both the occupancy and the prices.

The 1980 map layer shows a neighborhood that, with a few exceptions, seems to be losing population. The densest areas in the 1970 map had lost significant amounts of their population by 1980. And while there are some gains, the most dramatic population gains happened in small and fairly isolated Census blocks. Some larger blocks and groups do register modest population gain, but the overall loss is more significant. This total population loss corresponds with the spike in vacancy rates, and the temporarily depressed median contract rents for this period.

The 1990 map is almost an inverse of the 1980 map, with many of the blocks that gained population in 1980 losing it in 1990. However, the overall trend in Oak Park in 1990 is population gain. And in Oak Park West, East, and South, that gain was over 40%. Oak Park North and South East had population gains of 18% and 25% respectively. Yet, there is little in the way of patterns reflected in the population gain. While much of it did happen along the streets identified as priority project areas in Composite Map 9, it also seems to be focused along Broadway, a section of Stockton Boulevard, and sporadically along both 12<sup>th</sup> Avenue and Martin Luther King Boulevard. What is interesting is that, for the most part, the population changes in the Census blocks that make up the central sections of the Oak Park areas are less dramatic than those that are located along the major arterial streets.

As with the 2000 layer in many of the composite maps, the 2000 layer of the total population change map shows a much more moderate rate of change overall in comparison to the 1990 and 1980 maps. Many of the blocks that had gained population in 1990 continued to gain in 2000, but

at a slower rate, while others lost population. Only Oak Park South East had a net gain of population in 2000, all of the other areas had a small net loss, however nothing close to the gain in 1990. One area did continue to have volatile population changes in 2000, the northwest corner. Referencing the projects map that also showed a concentration of redevelopment projects and increased contract rents in that area suggests that redevelopment efforts continued to contribute to net population changes, if not directly, then as a byproduct of economic changes.

Oak Park has continued to struggle with blight as reflected by high vacancy rates, housing affordability issues reflected in median contract rent increases, and median household income stagnation throughout the three decades measured by this study. Moreover, recorded redevelopment efforts never fully encompassed the whole of the redevelopment area, but instead focused on the sections along the northwest and along the primary arterial streets. In the north, it could be argued that redevelopment efforts encouraged the gentrification that was likely to happen anyway due to proximity to the Med Center neighborhood. The redevelopment efforts along the arterial streets may have leveraged economic development potential, but were less than successful at stabilizing housing costs; a key component in protecting affordable housing opportunities. The study of Oak Park hints that when redevelopment does work, its results are at odds with its legislated intention. For Oak Park, that has meant 30 years of investment in a community that, for the most part, is still blighted and still struggling.<sup>33</sup>

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<sup>33</sup> I have been a resident of Oak Park for the last 3 years and have observed many of the changes and lack of changes in the neighborhood first hand. I have not included the fourth decade of information in this study because the 2010 Census data was not available when I began this study and because the data collection method changed significantly in 2010, resulting in data that did not correspond to the variables I used throughout this study. However, observation suggests that things have not changed much. In fact, due to the inflated housing prices and the concentration of sub-prime mortgages in the area, and the subsequent economic crash and crisis, many of the blight and affordable housing problems have only increased. Yet redevelopment efforts have done little to address either of these problems as housing subsidies are sorely limited and the response to blighted single family homes has been to demolish them, leaving vacant lots that frequently act as local landfills.

### *Del Paso Heights*

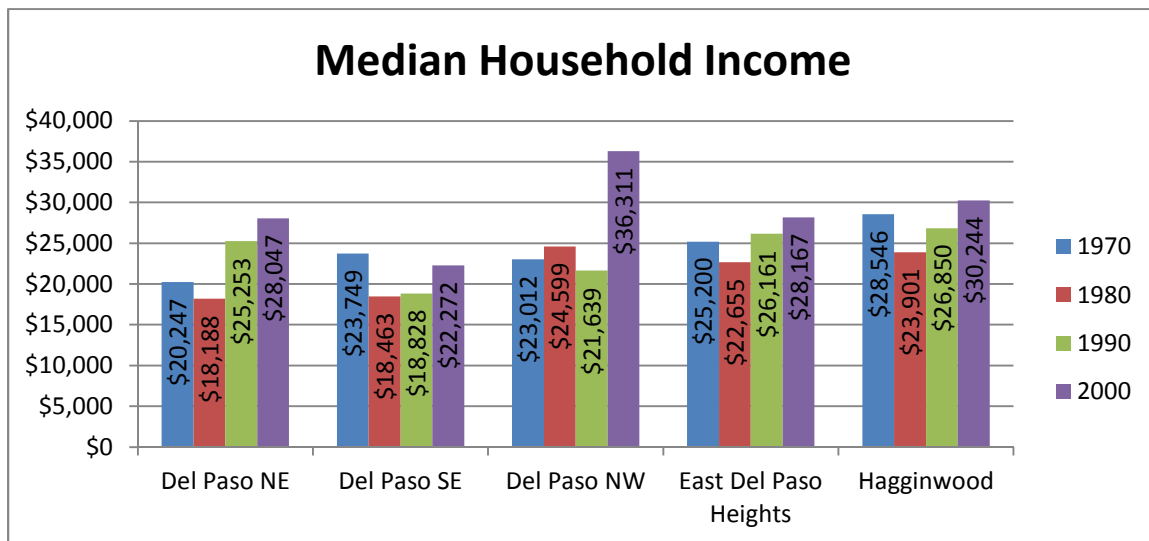
The analysis of Del Paso Heights shows demographic changes similar to those experienced in Oak Park, but under very different economic circumstances. For this analysis, the Del Paso Heights area is divided into three sections. The northeast section is bordered by the adjacent neighborhood of East Del Paso Heights and was the most completely developed area in Del Paso Heights at the formation of the redevelopment area. The South East section is adjacent to the Hagginwood neighborhood and is bordered to the south by the Arcade Creek. It initially had some of the development traits of the North East section but generally on larger less regular blocks and with less urban environment. Finally there is the North West section of the Del Paso Heights Area. Technically there is also a southwest section, but it was not built out until the 2000s, and was a merged Census tract area with the northwest section until the 1990 Census split the two areas. For aggregated demographic and economic variables in this study, the split Census tracts were re-combined to keep consistency through the data. The total population of the southwest section was much smaller and had a much lower impact on overall demographic and economic trends in the area until after the conclusion of this study period. The entire west section of the area is identified in this study as the northwest, as that is where the majority of both the development and the population were located throughout the study period. This area also had slightly larger blocks than the northeast section, but without the large irregular blocks and parcels identified in the southeast section. Differences in boundary alignment play a role in the analysis of Del Paso Heights as well.

### *Economic Changes*

Economically, Del Paso Heights stands out from both Oak Park and Alkali Flat as a much more homogenous area. Figures 3.1, 3.2, and 3.3 show the median household income, the median home value and the median contract rents for the study area and the immediately adjacent

Hagginwood and East Del Paso Heights neighborhoods for the four Census periods. Composite Maps 11 and 12 detail the distribution of median home values and median contract rents in the Del Paso Heights redevelopment area over the same time.

**Figure 3.1.**



**Median household income in the Del Paso Heights redevelopment area and adjacent neighborhoods between 1970 and 2000.**

One of the most dominant economic traits in the Del Paso Heights study area is the general comparability to the adjacent neighborhoods. This trait distinguishes Del Paso Heights from Oak Park, where the neighborhoods in the study area had median household incomes at half or lower than those in adjacent neighborhoods. The trait is also missing in the Alkali Flat study area, where the median household income of both the study area and the adjacent control area started out far below the recognized poverty line but then changed at very different rates. In Del Paso Heights, the range between the lowest income neighborhood and the highest income neighborhood in 1970 was a little over \$8,000, and the remaining neighborhoods were spread evenly within that range. All three of the Del Paso Heights neighborhoods in the redevelopment area have slightly lower incomes than the two control neighborhoods. The difference between the

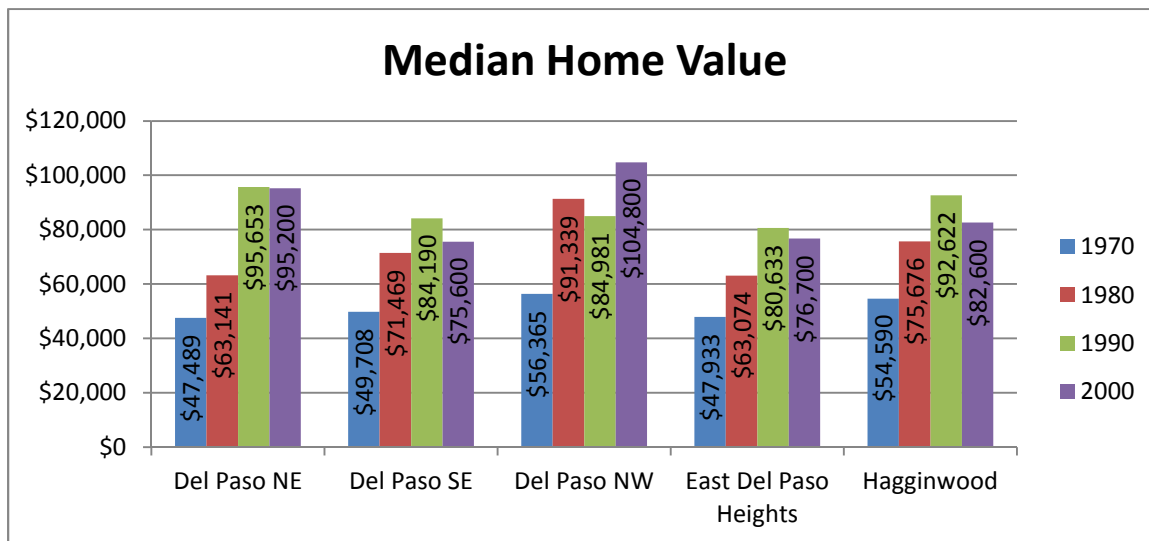
highest income in the Del Paso Heights redevelopment area neighborhood (South East section) and the lowest income in the adjacent neighborhood is only about \$1500. All of the median incomes in the Del Paso Heights neighborhood started above those in the other redevelopment areas studied, though they are still well below the county median for 1970 of \$38,566 (as adjusted for inflation to the 2000 consumer price index). However, even the adjacent control neighborhoods had median household incomes well below the county median.

In both of the control neighborhoods of Hagginwood and East Del Paso Heights as well as the Del Paso North East section, median household incomes followed virtually the same pattern of change over the four Census periods. First, there is a drop in median incomes in 1980 (possibly the result of changes in Census measurement methods as well as the reflection of economic recession during the late 1970s). That decrease is followed by a gradual rise and equalization in incomes. By 2000, all three areas are within a \$2,200 range between the lowest income to the highest income area, though still well below the median of \$43,816.

The two remaining areas of Del Paso South East and North West had very different changes in household income over time. Of all the study areas in the Del Paso Heights redevelopment area, the South East section started with the highest median household income in 1970. By 2000, however, it had the lowest median household income. Conversely, in the North West section, median household incomes jumped from \$21,639 in the 1990 Census to \$36,311 in the 2000 Census. During this period the area also saw a boom in both home building and population increase. However, unlike the other Del Paso Heights redevelopment area neighborhoods, there was a considerable amount of undeveloped acreage in the western section, allowing for first-time development.

An analysis of both the median home values and the median contract rents for the Del Paso Heights study area in comparison to the adjacent areas shows how other economic indicators reflected the economic changes in the overall region.

**Figure 3.2.**



**Median home value in the Del Paso Heights redevelopment area and adjacent neighborhoods between 1970 and 2000.**

The median home values for the Del Paso study area and the adjacent control neighborhoods also show considerable uniformity. In 1970 all of the neighborhoods – both in and out of the redevelopment area – had very comparable median home values, ranging between \$47,489 in the Del Paso North East area and \$56,365 in the Del Paso North West area. There are three neighborhoods in the study area that show similar median home value fluctuations. There are also a couple of neighborhoods with unique changes over the same period.

Del Paso South East, East Del Paso Heights, and Hagginwood all show similar home value trends over the study period. 1970 median home values in these three neighborhoods all fall between \$49,000 and \$55,000. All three neighborhoods experience price increases over the next two decades, followed by a moderate decrease between 1990 and 2000. By the end of the study



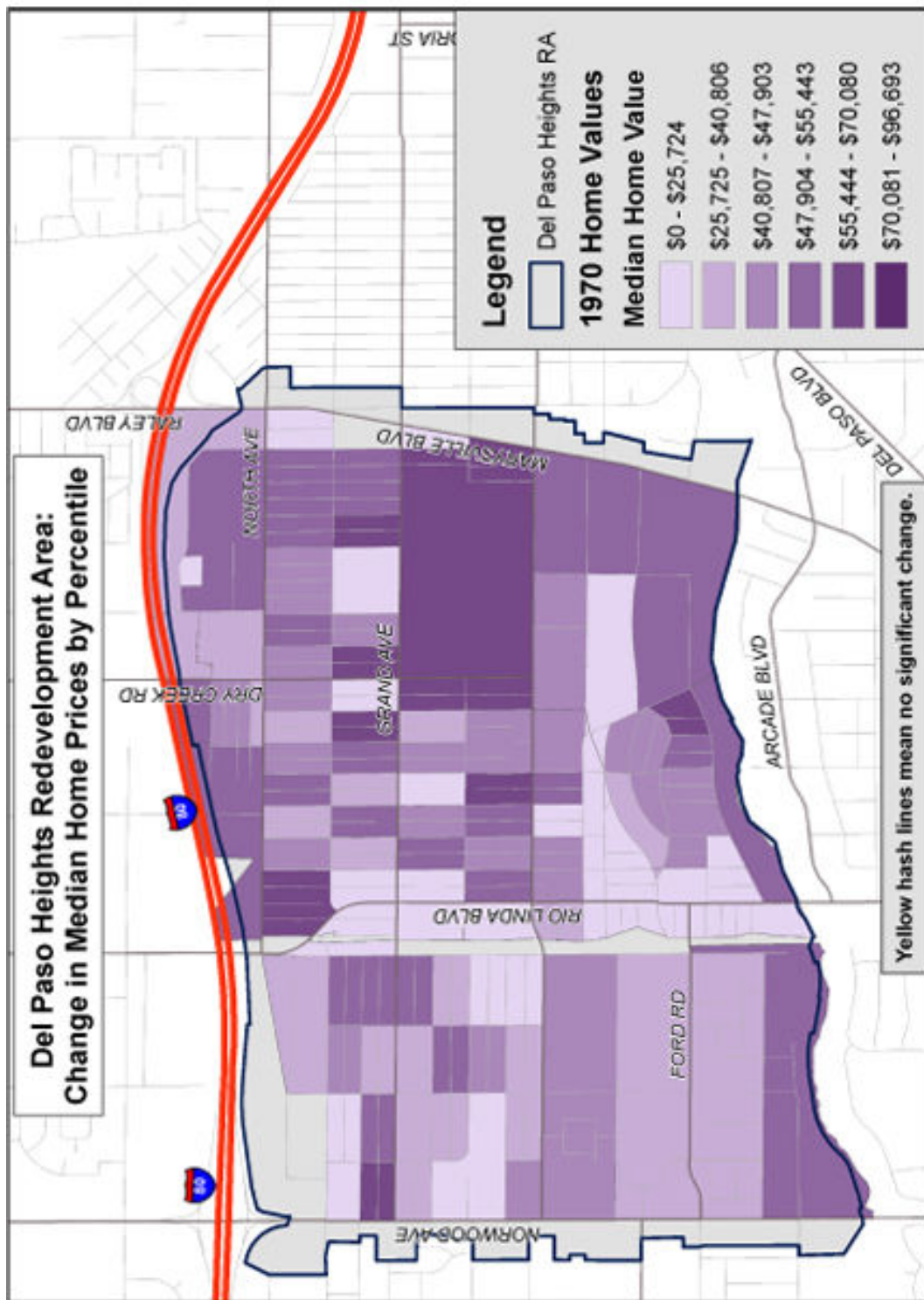
period the home values in these three neighborhoods ranged between \$75,500 and \$82,600. If redevelopment had any impact on the Del Paso South East neighborhood, the only one of the three in the redevelopment area, the result was that the neighborhood followed the essentially “normal” economic changes in the adjacent non-redevelopment area neighborhoods.

On the other hand, the neighborhoods of Del Paso North East and Del Paso North West had different trends in median home values over the same time period. In the Del Paso North East neighborhood, which started with the lowest median home values in the area, prices jumped over \$30,000 between 1980 and 1990, from \$63,141 to \$95,653, and then remained at about the same level through 2000. By the end of the study period, the area had the second highest home values in both the redevelopment area and the adjacent neighborhoods.

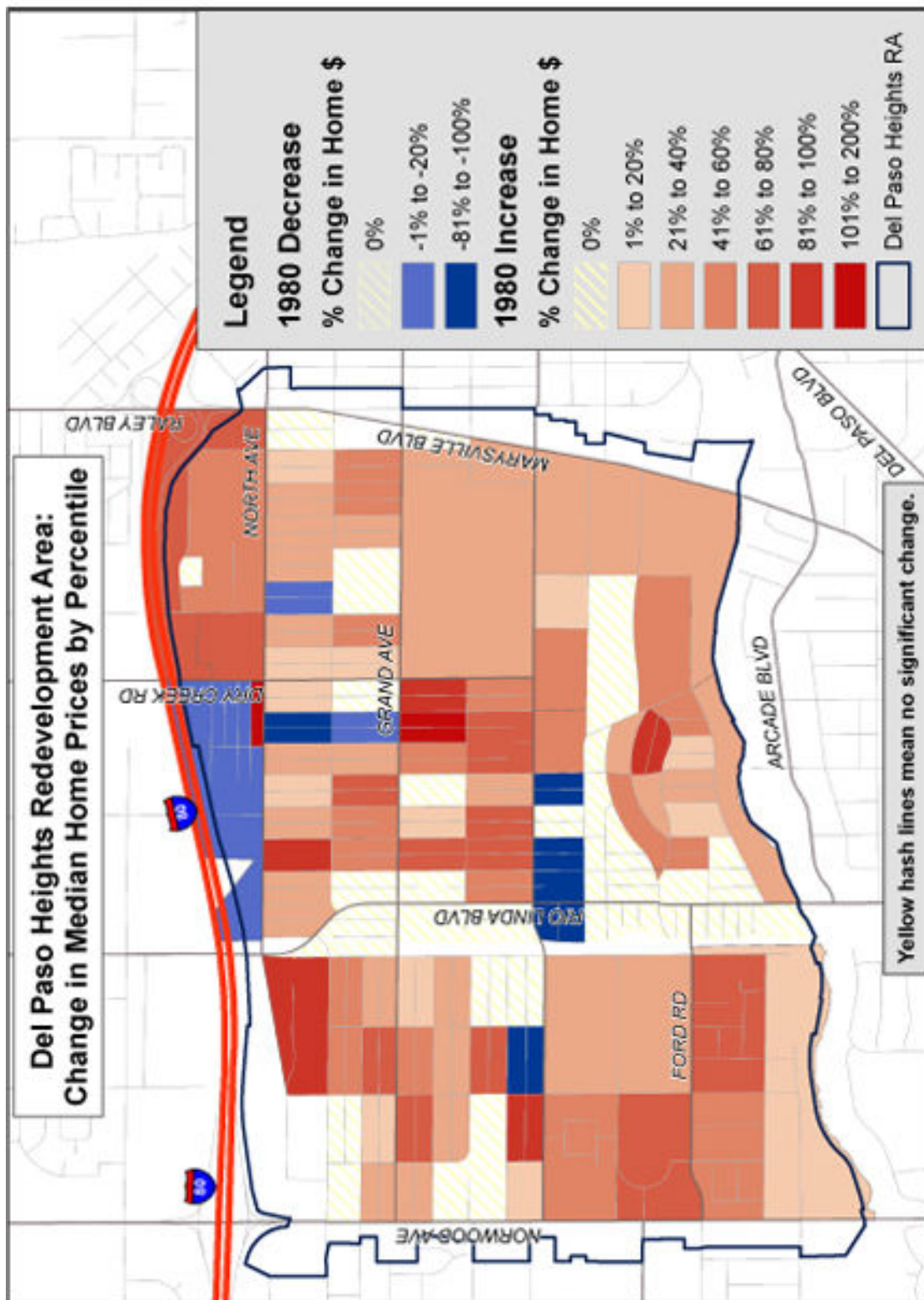
The Del Paso North West area had even more erratic shifts in home values. Though the neighborhood is in the redevelopment area, it started with the highest median home values of both the study and adjacent neighborhoods at \$53,365 in 1970. A dramatic increase of almost \$35,000 in home prices between 1970 and 1980 to a median home value of \$91,339 corresponds with a 48.4% increase in total housing units and a 28.3% increase in population. Newer units meant higher prices, pushing the median home values way above those in the older adjacent neighborhoods. However between 1980 and 1990 median home values dropped almost \$5,000. During this period, the Del Paso North West area experienced a 35.7% reduction in total housing units and a 22.7% reduction in the total population. Between 1990 and 2000 median home values experienced yet another almost \$10,000 increase to an area high of \$104,800. Again this increase corresponds with a total housing unit increase of 50.2% and a population increase of 38.1%. Much of this development was new, greenfield development, or was the densification of underdeveloped parceled areas. As the new neighborhoods brought in wealthier families, the newer homes corresponded with the higher home values and with the higher median household

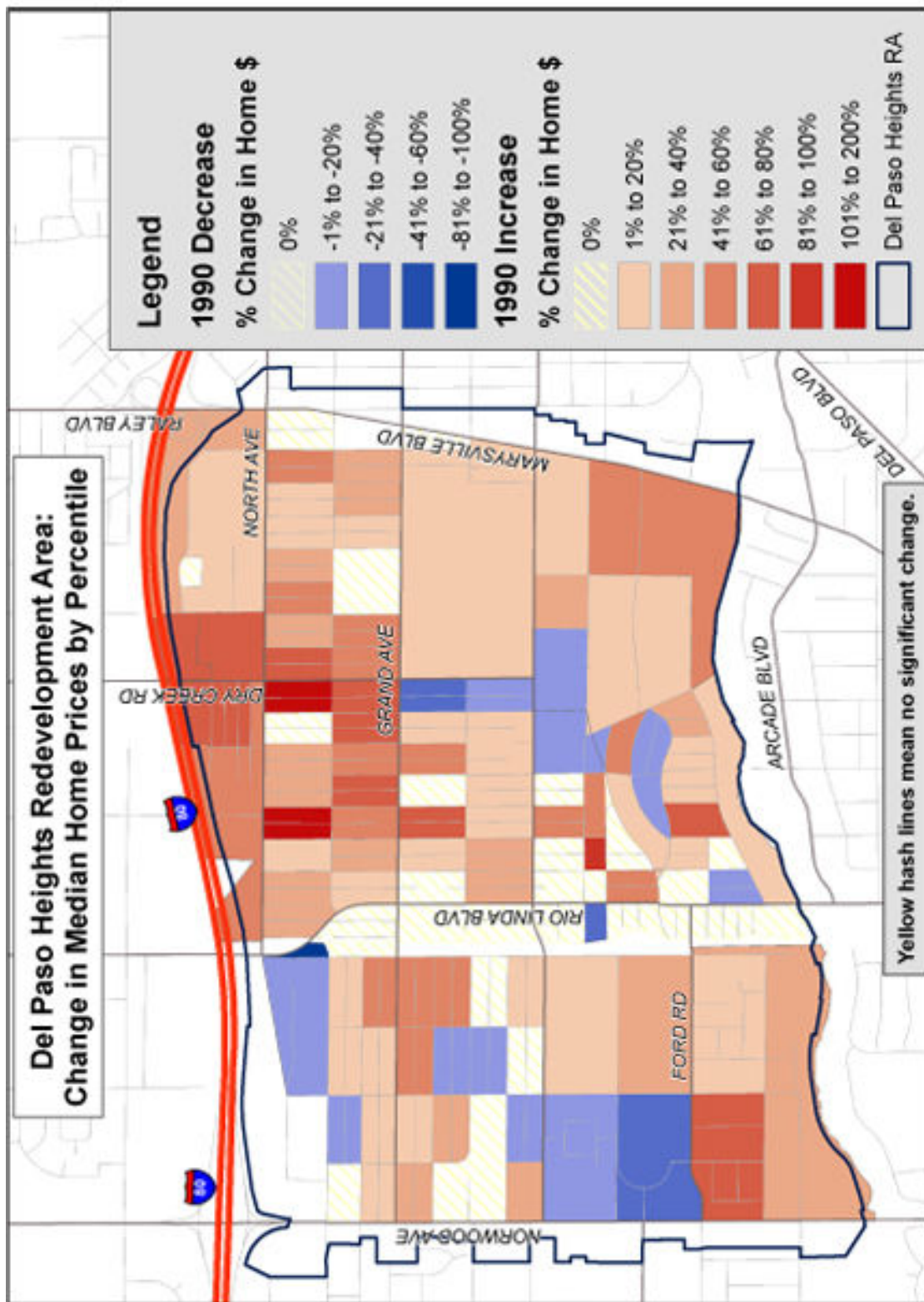
incomes. Composite Map 11 provides a more detailed analysis of the median home value changes in the Del Paso Heights redevelopment area between 1970 and 2000.

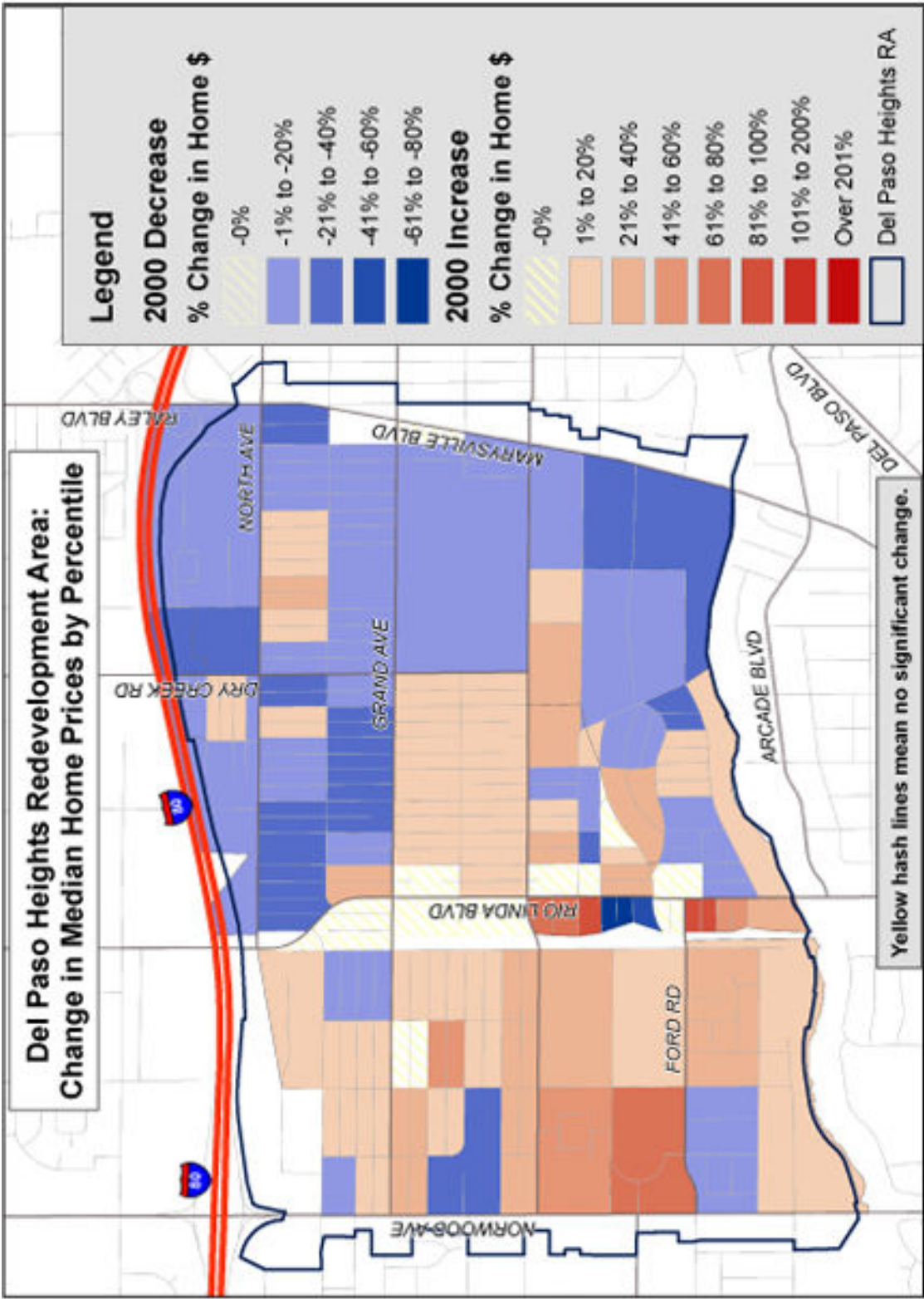
Composite Map 11.



Del Paso Heights Redevelopment Area: change in median home prices by percentile from 1970 to 2000.







The 1970 base map for Del Paso Heights shows the concentration of higher value homes in the north- and south-east sections. Similar to the Oak Park redevelopment area, it is common to see blocks of homes immediately adjacent to blocks with much lower median home values reporting median home values of \$55,000 or more. Unlike the Oak Park study area, many of lower median home value blocks of Del Paso Heights are not high renter-occupancy areas. Instead, for many of these blocks, the lack of apparent value probably had more to do with the fact that median home value data was collected by asking homeowners to guess at the value of their homes in the 1970 Census, and with the fact that many of those blocks were still undeveloped, or underdeveloped, resulting in insufficient sample sizes.

The 1980 map shows the general increase in median home values across the redevelopment area. For the most part, the home value increases appear modest. A group of blocks in the middle of the redevelopment area, between Dry Creek Road and Rio Linda Boulevard, south of Grand Avenue, highlights a small concentration of Census blocks showing significant gains in median home value, as does a section north of North Avenue between Dry Creek Road and Raley Boulevard. Both the southeast and the northwest sections also show increases, but they also show large concentrations of area with no change in median home values. The few blocks that reported decreases in median home values reported either very modest changes, or very significant changes. Both Del Paso North East and South East had net population loss between 1970 and 1980, and, as the vacancy data will show this could have contributed to an increase of abandoned or long-term vacant single-family housing in those blocks.

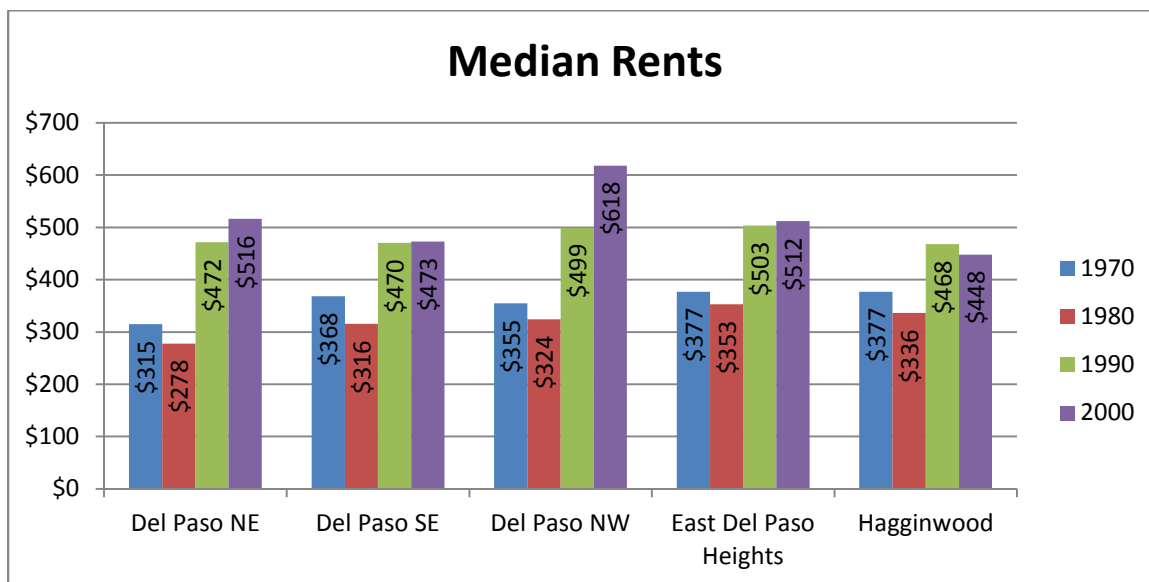
The 1990 map shows the increase in median home values captured in the Census tract level data for the Del Paso North East area. As shown on the Census block map, the most dramatic increase was west of Dry Creek road and among some of the blocks that registered the value losses in the 1980 map. The 1990 map also shows the decrease in median home values in the Del

Paso North West section. This decrease was not universal. Most of the blocks in the northwest section actually reported median home value increases. However a few of the larger blocks reporting decreases was sufficient to change the value report for the whole section.

The 2000 map is included in this composite map because, even though it is not directly comparable at the Census block level, it shows the changes in the median home values reported at the block level in 1990 compared to the Census tract level in 2000. It also captures the overall price increase in the northwest section of the redevelopment area. Again, since this data for this map was measured at a different Census geography, it does not detail changes in the same manner as the previous decades of Censuses.

Unlike Oak Park and Alkali Flat, the percent increase in median home values was, in most of the Del Paso Heights neighborhoods, only slightly more than the percent increase in median household incomes. This suggests that homeownership remained more affordable for Del Paso Heights residents. Contract rents, as examined in Figure 3.3, had a different pattern.



**Figure 3.3.**

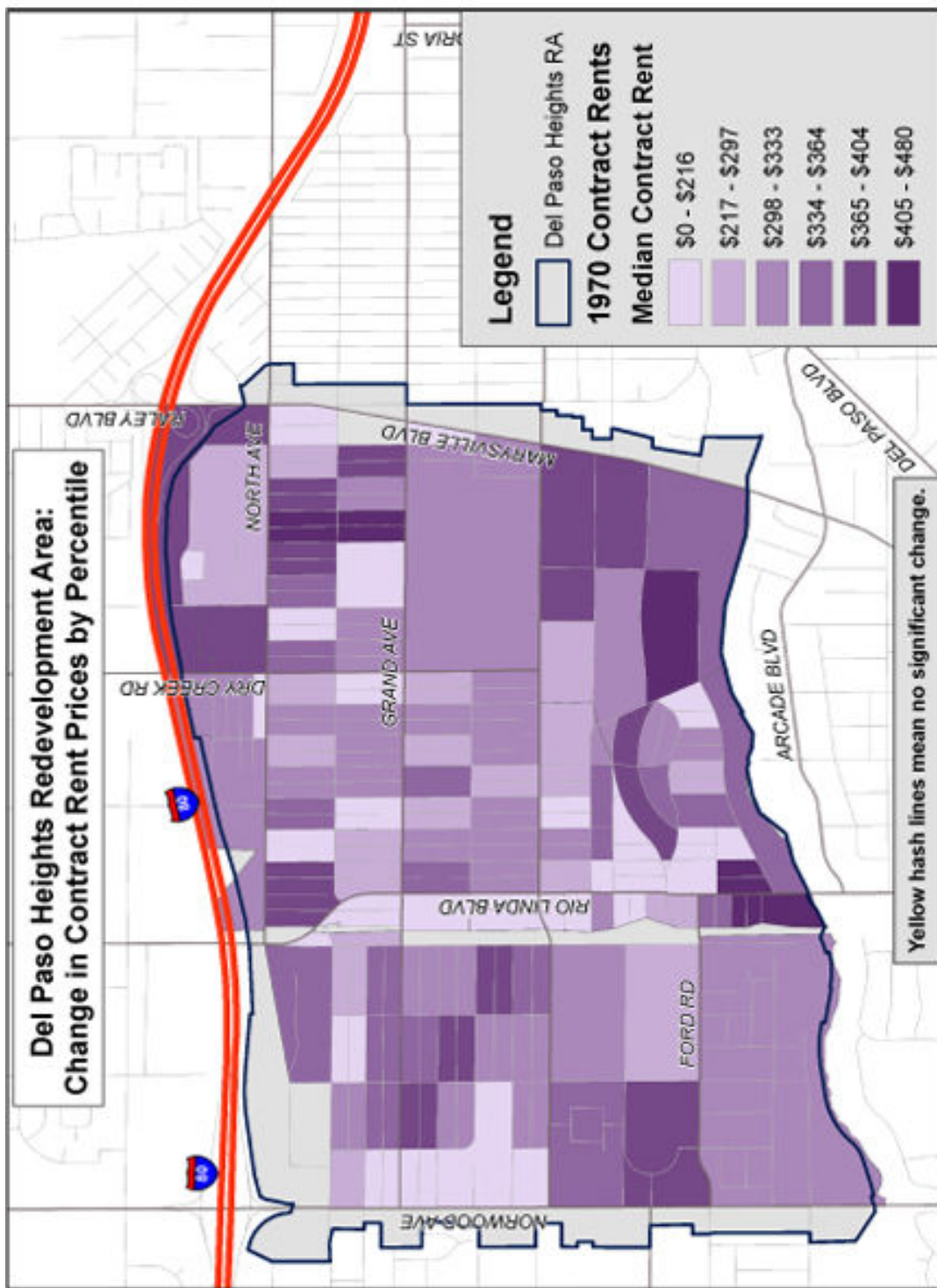
**Median contract rents in the Del Paso Heights redevelopment area and adjacent neighborhoods between 1970 and 2000.**

Across the board the median contract rents for both the Del Paso Heights redevelopment area neighborhoods and the adjacent neighborhoods skyrocketed between 1980 and 1990. These increases ranged between \$130 in Hagginwood to \$200 in Del Paso North East. This represents an increase of between 40% and 70% in one decade. For that same period most median household incomes in the study area only increased between 2% and 39% and in the Del Paso North West they even dropped 12%. For an area that is predominantly lower-income, with the understanding that more lower-income households rent rather than own their homes, this rent increase represents similar housing equity challenges to those present in the Oak Park and Alkali Flat neighborhoods. The largest rent increases all happened in the redevelopment area, which undermines the tenet of redevelopment focused on providing access to affordable housing.

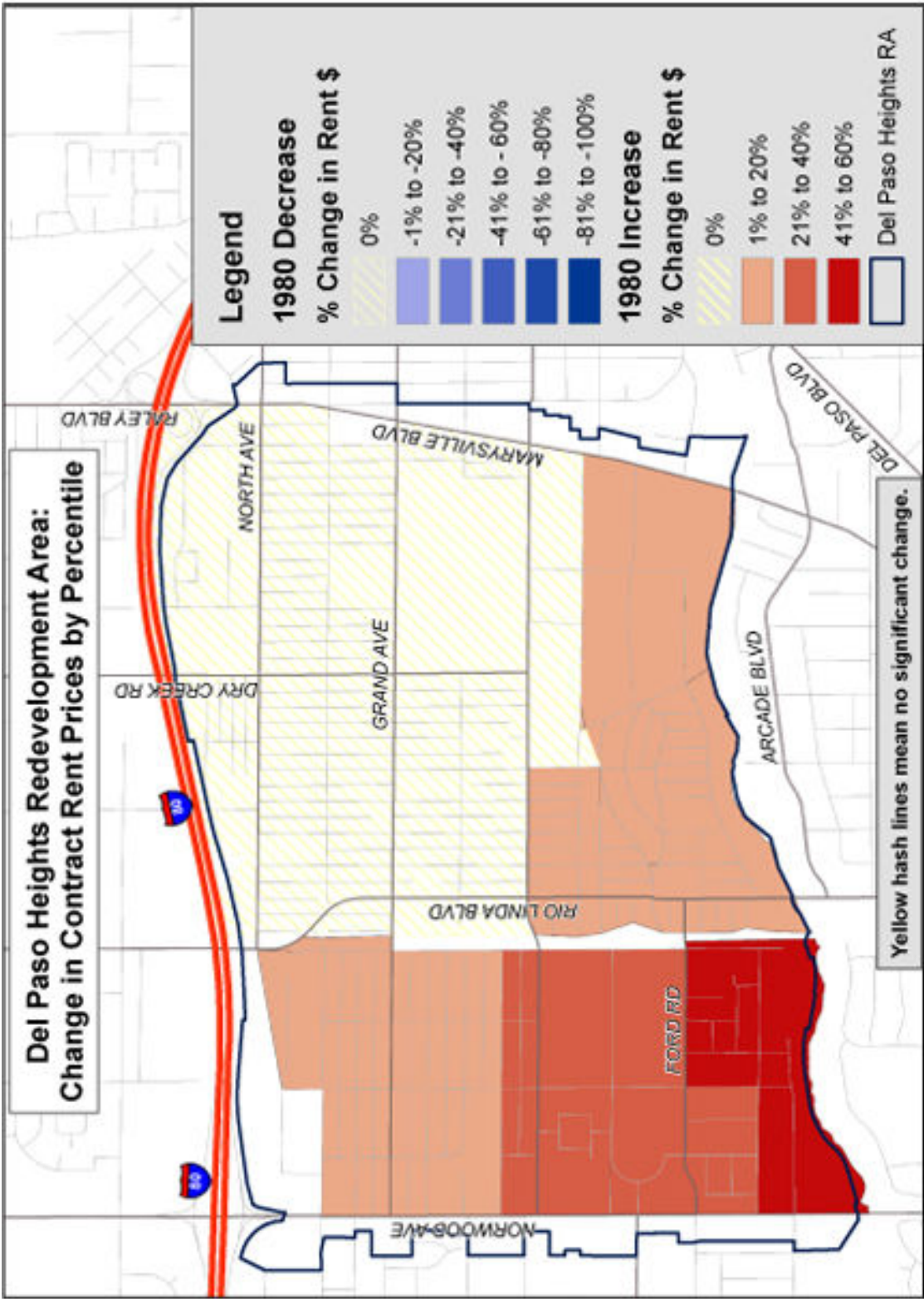
It is worth noting that while the change in contract rents between 1990 and 2000 was much smaller in most neighborhoods, and even resulted in a slightly lower rent in Hagginwood, the Del Paso North West neighborhood had yet another \$110 increase in median contract rents.

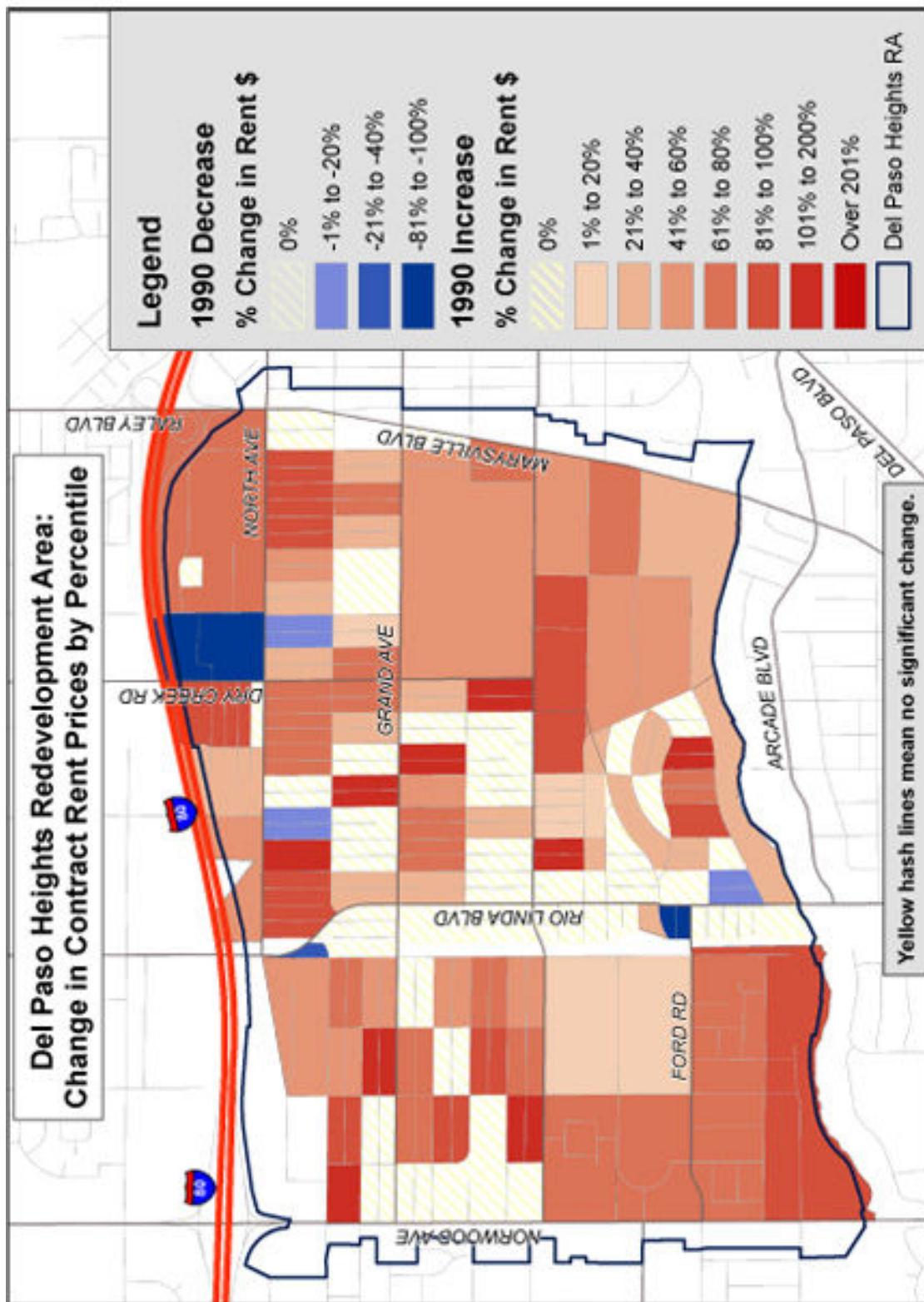
Combined with the much higher home values and the higher median incomes, it is very likely that during the study period, this neighborhood became unaffordable to the low-income residents that originally made up the majority of the population. Composite Map 12 details the changes in the median contract rents in the Del Paso Heights redevelopment area over the study period on a Census block-by-Census block level.

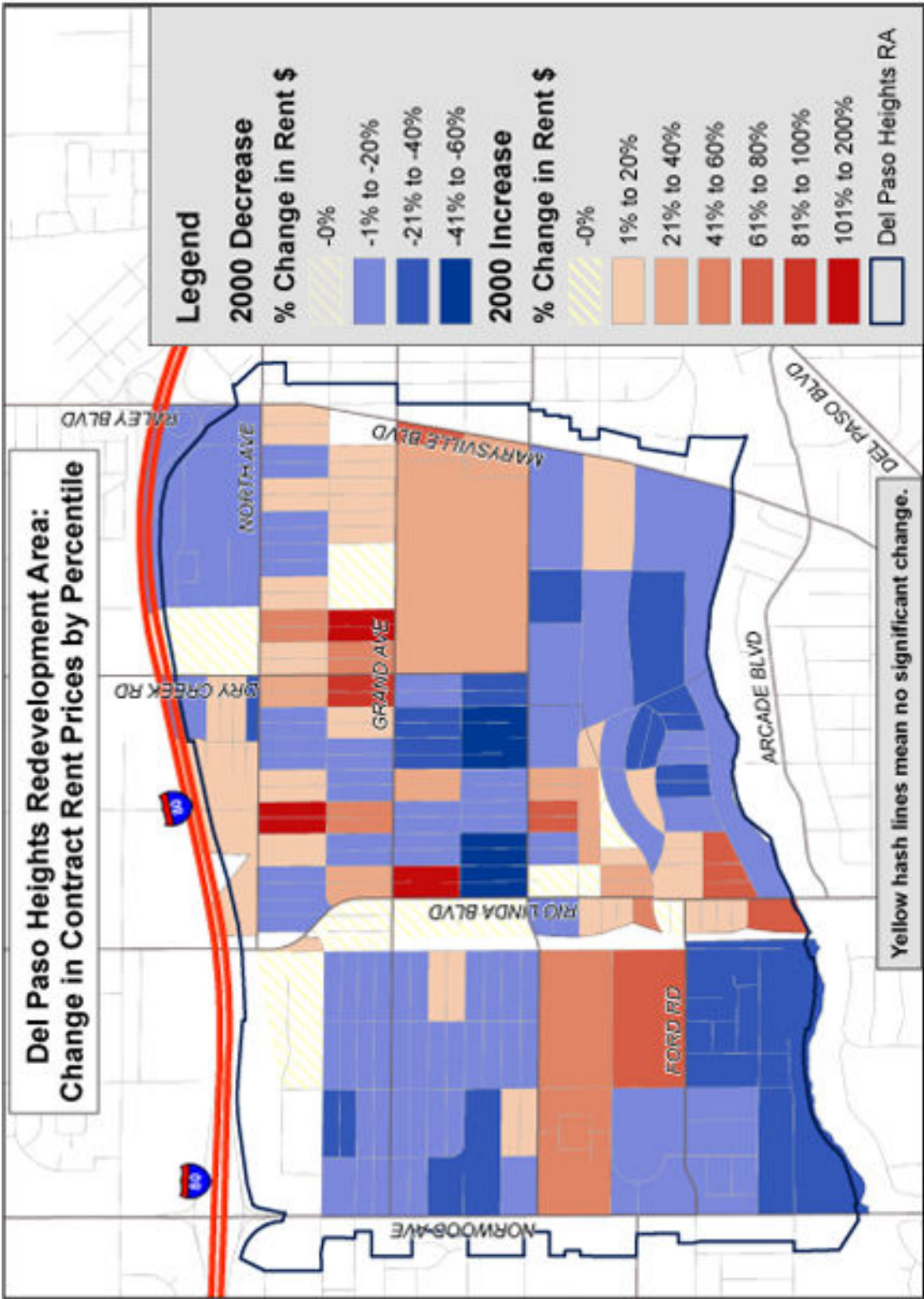
Composite Map 12.



Del Paso Heights Redevelopment Area: change in contract rent prices by percentile from 1970 to 2000.







The 1970 base map displays the starting distribution of median contract rent prices in the Del Paso Heights redevelopment area. There are two areas on the map that show a slight concentration of higher median rents: a section in the upper northeast corner and the section along the southeastern border. Something else that stands out in the Del Paso Heights redevelopment area map is the large sections showing very similar price ranges. Unlike Oak Park, the rents in Del Paso Heights seem more likely to correspond with those on the immediately adjacent blocks, creating a much more homogenous price structure.

The 1980 map clearly shows the decrease in rent prices recorded at the Census tract level. Again, the drop is not universal, and many of the blocks that reported higher rents in the 1970 base map continued to have price increases on the 1980 map, particularly along the southeastern border. Additionally, the Del Paso Heights redevelopment area also had several blocks that reported no change in prices between 1970 and 1980. Yet the overall trend was for a reduction in contract rent prices in the redevelopment area.

The 1990 map tells a very different story. While there are a handful of blocks that reported a decrease in median contract rents, and there are a significant number of blocks reporting no change over the 1980 prices, the vast majority of blocks reported price increases, with a scattering of blocks reporting contract rent increases of over 200%. The majority of Census blocks reporting median contract rent increases show prices at least 60% higher than in 1980. This is a relatively rapid and dramatic increase, and is especially prevalent in the northwest section. This price increase in the northwest section corresponds with a 22.7% population loss, a 35.7% housing unit loss, and a drop in the vacancy rate from 12% to 5.7%. This suggests first that the loss of housing stock put sufficient pressure on the existing units to increase rent prices for the remaining units, and second that the neighborhood was still considered desirable for residents who could afford the increased rent prices.

The 2000 map shows a more diverse pattern of rent price changes. A section of the northeast area continued to have price increases, though most of the changes were more modest than during the previous decade. Several blocks, particularly in the southeast section, reported decreases in median rents which correspond with the leveling of rent prices in that area shown at the tract geography.

The Del Paso North West section, however shows data that appears to be in conflict with the tract level analysis. The majority of the blocks in this section reported modest to moderate price decreases in contract rents, with only a few blocks reporting significant increases. Yet the tract level analysis reported a dramatic increase in the median contract rent. This apparent conflict in the data could be explained by a couple of different scenarios. The demolition of the lowest rent properties, and the conversion to owner-occupancy could have changed the low end of the rent price spectrum so as to increase the overall median. The construction of new more expensive rental units that reset the high end of the rent price spectrum could also push the median up. These changes might not be reflected as such at the block level, particularly if the sample size was no longer sufficient to provide reliable price ranges from which to derive a median.

One detail that is clear, and a point of concern, is that rapid increase in rent prices outpaced the increase in median incomes as well as the increase in home values, which suggests a neighborhood in a state of change.

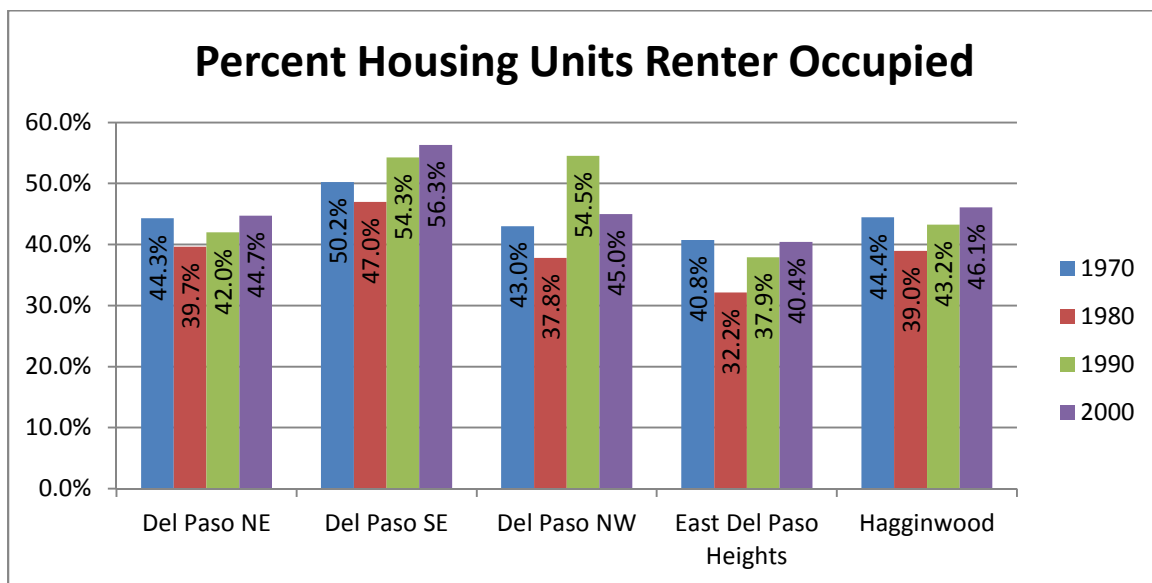
### *Tenure Changes*

The mix of renter and owner-occupied housing in Del Paso Heights is unique of the three redevelopment areas studied. Figures 3.4, 3.5, and 3.6 compare changes in rental and owner occupancies and vacancy rates in the Del Paso Heights redevelopment area and adjacent neighborhoods over the study period. Composite Map 13 provides a deeper examination of



changes in housing tenure in the Del Paso Heights redevelopment area while Composite Map 14 evaluates changes in the vacancy rates.

**Figure 3.4.**



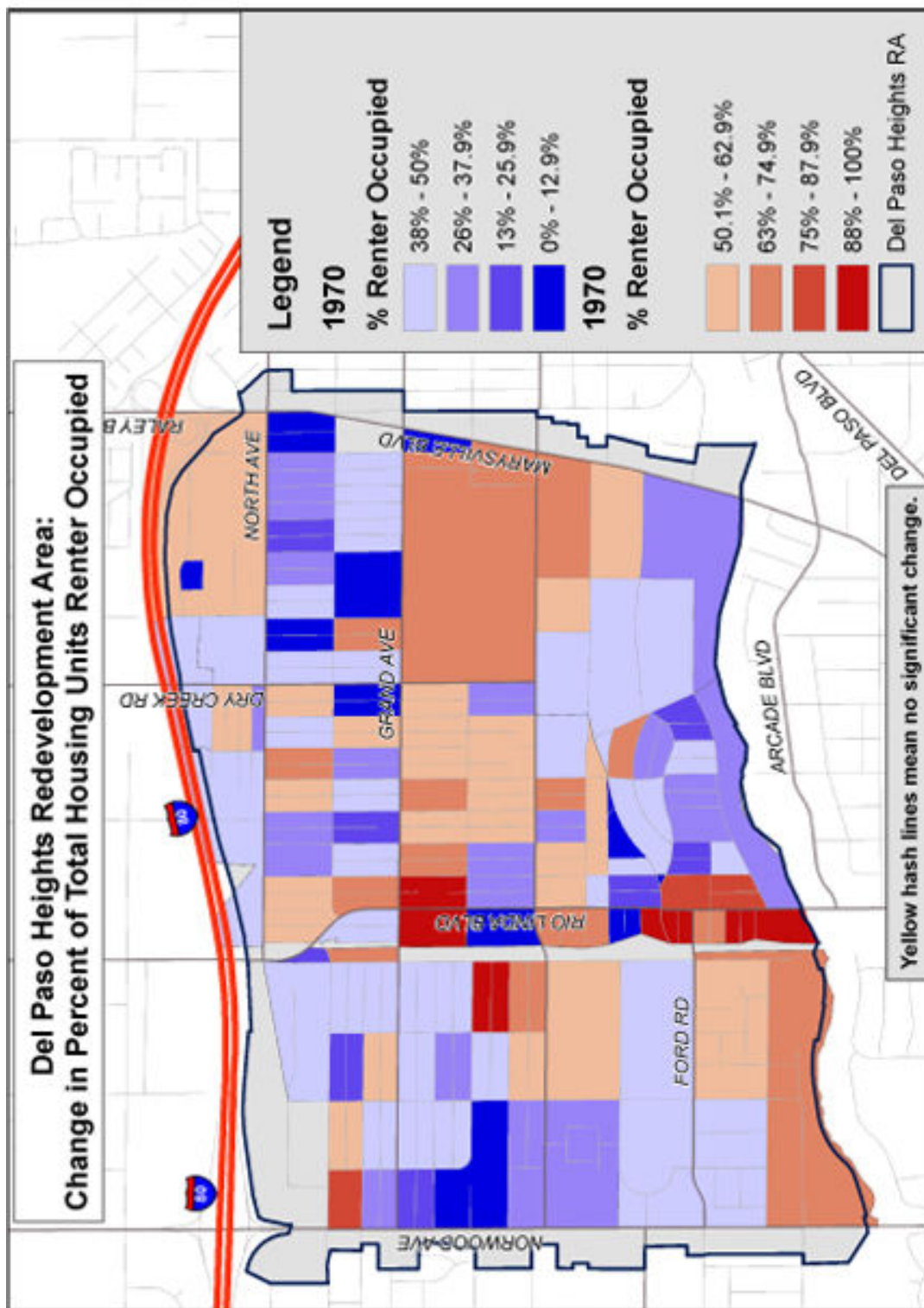
**Percent of total housing units renter-occupied in the Del Paso Heights redevelopment area and adjacent neighborhoods between 1970 and 2000.**

As with the graphs in the Economic Changes section, the changes in renter-occupied housing in Del Paso Heights are only subtly different from the adjacent neighborhoods. All but the Del Paso North West neighborhood reflected the same trends in renter occupancy – a drop in the percent of renter occupied homes between 1970 and 1980, and then a gradual increase in rental occupancy until 2000 when the rental occupancy rate was almost the same as it had been in 1970. Only in the Del Paso South East neighborhood was the rental occupancy rate in 2000 significantly higher than it was in 1970. Del Paso North West, on the other hand, had a drop in rental occupancy rates between 1970 and 1980 followed by a dramatic increase from 38% to 55% between 1980 and 1990. That was followed by another drop in rental occupancy rates to 45%, only 2% more than in 1970. This pattern in the Del Paso North West section follows the changes

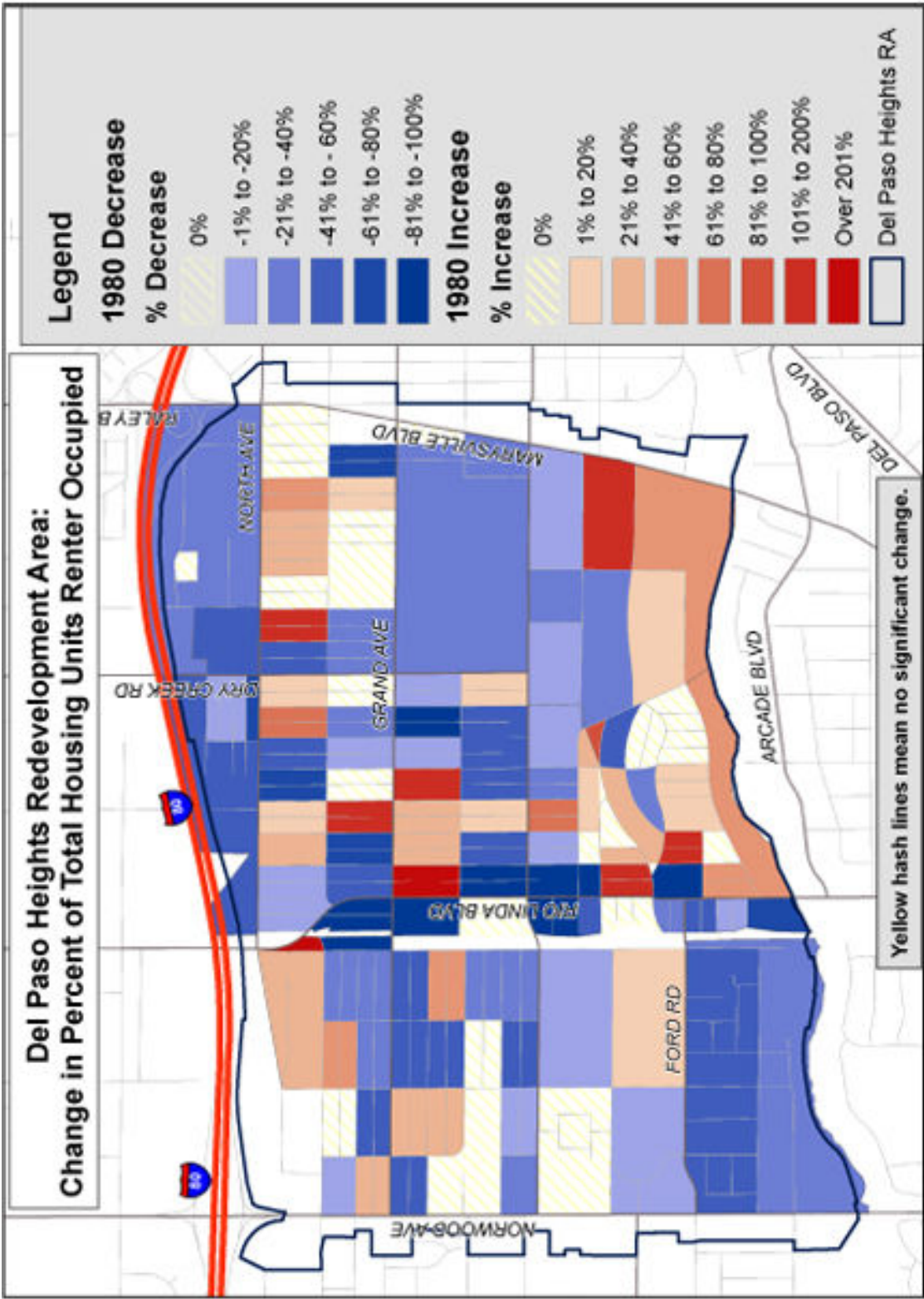
in total population and housing production, with gains between 1970 and 1980, losses between 1980 and 1990 and gains again between 1990 and 2000. No other neighborhood in this study area has such a strong correlation to population gains and losses and increases and decreases in total housing units.

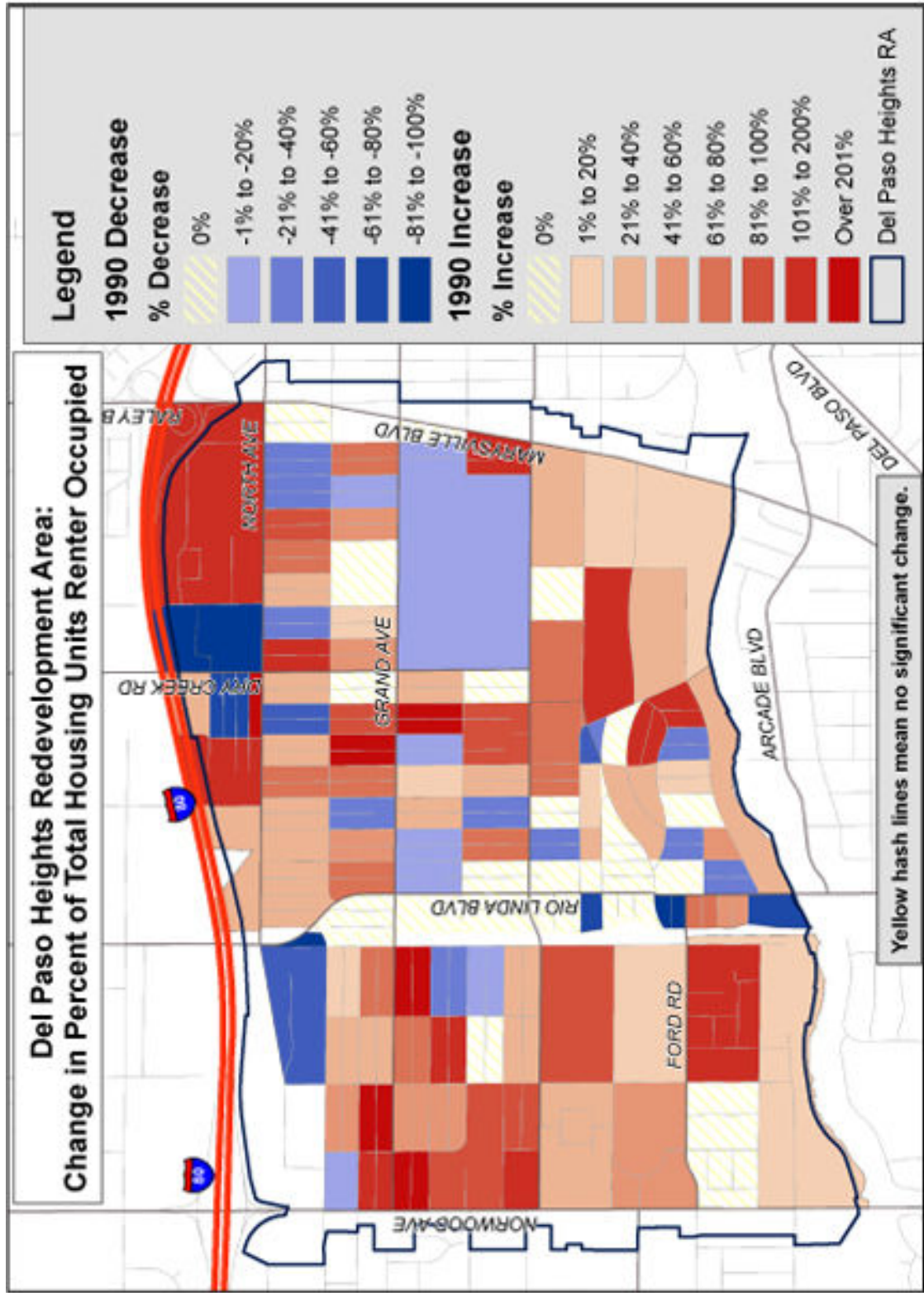
Composite Map 13 shows the detailed changes in renter-occupied housing distributions in the Del Paso Heights redevelopment area on a Census block-by-Census block basis over the study period.

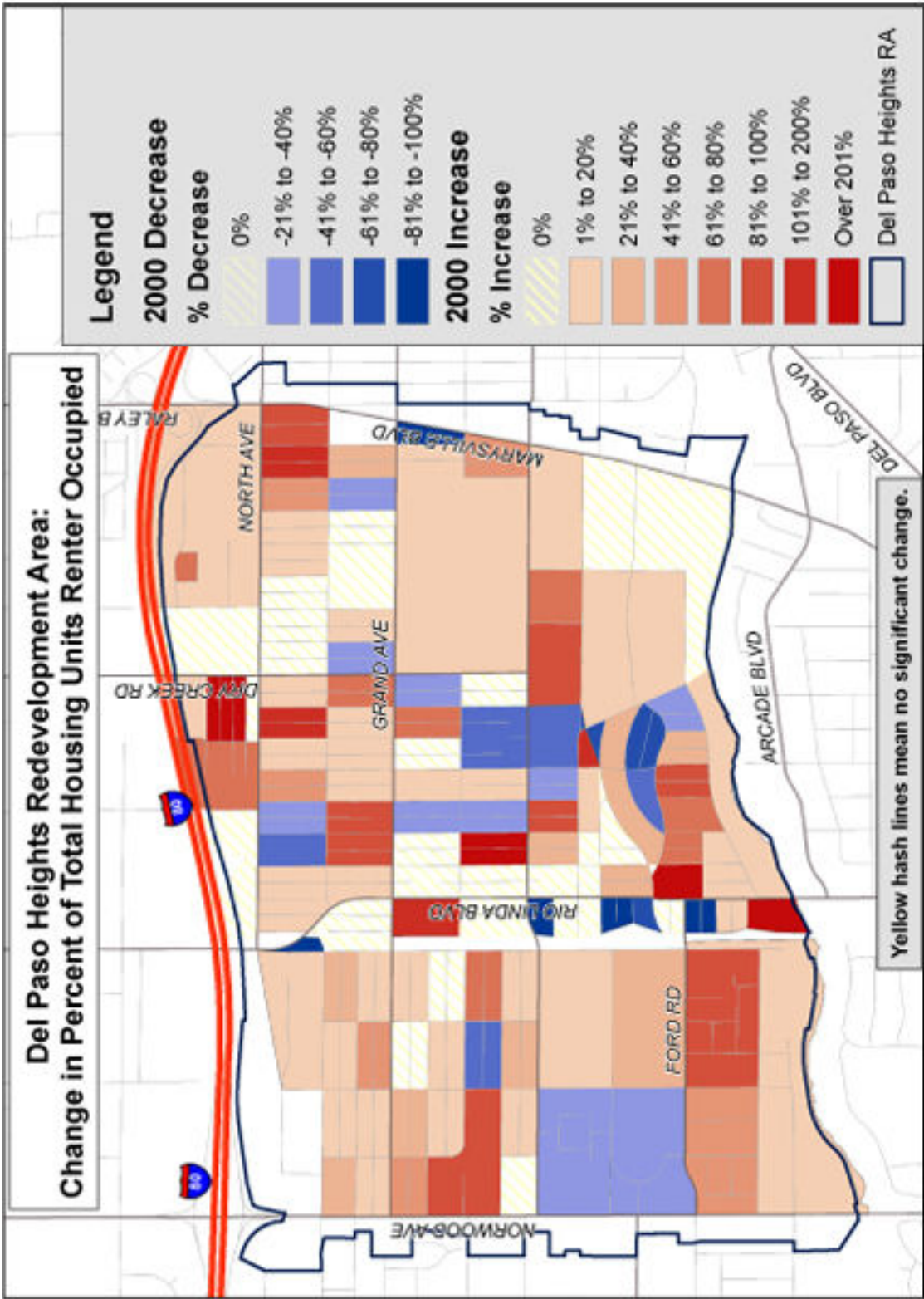
Composite Map 13.



Del Paso Heights Redevelopment Area: change in percent of total housing units renter-occupied from 1970 to 2000.







The 1970 base map shows the initial distribution of renter-occupied housing in the Del Paso Heights redevelopment area. It is worth remembering that not all of these blocks were fully developed at the time, and the percent of the total housing units that were renter occupied occasionally included blocks with only a handful of houses or one single apartment complex on the whole Census block. The Del Paso Heights redevelopment area is different from both Alkali Flat and Oak Park in that it did not have high concentrations of renter-occupied housing. For the most part, the Del Paso Heights redevelopment area had an intermixing of moderately rental-dense Census blocks among moderately homeowner-dense blocks. There is only one focus of extraordinarily dense renter-occupied blocks, and those are along the east side of Rio Linda Boulevard.

The 1980 map displays the overall drop in renter-occupancy rates in the Del Paso Heights redevelopment area. The area hit hardest is the area that had some of the highest renter-occupancy rates in 1970 – the area immediately east of Rio Linda Boulevard. During this same period, both the north and southeast portions of the Del Paso Heights area lost population. The northwest section, which also had a drop in renter occupancy rates, actually had a gain in population. This suggests that while the loss of population and the drop in renter occupancy rates probably contributed to higher vacancy rates in the north and south east, the northwest saw more of a change in housing type from renter-occupancy to owner occupancy as both new units and new populations were added to the area.

1990 saw the beginning of the trend toward increases in the percent of total housing that was renter-occupied. The area east of Rio Linda Boulevard experienced a modest resurgence of renter-occupied housing rates. The renter-occupancy rates also increased the most in the northwest section, west of Rio Linda Boulevard and particularly in the northern half. This increase corresponds with a loss of both population and housing units in the northwest section.

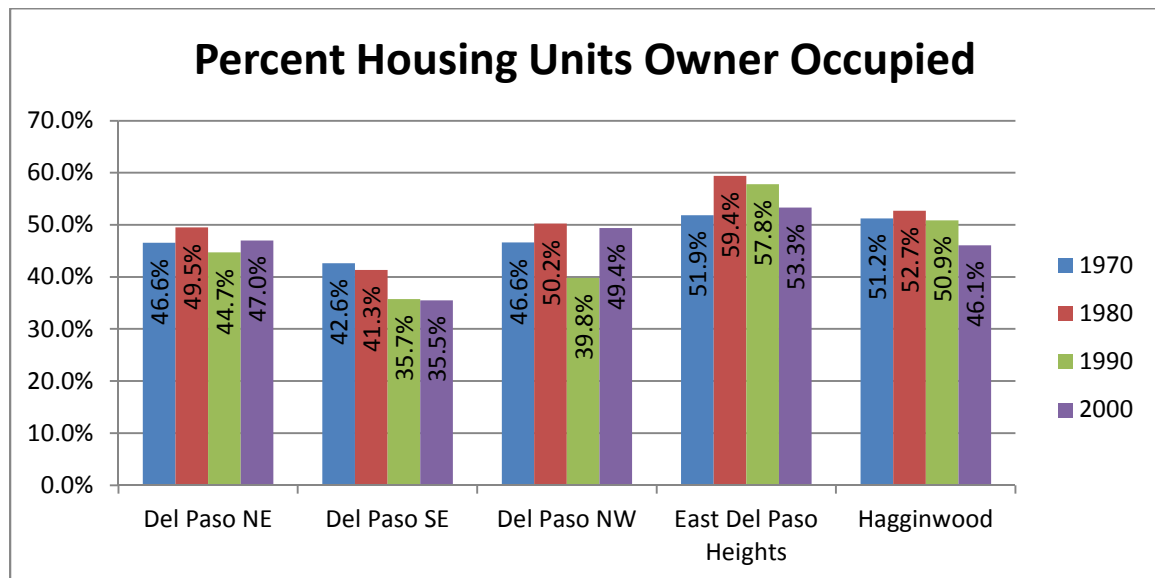
The significant increase in renter-occupancy despite the population and housing unit loss implies that the area either lost more owner-occupied housing units, or saw a conversion from owner-occupancy to renter-occupancy as rental units were demolished.

The 2000 Census shows that Del Paso Heights was still experiencing increases in renter-occupied housing in the north and south-east areas, but at a much slower pace with many blocks either stabilizing or showing only modest change. The percent of total housing units that were renter-occupied also appears to have increased in the northwest section; however, according to the Census tract level data, that area appears to have experienced a significant drop in renter-occupied housing rates. This is a false dichotomy as both are true. The reality is that the area experienced an increase in total housing units from 1,619 units to 4,354 units, which is a 2,375 unit increase. This dramatic increase in total housing units meant that the area could experience an increase in both renter- and owner-occupancy because the total number of habitable units had increased.

It is the significant increase in total units that differentiates the Del Paso Heights redevelopment area from Oak Park and Alkali Flat. While both Oak Park and Alkali Flat showed signs of gentrification in the areas with the highest median home value and highest median household incomes, they were also both built out. Del Paso Heights does not show the same patterns of gentrification because the area was not built out and did not experience a resurgence. It was a redevelopment area during its first phase of development.

Figure 3.5 below shows the changes in homeowner occupancy rates for the same period.



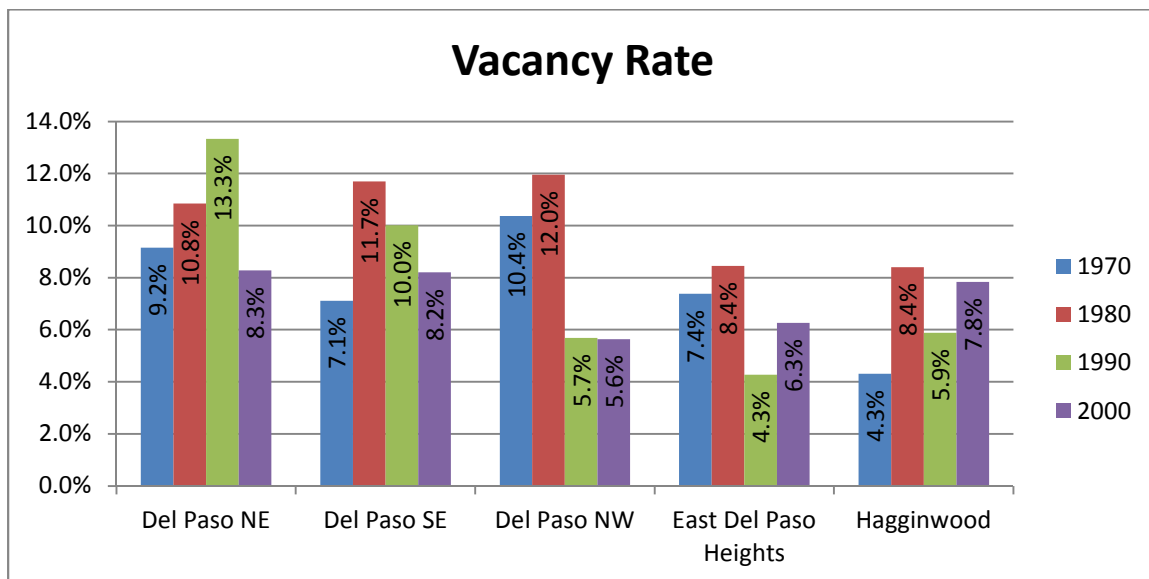
**Figure 3.5.**

**Percent of total housing units owner-occupied in the Del Paso Heights redevelopment area and adjacent neighborhoods between 1970 and 2000.**

The graph of the changes in owner occupied housing in the Del Paso Heights redevelopment area and the adjacent neighborhoods is a rough inversion of the rental occupancy graph in Figure 3.4. Again, the Del Paso North West neighborhood shows patterns of increase and decrease in homeownership that correspond to development. A comparison of Figure 3.5 and the data from Composite Map 13 shows that the new units added to the northwest section were mostly owner-occupied. And again most of the neighborhoods show an increase in homeowner rates between 1970 and 1980 followed by a gradual decrease until 2000 when homeowner rates were either similar to or below their 1970 levels. It is notable that by comparison to the neighborhoods in the redevelopment area, the East Del Paso Heights and the Hagginwood neighborhoods started out with higher homeowner occupancy rates in 1970. However, by 2000 only East Del Paso Heights still had a lead in owner occupancy rates while Hagginwood ranked below both Del Paso North East and North West in the percent of the total housing units that were owner occupied.

Figure 3.6 below shows the missing piece of information regarding tenure changes, and suggests one of the reasons that the Del Paso Heights neighborhoods were selected for the creation of a redevelopment area when they were so similar to the adjacent neighborhoods in almost all of the variables discussed so far.

**Figure 3.6.**



**Vacancy rates in the Del Paso Heights redevelopment area and adjacent neighborhoods between 1970 and 2000.**

In general over the four Census periods measured, the neighborhoods in the Del Paso Heights redevelopment area had higher vacancy rates than the adjacent neighborhoods. There was an across the board increase in vacancy rates between 1970 and 1980, as in the other redevelopment areas studied. However, the pattern stops there. In Del Paso North East, South East, and East Del Paso Heights, the vacancy rates in 2000 were only slightly different than in 1970, about 1%, despite major volatility in the intermediate decades. However, in both the Hagginwood and the Del Paso North West neighborhoods, the ending vacancy rate had little resemblance to the 1970 starting point. The Hagginwood area vacancy rate in 2000 was 7.8% compared to 4.3% in 1970. This overall increase in vacancies is significant and would likely have direct consequences on the

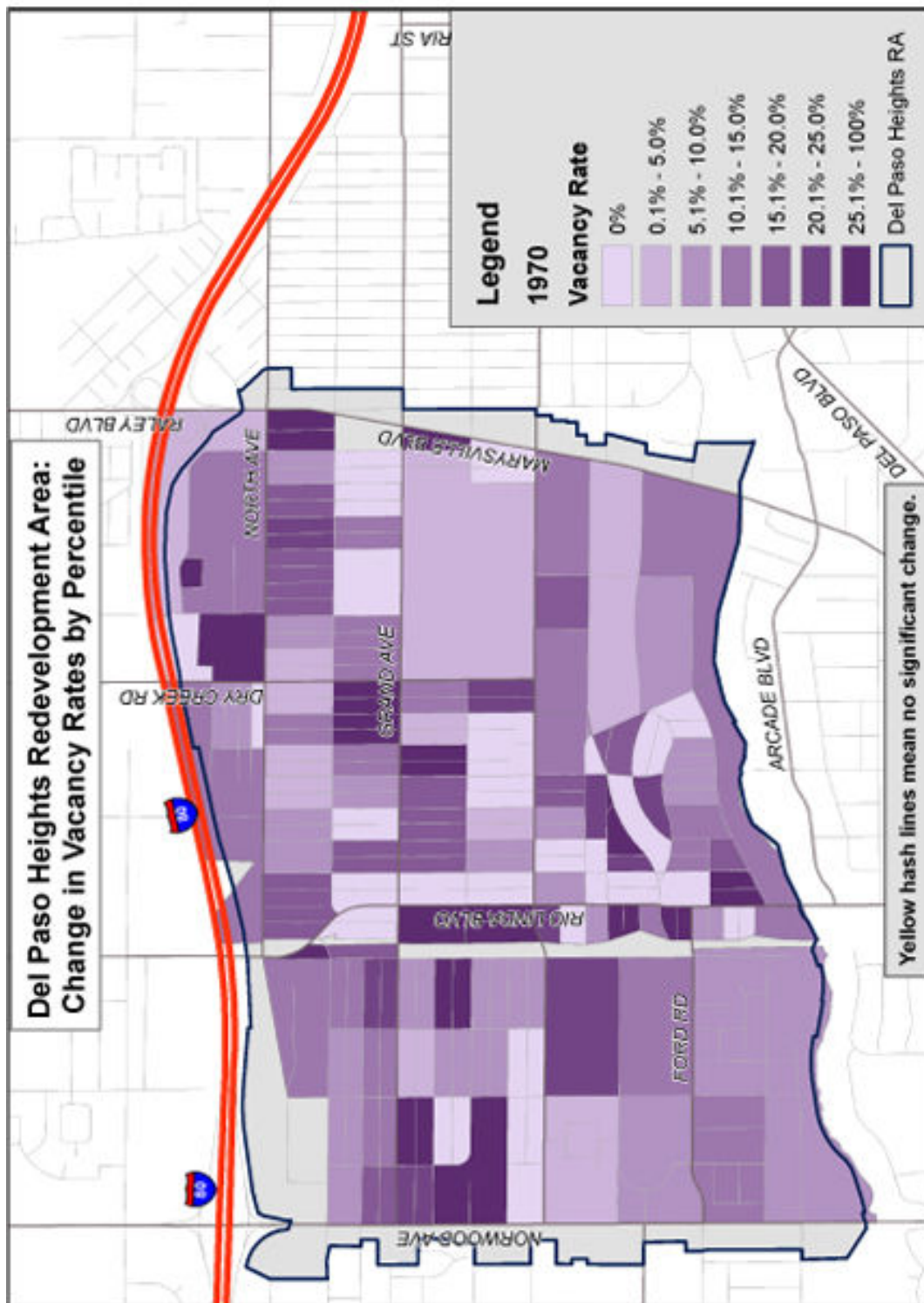
Hagginwood neighborhood in terms of median home values, contract rents, and general neighborhood stability. This increase in vacancies could be the result of aging housing stock combined with modest median home values and stagnant median household incomes.

At the other end of the spectrum is the Del Paso North West neighborhood where vacancy rates dropped from 10.4% in 1970 to 5.6% in 2000, despite net increases in the total housing stock. All of the economic and tenure indicators of the Del Paso North West area suggest a more prosperous neighborhood that, while experiencing economic growth, also had conditions that make finding and obtaining housing much more difficult for the low-income residents who traditionally occupied the neighborhood.

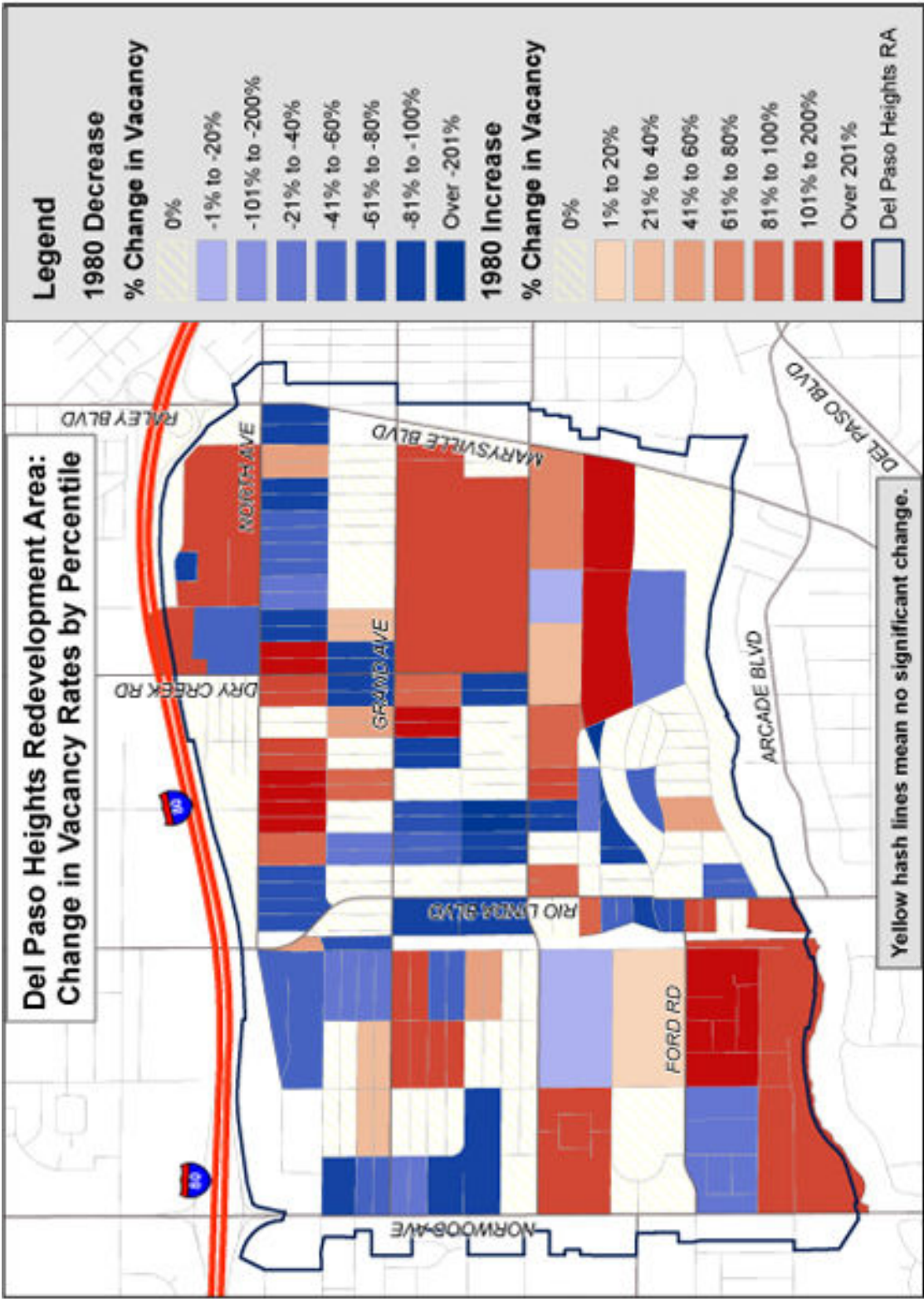
These changes also suggest a different pattern of development from the redevelopment efforts used in Oak Park and Alkali Flat. The Del Paso Heights redevelopment area was unique in that it had more vacant and under-developed land when it was designated a redevelopment area. Greenfield development, or development of under-utilized areas that do not require extensive relocation of residents and demolition of existing structures is generally less expensive than traditional redevelopment, even if it includes installing standard infrastructure. The results also resemble the economic and demographic impacts of new development more than they do redevelopment; this is particularly true for the redevelopment efforts in Oak Park and Alkali Flat.

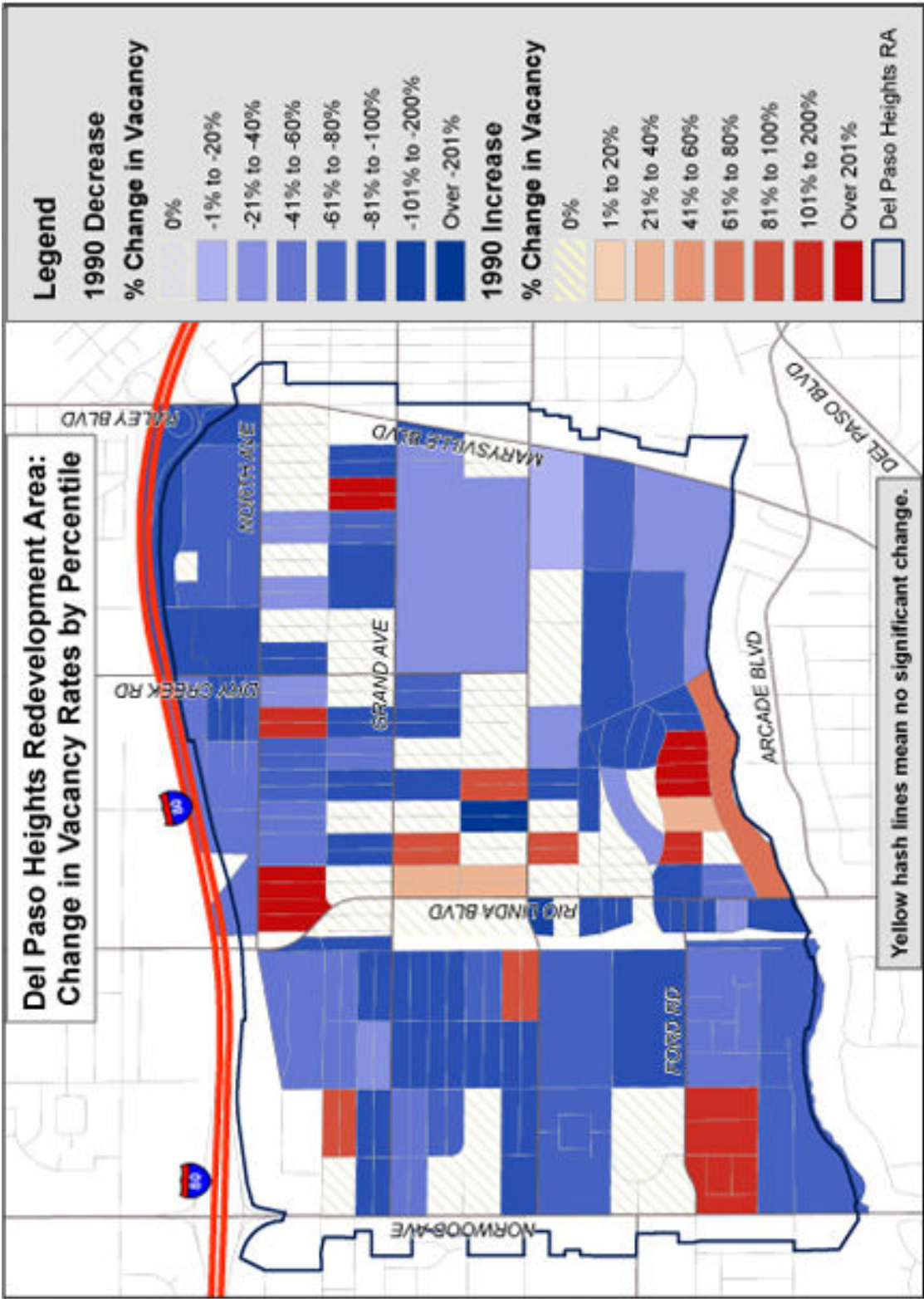
Composite Map 14 provides a block-by-block analysis of the changes in the vacancy rate in the Del Paso Heights redevelopment area over the study period.

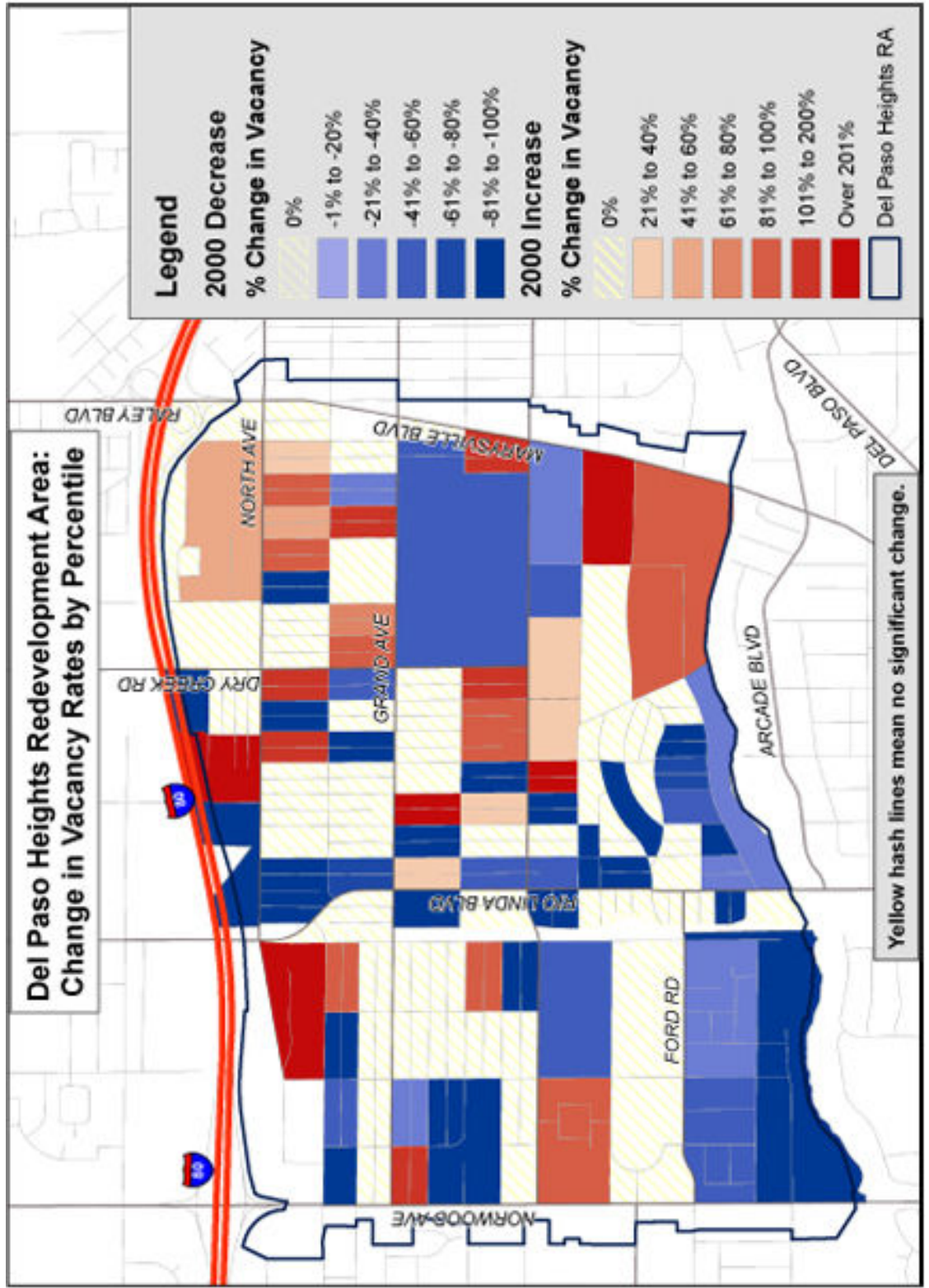
Composite Map 14.



Del Paso Heights Redevelopment Area: change in vacancy rates by percentile from 1970 to 2000.







The 1970 base map shows the vacancy distribution in the Del Paso Heights redevelopment area. There are two important factors to remember in analysis of this map. First, not every block had housing units. The vacancy rate would come out to 0 where there were neither housing units nor residential occupants. Some of these lots were vacant land. Others were purely commercial. The second thing to remember is that many of the lots in the Del Paso redevelopment area in 1970 were large. The area had originally been a ranch that was subdivided and developed. In particular the areas in the northwest section tended to have fewer homes per Census block than the areas in the north and south-east. This means that a Census block could have only a handful of occupied homes, showing the area with a low vacancy rate, but not showing the vacant to occupied land ratio. Both of these factors impact the changes in vacancy rate measurements in the subsequent maps.

The Del Paso Heights redevelopment area experienced a net increase in housing units between 1970 and 1980, with the largest increase in the northwest section. This area west of Rio Linda Boulevard increased from 1,697 units in 1970 to 2,518 units in 1980. Many of the blocks that had reported very high vacancy rates in 1970, showed a decrease in vacancy rates in 1980. At the same time, many of the blocks that had lower vacancy rates in 1970 saw increased vacancy in 1980. While this is similar to what was happening in other neighborhoods in this study, Del Paso Heights' vacancies show one unique trait. The vacancy rates increased more on the larger Census blocks. This is pertinent in the northwest section because the larger blocks there had lower population densities than the rest of the area, indicating under-developed land. The vacancy increase in the larger Census blocks in the other sections of the Del Paso Heights redevelopment area tend to correspond to the renter-occupied housing percentages. The blocks with a higher percentage of the total renter-occupied housing stock in 1970 tended to see a more dramatic increase in vacancy rates in 1980. This increase of vacancies in then rental-dense



Census blocks also corresponds with the general increase in owner-occupancy as portrayed in Figure 3.5.

By 1990 the vacancy rate had reduced significantly in two of the three sections of the Del Paso Heights redevelopment area, as shown in Figure 3.6. However, the block-by-block map also shows vacancies decreasing through much of the northeast section as well. This section recorded an increase in vacancies from 10.8% to 13.3% during the 1980s. Again, this apparent contradiction can, at least partially, be explained by an increase in total housing units in the area. During the 1980s, a net 367 housing units were added to the area. As shown in Composite Map 13, many of these units were for rent. Though the area also experienced population growth between the 1980 and 1990 Census, it was not enough to both make up for the population loss experienced during the 1970s and to fill the additional units, resulting in a still rising Census tract-wide vacancy rate despite the falling rate recorded at the block level. For the southeast section, the data is more consistent. Both the tract and the block geographies show a drop in the vacancy rate. The area had a 15.2% population gain, but a 1.8% loss of housing units. The northwest section had the most dramatic drop in vacancy rates for any area studied. As shown in Composite Map 13, which displayed the increase in renter-occupancy recorded in the 1990 Census, the decrease in vacancy rates is also almost universal west of Rio Linda Boulevard. Three blocks show a moderate to significant increase in vacancy, three blocks show no change, and the remainder show substantial drops in the vacancy rate. This change corresponds with a 37.5% drop in total housing units and a 22.7% loss of total population, and combined with the renter-occupancy data in Composite Map 13, supports the suggestion that the area experienced a net loss of owner-occupied housing.

The vacancy rate in the Del Paso Heights redevelopment area continued to fall in the 2000 Census. The block-by-block map shows a large number of Census blocks with no change over

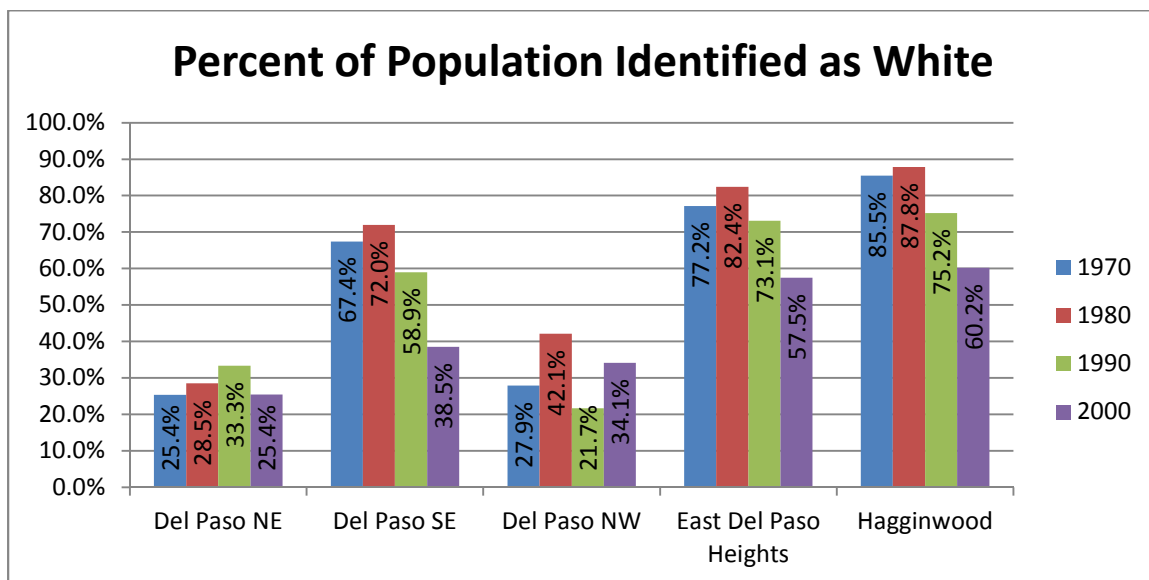
the 1990 Census, indicating areas that had reached build-out and were stabilizing regarding occupancy, even if the tenure of that occupancy was still in flux. The overall drop in vacancy rate was not systematic, however. Some areas continued to experience significant changes in vacancy rates, particularly in the southeast and northeast corners. Notably, the area immediately east of Rio Linda Boulevard saw predominantly stabilizing or dropping vacancy rates, even as many of those same blocks saw renter-occupancy rates rising. The northwest section also shows both stabilizing and transitional vacancy patterns. The blocks at the southernmost portion of the section showed continued dramatic drops in vacancy rates while some of the blocks farther north showed dramatic increases in vacancy rates. During this period, this area saw a 50.2% increase in housing units, and a 38.1% increase in total population. It also saw increases in both renter and owner-occupancy rates, due to the large number of new housing units.

There is no composite map showing redevelopment projects for the Del Paso Heights redevelopment area. Despite the age of the area and the changes in housing values, and the general turnover of housing that would result in tax increment that could have been reinvested into the community. There is almost no record of any specific redevelopment projects prior to 2000. There is record of redevelopment money used for infrastructure improvements in the area, but the projects – and even the more obscure project areas identified in both Alkali Flat and Oak Park – are missing. Due to the amount of un- and under-developed land in the Del Paso Height area, it is very likely that at least some of the money spent on infrastructure went to what were essentially new housing developments – specifically, single-family owner-occupied housing. The impacts of this kind of development echo the gentrification seen in parts of Alkali Flat and Oak Park, only without the moderating impact of large amounts of subsidized housing.

### *Demographic Changes*

In many respects, the demographic changes in Del Paso Heights mirror the demographic shifts in the other redevelopment areas. White and black populations generally declined while the Hispanic and Asian populations increased dramatically. However, Del Paso Heights differed from both Oak Park and Alkali flat in two very specific ways. First, the area was not fully developed. Unlike both of the other study areas that had been platted and developed as urban type areas with urban infrastructure included in the development process, Del Paso was originally ranchland, and much of the original development was uneven with long but dense residential blocks, irregularly shaped industrial and commercial areas, and fairly inconsistent infrastructure development. Second, also tied to the lack of full development, was the abundance of underdeveloped and greenfield land available for residential redevelopment and new development. Unlike both Oak Park and Alkali Flat, Del Paso Heights only had one neighborhood in one decade that experienced a significant loss of housing stock, and that loss is sandwiched between two decades of much more significant increases. Similarly in population, for each decline in total population recorded by the Census, there is a much more significant increase in population recorded by the following Census, resulting in net population growth for the area. However, those changes are not the same for each racial and ethnic group in the redevelopment area.

Figures 3.5 through 3.11 examine the racial and ethnic changes in the Del Paso Heights redevelopment area compared with the adjacent control areas of Hagginwood and East Del Paso Heights. Composite Map 15 provides a more detailed evaluation of total population shifts in the Del Paso Heights redevelopment area on a Census block-by-Census block basis over the study period.

**Figure 3.7.**

**Percent of the total population self-identified as “white” in the Del Paso Heights redevelopment area and adjacent neighborhoods between 1970 and 2000.**

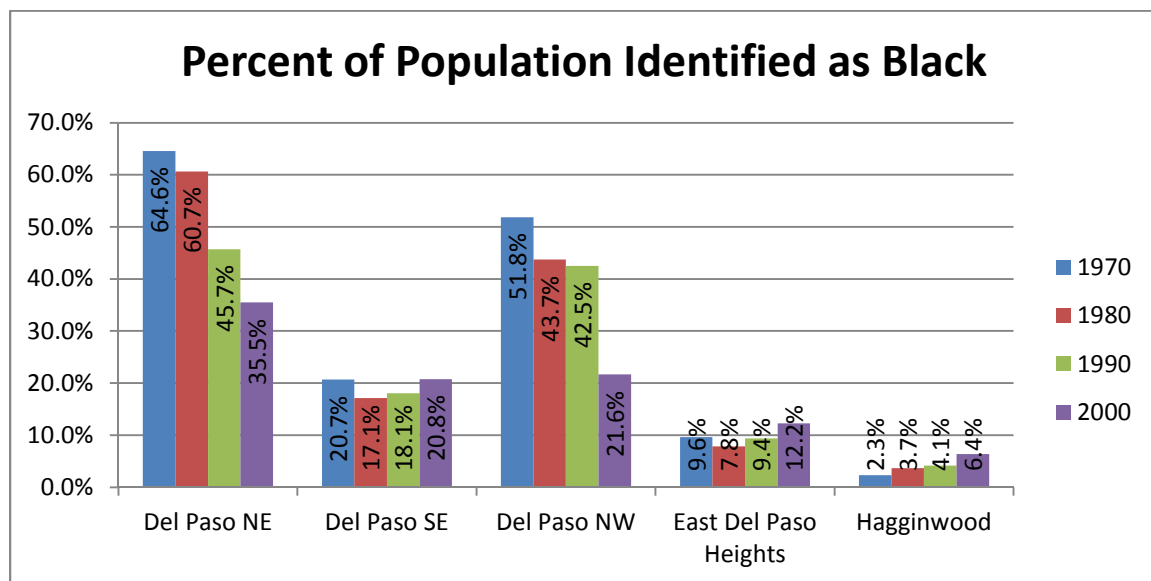
Three of the areas in the Del Paso redevelopment area study group show similar patterns of white population decline. Del Paso South East in the redevelopment area, and East Del Paso Heights and Hagginwood in the adjacent control areas all portray similar demographic changes with the white population starting out as well over 60%, 70%, and 80% of the population, respectively. The white population in these areas increased slightly between 1970 and 1980, and then declined rapidly between 1980 and 1990, and 1990 and 2000 Census. While the Del Paso South East neighborhood had the highest drop in population self-identifying as white, with a drop from 72% of the total population in 1980 to 38.5% of the total population in 2000, the percent of the total population identifying as white in both East Del Paso Heights and Hagginwood also dropped about 25 percentage points each.

The changes in Del Paso North East and North West were much less standardized. While Del Paso North East had a slight rise in white population during the 1970, 1980, and 1990 Census, it

was followed by a near neutralizing drop in 2000. The pattern in Del Paso North West is even more erratic. The area marked a significant increase in white population between 1970 and 1980, followed by an even greater loss between 1980 and 1990, which was followed by a much larger increase between 1990 and 2000. Del Paso North West is the only neighborhood to mark an overall increase in population self-identifying as white in the Del Paso study area. This overall increase corresponds with the new development patterns that had a 50% increase in total housing stock built in the area between 1990 and 2000.

The changes in the white population in the Del Pass Heights area are almost the inverse image of the changes in the black population.

**Figure 3.8.**



**Percent of the total population self-identified as “black” in the Del Paso Heights redevelopment area and adjacent neighborhoods between 1970 and 2000.**

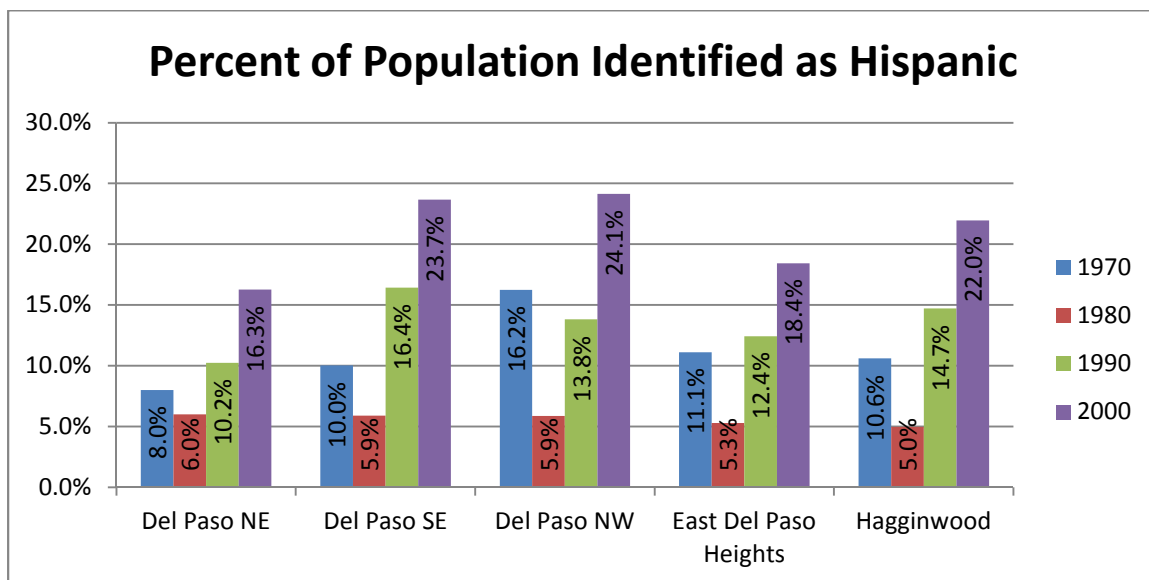
Changes in the black population in the Del Paso Heights study area follow two basic patterns. In the first pattern, as exhibited in the Del Paso North East and North West neighborhoods, there is a radical loss of black residents. The percent of the total population for those areas that self-

identified as black, dropped about 30% between 1970 and 2000. It is noteworthy to recognize that the largest decline in the black population in the Del Paso North West area happened between 1990 and 2000, during the area's largest housing production period.

Conversely, the black population in the Del Paso South East, the East Del Paso Heights, and Hagginwood neighborhoods had very modest increases. They also started with a much lower percent of their total populations self-identifying as black, with 20.7% of the population in Del Paso South East, and 9.6% and 2.3% of the populations of East Del Paso Heights and Hagginwood, respectively. Compared with the 64.6% population starting point in Del Paso North East and the 51.8% population starting point in Del Paso North West, the areas that experienced the greatest population loss, the mild gains in Del Paso South East, East Del Paso Heights, and Hagginwood, do not sufficiently cover the displacement of black Del Paso Heights redevelopment area residents.

The loss of white and black residents does not mean that there was an overall loss of population in the Del Paso Heights study area. The next three figures examine the changes in the Hispanic, Asian, and Other racial and ethnic groups in the area.

Figure 3.9.



**Percent of the total population self-identified as “Hispanic” in the Del Paso Heights redevelopment area and adjacent neighborhoods between 1970 and 2000.**

The graph representing the total percent of the population identifying as Hispanic has two very distinct patterns. First, there is an across the board increase in Hispanic population between 1980 and 2000. Second, there is decrease in Hispanic population between 1970 and 1980 that results in almost comparable percentages of Hispanic population in the study area. That the first pattern represents actual changes in population, especially between 1990 and 2000, is solidly supported by the established U.S. Census tabulation methodology. However the changes between 1970 and 1980 reflects the difficulties presented by the evolution of Census tabulation methodology. The excessive regularity of the 1980 Census data may be the result of multiple causes, not the least of which include adjustments to the tabulation method, changes in the

description used to identify Hispanic residents, and additional racial and ethnic categories, which have been aggregated in the Other population groups for this study.<sup>34</sup>

The Del Paso study area does follow with the Oak Park redevelopment area and the adjacent neighborhoods in that the Hispanic population did increase in every neighborhood in both the Del Paso Heights redevelopment area and the adjacent control neighborhoods. While there is some variation between neighborhoods in the total percent of the population that self-identified as Hispanic in 2000, there is no marked difference between the redevelopment area and the adjacent neighborhoods. One notable population distribution is that the Hispanics in the Del Paso North West area represent the highest concentration of Hispanics in the Del Paso study area by 2000. While the black population was decreasing, despite new home building, the Hispanic population increased substantially.

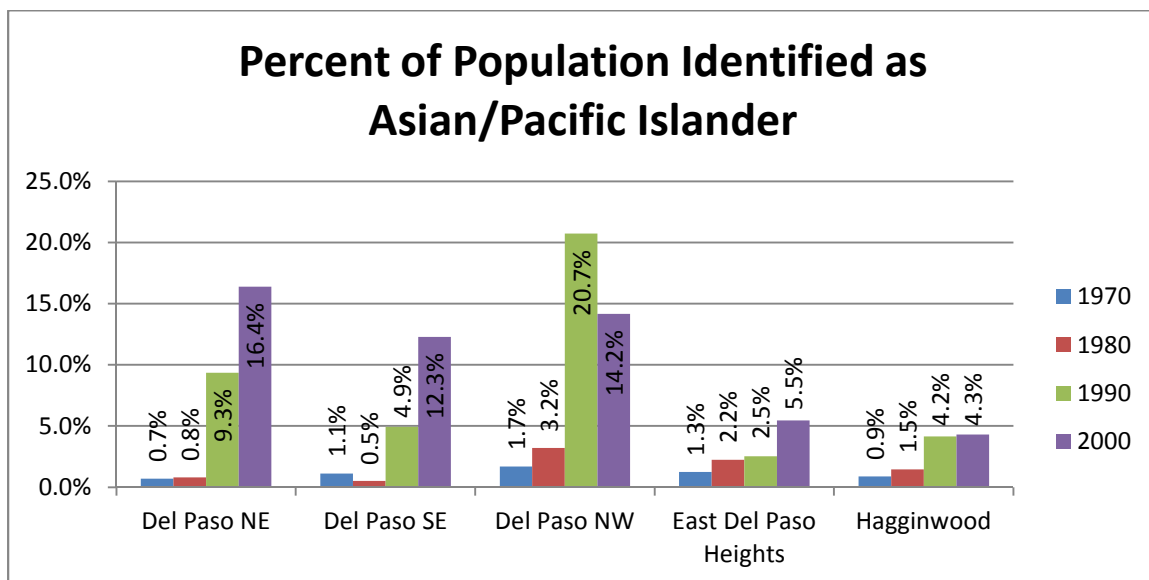
The Hispanic population was not the only population to increase in the Del Paso study area. Figure 3.10 shows that the Asian and Pacific Islander group also had significant changes in population growth during the study period.

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<sup>34</sup> Population data showing this kind of regularity is unusual, and required multiple checks to make sure it was correct. Multiple Census data sources, such as printed population counts contained at the State Library and historic Census databases accessed through the internet, confirmed that, in the 1980 Census, Hispanics made up 5% to 6% of the total population in each of the studied neighborhoods. This does not rule out error; it just makes it more difficult to determine where the error might have happened.



**Figure 3.10.**



**Percent of the total population self-identified as “Asian or Pacific Islander” in the Del Paso Heights redevelopment area and adjacent neighborhoods between 1970 and 2000.**

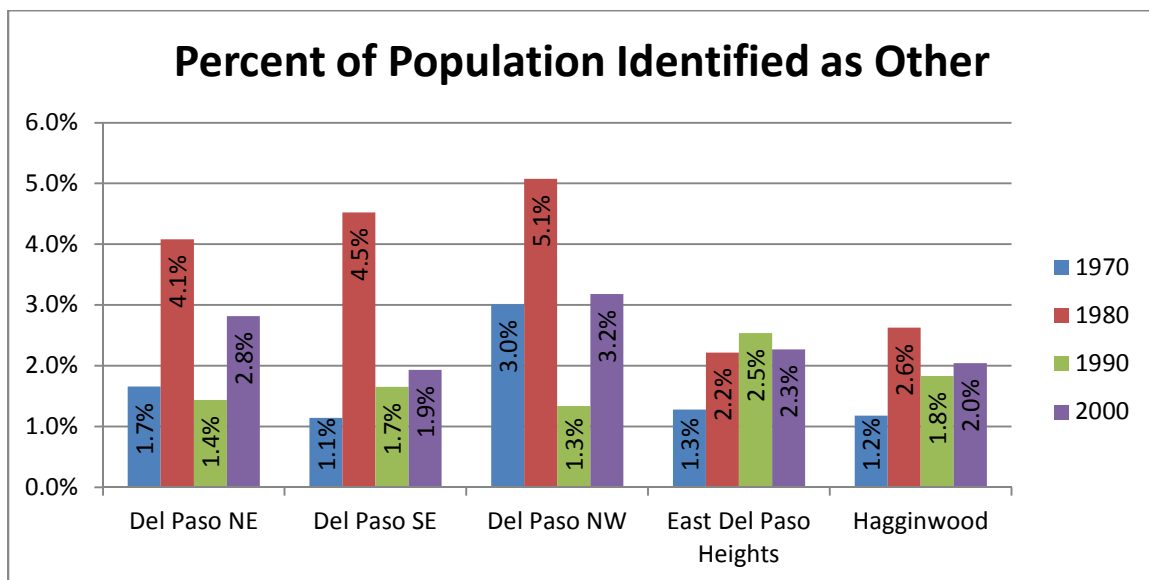
The percent of the total population that self-identified as Asian and Pacific Islander followed a different pattern in Del Paso Heights than in any of the other racial and ethnic groups in the study area. For the first time in the demographic analysis of the Del Paso study area, the boundary between the redevelopment area and the adjacent neighborhoods is apparent. The increase in the total Asian and Pacific Islander population in the redevelopment area neighborhoods of Del Paso North East, Del Paso South East, and Del Paso North West is significant. It ranged from an increase to 11.2% of the total population in Del Paso South East to an increase to 15.7% of the total population in Del Paso North East by 2000. By contrast, East Del Paso Heights increased from 1.3% to 5.5% of the total population while Hagginwood increased from .9% to 4.3% of the total population.

While the Hispanic population managed an across the board significant increase in population in the Del Paso study area, the Asian population increase was almost completely isolated to the

redevelopment area. This raises several questions, such as, the increased opportunity for Hispanics to penetrate the East Del Paso Heights and Hagginwood neighborhoods over that of the Asian and Pacific Islander groups, and the potential advantages available to Asians and Pacific Islanders in the redevelopment area. It also explains a lot of the drop in overall vacancy rates despite the population loss among the white and black population groups.

One other discrepancy is evident in the population growth pattern for Asians and Pacific Islanders in the Del Paso North West area. While the neighborhood lost both total population and housing units between 1980 and 1990, that same period is when the Asian and Pacific Islander population group experienced the greatest increase. As the population growth and housing construction rebounded in the North West neighborhood during the 1990 to 2000 decade, the Asian and Pacific Islander population did not continue to grow, even though it had a substantial increase that same decade in the other redevelopment area neighborhoods, resulting in a reduced percent of the total population for the North West neighborhood.

The percent of the population that identified as Other also had some irregular distributions in the Del Paso study area, as shown in figure 3.11.

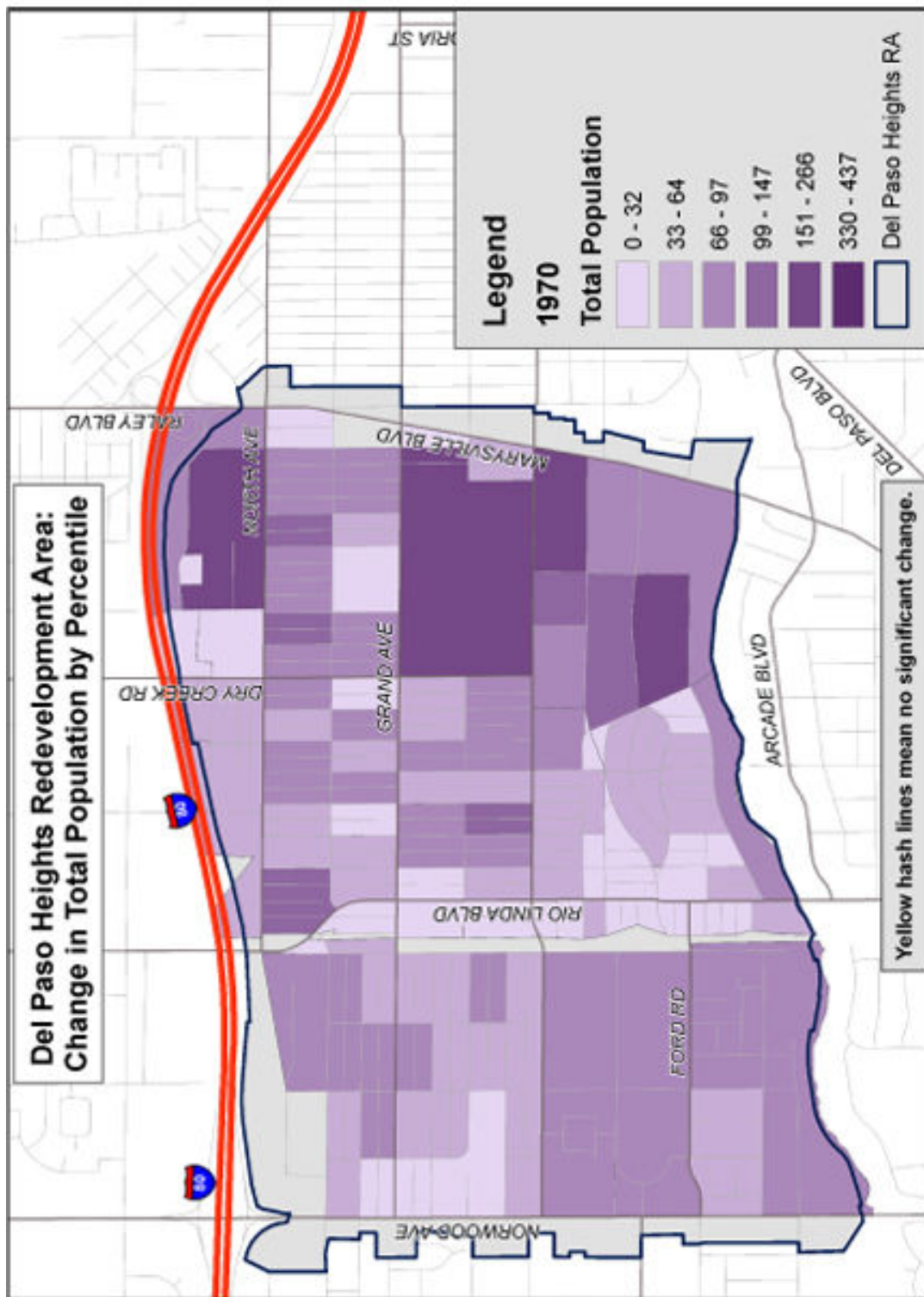
**Figure 3.11.**

**Percent of the total population self-identified as “other” in the Del Paso Heights redevelopment area and adjacent neighborhoods between 1970 and 2000.**

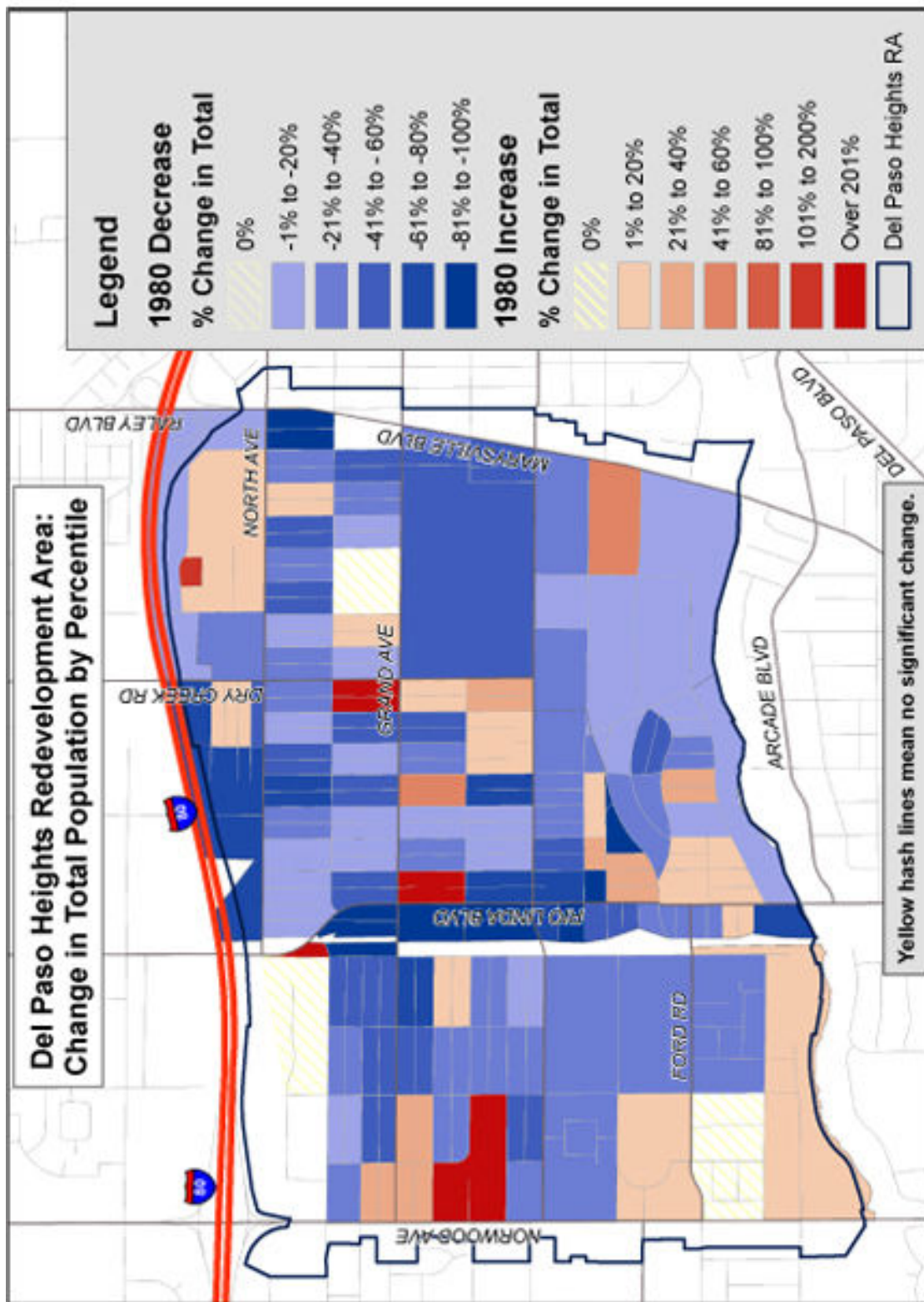
Only in the Alkali Flat redevelopment area neighborhoods are the 1980 distributions of population self-identified as Other higher than in the Del Paso Heights redevelopment area. While the redevelopment areas in general tend to have more minority populations, this spike in the Other group in 1980 corresponds, time wise, to the homogenous Hispanic population levels identified in the 1980 Census. This raises questions about just how standardized the responses to the Census questions are from one area to another. This inconsistency may be a result of greater populations where English is not the first language, or it may result from inconsistent Census outreach and education. It is worth noting that all of the Del Paso study area neighborhoods had overall increases in the percent of the total population identifying as Other between 1970 and 2000; however, even by 2000 this population group was still between 2% and 3% of the total.

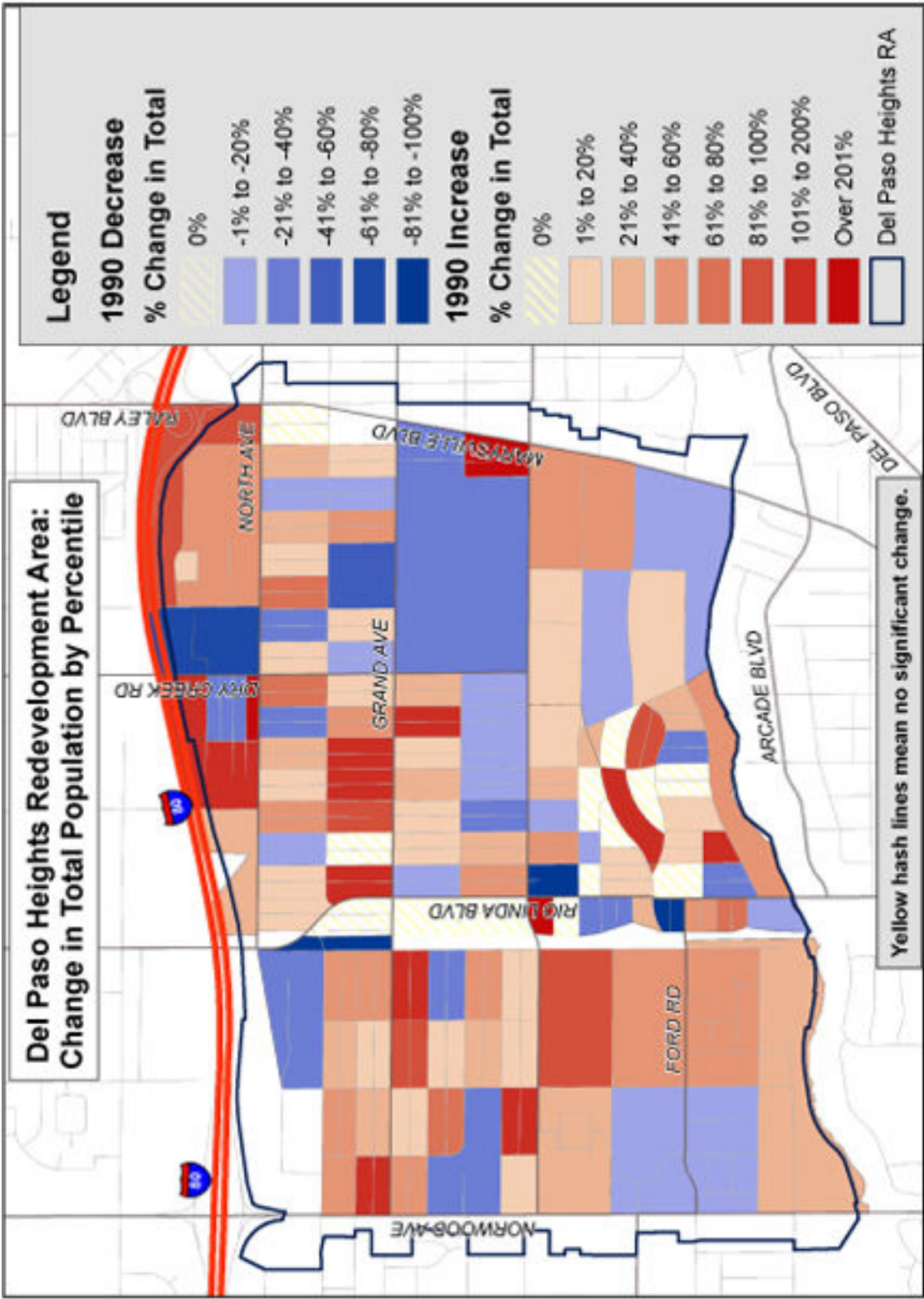
Composite Map 15 examines the total population data at a more detailed level in the Del Paso Heights redevelopment area over the study period.

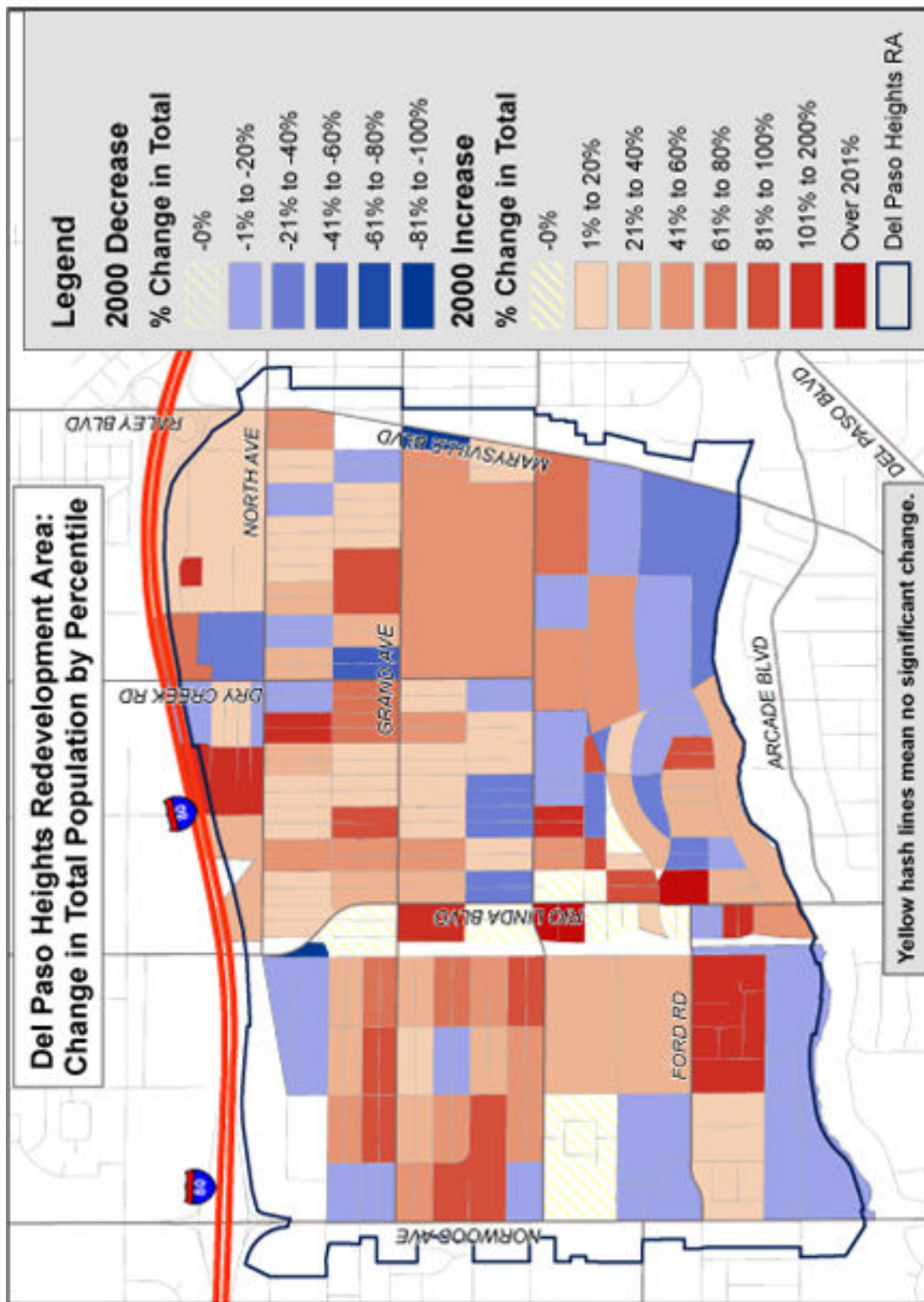
Composite Map 15.



Del Paso Heights Redevelopment Area: change in total population by percentile from 1970 to 2000.







The base 1970 total population distribution map shows how sparsely populated much of the Del Paso Heights redevelopment area was at the beginning of the study period. While the lower population totals in the smaller blocks located at the northeast section is to be expected, particularly as many of those blocks were single-family residential, the larger blocks at the southeast and especially the northwest show just how much un-and under-developed area was available when the Del Paso Heights redevelopment area was initiated.

The 1980 population map shows the total population distribution changes over the previous decade. Both the northeast and the southeast lost population between 1970 and 1980. While this loss was not universal, it was significant. The majority of the Census blocks that did register population increases had only modest gains.

The northwest section, on the other hand, is again a dichotomy. The map appears to show that there was widespread population loss. It is important to remember that many of the blocks registering population loss in this section were sparsely populated to begin with, and a loss of two or three households could have a very measurable impact on the total. The Census tract analysis of the total population changes for the northwest area shows that the total population increased by 28.3% overall. The majority of this increase was driven by three Census blocks in the northern half of the western section.

In 1990, the population gains registered by those three Census blocks in the northwest section were mostly canceled out by population losses. Despite modest to significant population gains in the rest of the northwest section, the area still had a net population loss over the 1980 Census. In this case the method of measurement using change over the previous period is somewhat misleading. The low population totals in 1970, combined with the population loss in most of the Census blocks in 1980 means that even significant gains in 1990 could be the addition of two or three households per Census block. The more built-out north and southeast sections, however,

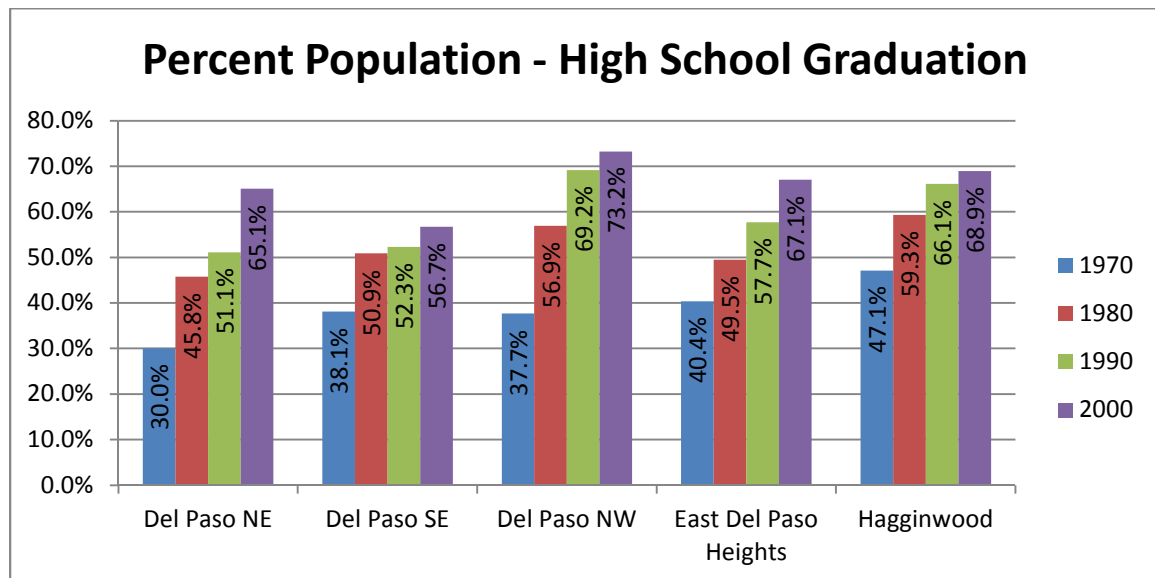


did experience net gains that match the gains recorded on the Census block geography level map. The most significant gains were in the northeast section, which, despite a number of blocks showing considerable population loss, saw a net gain of about 33%. The southeast section saw a more modest gain of about 15%, where more of the larger blocks registered modest population loss, and more blocks registered no overall change.

The 2000 map shows the continued population gain in the Del Paso Heights redevelopment area. All three sections experienced significant population increases, with the northwest section seeing the largest jump in population. This corresponds with the increase of total housing units in that area. This population increase also corresponds with the increase in renter-occupancy, as examined in Composite Map 13. Unlike the Alkali Flat redevelopment area which lost total population between 1970 and 2000, and unlike the Oak Park redevelopment area which had a 13% increase in total population over the same period, the Del Paso Heights redevelopment area saw a 26.1% increase in population. This growth was possible because the area was less densely populated to start with, and because there was land available for additional new development and for denser redevelopment.

The final demographic measurement used in this study is the change in educational attainment as represented by high school graduation rates in the study area. Figure 3.12 examines these changes in the Del Paso Heights redevelopment area and adjacent neighborhoods.

Figure 3.12.



**Percent of the total population that graduated high school in the Del Paso Heights redevelopment area and adjacent neighborhoods between 1970 and 2000.**

The educational attainment in the Del Paso study area corresponds more with the median household income and median home value charts than with any of the other demographic charts studied. By 2000, the highest levels of high school graduation were in the Del Paso North West neighborhood, which also had the highest median household income and the highest median home value. The next two areas with the highest high school graduation rates are the East Del Paso Heights and Hagginwood neighborhoods which are also the two neighborhoods with the next highest median household incomes.

The overall 2000 high school graduation rates for the Del Paso study area are still lower than the Sacramento County rates, as are the median incomes and median home values, though they are comparable to the adjacent study areas.

The analysis of the Del Paso Heights redevelopment area brings into question the overall benefits of redevelopment on the area neighborhoods. The redevelopment area in Del Paso Heights differs from the other redevelopment areas studied in that it was not all that different

from the adjacent neighborhoods, with one exception. It had a large minority population and a lot of un- and under-developed land. What is notable is that Del Paso Heights stayed comparable with the adjacent neighborhoods on many of the critical economic and tenure criteria over the whole study period – it did not decline worse or improve to be better than East Del Paso Heights or Hagginwood. This raises the question – what did redevelopment achieve in Del Paso Heights? Did it simply prevent the area from declining? The data does not suggest that redevelopment protected Del Paso Heights from the overall economic fluctuations and recessions that impacted the region as a whole. Nor is it evident that redevelopment improved the economic stability of the redevelopment area as home values and incomes stayed modest, even stagnant, while rents jumped and the overall composition of the area shifted from owner-occupied to renter-occupied majorities. The one thing that redevelopment did do is reap the tax increment rewards from the new development in the area. This is partially evident in the first real recognized redevelopment projects in Del Paso Heights, Del Paso Nuevo, which added 300 single family homes to vacant land, the North Avenue Apartments, which also added 80 units to vacant land, and the Joe Mims Jr. Hagginwood Community Center, all of which were completed in the last decade.

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