

The Geography of Opportunity
and Programmatic Approaches for Enhancement
in Milwaukee, Wisconsin

by

Gretchen A. Kosarko

A Masters Project submitted to the faculty
of the University of North Carolina at Chapel Hill
in partial fulfillment of the requirements
for the degree of Master of Regional Planning
in the Department of City and Regional Planning.

Chapel Hill

May 2004

Approved by:

READER (optional)

ADVISOR

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Introduction

The majority of social scientists – including anthropologists, economists and sociologists – agree that the environment in which individuals live, work and socialize plays a central role in their range of opportunities and quality of life.¹ A substantial body of research specifically highlights the deleterious effects that socially isolated and economically deprived neighborhoods can have on individuals. This type of segregation from mainstream society is too often the fate of poor, urban African Americans. Residents of these neighborhoods experience not only physical isolation from jobs, quality housing and amenities, but also social isolation from individuals and institutions that inhibits formation of diverse social networks and participation in civic life.² The results of this isolation are believed to be more detrimental to children,³ but are manifested throughout the community in the form of poor educational institutions and outcomes, incarceration of youth and high levels of adult unemployment and underemployment.⁴

While social science researchers agree that neighborhood conditions influence opportunity, public policy developers and analysts are less consistent in their beliefs regarding the interaction of place and individual outcomes.⁵ Despite this disagreement on causality, both “place-based” and “people-based” strategies have been proposed and implemented as a means of increasing opportunity for residents of poor neighborhoods. Though no consensus exists regarding which is more effective or efficient, Avis Vidal (1995) contends that being able to declare the universal superiority of one approach or the other is not the issue:

The relevant policy issue is not people *versus* place or strengthening poor neighborhoods *versus* dispersing their residents and somehow starting over; rather the issue is whether and under what circumstances specific interventions targeted to, and tailored to the needs of, disadvantaged neighborhoods have a constructive role in the policy portfolio.⁶

Given the growing disparity in income levels and continued concentration of poverty in the United States today, determining the most appropriate strategic direction in a given context is a key policy issue. In this paper, I explore what types and combinations of programs appear most promising for increasing the opportunity of residents of the distressed neighborhoods of Milwaukee, Wisconsin. I begin with a review of Galster and Killen's conceptual framework of the "geography of opportunity." In the following section, I examine the results of exemplar programs of each type and offer broad suggestions of the contexts in which each type may be most appropriately used. I offer a brief description of the geography of opportunity in Milwaukee as well as past and current efforts to enhance this geography. I conclude with an assessment of how both types of development strategies (place- and people-based) might be most effectively implemented in Milwaukee in the future.

Neighborhood Effects and the Geography of Opportunity

According to Galster and Zobel's (1998) review of relevant literature, most empirical research indicates that the environment in which individuals live, work and socialize influences their decision-making and perceived life opportunities. However, they also point out that no consensus has been reached on why and how neighborhoods affect individuals or which social outcomes result from specific neighborhood factors.⁷ Researchers point to physical factors such as isolation and segregation, as well as economic and psychological dimensions including local poverty rate and relative lack of stability or support networks, as potential explanatory variables in the inferior outcomes of many poor inner city residents. Results indicate that the "effects" corresponding to these "causes" include poor cognitive development, low educational attainment and behavioral problems in children, while teens may experience increased high school dropout rates, delinquency (criminal behavior and drug use) and childbearing during their adolescent years. Clearly, many of

these decisions can affect adult outcomes related to marriage, household formation (e.g., female-headed households) and ultimately poverty status. Research also indicates that neighborhood effects may not act uniformly across genders or racial groups, making understanding the ways in which they operate more complex and even more important.⁸

In their 1995 work,⁹ Galster and Killen develop a formal framework that attempts to elucidate the way in which neighborhood characteristics affect residents' decision making. They model the opportunity structure faced by inner-city youth in making life decisions related to education, employment, fertility, criminal activity and so on. The authors take as given that metropolitan areas are highly spatially differentiated, in terms of socioeconomic status, public and private resources and social conditions that can be viewed as elements of economic opportunity. The hypothesis that follows from this status quo is that

the geography of metropolitan opportunity is changing in such a way that a growing cadre of inner-city youth are [sic] persuaded to make decisions that ultimately lock them into a state of deprivation.¹⁰

The conceptual framework outlined by Galster and Killen involves two interrelated dimensions of opportunity: the "metropolitan opportunity structure" (process dimension) and the "perceived opportunity set" (prospect dimension). These two aspects of the geography of opportunity are strongly intertwined, coming together in an often mutually reinforcing way to shape individuals' interactions with society. The metropolitan opportunity structure is described as "the way markets, institutions, and service delivery systems...utilize and modify the innate and acquired characteristics of participants."¹¹ That is, it is the framework in which indelible endowments (e.g., race and gender) and acquired attributes (e.g., education and skills) are evaluated by those in positions of authority (e.g., potential employers, landlords, service providers, etc.) in their decision-making processes. This structure is exogenous to the individual and is a socially constructed environment in which the individual must carry out the functions of daily life.

In contrast, the perceived opportunity set is defined as the “prospective socioeconomic outcomes that people *believe* will occur if they make particular decisions.”¹² These associations between actions and outcomes can be affected by an individual’s indelible endowments, acquired attributes and his/her subjective perceptions of how society functions.¹³ In summary, Galster and Killen contend that variations in opportunity are shaped in two ways: (1) through literal variations in opportunities from place to place and (2) through variations in the values, aspirations, perceptions and preferences of individuals living in those places.¹⁴

Galster and Killen observe that the metropolitan opportunity structure’s variability from one place to another does not dictate that it provide individuals with inherently unequal opportunities. They define “equal opportunity” as comprised of four components:¹⁵

- (1) Individuals with equal endowments are treated equally;
- (2) Some endowments (e.g., race and gender) are not used as the basis for unequal treatment;
- (3) Markets and institutions have equal resources and policies across a metropolitan area; and
- (4) Households have equal ability to live in the areas they deem most desirable.

The latter two components are not traditionally included in other researchers’ definitions, but are strongly advocated by the authors as key to ensuring equality of opportunities. As place of residence determines individuals’ access to institutions and markets, they highlight the role that housing and mortgage markets play in hindering equality of opportunity for low-income and minority households. They cite racial and ethnic discrimination as well as segregation of dwellings by price or rent levels as major obstacles to household residential choice. Furthermore, they point out that if households had free choice in housing location, the access to equal institutions and markets would not be a concern, as households could freely sort themselves across a metropolitan area according to their individual preferences.¹⁶

The 1970s “managerialist” approach of urban social geography Ray Pahl reinforces Galster and Killen’s assertion that allocation of resources among a metropolitan area’s markets and

institutions shapes individuals' opportunities.¹⁷ Pahl emphasizes the impact that the distribution of and access to scarce resources has on individuals, particularly when resources are controlled and allocated by an elite, influential group within society. Similar to Winston Churchill's 1924 contention that "we shape our buildings, and afterwards our buildings shape us," he believes that this spatial pattern of resources both reflects and determines the social structure of the individuals that interact with it. Pahl identifies two types of factors leading to inequalities in allocation and access: spatial constraints on access (in terms of time/cost distance) and social constraints on access (in terms of distribution of power and the existence of bureaucratic gatekeepers). He asserts that holding economic status constant, this differential allocation of and access to resources result in unequal opportunities and inevitable societal conflict. He also notes that the "sheer permanence of the built environment" dictates that the social structure created in one time period tends to be highly resistant to change in subsequent periods. This perspective is clearly a precursor to Galster and Killen's contention that the processes for allocating resources to local markets and institutions shapes the metropolitan opportunity structure that individuals face.

In addition to the processes that govern opportunities (including resource allocation and residential choice), individuals' perceptions of those processes play a significant role in achievement and life decisions. Perceptions are shaped by the information that individuals have available to them, through either personal experiences or those of the members of their social networks. This may be problematic in that information provided by family, neighbors, friends and local institutions will vary in quality and depth and be distorted to some extent, likely reflecting and reinforcing the neighborhood's values and social norms.¹⁸ Individuals filter this information through the lens of their respective social networks, "inculcat[ing]...the predominant group's norms, values and acceptable behavioral patterns into the young."¹⁹ Social psychological studies concur that lack of diverse opinions within a group (e.g., neighborhood) makes individuals more likely to acquiesce to

majority opinion when conflicted.²⁰ Problems can arise when the social networks of inner city youth convey the view that few options are viable for them, causing them to react by making impulsive decisions.²¹ Thus, in neighborhoods of concentrated poverty where resident diversity is limited, individuals may be less inclined to make decisions that are beyond the bounds of the social status quo, even if common sense and their own best interests indicate that they should act otherwise. This tends to lead to poor decisions in significant areas of youths' lives, further limiting their future opportunity sets and those of subsequent generations.²² Once in place, social and behavioral norms may become powerful constraints on what residents perceive as viable or attractive life choices.²³

One might posit that social exposure to successful neighbors should have a positive effect on the perceived opportunity of disadvantaged individuals. While many scholars agree with Galster and Killen that the nature of one's local social network has a significant impact on perceptions of opportunity, the traditional holding that "advantaged" neighbors exert a positive influence on their less advantaged counterparts is not universally supported.²⁴ The traditional view is that advantaged neighbors are an asset because they provide positive peer influence, collective socialization to mainstream behaviors and institutional models. That is, children with good behavior will be a positive influence on peers, and "responsible" adults serve as behavioral enforcers and positive role models for neighbors with less socially acceptable behavior patterns. On the other hand, some critics view advantaged neighbors as a negative influence on a neighborhood to the extent that they increase residents' awareness (and resentment) of their own relative deprivation, create cultural conflict and increase intra-neighborhood competition for scarce resources. Finally, economists tend to take a strongly individualist standpoint and view advantaged neighbors as completely irrelevant in shaping the experiences of their less advantaged neighbors. They contend that as rational maximizers, individuals are in theory unaffected by their neighbors' actions. Thus, mixed-income communities may have positive, negative or neutral impact on disadvantaged residents.

Galster and Killen's framework brings together the process and prospect dimensions of the model (opportunity structure and perceived opportunity set, respectively) to explain individuals' decision-making behavior in the context of their environments. The model asserts that individuals decide how to allocate their time among leisure, education, work (legal income-production) and crime (illegal income production) in order to maximize their overall utility, or well being (timing of fertility and marriage decisions are similarly decided).²⁵ These decisions are not made in a vacuum, but rather take into account an individual's indelible and malleable characteristics as well as his/her perceptions of how those characteristics will affect available opportunities. Galster and Killen complete their argument by defining multiple formal functions relating inputs (individual characteristics, opportunity structure and local social network) to specific choices that individuals make (e.g., level and quality of education, involvement in criminal activity, etc.).²⁶ They propose this set of simultaneous and changeable functions as a conceptual framework through which to understand the complexity of contextual decision making.

Enhancing the Geography of Opportunity

Galster and Killen's framework suggests that an individual's geography of opportunity can be changed for better or worse in two ways: by altering the opportunity structure the individual faces or by affecting the individual's perceived opportunity set. Neither alternative is a straightforward undertaking. The opportunity structure may be changed in place, through economic and community development programs, or the individual may choose to move to a location in which an improved opportunity structure already exists. Changing the opportunity structure of a community is a difficult undertaking, but changing an individual's perception of opportunity may be even more daunting if one considers the factors of personal motivation and trust. If one perceives that the opportunity structure scorns his/her indelible endowments, he/she has no incentive to

enhance his/her acquired attributes. For example, if an African American woman believes she will be denied employment opportunities because of her gender and race, she perceives no return on investment in education, skills or other work experience. The difficulty of overcoming such barriers for a large proportion of a place's population suggests that altering the opportunity structure that individuals face may be the more feasible alternative. The remainder of this paper focuses on improving the opportunity structure as the requisite first step in improving the broader geography of opportunity.

In the policy arena, there is a divergence of opinions regarding whether disadvantaged individuals are best helped by facilitating "place prosperity" or "people prosperity." Most anti-poverty policies attempt either to enhance the opportunities available to individuals, with residential location held constant or move individuals from their current neighborhoods into those with more plentiful opportunities. The two primary strategies for improving the geography of opportunity for low-income individuals follow the rationale of this "place vs. people" dispute: community development and residential mobility (or "dispersal"), respectively. I will consider these alternatives in turn, addressing how each type of program generally functions and the results that they have been able to achieve. The final portion of this section discusses in what contexts each approach might be most applicable and effective.

Community and Economic Development Programs

Community and economic development programs aim to improve opportunities for low-income individuals by increasing opportunities in their neighborhoods and attracting middle- and upper-income households to poor neighborhoods via redevelopment initiatives. These efforts can take countless forms, including investments in physical infrastructure (e.g., street improvements, transit, etc.), formal infrastructure (e.g., public, private and non-profit organizations and the relationships among them) or informal infrastructure like social and organizational networks (i.e.,

social capital).²⁷ In general, community development directs efforts at revitalizing the fabric of the community for current and future residents alike.

A number of federal programs exist to foster community and economic development in disadvantaged neighborhoods, though no single initiative dominates the effort. Among the most familiar and widely used federal programs are those focused exclusively on provision of affordable housing, including the HOME Investment Partnerships Program (HOME) and the Low-Income Housing Tax Credit. Other programs address broader community and economic development issues such as employment, business development and physical property rehabilitation: Renewal Communities/Empowerment Zones/Enterprise Communities (RC/EZ/EC), the Historic Rehabilitation Tax Credit (HRTC), the Community Development Block Grant program (CDBG) and the relatively recently established New Markets Tax Credit (NMTC). The objectives and design of each program vary, as do their results.

Authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act, HOME is the largest federal affordable housing block grant to states and localities. Approximately \$2 billion is allocated nationwide each year to state and local governments. HOME allocations may be used to fund activities that include grants, loans, credit enhancements (e.g., loan guarantees), site acquisition or improvement costs, rental assistance or security deposits for low-income households and local organizations that address their housing needs. HOME is designed to serve the segment of the population earning less than 80% of HUD-adjusted median family income (MFI), with particular emphasis on those households earning less than 50% to 60% of FMI. To ensure that HOME funds are leveraged with other resources (particularly via public-private partnerships), recipient governments are required to match each HOME dollar with \$0.25 of nonfederal funding. As of March 2004, HOME has led to the construction, rehabilitation or acquisition of more than 750,000 units of affordable housing and leveraged more than \$24 billion of nonfederal investment in

doing so (relative to \$8 billion of federal investment).²⁸ HOME's emphasis on flexibility has contributed greatly to its success in providing affordable housing.

The LIHTC was created by the Tax Reform Act of 1986 to encourage private investment in development of low-income multifamily rental housing. A developer will typically form a limited partnership with equity investors who, in return for up-front financing, receive federal tax credits over a ten-year period. The LIHTC is approximately 9% of eligible costs if used for non-federally funded new construction and 4% if applied to a federally-subsidized project or one that involves acquisition and rehabilitation of an existing property.²⁹ Additionally, to be eligible for the LIHTC, the housing development must meet one of the two minimum set-aside requirements:

- 20% of units affordable to tenants with incomes at or below 50% of area gross median income (GMI) or
- 40% of units affordable to tenants with incomes at or below 60% of area GMI.³⁰

Applicable income limits vary by location and family size, and rents must be restricted to HUD-defined levels for a period of at least 15 years to avoid tax credit recapture by the federal government. Currently, the HUD LIHTC database includes information on nearly 19,700 projects comprising over 935,000 housing units placed in service between 1987 and 2000.³¹ Effectively attracting private investor equity has been a significant development in the field of affordable housing provision.

The federal RC/EZ/EC initiative was launched in 1993 to help create "self-sustaining, long-term development in distressed urban and rural areas"³² across the U.S. As of 2003, HUD and the U.S. Department of Agriculture (USDA) had designated a combined 40 RCs (including 12 rural), 40 EZs (including 10 rural) and 97 ECs (including 48 rural).³³ The program aims to meet its goals by providing businesses with the opportunity to receive a flexible combination of tax credits, tax deductions and/or grant funding for qualified economic development activities in these distressed census tracts. Wage credits are available for employment of zone residents, particularly hiring of

residents with special employment needs or those participating in the Welfare-to-Work program. Deductions include those for property acquisition, rehabilitation and environmental clean-up. The spectrum of RC/EZ/EC incentives has encouraged “partners [to] reinvigorate[e] many communities that have been in decline for decades. Businesses are opening or expanding, residents have greater access to jobs, services, and new economic opportunities, and crime and violence are down.”³⁴

When implemented at the state level, EZs provide incentives for capital and labor investment in a somewhat different fashion. First and foremost, it should be noted that the programs are typically designed solely to foster *economic* development rather than community development or poverty eradication. In a study of 36 state programs by Avis Vidal, only eleven explicitly identified neighborhood revitalization or community development as a program objective.³⁵ While degree of resident need (defined in terms of the local poverty rate, unemployment, etc.) is typically one criterion for zone designation, state-level EZs rarely require businesses to employ local residents as a condition to qualify for incentives (only eleven of Vidal’s 36 do so).³⁶ Less than half of the state programs studied even offer a wage credit for hiring local residents (16 of 36),³⁷ with the bulk of incentives geared toward encouraging investment in capital rather than labor. State EZs, by neglecting to target benefits to low-income residents’ needs, do not significantly improve the geography of opportunity in distressed communities.

Though its basis is in the Tax Reform Act of 1976, the current iteration of the Historic Rehabilitation Tax Credit was put in effect by the Tax Reform Act of 1986, which established two types of rehabilitation credits:

- (1) a 10% credit for non-historic buildings constructed prior to 1936 (Non-Historic Rehabilitation Credit) and
- (2) a 20% credit for Certified Historic Structures (i.e., those listed in the National Register of Historic Places) (Historic Rehabilitation Credit).³⁸

Both credits place restrictions on what rehabilitation costs are included in the basis for the credit calculation, and rehabilitations must be certified upon completion to ensure that they conform to the Secretary of the Interior's Standards for Rehabilitation. Since its inception in 1976, the HRTC has stimulated more than \$31 million in private rehabilitation activity and saved more than 31,000 historic properties. In the process, more than 318,000 housing units have been rehabilitated or created (though adaptive use of non-residential structures), more than 70,000 of which are affordable for low- or moderate-income households.³⁹ By promoting private investment in rehabilitation of historic properties – a large number of which are located in low-income urban areas – the HRTC can be a valuable tool for community revitalization.

One of the oldest programs administered by HUD, CDBG was established in 1974 to “ensure decent affordable housing for all, and to provide services to the most vulnerable in our communities, [as well as] to create jobs and expand business opportunities.”⁴⁰ CDBG funds are primarily allocated to governments in two types of communities: entitlement communities and non-entitlement communities. Entitlement communities are deemed to be the most needy, and they are defined as center cities of Metropolitan Statistical Areas (MSAs), other metropolitan cities of more than 50,000 people and select urban counties more than 200,000 people.⁴¹ To receive its entitlement grant, a community must first submit its Consolidated Plan (CP), outlining its proposed local programs, funding priorities and goals for CDBG and other federally funded programs. Additionally, the CP must provide for and encourage citizen participation, with emphasis on low- and moderate-income individuals. Though a wide variety of local programs are eligible for funding, the CP must also demonstrate how these programs will meet the needs of low- and moderate-income residents or prevent or eliminate blighted or slum areas. Similar provisions exist for non-entitlement communities, which may apply for funding through their respective state governments. According

to HUD, CDBG “works largely without fanfare or recognition” to help local governments confront some of their most difficult problems and make a difference in citizens’ lives.⁴²

Created by Congress in December 2000, the New Markets Tax Credit allows individual and corporate taxpayers to receive a federal tax credit for investments in Community Development Entities (CDEs), which are in turn required to make qualified investments in low-income communities. CDEs must meet three criteria for investments in them to be credit-eligible:

- (1) have a mission to serve low-income individuals or communities,
- (2) maintain accountability to low-income individuals through their representation on its governing board or advisory committee and
- (3) be certified by the Department of the Treasury’s CDFI Fund.

CDEs can use investment proceeds to aid eligible businesses by: providing loans or investments, purchasing other CDEs’ loans, providing financial counseling and other services and financing some of its own business activities (e.g., development and operation of a retail center).⁴³ The tax credit realized by investors is equivalent to 39% of the amount invested, claimed over seven years (resulting in a present value of approximately 30%): 5% in each of the first three years, and 6% in each of the remaining four years. In 2002 (its first allocation year), the NMTC program was authorized to distribute credits leading to \$1 billion in private investment, with subsequent years’ credit amounts increasing to a maximum of \$3.5 billion in 2006 and 2007 (its final years of authorization).⁴⁴ Though still early in its existence, NMTC shows promise as “potentially the federal government’s most important new important economic development tool for low-income communities in a generation.”⁴⁵

Residential Mobility Programs

In contrast to community and economic development programs' focus on developing *places*, residential mobility programs assist families in finding new housing in less segregated, non-poor neighborhoods, presumably with more opportunities than their current places of residence.

Specifically, programs typically aim to:

- (1) Spatially deconcentrate inner city recipients of housing subsidies;
- (2) Socially (and often racially) integrate middle-class, suburban neighborhoods (i.e., “unlocking the suburban gates”⁴⁶); and
- (3) Increase the degree of residential choice for subsidy recipients.⁴⁷

The presumption inherent in any residential mobility program is that living in an environment of concentrated poverty has negative effects on individuals, including incidence of “socially dysfunctional behaviors.”⁴⁸ Thus, relocation to an area in which impoverished households are less concentrated would theoretically improve one’s quality of life (i.e., enhance his/her opportunity structure). Policy makers have demonstrated increased interest in economically and racially integrative mobility programs because they believe movement out of existing segregated neighborhoods is hampered by discrimination, particularly in suburban areas.⁴⁹ They assert that the existing housing voucher program is an insufficient mechanism for integration, because it overcomes a financial barrier without explicitly addressing racism. Residential mobility programs can attempt to overcome this shortcoming through landlord outreach and by providing participants with pre- and post-move supportive services.

To date, residential mobility programs of this type have taken two forms: court-ordered and federally legislated. The key example of each type will be reviewed here as examples of the wider range of programs. The most famous court-ordered mobility program is Chicago’s Gautreaux Assisted Housing Program (“Gautreaux”). The result of a series of Supreme Court decisions against the Chicago Housing Authority (CHA) and the Department of Housing and Urban Development

(HUD), the Gautreaux consent decree called for relocation of 7,100 families out of highly segregated public housing with the use of Section 8 certificates. Families were required to relocate to neighborhoods in the General Area (census tracts with less than 30% non-white population) or the Revitalizing Areas of the city.⁵⁰ The administering agency established eligibility criteria to reduce the risk of “problem tenants,” by eliminating those with high debt, more than four children or “unacceptable housekeeping” practices.⁵¹ Program staff then provided eligible families with counseling services and transportation to view available apartments and encouraged participation of area landlords.

After 20 years of activity, Gautreaux succeeded in moving the required number of families out of segregated public housing. A comparison of families who moved to the suburbs and those that moved within the city (i.e., to “Revitalizing Areas”) reveals distinct economic and social advantages for those that left Chicago. In terms of employment, the potentially “least employable” inner city residents in the study (i.e., those that had not previously worked) were more likely to find employment in the suburbs than in the city.⁵² Many suburban movers cited the larger absolute number of jobs (for which they were qualified) in their new neighborhoods as the primary reason for their success, while others mentioned improved physical safety of themselves and their children and the positive role models or social norms present in their new neighborhoods.⁵³ Among those study participants employed prior to their moves, both city and suburban movers increased their hourly wages by approximately 20%. Rubinowitz and Rosenbaum speculate that wages may have increased simply because participants no longer suffered the stigma of public housing, but they were unable to determine the validity of this conjecture. Despite early academic difficulties, children who moved to the suburbs benefited from smaller class size, experienced higher levels of satisfaction with teachers and courses and exhibited a better attitude toward school overall.⁵⁴ In later years, suburban Gautreaux children exhibited better educational and employment outcomes (e.g., college

attendance, wages, etc.).⁵⁵ Though offering limited opportunity to generalize results (due to its non-random program design), the Gautreaux demonstration illustrates the potential of residential mobility programs to improve the geography of opportunity for low-income individuals.

Begun in 1998, HUD is currently at the halfway point of the first federally legislated residential mobility program. Moving to Opportunity (MTO) is a ten-year demonstration in five large U.S. cities: Baltimore, Maryland; Boston, Massachusetts; Chicago, Illinois; New York, New York; and Los Angeles, California. Though ultimately based on the same premise as Gautreaux, MTO differs in a number of ways. First, Gautreaux's focus was on neighborhoods' racial makeup, while MTO emphasizes poverty status: families from census tracts with greater than 40% poverty rate are required to move to tracts with less than 10% poverty rate.⁵⁶ Secondly, the MTO demonstration was designed with applicability of results in mind. Participants were assigned to groups (non-movers, "regular" Section 8 families and MTO families) randomly, and a framework is in place to track participant results.

Interim results of MTO, though of limited scope, show promise for the program's ability to improve very low-income families' life experiences. Studies indicate at least short-term benefits in health, safety, delinquency patterns and educational outcomes; employment and economic outcomes are expected to take longer to manifest themselves.⁵⁷ While both the MTO and Section 8 groups showed improvements in neighborhood quality factors such as litter, crime, safety and police responsiveness, MTO families' gains were nearly twice those of families in the Section 8 group.⁵⁸ MTO families also seem to be more satisfied with their housing and more physically and psychologically healthy (i.e., less obese, anxious or depressed) than either Section 8 participants or public housing residents included in the study.⁵⁹ Moving to neighborhoods with better opportunity structures appears to have improved households' quality of life.

While results are promising, following up with MTO families also brings to light some of the shortcomings of the program. These include limited access to public transportation (particularly in suburban areas⁶⁰) and a tendency for participant families to: (1) stay in the city rather than move to the suburbs and (2) move to areas that exhibit low, but increasing, levels of poverty.⁶¹ One might speculate that these results are attributable in large part to households' desire to live in neighborhoods in which they experience the comfort of socially likeminded neighbors (e.g., same race, cultural norms, etc.). These findings indicate that defining "desirable" census tracts by poverty rate alone may be inadequate to achieve the desired results of a residential mobility program.

Strengths, Weaknesses and Program Applicability

The characteristics of community and economic development programs endow them with strengths and weaknesses that make them more or less viable in the context of a particular neighborhood. Community development initiatives have the advantage of maintaining a sense of community among residents, if such a sentiment already exists.⁶² They also have the political benefit of maintaining the strength of poor minority voting blocs and their influence on mayoral and congressional elections in plurality or majority districts.⁶³ Community and economic development initiatives aim to keep any area from "falling through the cracks" and becoming blighted, and they do so by working with the fabric of pre-existing communities, rather than allowing them to decay, then starting over.

However, community and economic development activities are not without a downside. If local officials can navigate the political terrain to target needy neighborhoods (a difficult proposition in its own right)⁶⁴ it is often difficult to target the neediest residents of the community without significant benefits accruing to those who may not need assistance (i.e., "leakage").⁶⁵ In addition – and perhaps the most relevant to economists – there is concern that investing in non-competitive neighborhoods is not economically efficient and therefore not the best use of capital.⁶⁶

Given these characteristics, community and economic development programs may be most viable and effective in neighborhoods in which potential exists to earn a reasonable return on (patient) public and private investment dollars. Investment may be most appropriate in neighborhoods that are troubled but not severely distressed (i.e., still maintain a sense of community); play a significant role in local political decisions; contain strong local institutions through which investment can be funneled to the neediest residents; and possess some type of competitive or strategic advantage, either spatial or otherwise (e.g., access to downtown, cultural and educational resources, etc.).

Because they emphasize development of individuals rather than development of place, it is understandable that residential mobility programs possess very different assets and challenges than in-place development programs. Perhaps their primary strength is that they directly address the breaking down of socioeconomic and racial barriers to opportunity. Furthermore, they do so in a way that does not attempt to change the pattern of physical development within a region, but instead help to move interested households nearer to existing economic and housing opportunities (a considerably less costly endeavor).

On the other hand, mobility programs are politically quite difficult to implement, particularly in regions with highly fragmented governmental jurisdictions.⁶⁷ Many critics argue that the programs do not decrease social problems in an absolute sense, but simply move them from one location to another,⁶⁸ simultaneously removing perhaps the most capable residents from originating communities and burdening the public/social services of recipient communities. Additionally, mobility programs are believed by some to produce “inherently unstable” outcomes, in which poor minority household are guaranteed entry into opportunity-rich communities, but cannot be guaranteed that their more advantaged neighbors will not leave as a consequence of their arrival.⁶⁹

The strengths and weaknesses of residential mobility programs may make them ill advised at the neighborhood level. Targeting a specific neighborhood for resident relocation puts that community in a position in which many of its residents, and particularly its most capable, are likely to leave. This result can be avoided if residential mobility programs are implemented at the citywide or metropolitan level, and residential choice is fostered for households of all income levels. The question then becomes one of what characteristics might make a city or metropolitan area most suitable for using a residential mobility approach. In general, it will be those regions with a public transit system that provide comprehensive coverage; supportive services accessible in (or near) all neighborhoods; and a social climate that is relatively accepting of socioeconomic and racial diversity (or in which there is little visibly identifiable diversity).

In addition to community development and residential mobility strategies described above, a third approach to improving the geography of opportunity, often deemed a “mobility” strategy, is advocated by some researchers and policy analysts. Unfortunately, it shows little promise in getting at the root of the problems facing residents of disadvantaged neighborhoods. The goal of this strategy is to “reconnect the ghetto to opportunity in ways that leverage a variety of local interests,”⁷⁰ including suburban employers, inner city residents and the governments of both locales. Inner city residents would be linked to outside opportunities via increased information availability and support services (e.g., childcare), training programs and “targeted commute” initiatives. Due at least in part to its higher political feasibility than the other two strategies discussed, some argue that this strategy is a worthwhile first step in combating socioeconomic segregation. Others believe that it would prove detrimental by fostering reverse commuting and catering to a “separate but equal” mentality that reinforces historic patterns of segregation. They contend that poor, predominantly minority workers would essentially be recipients of “day passes” to work in affluent white enclaves, creating a system of “American Apartheid.”⁷¹ Given the highly contentious nature and questionable outcomes

of this type of approach, it is not considered here as a potential response for improving the geography of opportunity in Milwaukee. Milwaukee's geography of opportunity, past and current efforts at enhancing this geography and future ways in which community development and residential mobility approaches may be used to enhance it are considered in the final three sections.

Milwaukee's Geography of Opportunity

Milwaukee's geography of opportunity can be characterized in terms of the extent to which its residential and economic opportunities are equitably distributed. The degree to which initiatives are in place to combat any existing inequalities will be addressed in the next section. The existing distribution of opportunities is discussed below, using 2000 U.S. Census data, third party research reports and discussions with stakeholders in Milwaukee's housing and community development fields.

Like many other cities in the U.S. "Rust Belt," the City of Milwaukee – like its surrounding metropolitan area – has long been a racially and economically segregated city, with negative consequences for the opportunities of residents in various types of neighborhoods. According to the 2000 U.S. Census, the Milwaukee-Waukesha PMSA has the distinction of being the most residentially segregated of the nation's 43 largest metropolitan areas.⁷² Milwaukee also ranks among the top ten (seventh worst) in terms of its percent increase in segregation from 1980 to 2000; while residential segregation is not a new phenomenon, it has worsened in recent decades. A report published by the University of Wisconsin at Milwaukee's Employment and Training Institute reinforces these statistics by pointing out that "only 9% of metro Milwaukee's population – and only 5% of the region's whites – live on so-called 'integrated' blocks."⁷³ Though the report cites increasing proportions of African Americans in some block groups as a sign of integration, this conclusion is highly questionable, as it may instead be evidence of neighborhoods in transition and

the most recent cycle of “white flight.”⁷⁴ Milwaukee has been, and continues to be, hyper-segregated at the metropolitan level.

A study by Hughes continues with the theme of the Milwaukee metro area as hyper-segregated, resulting in an unequal distribution of opportunities. He points out that as of 1990, the central city was 26.9% African American, compared to less than 1% in the suburbs. Figures for 2000 are even more dichotomous; despite the suburbs’ increase in African American population (to 1.3% of the total), the central city shifted much more dramatically, rising to 37% African American. The city lagged economically in the past two census years as well, showing poverty rate of approximately 21% in the city and 3% in the suburban areas in both years.

Across the PMSA and within the city limits, it is still accurate to describe Milwaukee as hyper-segregated, in both racial and socioeconomic terms. Combining 2000 TIGERline files and tract-level U.S. Census data, one can clearly identify the patterns of residential location (see Appendix Figs. 1 – 4). As of the 2000 U.S. Census, Milwaukee’s African American population (Figures 1A and 1B) is highly concentrated within a cluster of 46 census tracts adjacent to the western edge of its downtown, all of which are more than 80% African American. At the metropolitan level, 42% of the city’s African American population lives in a contiguous area comprising only 15% of its census tracts. Furthermore, a 1994 report published by Fannie Mae identified a 20-census tract contiguous area in center city Milwaukee (presumably a subset of the 46 tracts mentioned here) as exhibiting the 3rd highest rate of poverty growth in U.S.⁷⁵ Maps of poverty rate (Figures 2A and 2B) and income level (Figures 3A and 3B) for 1999 show similar results, with only minor exceptions to the city-suburb dichotomy. High rates of unemployment (Figures 4A and 4B) appear to be less spatially concentrated by census tract; a significant swath of the city (rather than the center city alone) displays unemployment above the 1999 citywide rate of 9.4%. However, the stark difference between urban and suburban opportunities is well illustrated. Generally

speaking, hyper-segregation applies not only to the racial makeup of the city and metropolitan area, but its distribution of socioeconomic groups as well.

Given the distribution of racial and socioeconomic demographics within Milwaukee and across its metropolitan region, one can logically infer that the nature of opportunities also varies significantly across space. Scholars argue that white (i.e., majority) residents and those with higher incomes generally have the opportunity to live in those parts of the city that are most desirable in terms of access to employment, institutions and amenities. Translating this broad statement to the specifics of Milwaukee, these groups reside in the neighborhoods near the lakefront, the University of Wisconsin at Milwaukee and other universities, business corridors and new, high-quality home construction. Conversely, African Americans (and other minorities) and low-income individuals have comparatively less power and live in those neighborhoods with the least resources. They are the residents least able to leave or improve existing conditions, and therefore face the poorest prospects for life opportunities. In Milwaukee, these neighborhoods lie predominantly in the center city and the northwest side. The following section outlines place- and people-based initiatives that have been undertaken to equalize Milwaukee's geography of opportunity.

Past and Current Efforts to Enhance Opportunity in Milwaukee

Community and Economic Development Programs

To improve the geography of opportunity in the central city, the City of Milwaukee is engaged in several reinvestment initiatives. These include an articulated revitalization strategy that includes new construction and rehabilitation activities in distressed neighborhoods.⁷⁶ The city is using a market-based approach to development, identifying "Catalytic Project Areas" (CPAs) that are compact, adjacent to high-impact projects, home to strong local partners and show significant potential for leveraging private investment.⁷⁷ These areas are targeted for clustered development

using the city's allocation of federal Community Development Block Grant (CDBG) and HOME funds as well as other federal and local resources. Their boundaries are often drawn to complement or co-exist with city-designated Targeted Investment Neighborhoods, which are eligible for an array of physical improvement programs.⁷⁸ In this way, the city is aiming to concentrate and leverage its limited resources in the manner that will have the most impact on needy communities.

WHEDA is another major actor in revitalizing Milwaukee's distressed neighborhoods. As the state housing finance agency, WHEDA generates its own revenue through and to finance the activities of three internal groups: Credit, Servicing and Community Development (CD). The first two groups underwrite and service housing- and business-related loans, while the third works directly with communities. The CD group works with communities to identify needs, provide appropriate financial products (or links thereto) for achieving community goals and offer leadership and technical assistance.⁷⁹

In November 1994, WHEDA announced its five-year Urban Commitment program to spur \$100 million in investment in Milwaukee's central city. The Commitment's goals were to "improve and produce affordable housing, increase business and jobs, and restore economic vitality"⁸⁰ in the 20 census tracts identified in Fannie Mae's 1994 report as the most needy. WHEDA developed strong partnerships and built the initiative on market-based principles to ensure all stakeholders' best interests were served. Between January 1995 and July 2000, the Urban Commitment resulted in more than \$265 million in total investment, approximately 90% of which came from non-WHEDA sources. The figures suggest that WHEDA has developed a highly successful, market-driven model for community development.

WHEDA developed a second, equally successful model in the form of its 1997 Lindsay Heights demonstration project. Focusing on a narrow geographic area, WHEDA sought to test its theory that "well designed and constructed models [of housing] could appraise at values close to

production costs” and that conventional or WHEDA financing could cover the majority of construction costs, eliminating the need for deep government subsidies.⁸¹ After partnering with the city to sell vacant lots (tax-foreclosed properties) for \$1 each to prospective buyers, and establishing minimum standards for construction and design⁸² and recruiting local builders to develop appropriate models, the infill project was begun. By January 2004, 100 homes had been built, ranging in price from \$90,500 to \$211,300. “Word of mouth” marketing has kept the project vital, with multiple inquiries received on a daily basis.⁸³ A complementary Tax Incremental District (established in July 2001) offers \$10,000 forgivable rehabilitation loans to existing homeowners in an attempt to accelerate the neighborhood revitalization effort. Lindsay Heights is yet another example of a successful, largely market-driven approach to community development on the part of WHEDA.

Across the city, non-governmental organizations are working in the community and economic development realm as well. Neighborhood-based Community Development Corporations (CDCs) are involved in a broad range of activities, including housing, resident and business organizing, training, technology transfer and technical assistance.⁸⁴ The nature of these organizations dictates that their efforts be locally targeted, resulting in unique combinations of service type and quality in each neighborhood. While these small, agile organizations are therefore better able to meet the specific needs of their target areas, they often lack sufficient resources to have significant impact on neighborhood problems.

Two examples of development corporations that are active in Milwaukee’s distressed neighborhoods are the Martin Luther King Economic Development Corporation (MLKEDC) and the Northwest Side Community Development Corporation (NWSCDC). Both groups are engaged in community and economic development efforts, though in different areas of the city and therefore with somewhat different objectives. As such, they provide a useful illustration of the nature of community and economic development efforts across Milwaukee.

MLKEDC is located and targets its programs within Milwaukee's center city. According to the organization's Executive Director, the neighborhood has been doing well relative to some others given its historic district, public infrastructure support and recent reinvestment activity. He sees the EDC's main focus as improving conditions in the neighborhood to demonstrate to the market that demand does in fact exist for inner city development. MLKEDC carries out this mission through technical assistance to individuals and new and existing businesses, as well as through partial ownership of a local mixed-use Low Income Housing Tax Credit (LIHTC) project.⁸⁵ Similar to efforts by WHEDA and the city, MLKEDC's efforts bespeak a belief in the power of market forces (with the aid of a non-market catalyst) to revitalize Milwaukee's inner city.

NWSCDC conducts its activities in the northwest corner of the city, and essentially operates in its target area in a similar way to that of the Department of City Development at the citywide level. This position possesses both pros and cons, as the city's laissez-faire attitude provides development autonomy, yet without significant resource allocation.⁸⁶ Activities of NWSCDC are almost exclusively focused on businesses rather than housing. In addition to administering a Wisconsin Works (welfare to work) contract, it provides technology transfer services, administers a business improvement district and operated a small business incubator in recent years. Recent housing activity has been "purely accidental," the result of mixed-use development projects.⁸⁷ The organization takes advantage of what its Director deems "obvious opportunities" (e.g., vacant building as a result of plant closure) as well as specific opportunities that arise through potential partners and contacts. The aim of most programs is to "hold the line" with existing businesses, doing what is possible at a given point in time rather than being a strategic component of a larger entrepreneurial or business relocation movement. The NWSCDC relies heavily on partnership ventures and projects that will maintain its community's economic viability.

Mobility Programs

Like all housing authorities in the U.S., the Housing Authority of the City of Milwaukee (HACM) administers a Section 8 Housing Choice Voucher (“Section 8” or “HCV”) program. Participating families are provided with vouchers that they may use to make up the difference between rent on a market-rate housing unit and 30% of their household income.⁸⁸ Section 8 is intended to give families more choice in the location of their housing, particularly in light of the tendency for bricks-and-mortar public housing to be located in areas of highly concentrated poverty. Ideally, the program benefits families by helping them locate in neighborhoods with better opportunities, and benefits housing authorities by ultimately reducing the number of physical units they must maintain and manage.

As in virtually all large housing authorities, HACM’s Section 8 program is well utilized. The city currently administers 5,289 vouchers and maintains a waiting list of an additional 16,000 families (Milwaukee County administers an additional 1,800 HCVs).⁸⁹ The question of whether the program is effective in improving the opportunity structure of participating families, however, is unclear. According to Steve Falek, Associate Director of HACM, the program has been effective at deconcentrating poverty and giving families more residential choice. He notes that while approximately 95% of vouchers are used within the city limits (rather than the suburbs or even in other states),⁹⁰ at least one HCV family lives in every census tract in the city. Falek cites a variety of factors in participating families’ choice to stay in the city: suburban zoning that precludes development of affordable housing units; inadequate transportation between central city and suburbs; importance of urban social networks (e.g., family, friends, religious institutions); and issues of cultural and social acceptance in suburban neighborhoods.

Howard Snyder (Executive Director of the Northwest Side Community Development Corporation (NWS CDC)) is skeptical of the assertion that Section 8, as currently designed, truly

offers participating families a great deal of choice in Milwaukee. While he acknowledges that tenants with HCVs are a critical factor in the financial feasibility of many LIHTC developments, he questions their impact in the context of Milwaukee's neighborhood structure. Snyder's experience indicates that there are essentially two areas of the city in which low income, minority families can realistically obtain suitable housing: the central city (in and near the 20-census tract high-poverty area identified by Fannie Mae) and the northwest side. He argues that the only "choice" that HCVs provide central city residents is the opportunity to relocate from one low-income African American neighborhood to another. The longer this remains the only "choice," the less of an improvement it becomes relative to participants' original neighborhoods. It is very questionable whether this structure could be construed as a true broadening of opportunity.

The only other residential mobility program that has been implemented in Milwaukee is a five-year demonstration of HUD's Regional Opportunities Counseling (ROC) program (from approximately mid-1997 to mid-2002).⁹¹ HACM received a small grant to expand its HCV program across city boundaries into the rest of the metropolitan area by providing participating families with housing counseling and information services. A broad coalition of public and non-profit entities was involved in implementing the program, including Milwaukee County, the suburb of West Allis and the Milwaukee Fair Housing Council. Despite this level of support for encouraging moves beyond the city's boundaries, the vast majority of participating families remained within the central city. Despite Section 8 and ROC's efforts to the contrary, Milwaukee has remained a hyper-segregated city.

Future Efforts to Enhance Opportunity in Milwaukee

Enhancing the geography of opportunity in Milwaukee is a complex undertaking that can be made more effective by learning from past experiences and incorporating knowledge of the city's social and geographic context. The experiences, both positive and negative, stemming from past development and residential mobility programs are instructive in developing future programs with the most potential for successful outcomes. Awareness of the city's geography, racial and socioeconomic context unsurprisingly indicates that no single program or initiative will provide a sufficient vehicle for enhancing the geography of opportunity. In fact, it appears that the choice between place- and people-based programs cannot realistically be made on a neighborhood-by-neighborhood basis, as I had hypothesized prior to beginning my research. If such a granular approach were taken, the state of the vast majority of center city neighborhoods would likely make them prime candidates for a targeted mobility program like MTO. Consequently, the 20 contiguous, most highly distressed census tracts would essentially be emptied, with few – if any – destination neighborhoods willing or able to accept their very low-income residents. Milwaukee's already unequal geography of opportunity could be exacerbated by this well-intentioned approach.

The integrated and largely contiguous nature of Milwaukee's distressed neighborhoods demands a more comprehensive strategy for improving the geography of opportunity. To be effective in combating the decline that these neighborhoods continue to experience, a combination of mutually reinforcing place- and people-based strategies must be formulated. It should incorporate an augmented citywide housing choice strategy in addition to long-term in-place development activities geared toward neighborhood geography and strengths. Only if residents' viable choices are maximized will the geography of opportunity be improved. The remainder of this section is an evaluation of opportunities, challenges and recommendations regarding both the place-

and people-based components of future programs to enhance Milwaukee's geography of opportunity.

Potential for Community and Economic Development

As the above discussion of community and economic development initiatives in Milwaukee begins to show, the support of city governmental agencies provides good reason to be optimistic about the success of future development projects. The city of Milwaukee is currently engaged in a number of public infrastructure projects throughout the city, with a wide array of others in various stages of the planning and approval process. Examples range from streetscape improvements and transit enhancements on the Near West Side, to transformation of the Beer Line "B" industrial corridor into a residential area, to reconstruction and revitalization of Fond du Lac Avenue and freeing up 26 acres of developable land through removal of the Park East freeway spur (nicknamed the "freeway to nowhere").⁹² These types of projects send a signal to the market that the neighborhoods in which they are located are ripe for private investment; they are likely to provide a strong foundation that future development activities can build on to improve citywide opportunities.

The success of past and current development projects also bodes well for a positive trend in the future. Market-driven initiatives have achieved great success in the center city, including but not limited to, Lindsay Heights and other projects undertaken as part of WHEDA's Urban Commitment. Discussions with Milwaukee stakeholders found that they were unanimous in the belief that subsidies alone will not improve conditions in Milwaukee's distressed neighborhoods; leveraging private investment continues to play an irreplaceable role in their most effective projects. These projects confirm the hypothesis of WHEDA and MLKEDC that a latent market for center city development can be tapped into if financing and support mechanisms are well thought out prior to implementation.⁹³

Development initiatives have also reinforced the notion that broad-based community participation and multi-stakeholder partnerships are vital to effective project execution. Residents have been organized, informed and involved as the starting point for several community revitalization efforts. As a case in point, WHEDA's development efforts in the center city have included educating residents on ways in which they can care for their neighborhoods and access public services of which they were previously unaware.⁹⁴ In addition to resident involvement, multi-agency partnerships have proven to be the linchpin to accomplishing desired results. Recognizing this reality, Howard Snyder explicitly acknowledges that no single organization can feasibly play every role in project development; NWSCDC no longer even attempts solo efforts.⁹⁵

While the prospects for future development activities show significant promise, the instability of the funding stream threatens to undermine stakeholders' efforts for enhancing opportunities in Milwaukee. Across the country, the sluggish economic recovery has impeded both private investment and government funding for development. Non-profit organizations have also seen reduced revenue, as their funding sources become more financially conservative to weather the economic storm. Being a self-funded, independent agency, WHEDA is the fortunate exception to this larger trend. Its continued institutional strength will be critical to consistent development funding.

The second threat to community and economic development in Milwaukee's distressed neighborhoods arises from the real and perceived risk of neighborhood gentrification. While the opportunities available in many center city neighborhoods are noticeably improving, they have not crossed the dreaded threshold of gentrification. However, if development is left unchecked, what was once a risk may become an unfortunate reality. Given the history of Urban Renewal and the city government's rampant use of eminent domain in the 1990s, it is understandable that neighborhood residents remain highly cynical of many development plans.⁹⁶

On the other end of the spectrum, the northwest side of the city suffers from what may be viewed as “too little” potential for gentrification. Because of its considerable distance from downtown Milwaukee (relative to distressed center city neighborhoods), less market pressure exists to develop underutilized or vacant properties. This may prove a benefit if planning and subsequent change are allowed to occur at a more deliberate pace. At the same time, it makes the northwest side less of a priority for the City of Milwaukee, as it is not viewed as being troubled enough to warrant significant attention or resource allocation.⁹⁷ While perhaps not considered a pressing issue, hovering in this position of “development limbo” deprives the northwest side of the opportunity to stem the tide of decline.

Future community and economic development efforts in Milwaukee should in large part continue to follow their current path, with a few exceptions. Projects in the city’s most needy neighborhoods should obviously retain and expand on those elements that have proven most successful in the past. Most organizations interviewed for this research describe a development model that is geared toward long-term solutions rather than short-term aesthetic or political impact. Representatives of both WHEDA and NWSCDC emphasized in interviews that building relationships and stakeholder commitment will continue to be the primary vehicle for sustaining a long-term presence in the neighborhoods in which they work. Connie Pukaite of WHEDA specifically pointed out the importance of involving a broad range of community residents, not just local leaders, in development discussions. Government and potential partner organizations (e.g., WHEDA, CDCs, other for- and non-profit entities) should continue to work together and with residents to underscore that community and economic development is an ongoing process rather than a short-term endeavor.

Utilizing public-private or non-profit-private partnerships to leverage private investment has proven to be an effective and sustainable strategy for improving Milwaukee’s geography of

opportunity. The market-driven principles behind a number of recent development efforts should remain a driving force in future development initiatives. WHEDA's success with unsubsidized home construction illustrates that this framework can be highly effective while minimizing the need for government funding. The agency's organizing of residents to make their neighborhoods more aesthetically "welcoming" to new development has also achieved the desired results. On the government side, Milwaukee's Department of City Development articulates a philosophy of engaging in projects that will serve as catalysts for subsequent private sector development: projects that are visible, high-impact and densely clustered.⁹⁸ Additional elements that may enhance the current market-driven model include development incentives to make target neighborhoods more economically attractive for developers interested in existing structure rehabilitation, mixed-income, infill and vacant parcel development (e.g., property tax deferral or abatement, etc.). Providing fast-track measures within the city government to facilitate straightforward permit approval and parcel assembly may also give rise to heightened interest in areas targeted for revitalization. At the same time, it may be wise to monitor development projects to ensure that they do not become "too successful," resulting in over-development and resident and business displacement.

A facet of revitalization efforts that has not been the center of attention in Milwaukee and truly merits more consideration is that of transitional neighborhoods. Specifically, the northwest side is precariously perched on the edge of viability and distress, with NWSCDC and similar organizations striving to maintain the status quo. The nature of this type of neighborhood dictates that local development activities, and perhaps development organizations themselves, need to differ from those seen in more stereotypical center city neighborhoods. What these communities need is stabilization, through activities such as increasing homeownership, maintenance of deteriorating infrastructure and strengthening of local public schools and institutions. City resources would be wisely utilized to support community and economic development efforts in these areas.

Steadying of the local economic and social environment of transitional neighborhoods, while important as an end in itself, may become even more important in the near future. The northwest side is permitted to exist in its current state because it receives a steady stream of migrants from distressed center city neighborhoods. Those who are able to leave the center city do so, and the northwest side is the only affordable option for them. Because they have nowhere else to go, the quality of life in the northwest side need only be better than what residents left behind in the center city. However, as center city neighborhoods become more attractive places for middle- and upper-income residents to live, the geographic distribution of socioeconomic groups is likely to shift in one of two ways. If the cost of living remains manageable in the center city, northwest side residents may seek to return there, leaving a demand vacuum in the northwest side. With deteriorating infrastructure, substandard or outdated housing stock and amenities, it will be nearly impossible to generate new demand. On the other hand, if low-income residents are in effect priced out of the center city market by gentrification, the northwest side could receive a rapid influx of low-income households. In order to remain a viable community in the face of either of these shocks, the northwest side needs to build a solid social and economic foundation so that the neighborhood's already perilous position is not made even more so.

As evidenced by the successful implementation of a number of community and economic development programs in Milwaukee, development stakeholders are on the right path to enhancing the city's geography of opportunity. Emphasis should continue to be placed on those elements of past programs that have been most effective: long-term orientation, catalytic infrastructure improvement, broad-based working groups (including institutions and residents alike) and market-driven development. In addition to applying these core principles to new projects, Milwaukee should consider further streamlining governmental processes and reexamining resource allocation

among types of city neighborhoods. Overall, future development efforts in Milwaukee show great potential to enhance the city's geography of opportunity.

Potential for Residential Mobility

As mentioned above, the geographic distribution of socioeconomic groups in Milwaukee is likely to shift as center city redevelopment makes those neighborhoods become more attractive to middle- and upper-income households. This is a positive result for the center city, but may not be beneficial to its current low-income residents if development pressure pushes the center city housing market beyond their financial reach. The northwest side is not large enough to receive the entire center city population, nor should it be expected to do so. Efforts to facilitate residential mobility of all residents, particularly those with low incomes, need to be undertaken to provide households with freedom of choice and the city with a sustainable geographic array of residential submarkets.

Residents in both the City of Milwaukee and Milwaukee County continue to show unwavering interest in Housing Choice Vouchers, the sole mobility program available to them. Both areas' programs carry extensive waiting lists, indicating that a significant number of households want the freedom to choose their own market-rate housing unit. For a given recipient household, such freedom clearly provides the vehicle to improve one's opportunity structure and can be a very attractive option. Residential mobility can also be a very attractive strategy for the city of Milwaukee if suburban housing markets are opened up to low-income households, reducing the city's financial obligation to provide social services. These two benefits of the HCV program make it a program for which demand is unlikely to decrease.

Whether or not households in actuality have much choice in residential location is a separate, perhaps even more important, issue. Financially, few neighborhoods in the City of Milwaukee are affordable to low-income households.⁹⁹ Knowing that low-income households have few relocation options, attempting to relocate center city residents might appear to cynics as a "secret plan to move

the center city to the northwest side”¹⁰⁰ so that city government and colluding developers could benefit from redeveloping the prime real estate left behind. Even when households’ incomes are sufficiently supplemented to enable them to afford neighborhoods with higher rent levels (i.e., through HCV), a significant portion of higher-priced neighborhoods are still not welcoming to low-income residents, especially African Americans. Households respond to this hostile environment by “choosing” not to search for housing in neighborhoods that have exhibited discriminatory tendencies in the past. The ROC program was ineffective because participants chose to remain in the city even when given the option of suburban relocation. Many interviewees expressed the sentiment that low-income African American households do not want to “move to someone else’s neighborhood” where they will be unwelcome. Not only do they perceive little or no choice in residential location, clustering near family, friends and institutions that face similar barriers to mobility, but they are suspicious of the intentions of those who would “help” them gain that choice.

If moves were in fact facilitated through a combination of rent supplement and household interest in participation, the problem of uneven geography of opportunity would still not be solved for several reasons. First, landlords in Milwaukee neighborhoods (or suburbs) that are home to few low-income residents would likely be unwilling to accept low-income, subsidized tenants in lieu of their traditional middle- or upper-income tenants.¹⁰¹ Voluntary landlord participation has long plagued the HCV program. Secondly, designing and implementing a residential mobility program of sufficient scale to have a noticeable impact on the distribution of opportunity is cost prohibitive at all levels of government.¹⁰² The administrative and program costs involved in assisting such a large number of relocations would greatly exceed the budget allocated for any such endeavor. Finally, if the other barriers to large-scale relocation were removed, mass departure of households (regardless of their income levels, abilities, etc.) would be damaging to those households and residents remaining in the center city. Neighborhoods would lose the critical mass needed for survival.

Despite the disappointing results of ROC, Milwaukee should take full advantage of the HCV program's popularity and work to expand its scope and enhance its impact on the city's geography of opportunity. The most critical feature to keep in mind regarding the directed use of HCVs is that the choice that they connote is on the part of *program participants* regarding where to live, not on the part of HACM or other housing officials on where they ought to live.¹⁰³ At the same time, HACM and coordinating city agencies would not be overstepping their bounds to provide services and information that would make previously untapped areas of the city more accessible (and potentially more attractive) to voucher-holding households. This could be carried out through a combination of market-driven housing production and supplemental service provision.

Though not strictly a residential mobility approach, LIHTC developments rely heavily upon HCV households to ensure the projects' financial feasibility.¹⁰⁴ However, in most cities, these developments are relatively few in number and distributed unevenly throughout the city, providing potential residents with limited alternatives. Putting more LIHTC projects into service, particularly in neighborhoods that currently lack affordable housing, would provide HCV participants with a broader choice of neighborhoods in which to locate. This might be achieved through a combination of developer education and incentives as well as bureaucratic streamlining. As LIHTC development relies on the economic appeal of tax credits to developers, this strategic objective would mesh well with the above-mentioned market-based community development that is encouraged throughout the City of Milwaukee.

Marketing the virtues of traditionally non-low income neighborhoods (for either LIHTC or market-rate housing units) has not been effective given the current array of HCV participant services. HCV households tend to be uninformed regarding housing opportunities in these unfamiliar neighborhoods, face unreceptive landlords, have difficulty securing suitable transportation and often struggle with childcare obligations. Supplementing the HCV program with

housing search counseling, landlord outreach and improved transportation and childcare assistance (through subsidies or in-kind service provision) would go a long way toward increasing voucher holders' ability to live in the neighborhoods of their choice. Though HACM currently provides a range of HUD- and foundation-funded supportive services (e.g., job training, economic literacy, etc.), obtaining additional funding, as always, is a major concern. Again, as in the community and economic development model described earlier, multi-stakeholder partnerships (e.g., with the public transit system, fair housing advocates, etc.) may hold the key to providing more comprehensive and supportive services to HCV households.

A final aspect of the HCV program that could be enhanced is its effectiveness in focusing on the long term. As designed at the federal level, though they carry a renewal provision, HCVs do not carry a definitive time limit for eligibility. While this provides a certain level of housing security for recipients, at the same time it does not provide an incentive to better one's situation and make the transition to unassisted, market-rate housing. HACM may consider repositioning local implementation of the HCV program as a temporary program (e.g., three- to five-year duration), intended to provide participants with moderate-quality market-rate housing during a transition period in which they receive supportive services (as above) and case management to work toward self sufficiency.¹⁰⁵ In the past year 60 Milwaukee voucher-holders have become homeowners,¹⁰⁶ illustrating the potential for HCV participants to move from assistance to independence with the appropriate support framework.

While residential mobility programs can be controversial for many reasons, they can play an important (though not primary) role in giving low-income residents of Milwaukee greater choice in residential location. In some forms they could be viewed skeptically by their intended beneficiaries, particularly if specific neighborhoods are targeted for relocation. Milwaukee's history of hyper-segregation will clearly also pose an obstacle to effective mobility. However, the popularity of

HCVs and the prospect of enhanced services related to information, transportation and childcare should keep housing officials from dismissing residential mobility as a lost cause for Milwaukee. Residential mobility is a choice-expanding alternative for a large number of families whose opportunities would be diminished without the program.

Concluding remarks

Enhancing the opportunity structure faced by low-income residents of the City of Milwaukee is not a problem for which a single, unilaterally implemented program will be an effective solution. The geography of opportunity in the city has developed through years of social and economic change, and therefore will require long-term, strategic effort to modify. A complementary array of programs will need to be in effect at any point in time, providing households with the maximum range of residential choice possible. Moreover, a wide range of stakeholders will need to be committed to improving conditions: government agencies, CDCs and other non-profit organizations, private industry and – most importantly – residents of metropolitan Milwaukee themselves.

In their commitment to improving Milwaukee's geography of opportunity, stakeholders should keep two important points in mind. First, relocating to a "good" or "better" neighborhood does not inherently imply a city-to-suburb move.¹⁰⁷ Though this belief is ingrained in our collective consciousness, the same amenities for which many households relocate to suburban areas can now be found in Milwaukee's vibrant, accessible urban neighborhoods. Revitalization efforts have made in-town living a more appealing option for many households who value urban amenities including proximity to university communities (Milwaukee is home to more than a dozen four-year colleges and universities, and numerous two-year and technical schools¹⁰⁸), entertainment and lakefront recreation. Ideally, this will become increasingly apparent as community and economic development

initiatives within the city continue to gain momentum and visibility. Keeping urban neighborhoods strong is a key component to maintaining a robust metropolitan economy. Secondly, program design and especially implementation of individual projects need to be grounded in a solid planning process at a relatively micro level. The City of Milwaukee includes 17 CDBG-eligible planning areas,¹⁰⁹ all of which are required to formulate area plans. Development stakeholders should take full advantage of these valuable inputs to the larger development agenda.

On the most fundamental level, enhancing Milwaukee's geography of opportunity relies on the principle of expanded residential choice for all of its citizens. The city's urban neighborhoods are being made an increasingly attractive option for middle- and upper-income households, expanding their perceived location alternatives. At the same time, existing center city residents should be enabled to remain in their traditional neighborhoods and benefit from the improved conditions that mixed-income neighborhoods will bring. While such economic diversity is frequently an ideal in center city redevelopment initiatives, achieving urban revitalization without gentrification is a struggle in practice. It is questionable whether upper-income households moving into the city would (in effect) be willing to subsidize their lower-income neighbors through the property taxes assessed on their new (or rehabbed) high-end residences. Depending on the altruism of urban in-migrants would be a risky venture. Public education and marketing efforts related to center city redevelopment should both emphasize the benefits of mixed-income communities and forthrightly address the concerns of households for whom socioeconomic diversity is initially perceived as a negative aspect of city living (i.e., it is beyond their realm of experience and comfort). Non-profit involvement may also be desirable and necessary in encouraging neighborhood diversity; project development and management by CDCs can be a valuable tool in maintaining affordable housing options in neighborhoods at risk of gentrifying.

Finally, those low-income residents that seek to move beyond the boundaries of distressed neighborhoods should be empowered to relocate throughout the city and the region to the degree that they desire to do so. As indicated by demographic data and confirmed by anecdotal evidence of past efforts, many urban and suburban neighborhoods are highly resistant to racial integration in their residential neighborhoods. In Milwaukee, as in many cities with an industrial heritage, racial segregation has long been the norm, indicating that programs such as MTO may not be effective in providing a residential mobility alternative. If residential integration is to be effective, the issue of integration must be approached in both economic and racial terms, by designing programs that address both issues, perhaps akin to the neighborhood eligibility provisions of the Gautreaux program. Race will continue to be a complicating issue in resolving the disparate opportunity structures faced by Milwaukee residents for years to come.

Equalizing the geography of opportunity in Milwaukee will not be a sudden phenomenon given the redevelopment and integration obstacles that the city faces. Maximizing residential choice for all residents will be a long-term, but ultimately rewarding process requiring the committed resources of residents, the business community and the public sector alike.

Notes

- ¹ Vidal, pp. 167 – 170
- ² Peterson and Harrell, p. 1
- ³ Orr, p. 1
- ⁴ Peterson and Harrell, p. 1
- ⁵ Vidal, pp. 167 – 170
- ⁶ p. 171
- ⁷ Galster and Zobel, p. 608
- ⁸ Information gleaned from Galster and Killen, pp. 29 – 35 and Rosenbaum and Harris, pp. 321 – 322
- ⁹ “The geography of metropolitan opportunity: A reconnaissance and conceptual framework”
- ¹⁰ Galster and Killen, p. 8
- ¹¹ Ibid., p. 9
- ¹² Ibid. (*italics added*)
- ¹³ Ibid.
- ¹⁴ Ibid., pp. 21 – 22
- ¹⁵ Ibid., p. 10
- ¹⁶ Ibid., p. 24
- ¹⁷ Hamnett, pp. 11 – 12
- ¹⁸ Galster and Killen, pp. 14, 23
- ¹⁹ Ibid., p. 23
- ²⁰ Jencks and Mayer, pp. 112 – 113
- ²¹ Galster and Killen, p. 28
- ²² Ibid., p. 15
- ²³ Peterson and Harrell, p. 7
- ²⁴ Jencks and Mayer, pp. 113 – 117
- ²⁵ Galster and Killen, p. 16
- ²⁶ Ibid., p. 17
- ²⁷ Vidal, p. 173
- ²⁸ HOME Program National Production Report (as of 2/29/04), pp. 1 – 2
- ²⁹ <http://www.hcs.state.or.us/factsheets/lihtc.pdf> (Oregon Housing and Community Services)
- ³⁰ Ibid.
- ³¹ <http://www.huduser.org/datasets/lihtc.html> (HUD)
- ³² Tax incentive guide for businesses in the Renewal Communities, Empowerment Zones and Enterprise Communities, p. 1
- ³³ Ibid.
- ³⁴ Ibid.
- ³⁵ Vidal, pp. 179 – 180
- ³⁶ Ibid.
- ³⁷ Ibid.
- ³⁸ <http://www.irs.gov/businesses/page/0,,id%3D7084,00.html#Chap1> (U.S. Department of the Treasury, Internal Revenue Service)
- ³⁹ http://www2.cr.nps.gov/tps/tax/tax_p.htm (National Park Service, Heritage Preservation Services)
- ⁴⁰ <http://www.hud.gov/offices/cpd/communitydevelopment/programs/index.cfm> (HUD)
- ⁴¹ <http://www.hud.gov/offices/cpd/communitydevelopment/programs/entitlement/index.cfm> (HUD)
- ⁴² <http://www.hud.gov/offices/cpd/communitydevelopment/programs/index.cfm> (HUD)
- ⁴³ Roberts 2001, p. 2
- ⁴⁴ Ibid., p. 1
- ⁴⁵ Roberts 2002, p. 1
- ⁴⁶ Hughes, pp. 285 – 286
- ⁴⁷ Galster and Zobel, pp. 605 – 606
- ⁴⁸ Ibid., p. 605
- ⁴⁹ Rosenbaum and Harris, p. 322

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- ⁵⁰ Warren, p. 61. While largely African American (and therefore fairly similar to most public housing sites), census tracts in the Revitalizing Area were “considered the most promising neighborhoods for racial and economic residential integration,” based largely on the presence of considerable private investment in them.
- ⁵¹ Rosenbaum, p. 234
- ⁵² Ibid., pp. 237 – 238
- ⁵³ Ibid., p. 239
- ⁵⁴ Ibid., pp. 240 – 242
- ⁵⁵ Ibid., p. 240 – 242
- ⁵⁶ Rosenbaum and Harris, p. 323
- ⁵⁷ Orr, p. vi
- ⁵⁸ Ibid., pp. viii – ix
- ⁵⁹ Ibid., pp. ix – x
- ⁶⁰ Rosenbaum and Harris, pp. 334 – 335
- ⁶¹ Orr, p. xvii
- ⁶² Bolton, p. 188
- ⁶³ Hughes, p. 287
- ⁶⁴ Bolton, pp. 188 – 189; Vidal, p. 170
- ⁶⁵ Bolton, pp. 188 – 189
- ⁶⁶ Ibid., pp. 188 – 189
- ⁶⁷ Hughes, pp. 285 – 286
- ⁶⁸ Galster and Zobel, p. 611
- ⁶⁹ Hughes, pp. 285 – 286
- ⁷⁰ Ibid., p. 288
- ⁷¹ Ibid., pp. 288 – 291
- ⁷² Iceland et al., p. 68. Segregation was measured using a weighting of the dissimilarity index, isolation index, delta index, absolute centralization index and spatial proximity index.
- ⁷³ Levine et al.
- ⁷⁴ Ibid.
- ⁷⁵ Connie Pukaite (Community Development Officer, Wisconsin Housing and Economic Development Authority), telephone discussion with author, February 17, 2004
- ⁷⁶ City of Milwaukee Housing Policies (DRAFT, July 22, 2002), p. 3
- ⁷⁷ Ibid., p. 9
- ⁷⁸ City of Milwaukee website (www.milwaukee.gov)
- ⁷⁹ Pukaite, discussion
- ⁸⁰ Milwaukee Urban Commitment – 1995 – 2000
- ⁸¹ New Homes for Old Neighborhoods
- ⁸² Construction criteria included number of bedrooms and baths, basement, sidewalks and price ranges. Design criteria included window types, roof pitch and porches.
- ⁸³ Pukaite, discussion
- ⁸⁴ Welford Sanders (Director, Martin Luther King Economic Development Corporation), telephone discussion with author, February 13, 2004; Howard Snyder (Executive Director, Northwest Side Community Development Corporation), telephone discussion with author, February 24, 2004.
- ⁸⁵ Snyder, discussion
- ⁸⁶ Ibid.
- ⁸⁷ Ibid.
- ⁸⁸ Rent caps exist, based on metropolitan averages.
- ⁸⁹ Steve Falek (Associate Director, Housing Authority of the City of Milwaukee), telephone discussion with author, March 4, 2004.
- ⁹⁰ Falek estimates that 90% of Milwaukee County’s HCVs are used within the City of Milwaukee as well.
- ⁹¹ Ibid.
- ⁹² City of Milwaukee website (www.milwaukee.gov)
- ⁹³ Sanders, discussion; Pukaite, discussion
- ⁹⁴ Pukaite, discussion
- ⁹⁵ Snyder, discussion
- ⁹⁶ Pukaite, discussion
- ⁹⁷ Snyder, discussion

⁹⁸ City of Milwaukee website (www.milwaukee.gov)

⁹⁹ Snyder, discussion

¹⁰⁰ Ibid.

¹⁰¹ Ibid.; Sanders, discussion

¹⁰² Sanders, discussion; Pukaite, discussion

¹⁰³ Falek, discussion

¹⁰⁴ Ibid.

¹⁰⁵ Pukaite, discussion; it should be noted that while Ms. Pukaite believes this would be a very positive development, she also views it as highly unlikely to occur within the U.S.

¹⁰⁶ Ibid.

¹⁰⁷ Sanders, discussion

¹⁰⁸ <http://milwaukee.areconnect.com/city-colleges.htm> (Milwaukee, WI Educational Resources)

¹⁰⁹ Sanders, discussion

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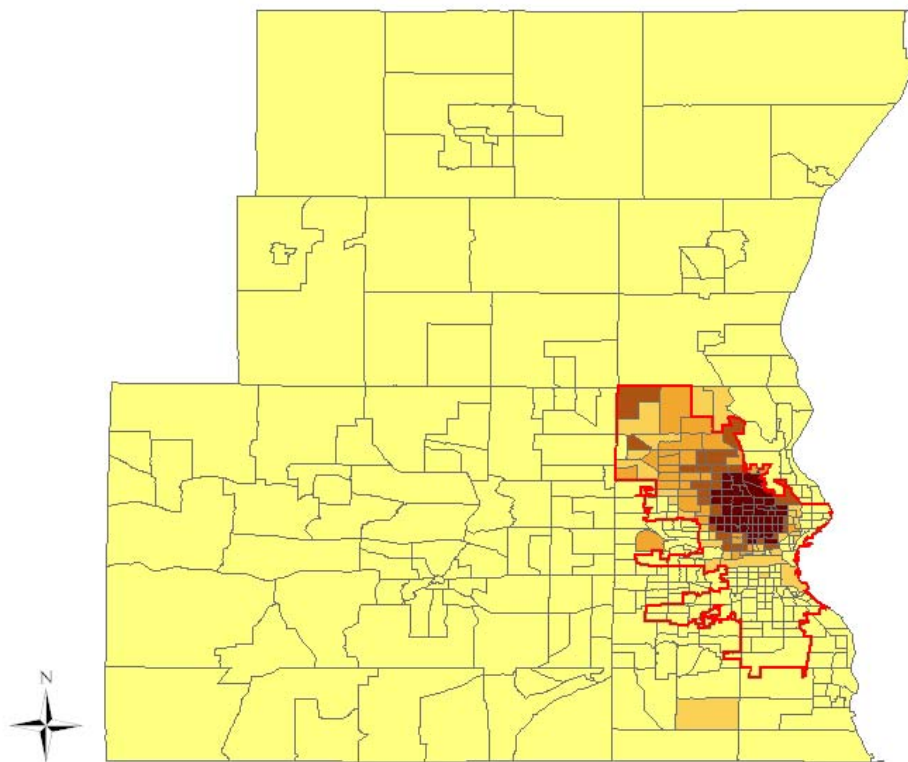
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Appendix

Sources: 2000 U.S. Census (www.census.gov) and Census 2000 TIGER/Line data (downloaded from www.esri.com)

Figure 1A

Percent African American or Black by Census Tract Milwaukee-Waukesha, WI PMSA 2000



Legend

Milwaukee-Waukesha, WI PMSA

% African American or Black

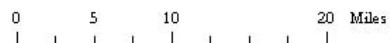
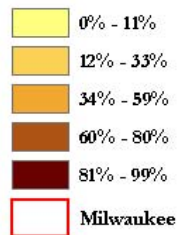


Figure 1B

**Percent African American or Black
by Census Tract
Milwaukee, Wisconsin
2000**

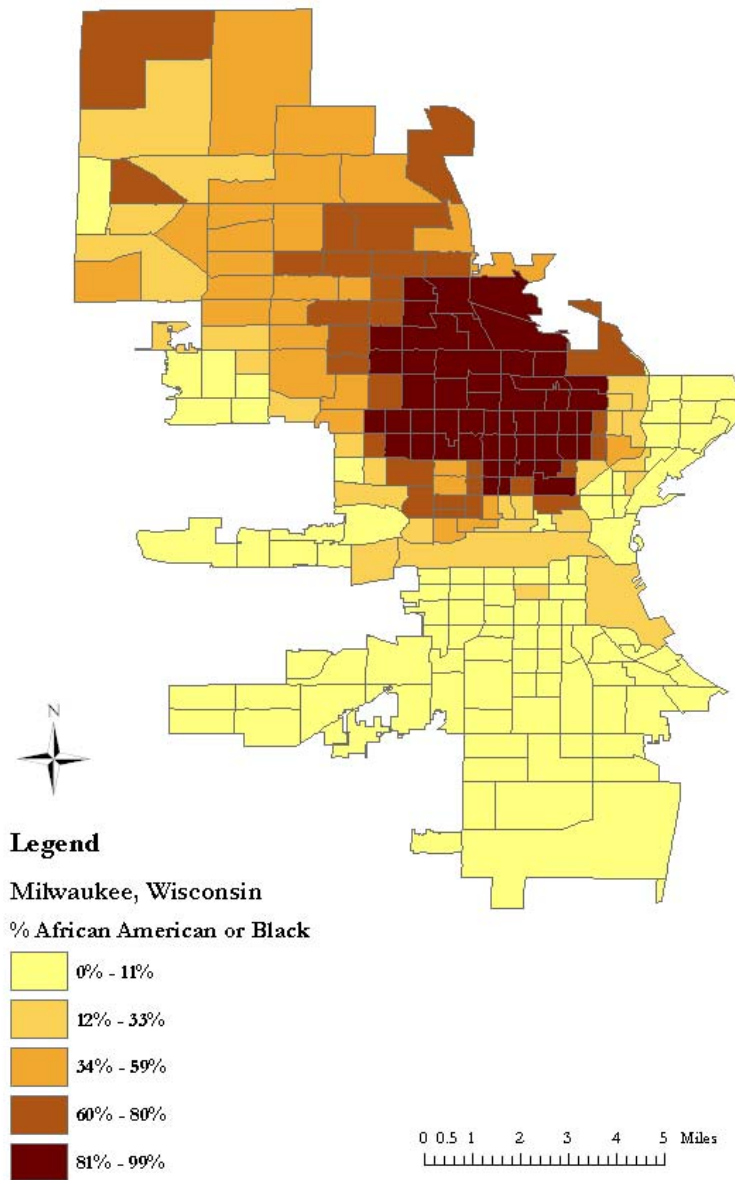
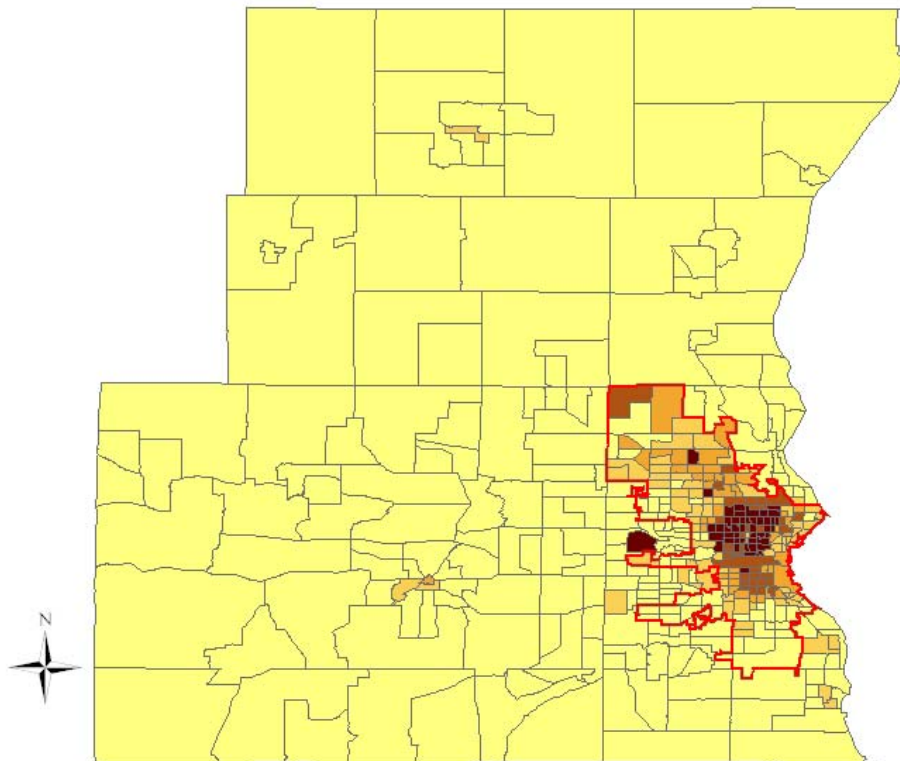


Figure 2A







**Percent Below Poverty Line
by Census Tract
Milwaukee-Waukesha, WI PMSA
1999**



Legend

Milwaukee-Waukesha, WI PMSA

% Below Poverty Line

-  0% - 9%
-  10% - 19%
-  20% - 29%
-  30% - 39%
-  40% - 100%
-  Milwaukee

0 5 10 20 Miles

Figure 2B

**Percent Below Poverty Line
by Census Tract
Milwaukee, Wisconsin
1999**

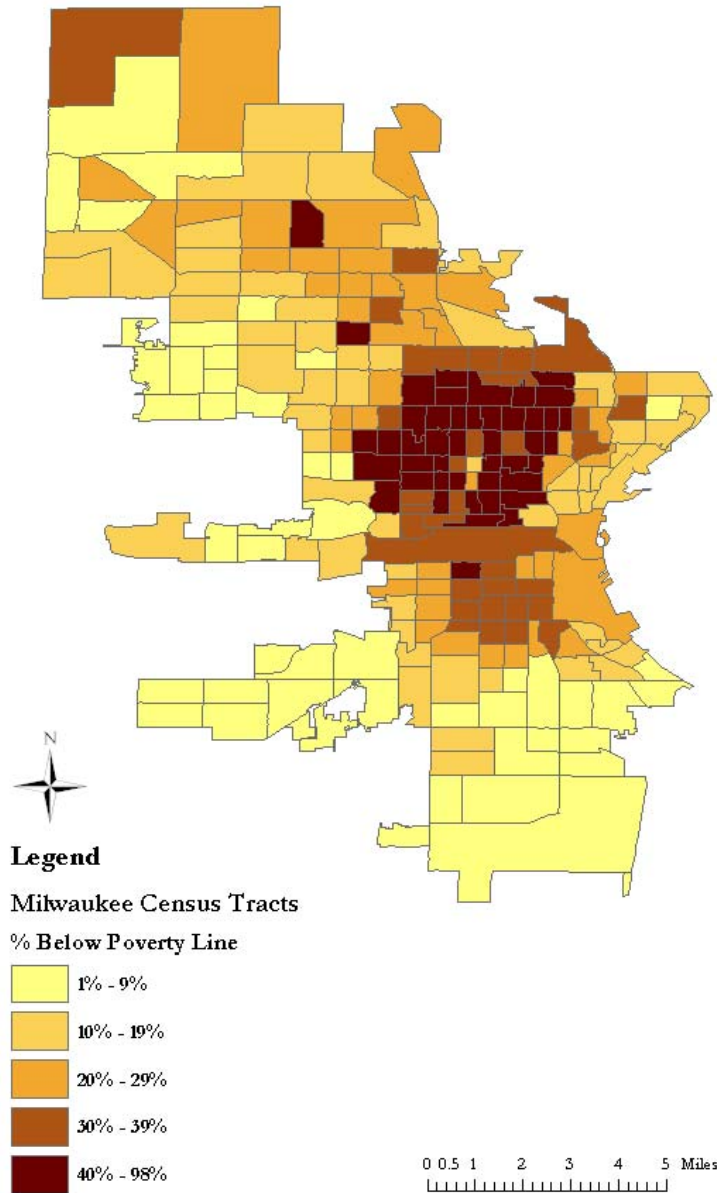
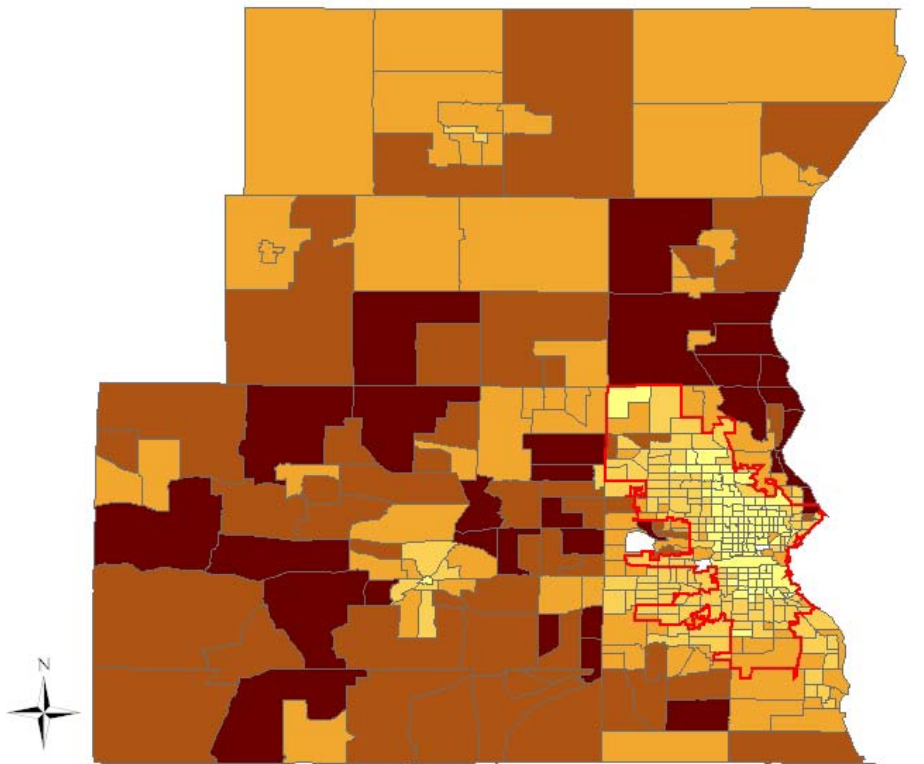


Figure 3A

**Median Household Income
by Census Tract
Milwaukee-Waukesha, WI PMSA
1999**



Legend

Milwaukee-Waukesha, WI PMSA

Median Household Income

Light yellow \$8,892.00 - \$30,000.00

Light orange \$30,000.01 - \$45,000.00

Medium orange \$45,000.01 - \$60,000.00

Dark orange \$60,000.01 - \$75,000.00

Dark brown \$75,000.01 - \$161,292.00

Red outline Milwaukee

0 5 10 20 Miles

Figure 3B

**Median Household Income
by Census Tract
Milwaukee, Wisconsin
1999**

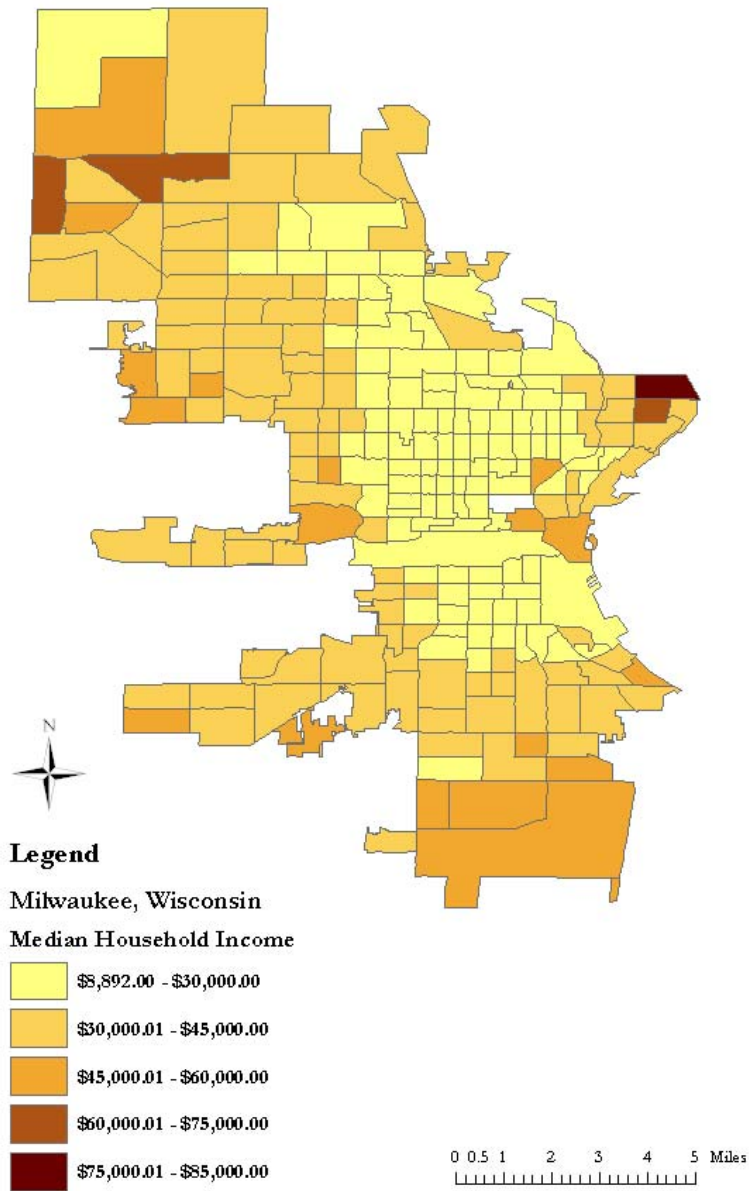
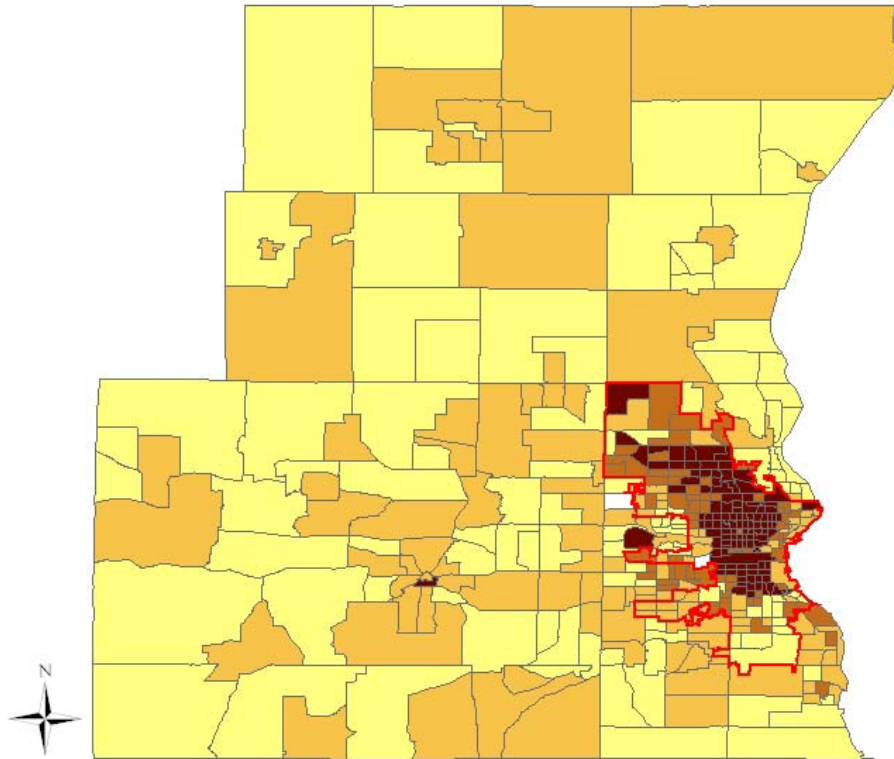


Figure 4A

Civilian Unemployment Rate, 16 Years and Older
by Census Tract
Milwaukee-Waukesha, WI PMSA
2000



Legend

Milwaukee-Waukesha, WI PMSA
Civilian Unemployment Rate, 16+ Years

- 0.5% - 2.8%
- 2.9% - 5.1%
- 5.2% - 9.3%
- 9.4% - 100%
- Milwaukee

Civilian Unemployment Rates

- Suburbs = 2.9%
- PMSA = 5.2%
- City = 9.4%

0 5 10 20 Miles

Figure 4B

Civilian Unemployment Rate, 16 Years and Older
by Census Tract
Milwaukee, Wisconsin
2000

