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An impact evaluation of home improvement loans on neighborhood decline: the case of Portland, Oregon

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AN IMPACT EVALUATION OF HOME IMPROVEMENT LOANS ON NEIGHBORHOOD DECLINE: THE CASE OF PORTLAND, OREGON

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Recently federal policy aimed at halting decline in urban neighborhoods has included a major focus on housing rehabilitation efforts. In the case of Portland, Oregon, federally funded improvement loans for owner-occupied housing units resulted in the rehabilitation of almost four thousand homes from 1975 until 1978, over twice the number of homes rehabilitated in any other city in the nation.

The purpose of the present study was to examine and analyze the city's rehabilitation loan program in two ways. First, the loan

process itself was examined to ascertain whether there were any deficiencies in the loan program which should be corrected. The second, and primary, focal point was the specific neighborhoods where rehabilitation loans have been funneled. The impact of the loan programs on the neighborhoods as communicated by their residents determined how successful Portland has been in dealing with urban decline through its loan programs.

Prior to gathering primary data on the neighborhoods, several secondary sources of information were used. The Portland Development Commission's in-house evaluations of the loan process demonstrated strong recipient support for the program. A survey of loan recipient files showed loans going to low income families with few assets. Although half the loans went to married couples, a substantial number of loans went to divorced women and widows. The majority of rehabilitated homes were over fifty years old, and their median assessed value was $16,500. Secondary data was also used to look at outside perceptions of changes taking place in loan neighborhoods. Real estate trends and mortgage and home improvement loan activities suggested that the impact of the government loan programs has not yet been substantial enough to trigger changes in private policies related to the neighborhoods.

Primary data for the study came from a random sample survey of four hundred persons in four Portland neighborhoods. Two neighborhoods, one in the north section of the city and one in southeast, where loans have been given, were paired with two control neighborhoods where loans were not available. The survey instrument used contained 72 variables chosen as capable of determining what the impact of the loan program has been on loan recipients, their neighbors, and their neighborhoods.

Four outcomes could have stemmed from the loan programs. The first possibility was that people living in the neighborhoods where Housing and Community Development loans have been granted should feel more positive about their neighborhood than those not living in HCD neighborhoods. A second consequence could have been that HCD neighborhoods are upgrading socio-economically. Third, HCD neighborhood residents simply may not have perceived improvements in their neighborhoods, or fourth, even if they perceive improvements, they do not show significantly higher levels of satisfaction with their neighborhoods than holds true for respondents living in the control neighborhoods.

The data indicated that although residents in HCD neighborhoods do perceive improvements taking place in their neighborhoods, their levels of satisfaction with their neighborhoods are not significantly higher than satisfaction levels in non-loan neighborhoods. Socio-economic changes may be taking place in the Southeast HCD neighborhood. As for the loan process, the program was rated highly by the recipients of the loans, both in in-house evaluations done for the Portland Development Commission and as reported in the neighborhood survey.

The study concludes that the city's efforts provided a solid first step in developing a strong commitment to strengthening inner city neighborhoods, but it is only a first step. A stronger commitment, particularly on the part of private industry, is needed to end urban neighborhood decline.

TO THE OFFICE OF GRADUATE STUDIES AND RESEARCH:

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CHAPTER I

INTRODUCTION

Neighborhood deterioration has increasingly been the focus of public policies aimed at saving urban areas. As policymakers have come to recognize the close relationship between neighborhood decay and urban decline generally, neighborhood stability has been viewed as pivotal in attempting to ensure a healthy metropolis. As recently as November, 1978, a nationwide Gallup Poll found that a diverse cross section of federal officials, academics, and community leaders saw neighborhood-based revitalization as the best hope for saving American cities which have been crippled over the past two decades by racial tensions, flight to the suburbs, and declining tax bases (Christian Science Monitor Reprint, November, 1978:36). Historically, European cities have shown that the pride connected with one's home and immediate environment constitutes a powerful source of positive feelings toward one's community (Whitbread, 1977). Similarly, the future of U.S. cities may well depend on the attitudes of those living in them, since residents' evaluations of their own neighborhoods as places to live undoubtedly influence their confidence in their city's future. With increased confidence can come a healthier economic base, increased tax revenues, and better services.

In 1974, the federal government gave heavy priority to programs directed at stabilizing neighborhoods facing decline. The Housing and Community Development Act of that year was heralded as a comprehensive approach to the problem of urban decay. Community development block grants were funneled to cities which would, in turn, develop and implement policies providing for suitable housing and expanded economic activities primarily in urban neighborhoods.

In response to such directives, the city of Portland, Oregon developed goals aimed directly at the rehabilitation of inner city residential areas. Like many American cities, Portland has experienced a growing shortage of housing since World War II, both in the downtown area and in surrounding urban neighborhoods. The loss of housing due to redevelopment efforts and neglect have made this condition particularly acute. In excess of 70% of the city's housing is over 35 years old, and it is estimated that some 15%, or 27,000 units, did not meet minimum housing codes in 1970. Such statistics coupled with estimates of high costs of new construction led the city to focus on rehabilitation as the key to achieving a suitable living environment in the metropolitan area.

The neighborhood unit was central to Portland's basic rehabilitation policy. In 1975, Portland's Office of Planning and Development released a Community Development Block Grant proposal specifying the selection of "a few neighborhoods each year which could demonstrate the possibility of stabilizing population and housing trends" (Community Development Block Grant Plan, 1975:5). The Portland Development Commission was charged with implementing four subsidized homeowner loan programs which were instituted as a means of financing the rehabilitation work. Deferred Payment Loans, or DPLs, were aimed especially at low-income households. To be eligible, a family of four could not have a household income in excess of $7,688 in 1976. The loans did not have to be repaid until the home was sold or transferred to a new owner. The purpose of the DPLs was to provide interest-free financing for meeting local housing code requirements. Locally funded HCD-3 and federally funded 312 loans were also intended to bring property into compliance with the city codes. In contrast to the DPLs, these two loan types charged an interest rate of up to 7½% and had to be repaid within a twenty-year period. A fourth loan, the Public Interest Lender loan, could also be used for refinancing. PIL loans carried a 6½% interest rate and were to be repaid within 20 years.

The first loans were awarded in the fall of 1975 and in the initial three years as dispensor, the Development Commission processed over 3500 loans worth $14.5 million in 14 neighborhoods. Additional multi-family rehabilitation efforts brought the dollar figure to over $22 million. A recent federal survey of nearly 1,500 cities showed that Portland was able to rehabilitate twice as many units with half the funding as the second best city in the survey (Portland Development Commission, 1978:1).

CONTEXT

The purpose of this study is to evaluate Portland's Housing and Community Development rehabilitation loan programs in two ways. The first type of evaluation is process evaluation. Process evaluation looks at the workings of the program itself: Does it run smoothly? Are there any gaps in the program set-up? Are the program recipients pleased with the program?

The second type of evaluation, and the one central to this study, is program evaluation. Here the goals of the program are compared with program outcomes. Although targeting federal funds to localities which show high levels of need as measured by indicators of physical and social distress is important, it does not guarantee that such assistance actually alleviates the physical distress identified or necessarily benefits low or moderate income people (Keating and Legates, 1978:703). This study is aimed at assessing the impact of Portland's loan program on loan recipients, their neighborhoods, and their neighbors to find whether physical distress in the neighborhoods as defined by the Portland Development Commission has been alleviated and to discover whether the programs have indeed benefited low and moderate income families.

EVALUATING THE LOAN PROGRAM

Process Possibilities

The success of any rehabilitation program rests on two major factors. The first is process, the second impact. For Portland, the rehabilitation loan process, as described in Chapter IV, was one which combined elements from earlier rehabilitation programs undertaken here and elsewhere with several entirely new elements, such as the manner in which neighborhoods were selected for the Housing and Community Development program. Before the impact of the loan programs could be evaluated, the process itself needed to be studied for its comprehensiveness and for recipient response. In terms of comprehensiveness, several questions needed to be addressed. Were areas where rehabilitation was to take place carefully selected? Were affected residents prepared? Was financing and other forms of assistance such as counseling available?

Looking at loan recipient evaluations of the process, several possibilities existed. The loan process could have had internal problems such that people would be unwilling to recommend the program to others. Their unwillingness would suggest that the process as it existed was defective. Or the process could have isolated internal problems, but not enough to warrant a negative response by loan recipients when asked whether they would recommend the program. There might not have been any problems with the loan process as suggested by recipients reporting that they would highly recommend the program.

Program Possibilities: Who Benefits

Two types of possible program outcomes were evaluated in this study. As suggested above, the first revolved around the issue of "who benefits?" The second is more attitudinal and related to resident perceptions of neighborhood change that resulted from the loan programs.

Defining the socio-economic characteristics of the recipient population helped to isolate the types of families living in Portland benefitting from the program as well as the kinds of homes in which they lived. Were recipients low and moderate income as defined by the Housing and Community Development Act of 1974? Were their families large or small? Were they employed, unemployed, retired? Were they young professionals just starting out on their careers or were they "blue collar" families facing the same income and job situation indefinitely? Were their homes in serious need of repair or were minor repairs needed? Were they older homes? These are the types of questions which were addressed and are reported in Chapter VII.

Program Possibilities: The Neighborhoods

The central question of this study was how the loan programs have affected the neighborhoods themselves. More specifically, the central issue was whether or not people's attitudes have changed toward their neighborhoods as a consequence of Portland's loan programs. Any observed improvements in people's feelings about their neighborhoods would suggest that the loan programs have attained the community development goal of protecting those neighborhoods from decline

> "because a resident's attitude about his neighborhood is at least as important as the physical quality of that neighborhood, and because his attitudes must be positive if he is to invest his resources--time and money--in that neighborhood." (Community Development Block Grant Plan, 1975:5)

To provide a framework for testing the impact of the city's loan programs on the recipients and their neighborhoods, several hypothetical situations were considered which could have developed as a consequence of such governmental activities. The first possibility was that people feel better about their neighborhoods as a consequence of the loan activities and are therefore more willing to remain where they are, enhancing neighborhood stability. A number of studies have isolated neighborhood conditions as being a most important factor in determining how people feel about where they live (Michelson, 1966:355-360; Peterson, 1967:19-33; Buttimer, 1972:299-318). Persons living in a substandard inner-city neighborhood where a substantial number of improvements are taking place should feel more positively about their neighborhood. They should perceive that others are willing to invest in the neighborhood, ensuring a healthy future (Lansing et al., 1971:145). In this situation, people living in HCD neighborhoods will rate the quality of their neighborhoods more highly than those living in non-HCD neighborhoods.

In addition to the positive feelings towards one's community that came with home ownership alone, the pride connected with one's home constitutes a powerful source of positive feelings towards one's community. It can ward off the ill-effects of age, social class, crowding, and other environmental changes that come with modernization (Whitbread, 1977:149). The pride stemming from the accomplishment of HCD-funded home improvements should lead to a stronger identity with, and concern for, the homeowner's neighborhood. Further, even if a person in the HCD neighborhood has not applied for or been granted an HCD loan, the accomplishment of others' home improvements should lead to perceptions of a more satisfactory environment.

> OUTCOME POSSIBILITY I:
> If a person lives in a neighborhood where HCD loans have been granted, then his/her perceptions of the quality of his/her surroundings, i.e. home and neighborhood, will be more positive than those of a person not living in an HCD neighborhood.

A second consequence might be that HCD neighborhoods have been upgraded socio-economically. That is, people having a significantly higher socio-economically status in terms of income, occupation, and education level may have moved into the HCD neighborhoods as a result of HCD-related improvements. Higher prices for suburban homes and rising energy costs mean that inner-city neighborhoods which show signs of upgrading offer increasingly appealing living environments.

> OUTCOME POSSIBILITY II:
> Neighborhoods where HCD loans have been granted experience in-migration of higher socio-economic status households.

It is possible that people do not perceive improvements taking place in their neighborhoods.

> OUTCOME POSSIBILITY III:
> HCD neighborhood occupants do not perceive changes in their neighborhoods.

Or, even when they have noticed changes, they do not show significantly higher satisfaction levels with their neighborhoods.

> OUTCOME POSSIBILITY IV:
> HCD neighborhood occupants, perceiving changes in their neighborhoods, do not feel better about their neighborhoods than non-HCD neighborhood residents.

Finally, Outcome Possibility II, socio-economic changes, could have occurred with any of the other outcomes.

STUDY FORMAT

The next two chapters provide a backdrop against which Portland's rehabilitation loan program can be evaluated. The first traces the responses tried by the federal government to combat urban decay. It demonstrates that the use of rehabilitation as a policy tool grew as other types of policies failed to deal with urban neighborhood decline. Chapter III outlines lessons learned from earlier rehabilitation efforts and offers criteria which can be used for evaluating the program Portland developed for confronting neighborhood decay.

Although the discussion of earlier rehabilitation project evaluations and the historic context are necessary for broadly defining the progress of neighborhood rehabilitation policies, only a specific discussion of Portland's program can offer the detailed backdrop needed for understanding the conclusions derived from this piece of research. Chapter IV describes Portland's translation of the goals and objectives of the Housing and Community Development Act of 1974 into a local policy of neighborhood rehabilitation spearheaded by the Portland Development Commission. The five components of the city's policy, her objectives, goals, line of action, intent, and implementation of that intent are all examined. From there, Chapter V describes the methodology used for this piece of research. That chapter is followed by several chapters which report research findings regarding Portland's loan process and program outcomes. Finally, Chapter XII offers a summary and conclusions derived from this piece of research.

CHAPTER II

BACKGROUND: URBAN DECLINE AND FEDERAL POLICIES

Neither a process nor an impact evaluation of any program is possible without a clear understanding of the problem that program is addressing. Because the present national goal of urban rehabilitation revolves around the issue of urban neighborhood decline, this chapter first provides a discussion of the dimensions of neighborhood decay. From there, federal policies aimed at urban deterioration are discussed. The emphasis on the part of the national and local governments on a rehabilitation approach to decay came out of several earlier approaches to urban decline undertaken by the federal government since the 1930's. This chapter traces those policies to demonstrate the manner in which rehabilitation came to be upheld as the primary policy tool to be used in the 1970's. The failings of earlier policies led to an effort on the part of Congress to incorporate lessons learned from those programs into a "clean" focus on urban rehabilitation in the Housing and Community Development Act of 1974, a focus which offers criteria against which Portland's program of neighborhood rehabilitation can be evaluated, both in its impact on the neighborhoods and as regards to its process.

THE NATURE OF THE PROBLEM

With the advent of the Housing Act of 1949, Congress established the goal of providing all Americans with decent housing in "decent surroundings of their own choosing, at rents or prices they could afford"

(Hartman, 1975:1). The substandard housing that still exists means that we have not achieved those ends as a nation. However, the problem of neighborhood decline is more complicated than just poor housing. Local governments are involved through service delivery, investment, zoning, and taxation decisions. Financial institutions play a part through their willingness or reluctance to supply credit. Realtors, investors, appraisers, businessmen, and homeowners exert a significant influence through their decisions to invest in particular districts.

Actual neighborhood decline is the result of many variables, perhaps best understood in light of the dynamics of the housing market. Within any given market, neighborhoods may be thought of as being in competition for residents. Changes in one location may directly or indirectly affect the demand for housing in other areas. Neighborhoods decline because they lose their competitive edge, passing through a series of stages from health to stagnation (Jacob, 1961; Greer, 1965). This decline is in itself a many-sided phenomenon. Local properties physically deteriorate by reason of age, inadequate maintenance, and misuse. Clearly declining neighborhoods can oftentimes be spotted by structures with obvious physical deficiencies: some are deteriorated, others show signs of neglect. Community facilities and street patterns become obsolescent due to changing patterns of living related to shopping and transportation. For example, the simultaneous development of shopping centers, increased access from the suburbs to downtown, and relocation of jobs out of the central business district that occurred after World War II negatively influenced demand for housing in older inner-city neighborhoods.

Neighborhood erosion has social features as well. Deteriorating neighborhoods experience accelerated immigration of lower income, less educated families and the exodus of higher income, better educated families, with a corresponding lowering of general community tone and morale. Changing age characteristics indicate invasions of young, family-raising groups and the evacuation of older households, placing increasing stress on neighborhood infrastructure as well as on the area's housing stock (Hartman, 1975:2). Often erosion is race related. The growth of non-white demands for housing in traditionally all white neighborhoods has been documented as triggering periods of transition in those neighborhoods characterized by hostility, violence, and panic sales (DiDomenico, Anita, 1978:12).

Buildings in declining areas tend to be overcrowded, as it takes more low-income persons to pay for the upkeep of the same housing abandoned by higher income groups. More properties are purchased by absentee landlords who can increase their profits by converting homes to multi-family use, consequently, maintenance costs rise sharply with all neighborhood owners fearing for their investments (Denver. Office of Policy Analysis, 1977). Increases in crimes against persons and property correlate highly with neighborhood deterioration (Jacobs, 1961).

Decay has political attributes. Neighborhoods in transition tend to be inhabited by people with little political clout, leading to neglect by public agencies. As a consequence, such areas usually experience a breakdown in the enforcement of building codes and zoning laws. Public service delivery becomes inadequate relative to the needs of the incoming population (Downs, 1970).

Urban decline is intimately linked to the availability of institutional mortgage credit. Investments decline in the neighborhood as decay increases. The housing market deteriorates to the point where the areas find themselves boycotted by the normal sources of monies for purchasing and repairing residential structures. High-interest short-term loans become the most common source of financing for the low-income families moving into the neighborhoods, adding to the erosion.

Once begun, the decay process tends to accelerate and reinforce itself. Without financial investment, neighborhoods are left facing physical deterioration. Support service programs tend to be social services such as welfare rather than physical, or economic (Baroni and Kollies, 1978:16). Existing housing units continue to deteriorate with little rehabilitation or development of new housing. Political and social forces push the neighborhood further down the ladder (Keyes, 1969:25). In the last stage of decline, buildings are severely dilapidated and many are abandoned--demolitions have left littered vacant lots. Life in what is left of the neighborhood is characterized by futility, fear, and apathy (M.I.T., 1979:13). Halting the process before that last stage is reached becomes a formidable task.

FEDERAL POLICY

As a nation we have tried many different kinds of programs to protect urban neighborhoods from decline, to stem any decay which has already taken place, and to redevelop decayed areas. From the first, planners have believed strongly in the reforming qualities of improved neighborhoods. In the words of Le Corbusier, the noted architect, "Reform the conditions of habitation and you can eventually improve man's behavior" (Weicher, 1976:181).

Although most "housing" policies of the time focused on salvaging lending institutions, the onslaught of the Depression made it apparent to some government officials that without substantial outside help many Americans could not afford adequate housing in a decent environment. For those officials, the initial impetus for aid was largely humanitarian and based on the widely held observation that families with inadequate housing, in substandard neighborhoods, were often prey to problems of poverty, crime, and bad health. A national housing policy was regarded as a useful, if partial, solution for the problems of both poor housing and urban decay (Saffran, 1976:234-235). It was thought that government intervention could overcome the faulty workings of the private market. Catherine Bauer, as one official concerned with housing, expressed this feeling in her testimony before the Senate Committee on Education and Labor, June 4, 1935:

> Part of the housing problem is a simple economic fact: Ordinarily private enterprise is totally unable to provide adequate new housing at a rental or sales price which families in middle or lower income groups can pay. This situation is apparently permanent in our national economy (Semer et. al., 1976:115).

Further impetus for intervention stemmed from the desire to rescue downtown business areas from economic and physical decay (Saffran, 1976: 234-235).

Prior to the Housing and Community Development Act of 1974, rehabilitation efforts played a minor role in the many government approaches to urban improvement. Because no government agency had authority to undertake slum clearance, let alone rehabilitaté buildings, low-interest mortgages and construction subsidies provided much of the focus for the National Industrial Recovery Act of 1933 (Semer et. al., 1976:84-87).

The National Housing Act of 1934 contained a Title I guarantee which specifically assured payment of loans made for the purpose of home improvement (Curtis et. al., 1969:751). The major thrust of the Act, however, and of those which followed closely thereafter, was to refinance homes that were lost due to the Depression. Under the Act, the Home Owners Loan Corporation made loans to save the homes of millions of families whose mortgages had been foreclosed. It should be noted that as a byproduct of this activity, HOLC did make some loans for the repair, modernization, and improvement of residential properties, though those numbers are not significant (McFarland, 1965:4). The insurance schemes guaranteeing mortgages and rehabilitation loans went to people through private agencies. In so doing, they supported the preference of private lenders for new houses, for single family houses, for younger families, and for white families. That left out most inner city neighborhoods faced with decay (Greer, 1965:134).

The Housing Act of 1937 provided some additional funding for Title I. In addition, the Act directed attention toward the development of public housing and slum clearance, a theme which was elaborated by the Housing Act of 1949.

With the Housing Act of 1949, the government established a national goal of a decent home and suitable living environment for all Americans. To achieve that goal, a program of urban redevelopment or urban renewal was initiated. Whatever the goals on paper, from the outset urban renewal by-passed the issue of providing for decent housing in livable surroundings for all Americans. The programs implemented under urban renewal were middle-class in orientation and geared to helping downtown businesses more than anything else. Programs established by the Act allowed a Local

Public Agency (LPA) to take privately owned urban land by the right of eminent domain, clear it of structures, and sell it to private developers for the construction of new residential buildings. Such development was aimed at providing more and better housing through the spot removal of residential slums. Yet there was no necessary link in the redevelopment program between the original downtown dwellings and the units that went up in their places. For the most part, low-cost housing was replaced with middle class housing or office space (Keyes, 1969:3).

Urban renewal did not save existing urban neighborhoods or prevent decay (Anderson, 1964; Greer, 1965; Wilson, 1966). Further, in a study of urban renewal in Boston's West End, Herbert Gans concluded that severe unanticipated social costs were imposed as a result of the so-called redevelopment of that community. Ironically, the reduction in social costs associated with the removal of "slums" had been one of the primary justifications for urban renewal.

Ultimately, the bulldozing approach that came to be associated with urban renewal seemed to hurt urban areas more than it helped them. By the mid-nineteen fifties, local governments were asking for a different way to save their communities. As Charles Abrams (1965:86) reports, by "1954 urban renewal lay in the dumps. Some 211 localities were interested but only 60 had reached the land acquisition stage....The passage of five years with almost nothing to show for all that fanfare was hardly progress."

In response to acknowledged deficiencies in the 1949 Act, amendments were offered in 1954 which transformed the program from one aimed at bulldozing residential slums to one concerned with conserving the existing stock of housing. And since substandard houses tend to cluster by area, substandard areas became the focus of conservation efforts. Rehabilitation started to enter the lexicon of federal agents. Housing shortages, projected population growth statistics, and realistic production expectations meant that dilapidated and basically unsafe inner city dwelling units would be the only homes available for millions of low and moderate income families and individuals in the foreseeable future, even with urban renewal.

Following the failures of earlier urban renewal efforts, the advantages of rehabilitation started to become apparent. Rehabilitation could save structurally sound buildings. Many venerable buildings have certain amenities that could not be feasibly duplicated by current construction methods, such as large rooms, high ceilings, hardwood trims, stained glass windows, etc. These could be saved. Rehabilitation could protect the network of physical and social infrastructure already developed in older neighborhoods. It could reduce the need for relocation. Since at least the shell of the buildings remained, rehabilitation would be cheaper and faster than new construction. It could have a bandwagon effect, in that property owners adjacent to rehabilitated areas were likely to undertake improvements of their own. Finally, some felt that rehabilitation would be most appropriate for neighborhoods where conditions were declining, but where the housing itself was still generally sound (Wexler and Peck, 1975:30). As recently as 1967, former HUD Secretary Robert Weaver strongly supported rehabilitation efforts before the Senate Committee on Banking and Currency when he stated that:

> Through this route, decent housing can frequently be provided for one-half or less of the cost of new construction. This makes it much easier to bring acceptable housing within the means of the urban poor. Thus, residential rehabilitation is one of the best

> and quickest means of increasing the supply of decent housing for families of low income. The substantial economic and human costs of the family displacement caused by redevelopment and new construction are also eliminated or substantially reduced by rehabilitation. Rehabilitation is particularly appropriate for serving the housing needs of large families of low income. Existing buildings susceptible to rehabilitation are often ideally suited in size and spaciousness for housing families with many children, at costs which can be brought within their means (Center for Community Change, 1978:3).

From the project planning basis of the 1949 Housing Act, to the Workable Program of 1954, to the General Neighborhood Renewal Plan of 1959 and into the 'sixties, the trend was to transfer the geographic scope of renewal projects from the plots of land chosen for their reuse value after clearance to total neighborhoods in which the preservation of that area's fabric became the basic concern (Greer, 1965:25), marking an important change in the attitude of Congress toward inner city neighborhoods. A melange of programs specifically intended for rehabilitating neighborhoods were introduced. Most focused on bringing mortgage funds into the renewal of slum housing. FHA mortgages were issued by private lenders, permitting relatively cheap, long-term credit. Direct federal loans were offered for rehabilitation. Outright grants to low-income homeowners were aimed at helping them remodel their quarters on an individual basis. No one presumed that rehabilitation would be easy:

> For maximum and assured success, action must be taken as a united community enterprise, based on broad, carefully planned patterns, experienced technical guidance, include detailed recommendations for repair, directly or indirectly provide a financing medium easily and cheaply available to those who cannot themselves supply the funds necessary to defray the cost of such repair and reconstruction, deal with community problems such as opening and closing streets, establish recreational areas... with sympathetic and continuously energetic leadership

(McFarland, 1965:7).

From 1954 to 1961, 155 "rehab" projects were undertaken in 117 localities, rehabilitating 97,821 dwelling units. Typically, a rehabilitation project involved two and sometimes three levels or standards of improvement. At the first level, structures were improved to meet local housing codes and ordinances. At the second level, housing was improved so that it met FHA physical standards. Finally, urban agencies often developed their own safety standards which were higher than either of the other two.

Yet the programs were hamstrung by complicated bureaucratic procedures, weakened by timid lenders and administrators and severely strained by paltry appropriations (Berger et. al., 1969:751). As an example of complicated procedures, although projects were to be initiated at the local level, they had to be passed upon by the federal government at many points. A "planning advance" first had to be applied for so that a detailed plan could be worked out. That plan then had to be evaluated according to financial feasibility, local political commitment, and whether or not it was indeed "workable". To prove a plan was workable, local governments had to fulfill seven major requirements, including the development of adequate housing codes and ordinances, a comprehensive community plan for land use and public capital development, neighborhood analyses to determine where blight existed, an administrative organization adequate to an all out attack on slums and blight, a responsible program for relocation of displaced families, a citizen participation procedure for the entire program, and finally financial resources for carrying out all of the above. Such requirements meant coordinating the efforts of the local city council, various departments within city hall (code inspection and enforcement, assessment, land use planning and zoning), as well as different levels of local government (state, municipality, county). Equally important, it required the cooperation of neighborhood residents, owners of property to be rehabilitated, and investors in the real estate market (Greer, 1965:9-35).

Local program administrators tended to be timid, since most were appointed officials of local governments with no strong rights of tenure. They held their jobs by the will of a diverse set of political leaders, and taking any major steps toward rehabilitating low-income housing risked losing that political support. Moreover, though laws for maintaining and upgrading housing may have been on the books in most cities for some time, the laws were difficult to use because of weaknesses in the legal structures for enforcement (Greer, 1965:36).

As for private lenders getting involved in rehabilitation, most of them viewed rehabilitation as a risky business. Even if the prospects of repayment of the loan were very high, the lending institutions would still not find it appealing because the amount of the typical loan would be so low that the profit they could make on the loan would not justify the cost of writing it (Anderson, 1964:158).

Finally, Table I offers an example of the paltry appropriations mentioned above. For a typical urban renewal project, rehabilitation accounted for less than 1% of the total appropriations. By December 1962, 225 urban renewal projects had involved some rehabilitation efforts. Where the total number of housing units in the projects numbered 148,000, only 17% had been rehabilitated (Housing and Home Finance Agency, 1962:286). During the same period, all elements of housing costs, e.g., financing, maintenance, and property taxes, continued to rise steadily, leaving most housing for low and moderate income families across the country in intolerable condition. Garbage-strewn buildings with broken stairs and handrails, nonfunctioning furnaces, hazardous wiring, poor insulation, and leaky roofs were commonplace (Phillips and Bryson, 1971:835).

TABLE I

BREAKDOWN OF GROSS PROJECT COST OF FEDERALLY AIDED URBAN RENEWAL PROGRAMS AS OF DECEMBER 31, 1962

	Amount (millions of dollars)	Per Cent
Gross Project Cost	$2,966	100
Real Estate Purchases	1,981	66.8
Site Improvements	304	10.3
Supporting Facilities	275	9.2
Interest	110	3.7
Site Clearance	83	2.8
Administration and Overhead	79	2.7
Survey and Planning	49	1.7
Other and Miscellaneous	48	1.6
Relocation	16	.5
Inspection	16	.5
Rehabilitation	5	.2

Source: Urban Renewal Administration (1962). Urban Renewal Project Characteristics. Washington, D.C. p. 16.

In the years 1950-1960 alone, 2.25 million standard dwelling units became substandard and another 1.5 million substandard units were constructed (Anderson, 1964:149).

In spite of Secretary Weaver's statement reported earlier, few efforts at rehabilitation occurred in the 'sixties. Even with urban renewal, the Kennedy administration was confronted with increasing urban deterioration. In his housing message of 1961, Kennedy acknowledged the need for stronger actions on the part of the federal government: "We must move with new vigor to conserve and rehabilitate existing residential districts" (McFarland, 1965:102). The Housing Act passed during his tenure reaffirmed the federal government's commitment to a broad program of urban renewal, finally putting as much stress on rehabilitation as on clearance. New legislative tools to make rehabilitation efforts more effective were added. FHA programs were further liberalized to help finance remodeling efforts. Below Market Interest Rate Loans for rehabilitation were granted for nonprofit, limited dividend, or cooperative organizations. Yet considerable frustration was experienced among those directly concerned with rehabilitation. In most places, despite much planning, zeal, and effort, progress was disappointingly slow. Altogether, the Kennedy administration accounted for only several thousand rehabilitated units.

Considerable progress was made during the Johnson administration by comparison. Taking full advantage of the overwhelming Democratic majority in Congress, Johnson was able to win Congressional approval for a number of measures of critical importance to the cities. The Housing Act of 1964 authorized a new low interest rate (3%) direct loan program to finance rehabilitation in urban renewal areas and contained several provisions designed to encourage and assist code enforcement efforts. A revolving fund of $50 million was authorized for these loans in 1964, rising to $100 million per year in 1965 (Weicher, 1972:9). Section 312, introduced by the 1965 Housing Act, provided low-interest loans generally intended for the rehabilitation of one to four unit buildings by owner-occupants or absentee owners of houses in urban renewal or federal code enforcement areas. Section 115, introduced the same year, provided rehabilitation grants to families with under $3,000 annual income. In the face of continued slow production of rehabilitation units, the federal government made several attempts to help develop a large scale housing rehabilitation industry. Ten percent of all urban renewal funds (about $300 million out of $3 billion for fiscal year 1966 through 1969) was devoted to rehabilitation grants or loans for low income homeowners (Weicher, 1972:9). It was believed that an important advantage of large scale activity was that savings could be realized and passed on to low income consumers of housing. Thus several major demonstration programs were undertaken in Chicago, Philadelphia, New York, and Boston (Wexler and Peck, 1975:102).

Despite such increases in federal programs, urban discontent mounted. Verbal complaints turned into overt action as black poor violently expressed demands for a more meaningful and effective government response to the erosion of their neighborhoods. In reply, Johnson offered a "comprehensive approach" for dealing with urban decay.

One of the last acts of the Eighty-Ninth Congress was to pass the Demonstration Cities and Metropolitan Development Act in the fall of 1966. The Model Cities program, a key feature of the Act, had a central goal of saving urban neighborhoods. Although rehabilitation was stressed, the program formally recognized that revitalization of the physical contours of a residential district was not a sufficient mechanism for bettering the lives of all groups living in that area. So Model Cities was aimed at improving the total quality of life within specific target neighborhoods by emphasizing a coordinated approach to the social and physical problems of older urban neighborhoods. With strong backing from the White House, the Department of Housing and Urban Development would channel the existing flow of federal resources from other agencies into selected poverty neighborhoods where a great concentration of effort could demonstrate significant results (Frieden and Kaplan, 1975:5). The program would "rebuild and restore entire sections and neighborhoods of slum and blighted areas through the concentrated and coordinated use of all available federal aids and local private and governmental resources... necessary to improve the general welfare of the people living or working in the areas" (U.S. Congress, House Subcommittee on Housing of the Committee on Banking and Currency, 1966:2).

Model Cities was a colossal failure. The resistance of administrators, the rigidities of the programs and procedures, and the competing claims of other constituencies all interacted in varying ways to frustrate program supporters' hopes for success. Lack of support from the White House was added to thinned out appropriations of $900 million to be spread out over 66 cities for a six-year period (The administration had requested $2.3 billion). How participating cities would be given special priority was never worked out. In fact, just the opposite happened:

> Your committee...wishes to make very clear its intent that the demonstration cities program will not in any way change the flow of funds, as among cities, under existing grant-in-aid programs. The demonstration cities program does not provide any priority in the use of existing Federal grant-in-aid programs for cities which participate in the demonstration program (House Committee on Banking and Currency, 1966:15).

Program-related issues were never resolved. For example, it was never clear whether Model Cities was really a demonstration or national program. No one was ever sure whether its main purpose was to test innovations or to help slum dwellers catch up with the rest of society. It was never certain whether the program could secure the necessary federal resources without raising havoc among other users of grant-in-aid programs.

Effective coordination of existing federal programs was never achieved. Fear of being charged with encroachment on the turf of local governments made many federal agencies wary of offering assistance. Finally, neither the Model Cities legislation nor later HUD guidelines provided the cities or federal departments with precise work programs.

In 1968, Congress contended that:

> This (1949) goal (of a decent home in a decent neighborhood) has not been fully realized for many of the nation's lower income families; that this is a matter of grave national concern; and that there exists in the private and public sectors of the economy the resources and capabilities necessary to the full realization of this goal (Downs, 1970:115).

That year, congressional leaders called for the further production of 26 million new and rehabilitated housing units by 1978 (Nenno, 1978:342). We have fallen far short of this goal. Some of the failure was due to President Nixon calling a moratorium on national housing programs in 1973. High costs of housing materials, land, labor, and a shortage of skilled rehabilitation workers also hurt production. Only 17.5 million new or rehabilitated units were finished by 1978. The biggest shortfall was where assisted housing was to be offered to low and moderate income families. Less than half of the six million housing units prescribed for the poor were ever built (Nenno, 1978:342). The Joint Center for Urban Studies at M.I.T. and Harvard estimated in 1973 that in that year as many as 16.8 million families lived in substandard housing, most of it urban. Further, more and more households were facing substandard housing in deteriorating neighborhoods simply because the income of the household could not keep up with rising housing costs (Nenno, 1978:342-346). Regardless of the community improvement programs, minimal lasting and positive impact was made on neighborhoods by any federal program.

Looking at 1974, the year the Housing and Community Development Act was finalized, housing starts had fallen to a four and a half year low. The number of new housing units in that year was 1,336,300 compared to over two million in 1973 and 2.6 million in 1968. High interest rates were keeping all but the middle class out of the housing market, where the median price of a new single family home was $37,000 (Congressional Quarterly, 1974:341-342).

Both President Nixon and Congress supported the concept of a new comprehensive approach to urban problems. Nixon charged that under the last "comprehensive" approach only a few low income families in a few arbitrarily selected communities could live in federally supported substandard housing, while most people living in decayed or decaying areas were ignored:

> The present Administration and the Congressional Committees having jurisdiction in this area have also chosen to pursue a strategy that strongly favors preservation over production. Like 1973, the call has been sounded in the bureaucracy for new ideas and methods. In the area of research, however, what was true in 1973 still prevails. There is very little that might be undertaken that critics of the Department could not describe as warmed over versions of previous approaches,,which themselves did little to change the industry (The Department of Housing and Urban Development, 1974).

Recognizing that in 18 years, urban renewal had accounted for only 180,000 rehabilitated housing units nationwide, the President called for a return of the control of the community development to the communities themselves and stepped up rehabilitation efforts. The chapter that follows outlines the response of Congress to that call. As will be seen, delegates built on lessons learned from earlier renewal policies to develop a "new" streamlined approach to neighborhood decline in the Housing and Community Development Act of 1974.

CHAPTER III

DEVELOPING CRITERIA FOR EVALUATING PROCESS AND PROGRAM IMPACT: THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

In responding to Nixon's call for a new approach to urban problems, Congress benefited from a number of evaluations of earlier rehabilitation efforts. Urban research had identified several factors which enhance the success of rehabilitation schemes.

The Boston Urban Renewal Project, for one, has been widely studied. In that program, 2,700 housing units were rehabilitated by five builder-developer teams. Structural elements were repaired and refinished, new plumbing was installed, and the homes were rewired. Although two thousand units were rehabilitated in eighteen months alone, BURP had some huge problems. First, relatively expensive buildings were rehabilitated. In their eagerness to do the job quickly, contractors did not search for less expensive buildings probably in poorer structural condition. As a result, many of those assisted by the project were not those most in need, and in at least one neighborhood the program led to a decline in the amount of low cost housing available.

Langley Keyes (1970:84) from the Joint Center for Urban Studies at Harvard, listed a number of modifications which might have made BURP more successful. Basically, he argued that neighborhood people should have been trained so that they could take part in the rehabilitation efforts. Community support was essential. He concluded that without the BURP process modified with the lessons learned in Boston, "there is little hope of ever doing rehabilitation on a scale that can turn a neighborhood around."

In an earlier study for the Douglas Commission, the Boston Municipal Research Bureau examined nationwide experience with loan and grant programs where code enforcement was used as the primary focus of rehabilitation efforts. The Bureau found that the increase in market values yielded from the use of loan and grant funds generally did not exceed the actual costs of rehabilitation. It also concluded that the maximum grant, which was $1,500 at the time, was not sufficient to bring homes up to code standards and that this resulted in administrators approving work that was not adequate.

As for citizen involvement, in a study of housing development corporations operating in the south end of Boston, the Housing and Community Research Group argued that efforts to activate neighborhood organizations toward rehabilitating housing often lead to high resident expectations and low performance levels. Not only did the efforts of the corporations they studied have no significant impact on neighborhood housing, but they may have deflected attention from more basic remedies like changing property tax incentives.

Paul Niebank and John Pope (1968) examined a Philadelphia rehabilitation effort, the Queens Village, Inc., housing development corporation. This group did not achieve its production goals and had difficulty selling units. The authors felt that the critical problems in that instance were the inexperience of the sponsors and contractors and a lack of special rehabilitation-construction methods.

John Kenower's report on a group of non-profit housing rehabilitators located in Providence, Rhode Island reached somewhat more optimistic conclusions. While the Rhode Island effort failed for the same reasons as those mentioned above, the efforts of a similar project in Springfield, Massachusetts fared considerably better. Kenower accounted for Springfield's success in terms of the neighborhood, i.e., housing that was still structurally sound, FHA cooperation, an effective community relations policy, and sufficient subsidies (Wexler and Peck, 1975:107).

CRITERIA FOR EVALUATION

Based on these studies, a number of factors appear to be necessary to successful rehabilitation undertakings. Careful and detailed study of the social and economic feasibility of rehabilitation is essential while the project is in its planning stage and before extensive federal and local commitments are made for its execution. Such studies should cover the attitudes and characteristics of area residents and their capacity for supporting rehabilitation efforts. Detailed studies need to be made to discover the costs of the proposed rehabilitation. Are the incomes of owners sufficient to make payments on loans needed to finance rehabilitation? Can they maintain rehabilitation once the rehabilitation efforts are completed? Can tenants afford rents sufficient to support a higher investment by the owner? Explicit and reasonable standards need to be developed and worked out item by item.

Establishing rehabilitation standards in a rundown neighborhood calls for a difficult balance between the desirable and the possible. On the one side, standards must be compatible with the type of structures and land use found in older sections of the city and low enough so that residents can afford rehabilitation without excessive displacement. Yet they need to be high enough to provide decent, safe, and sanitary housing and give a reasonable promise of triggering a stable social and economic revival of the neighborhood (McFarland, 1965:1).

Time and time again, code enforcement has been held to be central to the success of rehabilitation efforts. Unless rehabilitation areas can get effective enforcement of building and zoning laws, not only within their boundaries but in surrounding communities as well, it is next to impossible to improve and stabilize the area.

Finally, successful rehabilitation rests on the assumption that property owners can find reliable contractors prepared to do the work. Yet the private rehabilitation industry remains one of the weakest links in the rehabilitation chain. Up to the 1970's, most American homebuilders have shown little interest in residential rehabilitation. So far, little entrepreneurial drive has been found, resulting in excessive rehabilitation costs.

So successful rehabilitation means training skilled manpower. It means strengthening the tools for neighborhood improvement, including better provision for public facilities and services, property owner counseling and assistance, and liberalized financing. Some urbanologists have argued that the powers of eminent domain need to be used to enforce rehabilitation standards. Others argue that basic changes are necessary in local, state, and federal laws to remove elements which reinforce the profitability of neglect, substituting affirmative inducements for property improvement. For example, tax structure changes might include tax decreases with increased upkeep of buildings of over a certain age.

Translated into the actual implementation stage, research suggests that five major steps constitute the groundwork necessary for any successful rehabilitation process:

1. Careful selection and delineation of the area where rehabilitation is to take place.

2. Appropriate preparation of affected residents.

3. Examination of economic and social characteristics bearing on the feasibility of rehabilitation.

4. Establishment of reasonable and specific physical rehabilitation standards.

5. Provision of means of financing and assistance to property owners to get the work done including counseling, work write-ups and assistance in applying for financing.

The program's impact should be felt most strongly by low and moderate income city residents living in homes in disrepair in neighborhoods facing decline. The repair of their homes through the rehabilitation program should help to save the physical and social structure of the neighborhoods, reducing the need for relocation either because of housing deterioration or because of unsupportable increases in housing costs stemming from the program.

Successful rehabilitation programs can produce a bandwagon effect where one improved home leads to others improving their homes as well. Finally, a successful neighborhood rehabilitation program should affect the attitudes of neighborhood residents. They should be aware of the improvement efforts taking place in their neighborhood, ideally leading to improvements in their levels of satisfaction with the neighborhood.

THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

Painfully aware of its failures in dealing with urban decline, Congress passed a comprehensive Community Development Act on August 22, 1974, authorizing over $8.4 billion for combating urban neighborhood decay. The combined action of passing the Act and appropriating funds for carrying out its objectives simultaneously marked the first time that congressional leaders had shown a serious commitment to solving the problem of housing and neighborhood deterioration (Nathan et. al.; 1977:219).

Called a charter for a new course in the nation's housing and urban aid programs, the bill substituted a community development block grant program for seven categorical urban aid programs: model cities, water and sewer facilities, open spaces, neighborhood facilities, rehabilitation loans, and public facilities. Seven national objectives were central to the Act against which the success of any rehabilitation program could be measured.

1. To eliminate slums and blight.
2. To eliminate conditions detrimental to health, safety, and public welfare, through code enforcement, demolotion, interim rehabilitation assistance, and related actions.
3. Conservation and expansion of the nation's housing stock.
4. Expansion and improvement of the quantity and quality of community services.
5. More rational utilization of land and other natural resources and better arrangement of needed activity centers.
6. Reduction of isolation of income groups within communities and promotion of an increase in diversity and the vitality of neighborhoods.
7. Restoration and preservation of properties with special value for historic, architectural, or esthetic reasons.

Makers of the bill were particularly concerned with low and moderate income groups, i.e., those whose gross incomes were not in excess of 50% of the median income in their communities at the time of the initial actions taken under the Act. These groups were to make up the recipient population of the HCD programs. Where home improvement was the aim, people with up to 80% of the median income were to be included. In Portland, Oregon that translated into a gross income of $10,950 annually for a four person household in 1975.

As suggested above, upgrading urban neighborhoods was given heavy priority. Congressional intent reflected an 80/20 breakdown in fund allocation to metropolitan and non-metropolitan areas. The Act's goal of a decent living environment for all Americans was to be accomplished through provisions for suitable housing and expanded economic activities. Increased public services were deemed important. The use of land was to be improved, and neighborhoods diversified. Buildings and areas with special properties were to be preserved. Existing housing programs were extended and reformed, and a new "Housing Assistance Payments" program received dominant emphasis as the major vehicle for federally assisted housing. Help could be provided to individuals through direct grants and loans, or as private loan subsidies or guarantees.

Local governments were given responsibility for the day to day operations of HCD. Every community was given automatic entitlement to federal assistance funds. If a local community were to reject this offer, it had to come through a deliberate decision to ignore its local housing and development needs. Housing assistance plans were to be developed from surveys of each community's housing stock and were to include evaluations of substandard housing and housing needs, as well as goals for the delivery of new and rehabilitated housing. Applications for community development block grant funds had to contain three-year community development plans and an annual community development program as well as the housing assistance plan (Nathan et. al., 1977:220). Funds were granted for broad categories of activities including the acquisition, renewal, improvement, and disposition of real property, some code enforcement, property demolition, and historic preservation. A fairly wide range of types of housing was made eligible for rehabilitation. Single family dwellings, multi-family structures, and hotels were all eligible.

The principle methods for providing rehabilitation assistance are summarized below: (Pennsylvania Department of Community Affairs, 1978:1-3)

1. Direct grant: The locality uses community development block grant funds to make direct loans to property owners to cover the cost of rehabilitation. The property owner is not required to make repayment.

2. Direct loan: The locality uses community development block grant funds to make direct loans to property owners to cover the cost of rehabilitation. The loans usually carry a lower interest rate (0-6%) and a longer term of repayment (7-20 years) than are available from private lenders. Loan repayments may be used to make new loans.

3. Conditional Grant/Forgivable Loan: A conditional grant must be repaid if the property owner does not meet prespecified conditions, such as occupying the property for a certain period of time. A forgivable loan does not need to be repaid if certain conditions are met, such as property occupancy.

4. Partial loan: A partial loan is made at below-market interest rates by the public agency to cover part of the cost of rehabilitation. The remaining part may be covered by a variety of

outside sources as determined by the property owner (i.e., savings, personal loan, etc.). Its effect is to reduce the total cost of the rehabilitation work.

5. Rebate/Partial Grant: The public agency uses community development block grant funds to make direct grants to property owners to cover part of the cost of rehabilitation. The remaining part is financed by outside sources of funds as with "partial loan", noted above. The public agency may give a rebate either before rehabilitation begins or after rehabilitation is finished.

6. Interest Subsidized Loan: A private financial institution makes the loan to the property owner at the market interest rate to cover the full cost of rehabilitation. Community development block grant funds are used to pay a portion of the monthly payment to the lender, thereby creating a below-market loan for the borrower. The public agency usually pays the total subsidy amount at loan settlement instead of making monthly payments.

7. Principal Subsidized Loan: The cost of rehabilitation is financed in part by a grant of community development block grant funds to the borrower. The property owner is required to make a monthly payment equal to the cost of the work financed at market rates.

8. Guaranteed Loan: Community development block grant funds are placed in a private financial institution and are used to guarantee either in full or part, conventional home improvement loans made to property owners at below market interest rates. The amount of community development funds used is equal to either 1) the full guaranteed amount of the outstanding principal balance of all guaranteed loans, or 2) a percentage of the guaranteed amount of the outstanding principal balance of all guaranteed loans.

9. Compensating Balance Loan: Community development block grant funds are deposited in a private financial institution, and the institution makes improvement loans to property owners at below-market interest rates. The deposit account may be interest or non-interest bearing. Funds may be deposited as a lump sum or per transaction. Deposited funds guarantee loans, reduce risk, and subsidize the institution's loss in case of default.

10. Tax-exempt Credit Agreement: Interest paid to the private financial institutions by a public agency is exempt from Federal income taxation. Funds for rehabilitation financing may be borrowed, therefore, at below-market interest rates, i.e., about 6%. This enables the public agency to make rehabilitation loans to property owners at about 6½%. The public agency may assure repayment to the institution through establishment of a loan guarantee fund, or FHA Title I Property Improvement Loan. Insurance may cover each loan made (Pennsylvania Department of Community Affairs, 1978:1-3).

Congress endeavored to incorporate into the 1974 Act recommendations based on evaluations of earlier housing programs and expert opinions on housing issues. To give an example, variables outside of the condition of the actual structures to be rehabilitated were to be taken into account before any work was to be done. The neighborhoods were to be free from serious adverse environmental conditions and were to be accessible to recreational, health, educational, and commercial facilities. Sites were not to show ethnic discrimination characteristics. Finally, the travel time and cost of going to and from work was not to be excessive (Galbraith, et. al., 1975: 1-7).

In the next chapter, Portland's translation of the goals and objectives of the congressional Housing and Community Development Program into a nationally recognized rehabilitation policy will be described. As will be seen, Portland incorporated many of the lessons learned from earlier rehabilitation efforts into its neighborhood rehabilitation program process. The impact of the program is not as obvious. Chapter V outlines the methods used in this study to monitor the program process and to discover exactly what the impact of the program has been on loan neighborhoods and their residents.

CHAPTER IV

PORTLAND'S LOAN PROGRAM

In 1968, Austin Ranney isolated five components of public policy: 1) a particular object of set of objects intended by the policymakers to be affected; 2) a desired course of events or a goal; 3) a selected deliberate line of action; 4) a declaration of intent; and 5) an implementation of intent (Ranney, 1968:7). Portland's translation of the goals and objectives of the Housing and Community Development Act of 1974 into policy offers classic examples of each of the above components.

A central object of the city's Community Development Plan was to upgrade Portland neighborhoods facing possible decline, thereby preventing slums and blight and benefiting low and moderate income persons. Desired goals listed by the Office of Planning and Development included maintaining and promoting racial, income, and age diversity of people, housing alternatives, and neighborhoods; increasing homeownership opportunities; broadening rental choices; assisting in the major rehabilitation of housing; and encouraging individual owners and private investors, builders, and developers to accept the responsibility for the majority of home rehabilitation.

In the short run, preventing abandonment or long term vacancy of housing units was called for. As a deliberate line of action, a thousand housing units were to be rehabilitated every year. Areas where maximum results could be realized were designated and a process for marketing and implementing several loan programs was developed.

Neighborhoods were to be researched for evidence of physical deterioration. Statistics summarized by the Office of Planning and Development showed that deterioration and threats of deterioration were present in the city. In 1975, 29% or 42,540 units of all occupied housing units in the city were considered inadequate by virtue of crowding, age, condition, and/or cost in relation to income. Major rehabilitation was deemed necessary for 5.1% (7,907 units) and an additional 15.1% (29,800 units) were defined as physically substandard (Portland, Oregon. Office of Planning and Development, 1978:1-3).

Eight conditions were held to be particularly important in deciding where target areas would be: declining housing conditions and values; substandard and blighted housing; increasing turnover in ownership and/or occupancy; insufficient incomes to maintain property; social and/or economic instability; unstable conditions caused by changes in land use and zoning; declining physical facilities and services in the neighborhoods; and peripheral forces having a negative effect on an area (Portland Development Commission, 1978:1).

Together with the Portland Development Commission, the Office of Planning and Development declared the city's intent of maintaining and improving the quality of urban neighborhoods in Portland and preserving and enhancing commercial and industrial areas of the city. Finally, implementation of that intent consisted of nine broad steps:

1. Prepare neighborhood "pre-planning studies" which compile and analyze physical, socio-economic, and neighborhood condition data. Identify potential target area boundaries and impact areas.

2. Review data and staff findings and recommendations.

3. Sample survey rehabilitation areas and systematically canvass preliminary impact areas.

4. Review survey and canvassing results and determine rehabilitation and impact area boundaries.

5. Establish rehabilitation area boundary and authorize undertaking of assistance programs.

6. Concentrate marketing of rehabilitation programs and related project improvements in target areas. Inform residents in balance of rehabilitation areas of program availability.

7. Qualify applications for rehabilitation assistance, initiate and undertake improvements, certify compliance to code and contract.

8. Design, let contracts, and undertake project improvements.

9. Evaluate program implementation.

Four subsidized homeowner loan programs, the focus of this work, form one part of Portland's Local Housing Assistance Plan. Deferred Payment Loans, or DPLs, are especially aimed at low-income households. The purpose of the DPLs is to provide interest-free financing for meeting local housing code requirements. Up to $4,000 can be awarded. Recipients pay no interest rate. Moreover, payment of the loan itself can be deferred until the property is sold or its ownership transferred to someone else. Locally funded HCD-3 and federally funded 312 loans are also geared towards bringing property into compliance with the city codes. Under these programs, a household can receive up to $17,400 for a single family residence as long as the household's income falls under given amounts. In contrast to the DPLs, these two loan types charge a nominal interest rate, and they must be repaid within a twenty-year period. A fourth loan, the Public Interest Lender loan (PIL) could also be used for rehabilitating property up to housing code compliance, but unlike the other three loan programs, PIL loans can also be used for refinancing. As with the HCD-3 loans, a household can receive up to $17,400 for a single family residence. In addition, PIL loans carry a 6½% interest rate and are to be repaid within 20 years.

In planning HCD-related activities, the city first considered several primary bodies of information: the 1970 census, local surveys of housing conditions, and the regional goals and objectives developed by the Columbia Regional Association of Governments. Several housing trends were revealed which led to a strong emphasis on housing related HCD goals for the city. Twenty-nine percent of all occupied housing units were found to be inadequate in terms of condition, crowding, age, value, or cost in relation to value. Of these, five percent were physically deteriorated to an extent where major rehabilitation was required. An additional 15% were physically substandard to a somewhat lesser extent, requiring moderate degrees of rehabilitation. Twenty seven percent of the housing stock did not meet minimum housing codes. About three-fourths of both owner occupied and renter occupied housing units had been built before 1950. Of the total inadequate units, 42% were occupied by elderly. The vacancy rate for all housing was less than 3%. Construction of new units was at an extremely low level, with no substantial improvement expected in the near future. The proportion of owner occupied inner city housing units was decreasing, from 57% of homeowners in 1950 to 52% in 1970. To meet all foreseeable needs, the city's housing stock would have had to increase by nearly 11,000 new units in a three year period. Yet the average and minimum cost of new family homes was rising even more rapidly than annual inflation. Even at $30,000 each for new units, a total expenditure of some $320 million would be needed (Community Development Block Grant Plan, 1975). It is little wonder that rehabilitation, a cheaper approach, found support.

The city's Office of Planning and Development presented the following long-term goals as the core of its Community Development Plan:

1. Maintain and improve the quality of residential neighborhoods in the City of Portland by:

   a. Creating and maintaining a growing inventory of safe and sanitary housing units at prices and rents which households of all incomes can afford--with special attention paid to the preservation of housing where deterioration is evident, though not acute. (Because housing quality is a crucial determinant of neighborhood quality and because limited public resources can be spread further if the deterioration has not progressed too far.)

   b. Investing in public services, parks and public right-of-way in the residential neighborhoods of the city--particularly where such public improvements will occur in combination with private improvements. (Because public services, parks, and rights-of-way are important determinants of neighborhood quality, and because substantial improvements to residential neighborhoods will require much more than the limited public resources that are available for public improvements.

   c. Awakening a sense of community pride among the residents of Portland's neighborhoods. (Because a resident's attitude about his neighborhood is at least as important as the physical quality of that neighborhood, and because his attitude must be positive if he is to invest his resources--time and money--in that neighborhood).

2. Preserve and enhance the commercial and industrial areas of the city--particularly where such efforts will expand economic opportunity for the lower income residents of the city, will promote private investment, or private non-divestment. (Because the non-residential areas of the City contain the jobs at

> which residents are employed and, in addition, provide a substantial part of the tax base from which a portion of the public resources must come to support investments in the residential neighborhoods.)

The neighborhood unit was to be central to the basic policy of the city and also to the concept of revitalization. The city's strategy for implementation of the plan was stated in the Community Development Block Grant Plan: "To select a few neighborhoods each year which can demonstrate...the possibility of stabilizing population and housing trends" (Community Development Block Grant Plan, 1975:5). The strategy was further detailed by Mayor Neil Goldschmidt at a City Council hearing in February, 1975. At that meeting, the mayor emphasized that the amount of dollars Portland would be allocated by HCD was inadequate to meet all housing needs within the city. Therefore, the most visible means of attaining some measure of success would be to concentrate funding in a few neighborhoods each year, with the intention of stimulating investment from banks and other investors within those neighborhoods.

The city's Housing Assistance Plan proposed two basic goals for housing in the city: 1) to reduce the isolation of income groups within communities and geographic areas, and 2) to promote the vitality and diversity of neighborhoods through the development and expansion of housing opportunities throughout the city for persons of lower income. Housing improvement was given top priority, with rehabilitation scheduled to take place in several target areas:

1. Concentrate HCD expenditures in high impact, identifiable areas for maximum effectiveness. Initially concentrate efforts in neighborhoods where deterioration is evident but not acute. Efforts will include activities to improve housing and public facilities, and to eliminate and prevent further deterioration.

2. Utilize HCD funds, where possible, as leverage to stimulate additional public and private investment. Expansion of economic opportunities for the citizens of Portland and reinforcement of the City's commercial and industrial areas...

3. Carry out small scale projects of special interest or unusual circumstances outside of participating neighborhoods in response to community development needs that cannot be alleviated through other means...(Galbraith et. al., 1975:F-5).

To select target neighborhoods which would acknowledge both federal and local program directives, nine factors were examined which taken together, provided a profile of conditions generally signifying the first phases of urban decline. Each factor was measured on a scale of 1 to 5. Census tracts rating 4 or more points per factor were above the city average for that item. Conversely, those rating three or less were below city average. If an area had a total of 36 points or more, it was usually above average in all factors measured. Table II provides an example of the worksheet used to profile each neighborhood in the city. Table III shows a comparison of the St. Johns and Richmond neighborhoods with the city as a whole.

Based on the above point count, the following categories were determined:

Limited Assistance: 36 points or more OR above the median income

Concentrated Assistance: 35-26 points

Special Assistance: 25-15 points

Maintenance Assistance: Concentrated areas having already received 3 years HCD assistance or more. Limited areas that have 36 points or more but are below median income.

TABLE II

NINE FACTORS AFFECTING DELIVERY OF HCD CAPITAL IMPROVEMENTS AND REHABILITATION ASSISTANCE PROGRAMS

Factor	Points 5	4	3	2	1
1. Housing in Single Family Units % of total units - City average 74%	Ø	100 - 75%	74 - 50%	49 - 25%	24 - 0%
2. Owner Occupants % of total households - City average 58%	100 - 80%	79 - 60%	59 - 40%	39 - 20%	19 - 0%
3. Change in Occupancy % of total housing units - City average 34%	0 - 19%	20 - 34%	35 - 49%	50 - 64%	65% and over
4. Vacant Housing Units % of total units - City average 6%	0 - 2%	3 - 6 %	7 - 12%	13 - 20%	21% and over
5. Housing Units	25 or more increase	1 to 24 increase	no change	1 to 24 decrease	25 or more decrease

TABLE II (Continued)

NINE FACTORS AFFECTING DELIVERY OF HCD CAPITAL IMPROVEMENTS AND REHABILITATION ASSISTANCE PROGRAMS

Factor	Points				
	5	4	3	2	1
6. <u>Population</u>	75 or more increase	1 - 74 increase	no change	1 - 74 decrease	75 or more decrease
7. <u>Households with Children</u> % of total households - City average 28%	40% and over	39 - 30%	29 - 20%	19 - 10%	9 - 0%
8. <u>Jobless Head of Household</u> % of total household - City average 9%	0 - 4%	5 - 9%	10 - 14%	15 - 20%	21% and over
9. <u>Household Income</u> City average $10,825	15% and more above average	1 - 14% above average	same as above	1 - 14% below average	15% and more below average

Source: City of Portland, Portland Development Commission (1975). Internal Files.

TABLE III

A COMPARISON OF FACTORS AFFECTING DELIVERY OF HCD CAPITAL IMPROVEMENTS AND REHABILITATION ASSISTANCE PROGRAMS: PORTLAND, ST. JOHNS, AND RICHMOND

Factor	Portland	St. Johns	Richmond
1. Housing in Single Family Units % of total units - City average 74%	74% (3)	75% (4)	75% (4)
2. Owner Occupants % of total households - City average 58%	58% (3)	60% (4)	58% (3.75)
3. Change in Occupancy % of total units - City average 34%	34% (4)	35% (3)	30% (4)
4. Vacant Housing Units % of total units - City average 6%	6% (4)	6 - 7% (3.5)	3 - 6% (4)
5. Housing Units	No change (3)	1 - 24 inc. (4)	1 - 24 inc. (4)
6. Population	No change (3)	1 - 74 inc. (4)	75 or more inc. (5)

TABLE III (Continued)

A COMPARISON OF FACTORS AFFECTING DELIVERY OF HCD CAPITAL IMPROVEMENTS AND REHABILITATION ASSISTANCE PROGRAMS: PORTLAND, ST. JOHNS, AND RICHMOND

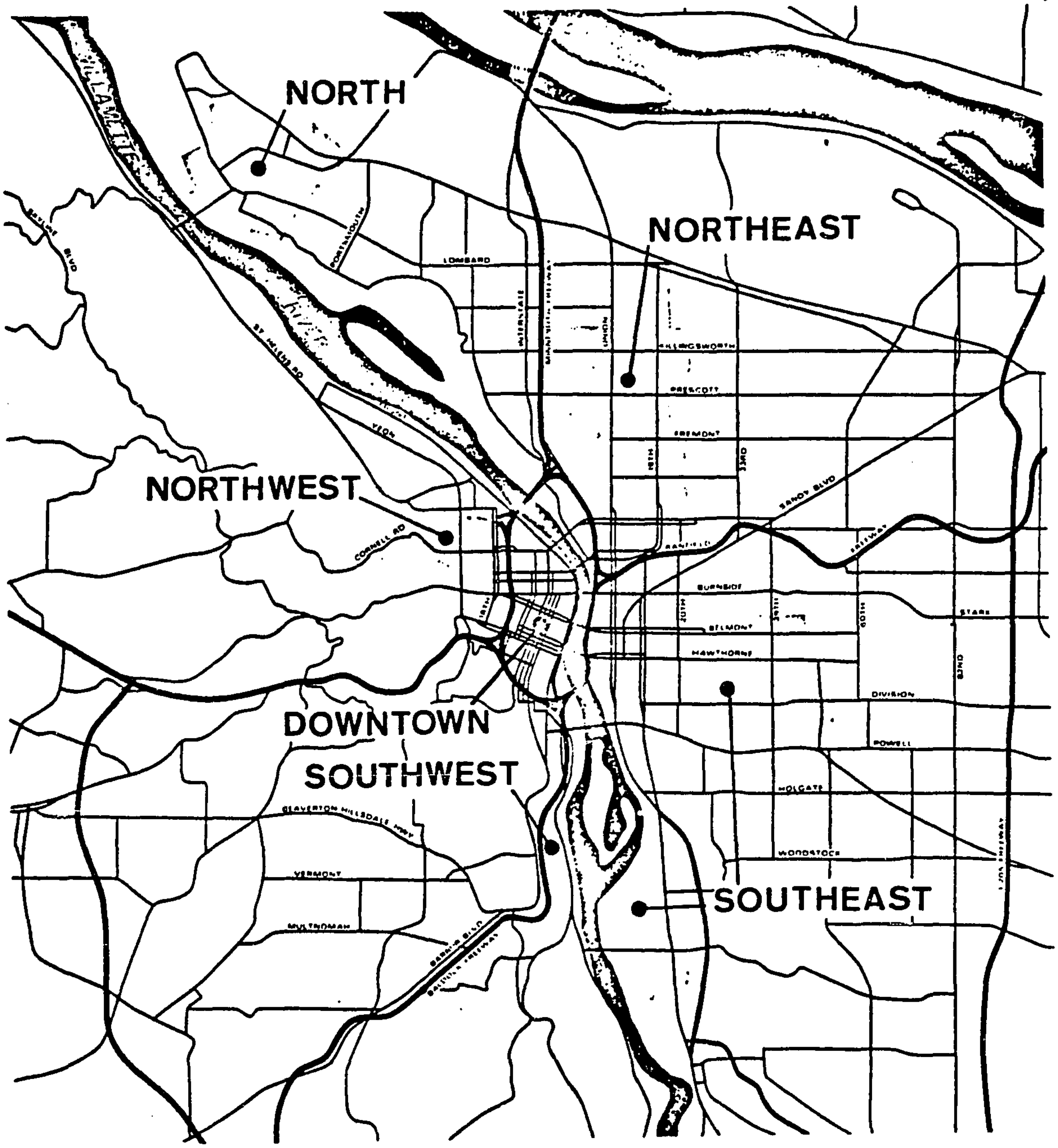
Factor			
7. <u>Households with Children</u> % of total households - City average 28%	28% (3)	35% (4)	30% (3.75)
8. <u>Jobless Head of Household</u> % of total heads of household - City average 9%	9% (3)	10% (3)	9% (4)
9. <u>Household Income</u> City average $10,825	Average (3)	1 - 14% below average (2)	1 - 14% below (2)
Points are in Parentheses	Total	31.5 points	34.5 points

Source: City of Portland, Portland Development Commission (1975). Internal Files.

If, using the point count, an area was predominantly composed of persons living in single family dwellings, with high owner-occupancy, few vacancies, little turnover in population, high levels of employment, and displaying above median income, then only limited assistance would be needed. Programs available to those areas were to include critical home repairs for low income households, voluntary housing code inspection, and optional activities based on unique or specific needs, such as a traffic signal or some park improvements. If all the preceding factors listed remained nearly the same but the area was below median income, it would be an area where concentrated assistance would be available to rehabilitate housing and make necessary public improvements possible. In such areas, conditions warranted door to door marketing of housing rehabilitation assistance and public street improvement programs. Other public improvements could include new or expanded parks, street trees, and traffic signals. It was felt that considerable staff and neighborhood effort would be needed to bring about as much upgrading of the neighborhood environment as possible.

Neighborhoods which scored low on all factors cited needed more help than was possible through HCD activities alone. Such areas tended to be primarily non-residential or to have a high proportion of low income families, were severely blighted, or performed a special function, such as the downtown or central eastside industrial area. HCD assistance was to be combined with other resources for a more effective program. Figure 1 shows the areas determined to be best suited for HCD funds.

Central to the city's plans, four subsidized home-owner loan programs were instituted as a means of financing rehabilitation in the designated HCD neighborhoods (see Table IV). Most of the programs were



HOUSING AND COMMUNITY DEVELOPMENT AREAS
CITY OF PORTLAND, ORE.

FIGURE 1

TABLE IV

HOUSING ASSISTANCE PROGRAMS - PORTLAND, OREGON

	Purpose	Amount Available	Conditions	Area	Payment
DPL	Rehabilitate home to meet all applicable housing codes and ordinances	$4,000; cost of rehab; or amount of equity[1], whichever is less	Owner-Occupant Fee simple title; or Contract purchaser (obtained interest 1 year prior to application). Income limits	Located in City of Portland HCD[2] areas - 2 dwelling units maximum. Critical housing code deficiencies exist	Payment deferred until property is transferred or sold 0% Interest Rate
HCD-3 312	Bring property into compliance with City codes, Standards and needs of the household	$17,400 for single family residence; cost of rehab; or amount of equity[1], whichever is less.	Same as above with the ability to repay loan.	Maximum 4 dwelling units located in City HCD[2] area - Need of rehabilitation Residential only	Maximum 20 years 3% Interest Rate Amortized monthly payments
PIL	Cost of rehabilitating property up to housing code compliance; provides for refinancing	Same as above	Same as above	Same as above	Maximum 20 years 6½% Interest Rate Amortized monthly payments

[1]Equity will be measured by subtracting the total indebtedness secured by the property tax from the assessed market value as shown on the most recent property tax appraisal of the property by the County Assessor.

[2]Housing and Community Development.

Source: City of Portland, Portland Development Commission (1976). "Rehab Cookbook: A Guide to financing and Contracting for Home Improvements".

to be funded federally. The PIL program, on the other hand, is a locally established program where rehabilitation funds are provided by a consortium of eleven local lending institutions[1]. Because funds loaned to the Development Commission for the PIL loans are tax exempt, the institutions have been able to make funds available at below-market interest rates. The funds are also federally insured.

Table V classifies funding sources for the four programs from 1975 through 1978.

TABLE V

PROGRAM FUNDING SOURCES

	1975-1976	1976-1977	1977-1978	TOTAL
HCD Block Grant	$1,269,092	$2,162,877	$2,937,909	$6,369,878
Section 312	$1,238,750	$2,369,700	$4,273,250	$7,881,700
Private Lenders	$1,500,000	$2,000,000	$3,138,850	$6,638,850
Total Rehab	$4,007,842	$6,532,577	$10,350,009	$20,890,428

Source: City of Portland, Portland Development Commission 1978, p. 13.

The Portland Development Commission was given the role of implementing the loan programs:

> Planning, programming, resource allocation, and program implementation, management, and evaluation will be directed and coordinated by the Office of Planning and Development. The Portland Development Commission will be the prime implementation agency, with the cooperation of the Bureaus of Planning, Buildings, Public Works, Parks, Human Resources, Management and Budget, and others (Community Development Block Grant Plan, 1975: Part I, 6).

THE PORTLAND DEVELOPMENT COMMISSION

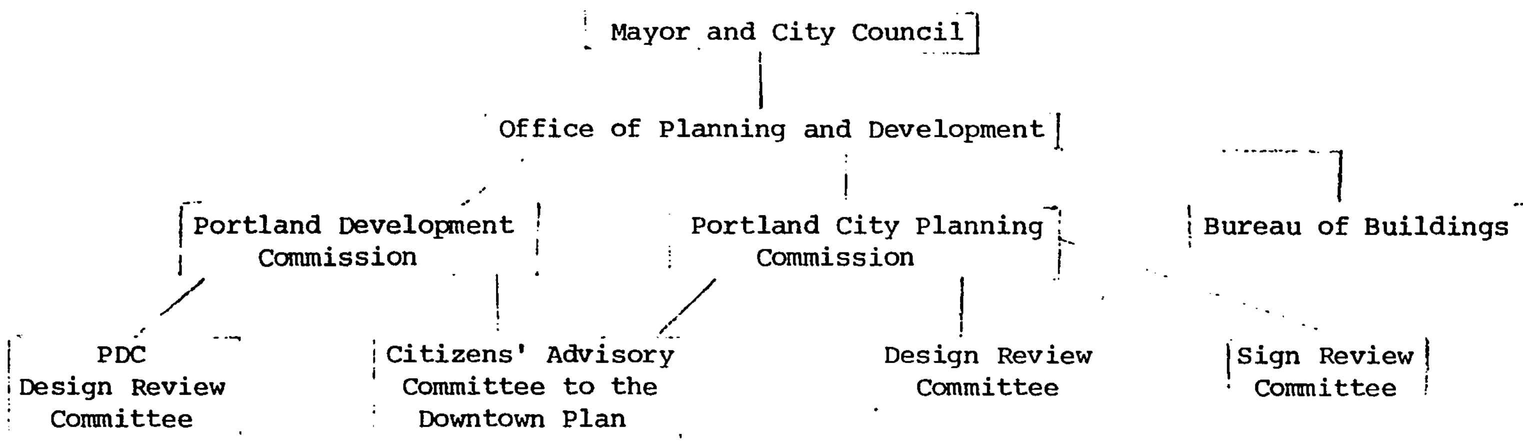
For institutional context, the Portland Development Commission was established by the voters in 1958 as the city's Department of Development and Civic Promotion. Under Resolution 27526, the Commission was to be administered by five members appointed by the mayor. Figure 2 shows PDC's position in city government. Serving as the urban renewal and redevelopment agency of the city, the Commission was given power to perform all renewal activities, including preliminary studies of possible urban renewal areas, formulation and implementation of urban renewal and redevelopment plans, acquisition by purchase, condemnation or otherwise, property within an urban renewal area, or where acquisition was necessary to carry out a redevelopment plan to prevent, remove, or reduce blight. From its inception, the Commission has had the power to borrow money, negotiate federal advances of funds and execute notes as evidence of obligations. The City Council has the power to make loans to the Commission from any available city fund. Revenue bonds may be issued for Commission activities, or the city can levy a tax of 2/3rds of one mill on each dollar of assessed valuation on property not tax exempt within the city to provide funds for Commission expenses.

The Commission has been very active from its start. Its activities can be classified into five types: redevelopment, neighborhood rehabilitation, neighborhood development programs, pre-project planning and neighborhood assistance, and general aid.

Early efforts at neighborhood rehabilitation centered largely around the Albina Neighborhood Improvement Project. Residents of the area improved and constructed streets, alleys, curbs, and sidewalks,

FIGURE 2

LOCAL GOVERNMENT STRUCTURE, PORTLAND, OREGON



Source: Portland Development Commission, 1978. Internal File.

planted over a thousand trees, and removed utility poles and overhead lines even before there was any federal financing of the project. Unthank Park was constructed with the help of neighborhood people.

In the same district, neighborhood development programs provided loans and grants to owners for the rehabilitation of their homes while other activities included improving or constructing curbs, sidewalks, streets, street light installation, park development, and creating sites for construction of low to moderate income housing. To augment neighborhood development programs, pre-project planning and other neighborhood assistance was often provided. The Southeast Uplift program and the St. Johns Peninsula program were developed to help residents improve city services in the area. PDC also worked with both Buckman and the Corbett-Terwilliger areas to develop improvement plans.

THE LOAN PROCESS

With the advent of the Housing and Community Development Act of 1974, the Commission stepped up its efforts at neighborhood rehabilitation. Since 1975, well over three thousand housing units have been rehabilitated through HCD and local programs, at a cost of over $17 million dollars (see Tables VI and VII). No other American city has accomplished even half that number of rehabilitated units. According to the Development Commission, two factors are most influential here. First, the loan programs are flexible. People with different needs and resources are eligible for a variety of loans tailored to their personal circumstances. As an example, people with low incomes (in 1978, $6,750 annually for a family of two) and a few assets tend to be directed toward deferred payment loans of up to $4,000 for rehabilitation work. For

TABLE VI

SINGLE-FAMILY HOME REHABILITATION LOANS, PORTLAND, OREGON

	Fiscal Year 1975-76	Fiscal Year 1976-77	Fiscal Year 1977-78	TOTAL
Number of Neighborhoods	12	18	25	25
Number of Loans Made	604	603	1,315	2,522
Total Dollar Amount	$3,257,886	$5,486,895	$8,551,985	$22,880,894

Source: Portland Development Commission (1978) 2nd Decade:13

TABLE VII

GROWTH OF HOUSING REHABILITATION PROGRAM, PORTLAND, OREGON

Fiscal Year	1975-76	1976-77	1977-78	TOTAL
Number of Estimated Dwelling Units Assisted	725	991	1,508	3,224
Dollar Amount	$3,257,886	$5,486,895	$8,551,985	$17,296,766

Source: Portland Development Commission (1978) 2nd Decade:13.

such loans, no interest is charged and the loans do not have to be repaid until a housing unit changes hands. A two-person household earning up to $13,500 can borrow as much as $27,000 with an interest rate of 3%. Since their financial status is higher, they can be expected to pay some interest, making it possible to receive higher loans. For a list of the eligibility criteria, see Table VIII.

The second reason for such a large number of rehabilitated units has been the loan process. Prior to considering any loan applications, PDC developed an aggressive marketing plan for its programs. In most HCD areas, representatives of the agency walked door to door six days a week to tell people about the program. Letters were also sent out to HCD neighborhood residents while public notices were posted periodically in the newspapers and on the radio and television. An example of the letter sent to residents is enclosed in the Appendix.

Homeowners showing interest in the program face a loan process of seventeen steps. First, a general application is completed, in which applicants provide information about themselves including marital status, age, children, and employment information. Information about the property to be improved is also given, including purchase price, present balance, to whom the balance is payable, and date of purchase. Assets and liabilities are listed, as are characteristics of the house, such as square footage and type of heating. An application can be found in the Appendix.

From there PDC matches up applicant information with eligibility requirements and notifies applicants by mail of their eligibility status. For those determined to be eligible for a loan, a PDC representative inspects the applicant's property to determine if any housing conditions exist that endanger, or might endanger, that person's health and safety

TABLE VIII

INCOME LIMITS: REHABILITATION LOAN PROGRAMS

	HOUSEHOLD SIZE		1	2	3	4	5	6
LOAN TYPE	DPL		5,470	6,125	6,875	7,688	8,125	8,625
	HCD-3	312	10,750	12,250	13,750	15,375	16,250	17,250
	PIL		16,125	18,375	20,625	23,063	24,375	25,875

Source: City of Portland, Portland Development Commission (1977)
"Housing Assistance Programs: City of Portland, Oregon"

or his or her financial investment in the housing unit according to Title 129 of the Housing Regulations for the City of Portland. A list of deficiencies, if any, is given to the applicants together with a list of rehabilitation activities that can be covered under the loan program. Options include nine categories which can be found in the Appendix.

The agency provides a rehabilitation specialist to prepare rehabilitation specifications and cost estimates once an applicant has decided to take part in the loan program. (An example of the Rehab Spec is enclosed in the Appendix.) At the same time, loan program participants are given a list of contractors who have asked to participate in the city's rehabilitation programs. When the rehabilitation specifications are finished, bids from selected contractors are requested. Plans and prepared work specifications are used as a basis for the bids. Contractors are selected according to bids. Homeowners having some rehabilitation experience themselves have also acted as contractors.

At that point, plans, specifications, and breakdowns, together with the contractor's bid and signed acceptance of the contract documents are prepared by the Commission's housing assistance staff. The loan is closed, rehabilitation contract signed, and work performed. Building permit completion certifications and an inspection by someone from PDC's housing assistance office insure that the conditions of the work contract have been met. An owner's Acceptance Certificate and authorization for the Commission to pay the contractor is then signed by loan recipients. The only other step in the process is payback of the loan over a 20-year period, where applicable, or when the participant's home changes ownership. Assorted documents central to the process can be found in the Appendix.

Taking all HCD programs together, over 36 million dollars have been funneled into Portland. The figures in Table IX show the proportion of funds going into rehabilitation efforts. As indicated, the total funds increased substantially through the course of the program.

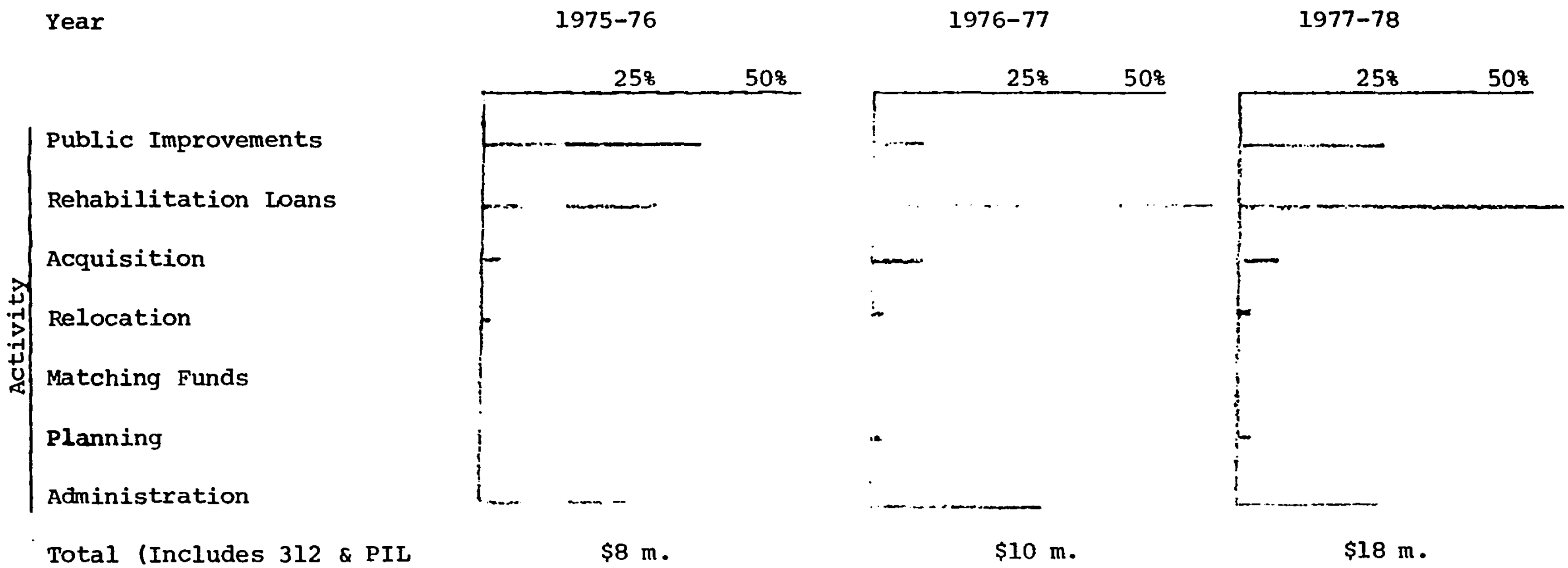
For St. Johns, one of the two HCD target neighborhoods in the present study, almost two million dollars was filtered into HCD activities in the first three years of the Housing and Community Development program. Half that sum went to business area improvements, including construction of the St. Johns garage, Cathedral Park access, the construction of ten miles of streets, four major traffic signals, an astronomy center, street lighting, ans trees. The sum of 1.6 million dollars went toward improvement loans for approximately 300 homes. For Richmond, the other HCD neighborhood to be surveyed, the amount was under a million dollars, with an estimated $100,000 going to such improvements as Seawall Crest Park, public works, and trees.

Footnotes

1. The lending institutions included the United States National Bank of Oregon, First National Bank of Oregon, The Bank of California, Benjamin Franklin Savings and Loan Association, First State Bank of Oregon, Oregon Pioneer Savings and Loan Association, Canadian Imperial Bank of Commerce, Fred Meyer Savings and Loan Association, Cascade Federal Savings and Loan Association, Oregon Trail Savings and Loan Association, Equitable Savings and Loan Association, Oregon Mutual Savings Bank, The Oregon Bank, and Pacific First Federal Savings and Loan Association.

TABLE IX

PERCENTAGE OF FUNDING FOR SPECIFIC HCD ACTIVITIES, PORTLAND OREGON



Note: About 2/3rds of Administration is directly attributable to operating the Rehabilitation Loan Program.

Source: City of Portland, Office of Planning and Development (1978). Office Memo.

CHAPTER V

METHODOLOGY

Two central research topics stem from the goals and objectives of Portland's Community Development program. First, the process needs to be evaluated according to how closely it fulfills the criteria for a successful rehabilitation program as outlined in Chapter III. Its acceptance by loan recipients needs to be evaluated. Second, there is the issue of program impact. One aspect of impact revolves around the question of whether or not those populations benefiting from city efforts were indeed low and moderate in income, as intended by the Housing and Community Development Act of 1974. Second, an assessment of the impact of the rehabilitation loan programs on attitudes toward neighborhood livability provides an important indicator of the overall effectiveness of the programs. In addition, several non-attitudinal measures exist such as changes in mortgage loan activities in HCD neighborhoods since 1975, which can provide an alternative perspective on program impact.

PROCESS EVALUATION

Chapter IV showed that Portland incorporated lessons learned from earlier rehabilitation efforts into its neighborhood rehabilitation programs. Each city neighborhood was closely researched regarding its social and economic characteristics before it was ever decided which neighborhoods would most benefit as HCD neighborhoods. A door-to-door marketing campaign demonstrated the agency's concern with keeping residents informed of the programs. Detailed appraisals of both applicants and their homes were made to guarantee that rehabilitation efforts could be maintained. Counseling and help with work write-ups were included along with financial assistance for each loan recipient. Feedback mechanisms in the form of in-house evaluations were developed to monitor the progress of the program. Lastly, of all the methods available for providing rehabilitation assistance, direct loans using HCD funds and interest subsidized loans where local lending institutions were partially paid back with HCD funds were selected as the means through which the city could most feasibly finance the programs.

Secondary Sources of Data: Internal Evaluations

As for recipient evaluations of the process, the Development Commission regularly receives feedback from loan recipients. In their evaluations, recipients rate the services of PDC and their contractors, and decide whether the program is worth recommending to their neighbors. A search through the evaluation sheets of the loan recipients profiled below showed strong support for the loan process. While only a little over a hundred persons in a group of 266 filled out the evaluations sheets, all but two rated PDC as good (62) or excellent (50). A common comment made on the forms was that the program was ideal for people who have pride in their homes and yet need assistance in keeping it up and in working order. Others wrote that the work done on their homes had cut their fuel consumption and costs in half.

Contractors were not rated as highly. While most of those who rated their contractors gave them "good" marks, only 28 persons rated a contractor excellent. Most of the latter were homeowners who had performed the contracting duties themselves. Another nine rated the contract work as fair, and three as poor. Nonetheless, all recipients but four would recommend the program.

The PDC in-house evaluations, while suggestive, offered no systematic indication of how loan recipients felt about the loan process. A significant number of recipients did not give any feedback, evaluation forms were redesigned midway through the process, and many of the evaluations of the program were done over the telephone by the same PDC representative who worked with the loan recipients, offering an obvious source of bias in the evaluation. Further, none of the information on the in-house evaluations gave any indication regarding changes of attitudes toward recipient neighborhoods.

The Neighborhood Survey

To provide a confidential forum for receiving recipient evaluations of the loan process, the neighborhood survey described below asked recipients twelve questions related to the loan process. First, respondents were requested to rate the program generally. From there, questions were more specific, asking respondents to rate the services of the Portland Development Commission during the processing of the loans, to rate the work performed, and whether or not they would recommend the program to their neighbors. (The questions can be found in the Appendix.) Their responses are reported in Chapter VI.

PROGRAM EVALUATION

Sources of Data: Recipient Profiles

The first steps taken to evaluate the impact of the loan program on

Portland was to determine who those populations were who were benefiting from city efforts. Were they indeed low and moderate income, as intended by the Housing and Community Development Act?

To develop a profile of the loan recipients, a simple random sample (n=266) was taken of Portland Development Commission recipient files for the single family home loans awarded between 1975 and 1978 (N=1770). Time and resource limitations determined the size of the sample. Information on twenty-seven variables was collected. They are:

1. ID Number
2. Type Loan
3. Census Tract
4. HCD Area
5. Loan Amount
6. Date of Loan
7. Sex
8. Age
9. Marital Status
10. Race
11. Household Size
12. Dependents
13. Occupation
14. Income per month
15. Assets in dollars
16. Number of bedrooms
17. Square footage of house
18. Improvement Area (when house rehabilitated)
19. Year Built
20. Purchase Price
21. Date Purchased
22. Present Balance
23. Current Assessed Value
24. Year for Assessment Information
25. Monthly Expenses
26. Estimated Value for House after Rehabilitation
27. Whether a Recipient is handicapped and/or has received a combination loan

To facilitate statistical comparisons of loan-recipient profiles, the values of such variables as income per month, housing costs per months, and dollar assets were transformed into 1977 dollars. Additional information about the variable coding scheme is provided in the Appendix.

Chapter VII reports the findings of the internal file survey. There, Portland Development Commission loan recipients are profiled in detail comparing the socio-economic characteristics of the recipients of the different loan types offered by the city.

Secondary Sources of Data: Outside Perceptions

One dimension of how the loan programs have impacted neighborhoods into which they have been funneled is how outside actors perceive those neighborhoods. In this study, two elements were used to indicate outside perceptions: real estate trends and mortgage and home improvement activities of the major savings and loan and banking institutions in Portland.

For real estate trends, the prices for homes in the study neighborhoods put on the market in July for the years 1975 through 1978 were compared for significant differences, using an analysis of variance techniques. Interviews with officers from thirteen savings and loan and banking institutions provided information on private loan activities in the neighborhoods for the last half of 1976, 1977, and 1978. The number of home improvement loans and home mortgage loans that were given in each of the study neighborhoods for that period were counted. Unfortunately, bank records of loan activities were not mandated prior to August 1976. The institutions providing data included: First National, Western, U.S. National, Far West Federal, Benjamin Franklin, Equitable, Fred Meyer, Oregon Mutual, Cascade Federal, First State, Oregon Bank, Oregon Pioneer, and Oregon Trail. That data is reported in Chapter VIII.

STATISTICAL METHODS

For both the process evaluation and program evaluation, contingency tables, several analyses of variance, median tests, and correlational analysis provided the statistical tools used for this study. The Appendix includes a description of each of these statistical techniques. Contingency tables provided a useful mechanism for relating information in an easy to read form. Such tables allow for an easier summarization of the information gathered in the recipient files and neighborhood surveys than would have been possible in a narrative.

Because of the nature of the data, the following statistical tools were chosen as best suited to studying the relationships among the variables: F tests, eta^2, the median test (x^2), and Tau C as an indicator of correlation. The survey instrument asked for responses according to categories such as very good, good, not so good, and not good. That, plus the tendency of much of the data to cluster, meant that often the assumptions needed for commonly used parametric statistical tests such as means tests could not be met. Instead, their nonparametric counterparts, developed for analyzing categorical data, were chosen as better suited to this study.

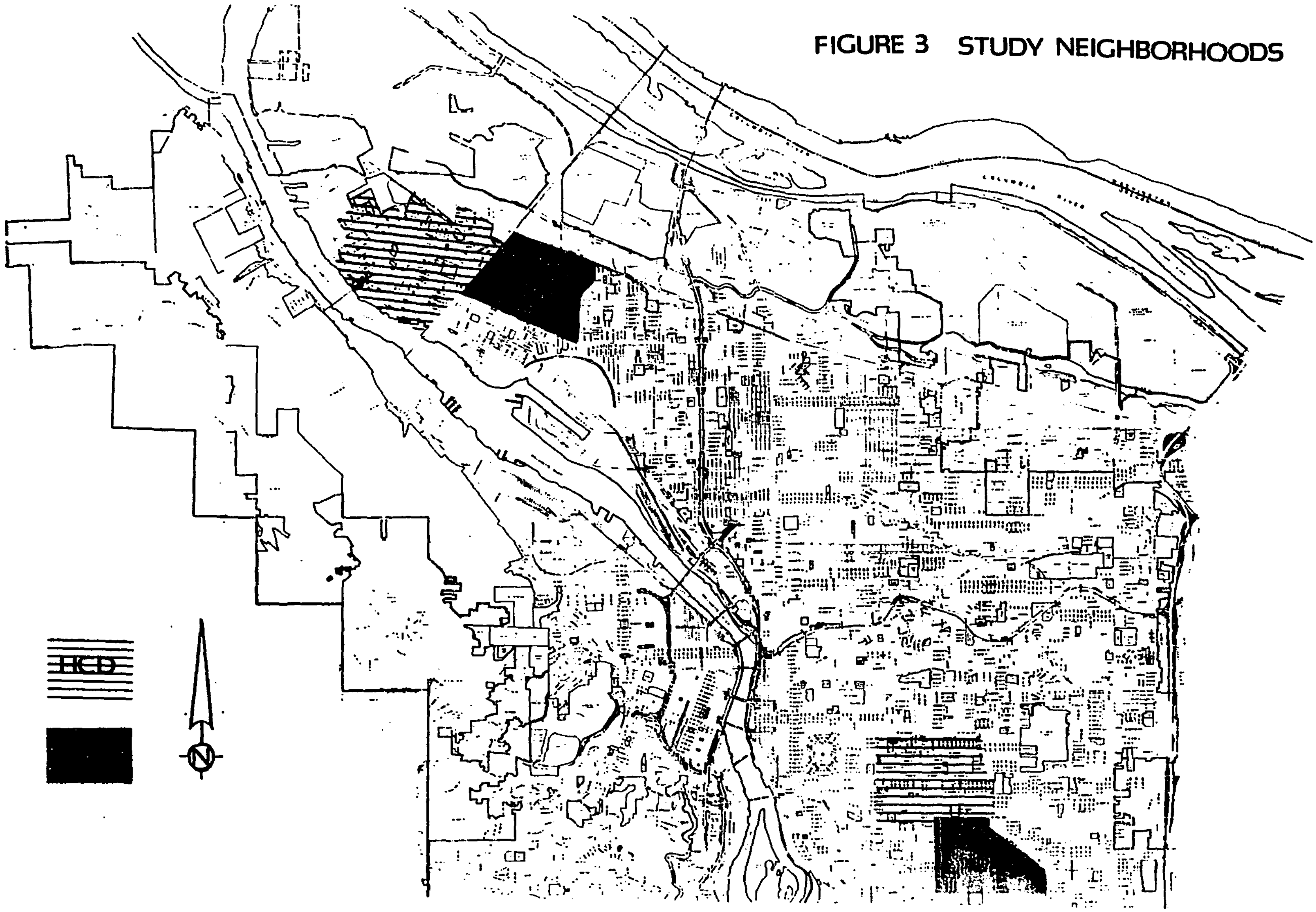
IMPACT AND PROCESS: THE NEIGHBORHOOD SURVEY

The primary data used for evaluating the Portland Development Commission rehabilitation loan program came from a random sample survey conducted of 100 adults in each of four neighborhoods in Portland in January, 1979. Two Housing and Community Development neighborhoods, St. Johns and Richmond, were compared to two non-HCD neighborhoods, Portsmouth and Creston. A map of Portland showing the location of the neighborhoods and separate maps of each neighborhood follow. In the interests of statistical accuracy, a sample larger that 400 may have allowed for more clearly delineated findings. Limited resources and the need to implement a survey in as short a time frame as possible for comparative purposes made a larger sample unfeasible. The Methods Appendix includes a discussion of sampling errors related to the sample size.

Tables X and XI show that the four neighborhoods chosen for the study closely resemble each other in terms of housing and socio-economic characteristics. All four showed signs of possible decline. From 1960 to 1970, all but Portsmouth (non-HCD) had dropped in ranking in terms of median income compared to the rest of the city. Out of 57 neighborhoods, Creston (non-HCD) fell from 25th to 34th, Richmond (HCD) from 31st to 35th, and St. Johns (HCD) from 23rd to 32nd. Home values as listed in 1975 ranked low, ranging from 25th place for Creston (non-HCD) to 34th for St. Johns (HCD). Portsmouth (non-HCD) and Richmond (HCD) ranked 28th and 29th respectively. Finally, gross rent figures for 1960 to 1970 showed all four neighborhoods falling in their relative standing. Creston (non-HCD) rents fell from 2nd to 15th place, Richmond (HCD) from 9th to 33rd, Portsmouth (non-HCD) from 22nd to 40th, and St. Johns (HCD) from 14th to 24th. Such major declines strongly suggest that the neighborhoods were losing their appeal compared to the rest of the city overall, i.e., they were experiencing decline or facing the possibility of decline (Portland, Oregon, Office of Planning and Development, 1978:37-106).

For this study, the four neighborhoods were paired so that the two HCD neighborhoods, St. Johns and Richmond, could be compared with two non-HCD neighborhoods, Portsmouth and Creston respectively. Of the 18

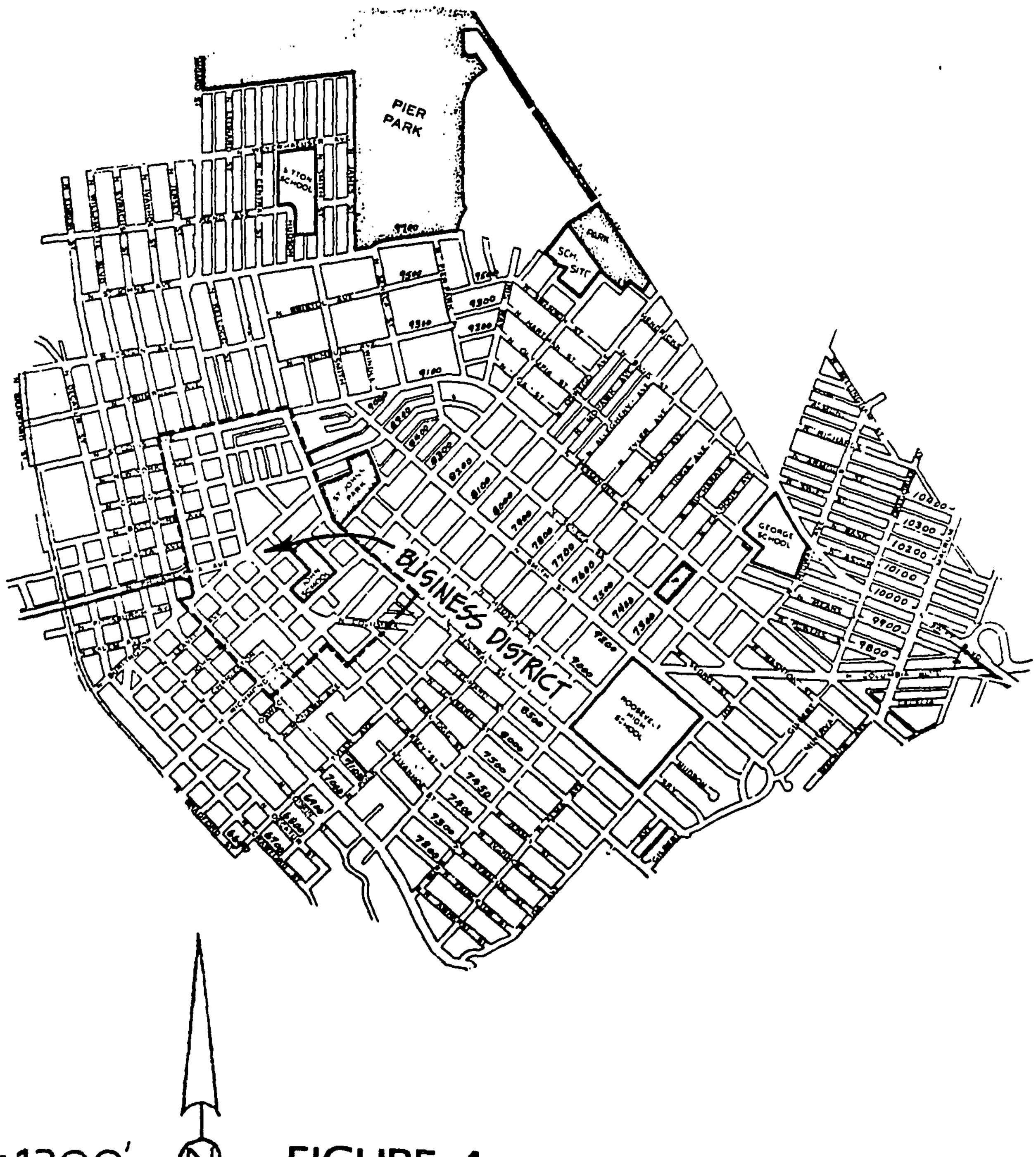
FIGURE 3 STUDY NEIGHBORHOODS



BOUNDARY MAP

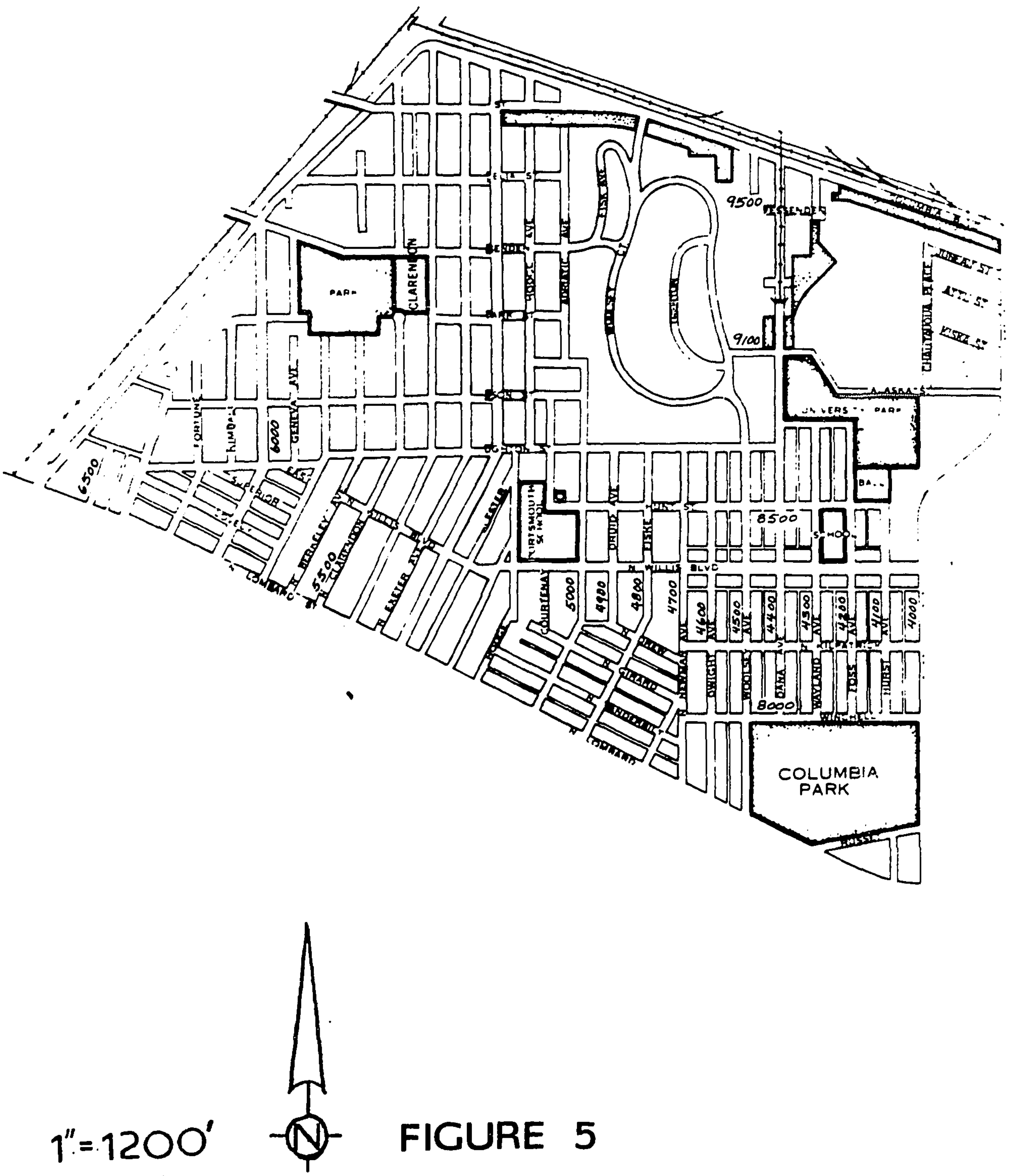
ST. JOHNS

(HCD)



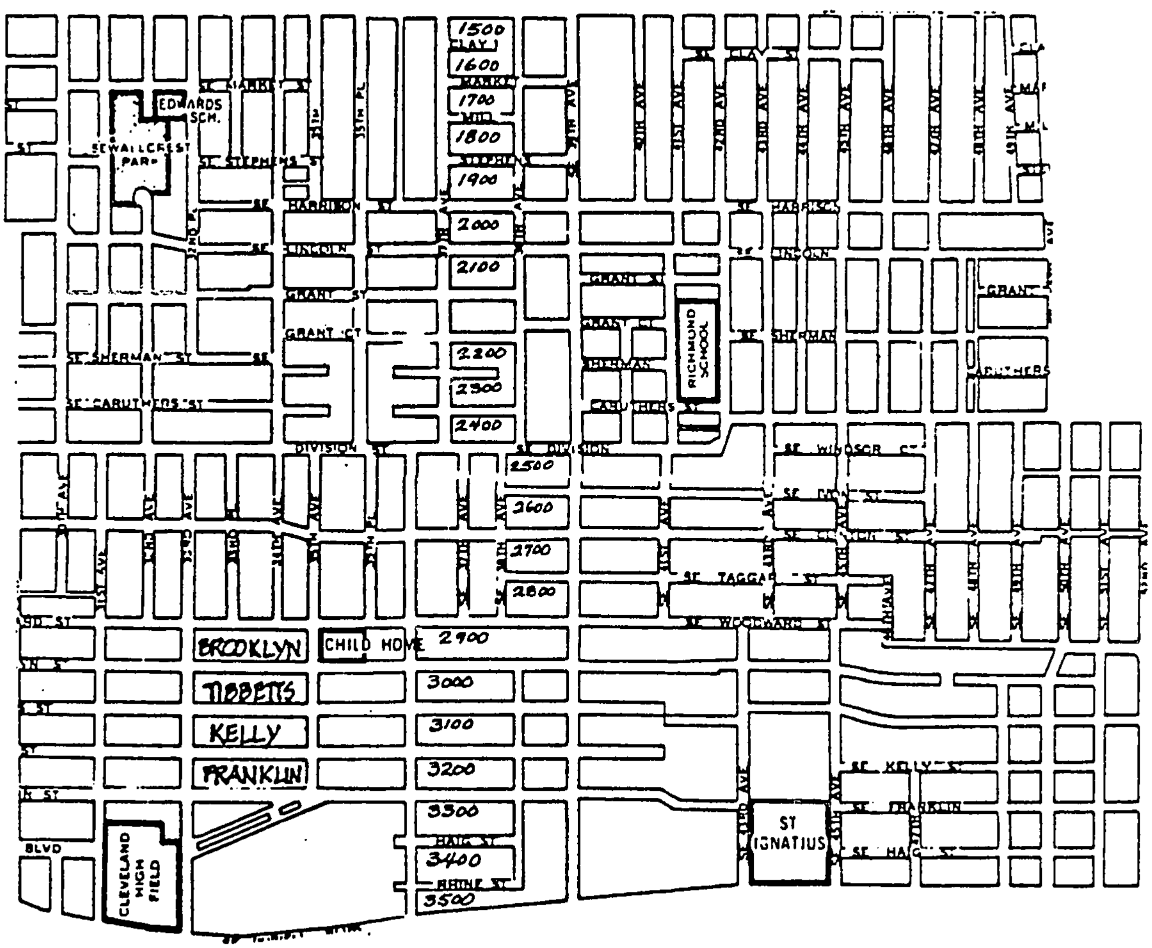
1"=1200' FIGURE 4

BOUNDARY MAP
PORTSMOUTH



1" = 1200'   N   FIGURE 5

BOUNDARY MAP
RICHMOND
(HDC)



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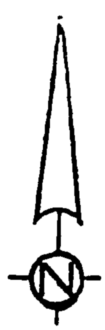
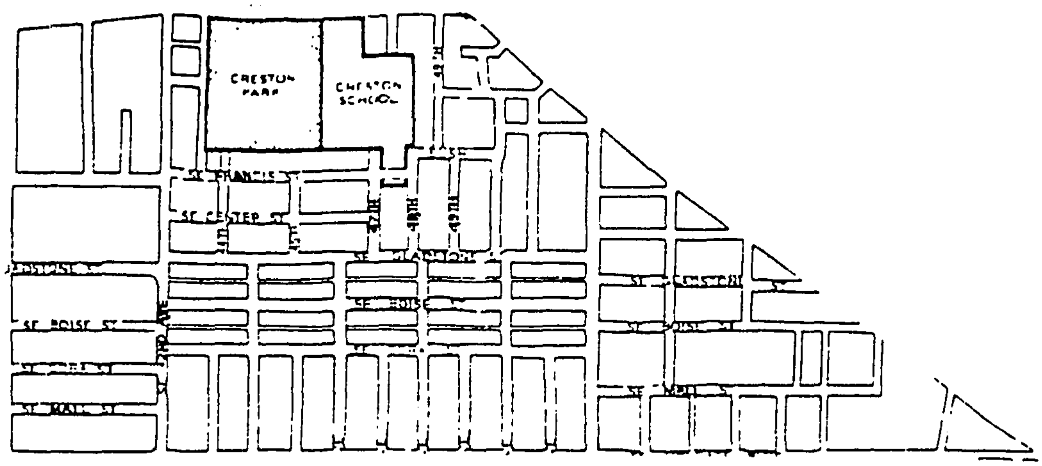


FIGURE 6

BOUNDARY MAP
CRESTON



1"=1200' FIGURE 7

TABLE X

SOCIO-ECONOMIC CHARACTERISTICS OF COMPARISON NEIGHBORHOODS
1970

	HCD ST. JOHNS	PORTSMOUTH	HCD RICHMOND	CRESTON
Median family income	$8,250	8,200	9,000	9,000
% Minorities	1%	6%	1%	1%
% Over 65	10%	9%	11%	17%
% Under 18	33%	40%	27%	26%
Education				
% 8 years or less	29%	25%	23%	27%
% 1 year or more of college	15%	18%	15%	18%

Source: City of Portland, Office of Planning and Development (1978). "Neighborhood Profiles of the City of Portland 1960-1970".

TABLE XI

HOUSING CHARACTERISTICS OF COMPARISON NEIGHBORHOODS
1970

	ST. JOHNS HCD	PORTSMOUTH	RICHMOND HCD	CRESTON
Median Hsg. Value	$12,500	12,500	12,500	13,250
% Hsg. below $10,000	32%	27%	23%	20%
Ratio owner: renter	1,5:1	.75:1	1:1	1:1
# Households	4171	1542	8488	1757

Source: City of Portland, Office of Planning and Development (1978). "Neighborhood Profiles of the City of Portland 1960-1970" and "Housing Market Analysis and Data Summary for the City of Portland".

HCD neighborhoods that could have been selected for this study, St. Johns and Richmond were chosen for two reasons. First, as demonstrated by the Tables above, they were two neighborhoods which shared boundaries with comparable non-HCD neighborhoods. Even though HCD neighborhood populations were larger than the control neighborhoods, a windshield survey, covering every street in each neighborhood, showed the types and sizes of housing, lot sizes, neighborhood facilities and neighborhood layout to be similar. Second, Housing and Community Development activities marked the first significant government funded improvement efforts in both neighborhoods.

A two-step process was used to develop random samples for the neighborhoods. First, maps showing each building in the four neighborhoods were obtained from the Bureau of Streets and Structural Engineering. A windshield survey of each neighborhood made it possible to designate commercial and industrial buildings on the maps. Housing units were each given identification numbers. For the two comparison neighborhoods, Portsmouth (non-HCD) and Creston (non-HCD), 100 identification numbers were selected from a random number table to determine the households to be surveyed. In Richmond (HCD) and St. Johns (HCD), the program neighborhoods, fifty homes were randomly selected in the same fashion. For comparison purposes, fifty households in each HCD neighborhood were also chosen randomly from a list of known loan recipients to make certain that a sufficient number of loan recipients were included in the survey for statistical results to be meaningful. Sets of alternative households were chosen in the same way. Where a resident refused to participate in the survey or was unavailable after repeated attempts, the alternative housing unit closest to that person's home was used in an effort to control for any sample bias which might stem from the refusals.

Prior to conducting the interview, a letter of introduction and intent was sent to each study household, explaining the purpose of the study and asking for their cooperation. An example of the letter is included in the Appendix. Each sample home was visited up to a total of three times, after which telephoning was tried up to four additional times. Interviews were completed with 87% of the original designated households; only 13% of the alternative homes needed to be used.

The 400 persons sampled were asked to provide data capable of indicating both urban decline as shown in Table XII as well as their attitudes toward their homes, neighbors, and neighborhood:

1. Demographic information: sex, age, race, household size, marital status, years of school and income.

2. Loan-related information: renter/owner, length of residence in the neighborhood, reasons for moving into neighborhood, whether recipient of loan, loan type, satisfaction level related to loan, home improvements made with loan, other improvements made, reasons for improvements, means of financing other than loan.

3. Housing and neighborhood conditions: ratings of specific housing characteristics such as plumbing and heating, whether the neighborhood has changed over the last few years, how it has changed, rating the condition of streets, sidewalks, street lights, etc., and improvements needed in the neighborhood.

4. Sense of community: whether a person intends to stay in the neighborhood, reason for moving, area of new residence, satisfaction with neighbors.

Questionnaire items were mostly designed to be close-ended. These questions were pre-coded, while open-ended questions were coded by a single person to ensure consistency. A copy of the questionnaire is

TABLE XII

INDICATORS OF URBAN DECLINE OR STABILITY

Variable	Concept
Socio-economic Status Income Education Occupation	A neighborhood's change in the specific variable in relation to change in the city as a whole serves to identify the evacuation of an area by the more affluent populations and the in-migration of poorer groups.
Demographics Household Age Household Size School Enrollment	Changing age characteristeristics indicate invasions of young family-raising groups and evacuation of older foreign-born households. Increasing stress is therefore placed on neighborhood infra-structure.
Racial-Ethnic Minorities Racial Groups	This variable reveals the path of diffusion of ghetto concentrations or the vacation of a neighborhood by white sub-populations.
Structure Characteristics Owner Occupancy Unit Value	A high degree of owner occupancy may indicate a potential for a high degree of maintenance; declining occupancy rates may signal impending decline. Unit values can either indicate persistence or change.

Source: Hughes, James (1975). Urban Homesteading. New Brunswick, N.J.: Rutgers University. p. 54.

included in the Appendix.

To discover whether people are aware of the effects of the loan programs, residents were simply asked in the neighborhood survey whether or not they had noticed any improvements going on in their neighborhood, and if so, what kind. Then, to test for changes in people's attitudes toward their neighborhoods as a consequence of the government programs, persons living in both HCD and non-HCD districts were asked to rate their neighborhoods as places to live. Four choices were given: 1=very good, 2=good enough, 3=not so good, and 4=not good at all. HCD neighborhood people should have significantly lower scores than non-HCD neighborhood respondents if perceptions of their neighborhood have improved since the start of the program. Asked about the condition of the houses in their neighborhoods, they should show the same differences.

At the same time, more HCD area people should have responded "getting better" when asked if their neighborhood was getting better, staying the same, or getting worse. Finally, when asked the question, "All things considered, how satisfied or dissatisfied are you with this neighborhood as a place to live: 1=completely satisfied, 2=mostly satisfied, 3=neutral, 4=mostly dissatisfied, 5=completely dissatisfied", the HCD neighborhoods should have shown significantly lower scores than non-HCD area people. Such information helps to isolate HCD effects on neighborhood residents.

Similar questions were asked about three other publicly provided services to the neighborhoods: police protection, street lighting, and street repair, as there is a very strong relationship between the level of city services and evaluation of neighborhood quality (Lovrich, 1976: 208; Anton and Bowan, 1976:11-12). Dissatisfaction with such services could have a negative impact on neighborhood satisfaction which could, in effect, counteract positive reactions to HCD-funded improvements.

In all, a total of 72 variables were used for this part of the study.

The chapter that follows reports recipient evaluations of Portland's loan process. From there, the impact of the loan program is studied. First, loan recipients are defined according to their social and economic characteristics. Their homes are categorized according to age and value. Next, findings from the neighborhood survey which apply to the impact of the program on the neighborhoods themselves are covered in Chapters VIII through XI.

Footnotes for Chapter V

1. Estimated number of households for the four neighborhoods for 1970 were St. Johns, 4171; Portsmouth, 1542; Richmond, 8488; Creston, 1757 (Portland, Oregon. Office of Planning and Development 1978: 37-105). Estimated number of households receiving loans in each neighborhood was one in every ten single family homes.

CHAPTER VI

AN EVALUATION OF THE LOAN PROCESS

Recall that a successful rehabilitation program includes five necessary elements. First, areas where rehabilitation is to take place need to be carefully selected. Portland's Office of Policy Development produced a complicated process, described in Chapter IV, to ensure that neighborhoods were selected for the loan program which could most benefit from the program. Care was taken so that neighborhoods facing too serious a decline were not selected, nor were neighborhoods which were "stable".

The second action needed is to make certain that affected residents are appropriately prepared. The Portland Development Commission marketed the loan program door-to-door in Housing and Community Development neighborhoods so that each homeowner had an opportunity to ask questions about the programs as well as receive literature about applying for a loan.

The third factor needed is an examination of economic and social characteristics bearing on the feasibility of rehabilitation. In addition to taking special care that neighborhoods selected for the loan program are those which only show the first signs of decay, Development Commission counselors are careful to match the type of loan with the income and assets of potential loan recipients.

The fourth factor, establishing reasonable and specific physical rehabilitation standards, meant that priority was given to meeting city housing code requirements but that additional loan money could be used as the loan recipient chose. Finally, Portland's loan process provided a means of financing and assistance which included counseling, work write-ups, and assistance in applying for financing.

Yet, even though the basic criteria for a successful process was met by the city, ultimately evaluations by recipients of the loans best communicate whether there are any gaps in the process which need to be addressed. As reported earlier, the first step taken to learn how the recipients rated the loan process itself was to study the internal files of the Portland Development Commission. In those, recipients rated the services of the Development Commission and their contractors and reported whether they felt the programs were worth recommending to their neighbors. Although only a little over a hundred persons filled out evaluation sheets in the sample of recipient files surveyed, all but two rated the program as good to excellent, suggesting that loan recipients were comfortable with the loan process. To verify their evaluations, fifteen questions were included in the neighborhood survey described below which asked recipients to rate the program, the Commission's services, the work done, and whether or not they would recommend the program to others. (The full questionnaire is included in the Appendix.)

RECIPIENT EVALUATIONS

For the most part, evaluations recorded during the course of the neighborhood survey were even more positive than those received by the Portland Development Commission staff. Recipients were enthusiastic about the loan program process, the Development Commission staff, and usually the contractors. Approximately two-thirds of all the homeowners interviewed in the survey were loan recipients. Of the recipients, most received DPL loans (N=34). In St. Johns, another eleven received 312 loans, seven received PIL loans, and four, HCD-3 loans. In comparison, more Richmond recipients received HCD-3 loans (11) while fourteen people were equally divided into 312 and PIL loan recipients.

Reflecting the difference in the types of loans received, Richmond recipients tended to borrow more money for their homes. Whereas almost 60% of the St. Johns recipients received $4,000 or less, in Richmond 41% received that much. 60% received $5,000 or more.

In response to the question, "In general, do you think the loan program is very good, good enough, not so good, or no good at all?", 79% of St. Johns and 85% in Richmond responded very good. Another 12% in Richmond and 17% in St. Johns answered good enough. Only three people felt that the program was not so good. All three later complained of problems with their contractors. Nobody rated the program as "no good at all". It is interesting to note that larger loans did not affect the ranking. Even though St. Johns' inhabitants tended to receive smaller loans, they were more satisfied with the program.

PDC itself was rated very highly, as well. When asked to rate the services of the agency during the processing of the loan, over three-quarters of St. Johns respondents ranked PDC as excellent. Nine percent answered "good". In Richmond, again, a solid majority rated PDC excellent (66%), while another 24% felt the processing was good. Whereas approximately the same proportion of people ranked PDC fairly highly in both neighborhoods, St. Johns showed a much higher proportion of "excellent" ratings. Only nine people in all ranked PDC poorly.

People were less satisfied with the work done on their homes. Although half of St. Johns and almost half of Richmond rated the rehabilitation work as excellent, many of these people did the work themselves. Almost a fifth (17%) of St. Johns loan recipients rated their work as poor. In Richmond, 12 percent did.

Those who rated the contractors poorly frequently expressed outrage. Several comments found in the Commission's in-house evaluation follow here:

> The above mentioned contractor should be banished to charm school and learn how to make friends and influence people--also the concepts of employer and employee relations. (Threats and browbeats not accepted.)
>
> Mr. X and helper ok, but Firm A, Firm B and Firm C, I would not recommend to fix a dog house.
>
> I am sorry to say I would not recommend Firm E to anyone. I rate them very poor in every way.

Comparable remarks were made during the course of this survey. Complaints tended to be of three types: that the contractors underestimated the amount of time or money needed for the job, that the work done was slipshod, or that the contractors were irresponsible.

Recipients tended to disagree on whether or not the loans received were sufficient to pay for all the work planned, both in the PDC evaluations and in this study. In St. Johns, slightly less than half felt that their loan was sufficient. In contrast, 61% felt their loan was enough in Richmond. St. Johns dissatisfaction may be related to loan amounts. It seems reasonable that since the recipients tended to make the same kinds of improvements, Richmond's people, receiving a larger loan on the average, would be more satisfied. Along the same vein, more people in St. Johns (58%) ended up using additional money of their own to make home improvements than was true in Richmond (44%).

St. Johns recipients seem to rely more heavily on program funding than did Richmond's. Sixty-five percent of the St. Johns recipients felt that if they hadn't received a loan, they would have never been able to make improvements. The same was true for only 44% of Richmond's recipients. So although the loan program was highly rated in Richmond, many are likely to have worked on their homes without the loan, though most people admitted that it probably would have taken much longer.

CHAPTER SUMMARY

Even with some reservations about the work done and whether or not the loan was sufficient to do the work planned, 98% of its recipients would recommend the program. In fact, during the course of this survey, when people were asked if they would recommend the program, respondents invariably said not only that they would but that they had, usually pointing to the homes of neighbors to whom they had spoken about PDC. In St. Johns, people made it a point to tell the interviewer that not only had they told their neighbors, but their relatives as well--surely reflecting a highest form of satisfaction with the loan process. The only two people who would not recommend the program had serious problems with their contractors.

Footnotes for Chapter VI

1. It should be mentioned that in this survey, to evaluate the loan process, respondents were given four choices instead of three: "very good, good enough, not so good, not good". Ratings for the contractors and the Development Commission were measured in the same manner as the in-house evaluations.

CHAPTER VII

IMPACT EVALUATION

CRITERIA: WHO BENEFITS?

INTRODUCTION

The first step in evaluating the impact of any program is to answer the question, "Who benefits?". Before the neighborhood survey was undertaken to discover the impact of the loan programs on the neighborhoods where they have been funneled, it was first necessary to explore the characteristics of the loan recipients themselves. Although the Housing and Community Development Act stipulated that programs funded by that act should go to low and moderate income people, the characteristic "low or moderate income" cannot in and of itself define the recipients of the loan programs. To gain a clearer understanding of just who those recipients have been, as well as what types of homes are benefiting from the loans, a random sample survey of 15% of the Portland Development Commission's internal files was taken in the summer of 1978. Characteristics studied included socio-economic characteristics of the recipients such as age, sex, marital status, and income, plus pertinent information related to their homes such as housing costs per month, assessed value, and rehabilitation work done.

SOCIO-ECONOMIC CHARACTERISTICS

Analysis of loan recipient files showed Portland's subsidized loan programs serving people who can meet day-to-day living costs yet are not able to maintain their homes. Most loan recipients have been women, almost half of whom were divorced. Over a third of the women receiving loans were widows and 9% were single. Of the men who received rehabilitation loans for their homes, only 4% were divorced, 1% widowers, and 6% single, leaving almost 90% married. Taking both sexes together, married couples far outweighed persons of other marital types by at least two to one.

TABLE XIII

MARITAL STATUS OF LOAN RECIPIENTS

Marital Status	Sex					
	Male		Female		Total	
	N	%	N	%	N	%
Single	9	6.2	10	9	19	7.4
Married	127*	87	5	4.5	132	51.4
Divorced	6	4.1	54	48.6	60	23.3
Widowed	2	1.4	38	34.2	40	15.6
Total	144		107			

*For the purpose of the analysis, this figure was included for both male and female in the narrative.

As for age, few recipients were very young. Instead, 97% of the loan recipients fell between 24 and 68 years with a median age of 43. At the same time, the loans did tend to be slightly skewed toward younger people. Almost half of the recipients were under 40 years of age (see Table XIV).

TABLE XIV

LOAN RECIPIENT AGES

Age Categories	N	%
20-30	53	20
30-40	70	26
40-50	39	15
50-60	38	14
Over 60	65	25
Totals	265	100

When men and women were compared by age, the female recipients tended to be older. Almost half of the women receiving loans were over 50 years old (Table XV).

TABLE XV

COMPARISON OF LOAN RECIPIENT AGES:
MALE AND FEMALE

Age Categories	N	% Male	N	% Female
20-30	40	27	13	11
30-40	39	26	31	27
40-50	22	15	17	15
50-60	16	11	22	19
Over 60	32	21	33	28
Totals N=266	149		116	

Three-fourths of the loan recipients were white.[1] This was true for both men and women. Marital status did not differ significantly by race. Comparing races across loan amounts, blacks tended to get larger loans. Only 13% of the blacks received loans of under $2,500 while 20% of the white recipients did. For both races, half of the loans received were between $2,500 and $5,000. Finally, 12% of white and 14% of blacks received loans over $10,000 (see Table XVI).

TABLE XVI

LOAN AMOUNT BY RACE

Loan Amount	Race				
	Black		White		Total
	N	%	N	%	
Under $2,500	8	13	40	20	48
$2,501 - $5,000	33	50	89	50	122
$5,001 - $10,000	13	23	43	18	56
Over $10,000	9	14	24	12	33
Total N=262	63	100	196	100	259

Mean Loan Amount: $5,465

Household sizes tended to be small, with almost half of the recipients living in a house with two or fewer people. Only 12% of all recipients had households of over four persons.

For the purposes of this study, the sample was distributed among eight occupational categories: professional, clerical and sales, service occupations, processing occupations, machine trades, bench work, structural, and miscellaneous. The last category included people receiving welfare, unemployment, social security, or pension benefits. Four occupation categories comprised the bulk of the total sample. In the miscellaneous category, which accounted for 51% of the recipients, 14% of the recipients were receiving welfare or unemployment payments while almost 30% were on social security or a pension system. Table XVII shows the professional, clerical, and service occupations to be the other three significant categories.

TABLE XVII

LOAN RECIPIENT OCCUPATIONS

Occupation Type	%	N=247
Professional	13	
Clerical and Sales	11	
Service Occupations	13	
Processing Occupations	1	
Machine Trades	3	
Bench Work	5	
Structural	4	
Miscellaneous	51*	

* Includes 14% welfare or unemployment and 30% on social security or pension.

Monthly incomes for the recipients were low. Over a third of the recipients had incomes under $500 per month. Almost three-fourths had incomes under a thousand dollars (Table XVIII).

TABLE XVIII

LOAN RECIPIENT INCOME PER MONTH

Income Categories	N	%
Under $500	95	36
$501 - $1,000	90	35
$1,001 - $1,500	52	20
Over $1,501	23	9
Total	260	100

Mean: $755.70

As Table XIX shows, women receiving loans tended to have lower incomes than men. Over half of the women receiving loans earned less than $500 per month while only 20% of the men did. About a third of both sexes earned $500-$1,000 per month. Although almost half of the men earned more than $1,000 per month, less than 10% of the women did.

TABLE XIX

MONTHLY INCOME BY SEX

Income Categories	Sex		
	Male	Female	
Under $500	20	58	
$501 - $1,000	35	34	N=262
$1,001 - $1,500	29	8	
Over $1,501	16	0	
Mean	$915	$498	

Loan recipients were people who, for one reason or another, had not been able to accumulate any savings for home improvement projects. Many, particularly the elderly, were on fixed incomes. For those who were not, raising children took up any extra funds that might otherwise have been saved. Over half of the loan recipients had no savings at all. Altogether, 66% of the recipients had savings of under $500. A further 23% had less than $3,000, leaving only 11% with savings over $3,001, as shown in Table XX:

TABLE XX

LOAN RECIPIENT SAVINGS

Savings Categories	N	%	
$0	143	55	
$1 - $500	29	11	N=260
$501 - $3,000	59	23	
Over $3,001	29	11	

The only group having any significant savings was the widow(er)s. Of that group almost a third had over $3,000.

Housing costs were low for recipients, suggesting that although they could not afford rehabilitation work without some subsidy, once the work was completed, they would probably be able to remain in their homes, barring any substantial increase in property taxes. Housing costs ranged from a low of $67 to a high of $1,217 per month, with a median cost of just over $200. Less than 3% of the recipients needed over $400 a month to keep up their mortgage payments and pay for utilities. In fact, 44% needed less than $200 per month (Table XXI). This was largely due to the number of elderly recipients who owed no balance on their mortgages.

TABLE XXI

MORTGAGE AND UTILITY COSTS: LOAN RECIPIENT

Housing Costs Per Month	N	%
$0 - $100	12	5
$101 - $200	101	39
$201 - $300	99	38
$301 - $400	41	15
Over $401	8	3
Totals	261	100

HOUSING CHARACTERISTICS

The majority of homes rehabilitated through the loan programs were well over fifty years old, with the average house being built in 1924. Less than a quarter of the homes renovated were built after 1935. Only 7% of the houses were under 20 years old, the most recent built in 1973.

Recipient homes had from one to seven bedrooms, averaging three. The average house measured 1,179 square feet. When purchased, their prices ranged up to $31,500 with a middle cost of $12,400. People acquired their homes anywhere from 1922 to 1977. The median purchase year of 1971, however, suggests that most people have purchased their homes in the last eight years. Assessments for the homes varied from $5,400 to $36,190, with a mean of $16,837. Only 9% were valued at over $25,000 (Table XXII).

TABLE XXII

ASSESSED VALUES: RECIPIENT HOMES

Value Categories	N	%
$0 - $10,000	31	12
$10,000 - $15,000	73	28
$15,001 - $20,000	85	32
$20,001 - $25,000	51	19
Over $25,001	23	9
Total	263	100

Only about 60 of the recipient files supplied an estimated value for their homes following rehabilitation. This number is too small to give anything but a vague indication of value increases. Nonetheless, the data suggests that the loans gain high benefits for their costs. Where the average loan was $5,465 (median: $4,000), the average increase in value expected was $8,460 (median: $10,000), almost two times the dollar amount put into the house.[2]

A LOOK ACROSS LOAN TYPES

DPL

Some differences in the characteristics of the recipients can be seen when they are separated by the type of loan received. People receiving Deferred Payment Loans tended to be older than recipients of the other three loans, with an average age of 53 years. A third of the DPL recipients were married, a third divorced, and a quarter, widowed. Three quarters were white. More females received DPLs than men by a ratio of three to two. Households tended to be small, usually having two people. Monthly incomes were low, averaging less than $500. A full three-fourths of the group were on welfare, unemployment insurance, or social security. At the same time, housing costs per month were low. Ranging from $67 to $467, they averaged $206. Though people owed anywhere up to $21,836 on their homes, most owed under $6,000 (mean: $4,818).

The houses owned by DPL recipients were old. Most were built before 1920. While assessment values went from a low of $5,400 to a high of $36,190, they tended to cluster around $15,000 - $20,000.

HCD

Even though people could receive up to $17,400, the average HCD loan was $10,500. People receiving HCD loans tended to be younger than those receiving DPLs. In age, they ranged from 25 to 66 with an average age of 39, over 10 years younger than the typical DPL recipient. Fewer people receiving HCDs were divorced when compared to DPL recipients (64% married, 18% divorced). Household sizes tended to be larger, four people on the average, usually due to the presence of two dependents. Only 18% were on welfare, social security or unemployment insurance.

Monthly incomes were much higher than for recipients of DPLs. In fact, they were over twice as large (average: $970/month; median: $1,105). Housing costs also ran about $40 higher (range: $122-$362, mean: $242). Few people had sizable assets. Ninety-one percent had under $500.

HCD homes also tended to be older than DPL houses, suggesting the need for more rehabilitation work. Most were older than 60 years. Recipients, however, had purchased their homes fairly recently (average 1969 versus 1963 for DPLs) which was reflected in their mortgage balances (average $10,650 versus $5,818 for DPLs). Assessed valuations put HCD homes at the same level as DPLs.

312

Though larger in dollar amount than DPLs, 312 loans were not as large as HCDs (mean: $7,401). Socio-economically, recipients of 312 loans tended to be much like the recipients described above. They ranged in age from 21 to 69 with an average age of 39. Most were married (73%). Most were white (72%). Households usually had three people. Although more people (24%) receiving these loans were on welfare, social security, or unemployment than HCDs, they were a smaller proportion than present with the first loans described. The mean monthly income was $1,141. Assets also tended to be higher (median: $440) than for recipients of the other two loans. Still, housing costs were only $20 more per month than those faced by HCD recipients (mean: $262; range: $90-$1,210).

As with the other two loans, most houses had three bedrooms. Like DPLs, 312 homes were a little over 50 years old on the average. Like HCD's, people had typically only owned their homes since 1969, leaving a high mean mortgage balance ($11,182). Finally, assessed values were close to both HCDs and DPLs, averaging $16,425.

PIL

Public Interest Loans were not as high as HCD loans but higher on the average then DPL and 312 loans, with a mean of $9,367. As with HCDs and 312s, PIL recipients were young (average age: 38). No one over 60 received one of these loans. PIL loans tended to go to couples showing the highest socio-economic class when compared to the other loans. By far the bulk of PIL loan recipients were married (88%). Few divorced individuals and no widow(er)s received this type of loan. Eighty-eight percent were white. Household sizes averaged four, largely because most of the married couples receiving loans had two children. Few people (13%) were living on government subsidies. Monthly incomes were the highest of all the categories. Running from $707 to $1,921, they averaged $1,379 (median: $1,478). On the other hand, few people had assets of over $1,000. Housing costs were less than the 312s but larger than the other two loan types. People paid out from $154 to $408 with an average of $256.

Houses here usually had three bedrooms and were newer than the houses for any of the other loans. Built between 1904 and 1973, the average house was under 40 years old in 1975. On the whole, the homes had also been purchased fairly recently. Most had been owned since 1967. Mortgage balances were in league with balances reflected in the 312 and HCD groups (mean: $9,658). Finally, housing units receiving PIL loans had higher assessed values than any of the other loans. Running from $14,050 to $31,880, they clustered around $20,500.

Loan Types: Cross Comparisons

A number of variables were compared across all loan types to see if they differed significantly when recipients were divided into groups according to the type of loan received. Analysis of variance tests showed that monthly incomes and housing costs per month were significantly different for the four loan types. Assets, on the other hand, did not differ significantly. People showed the same assets patterns, i.e., most had few assets, no matter which loan type was considered. The assessed values of homes were similar for all loan types. For all four loans, houses were assessed at about $16,500 with over two-thirds of the houses ranging from $10,000 to $21,000[3].

Women received significantly smaller loans than men. Comparing loan amounts with marital status demonstrated that the higher the loan amount, the greater the possibility a married couple received the loan.

St. Johns and Southeast Portland

Loan amounts for the St. Johns neighborhood ranged from $1,006 to $18,391 with an average loan of $5,405. Most people in St. Johns received DPL loans. Over two-thirds of the loans, in fact, ranged between $2,000 and $9,000. Though loan recipients were from 21 to 83 years old, the average age was fairly high at 49 years. Most persons were married (66%) and there was a fairly high proportion of widow(er)s (22%). Almost all of the recipients were white (91%). Household sizes tended to be small, clustering around two people per family. Monthly incomes ran from $130 to $1,921 per month with an average of $724 (median: $602). Over half the population had assets of less than $1,500.

Housing costs per month tended to be low in St. Johns. Going from a low of $71 to a high of $405, the mean cost was $189. Houses were small, most having two to three bedrooms. They also tended to be fairly old. Though built between 1900 and 1973, most were at least 40 years old by 1975. People had owned their homes for a long time. One person had owned her home since 1935. Over half of the homes had been owned for 15 years before they were rehabilitated. This length of time was reflected in the low balance of mortgage payments faced by most recipients (range: $0 - $26,000; mean: $5,753). Finally, houses in St. Johns were assessed from $9,200 to $30,220 with an average value of $15,999.

Southeast recipients also received more DPLs than any other loan. Loan amounts ranged from $917 to $18,444 with a mean of $6,207, almost a thousand dollars more than north Portland. Like St. Johns, people had an average of 46 years, with the youngest person 24 and the oldest 91. Almost half the recipients were married (47%) while a fourth were divorced and 18%, widow(er)s. Almost all of the recipients were white (96%). Households usually had three members, with one child. Monthly incomes for the area as a whole were less than St. Johns. With a low of $171 and a high of $1,573, they averaged $720 (median: $742). Assets, on the other hand, were higher (mean: $3,319). Housing costs per month were fairly high, averaging $252 (range: $89 - $1,210).

Most houses were over 60 years old in 1975. Purchase prices only averaged $13,285, and most recipients had owned their homes for ten years when they received their loans. Consequently, mortgage balances recorded for the Southeast tended to be small, averaging $8,743. Assessed values, on the other hand, had a tendency to be high, with a mean of $18,454.

CHAPTER SUMMARY

This chapter reported a median income for all loan recipients of $600 per month, half of the median monthly income of all Portland residents. Most loans went to citizens who earned between $230 and $630, with over half of the females receiving loans earning under $500 per month. Assets for the loan recipients are few. Over three-fourths of the loan recipients had less than $1,000 in savings. A full 55% had no savings at all. A total of 30% of the loan recipients were on social security or a pension; 21% on welfare or unemployment. 37% had professional clerical or sales, or service occupations. In age, loan recipients ranged from 21 to 91, with 87% between 24 and 68. Loans were fairly evenly distributed over this age group. Women who received loans tended to be older. Over half the female loan recipients were over 50, where only a third of the men were. Recipients of the no-interest DPL loans were older than the recipients of the other three loan types.

Half of the loans went to married couples. The next largest number of loans went to divorced women. 16% went to widow(er)s. The number of persons living in a household that received a loan was usually three or less.

As for the houses owned by the loan recipients, the majority of the homes rehabilitated were over 50 years old, with a median assessed value of $16,500. Housing related costs centered at a little over $200 per month. Looking across loan types, recipients of DPL loans tended to be older with small households. Recipients of HCD and Section 312 loans tended to be younger and married. These loan recipients were generally employed, with a median income of about a thousand dollars a month.

Recipients of PIL loans tended to be younger than DPL recipients, and 87% were married. The houses for which PIL loans were given tended to be newer and to have higher assessed values than for the other three loan types. Women tended to receive lower interest loans than men. Finally, looking across the two HCD study areas, St. Johns and Southeast Portland loan recipients were similar in their socio-economic characteristics and in the type of houses they owned.

Footnotes

1. Other than Whites and Blacks, only one Indian, one Spanish American, and two Asian recipients were in the survey.
2. Portland Development Commission housing specialists with assessor certification estimated the increases in value.
3. The following analyses of variance were performed to see if there were significant differences according to loan types: Monthly income: N=263, F=125 (sig. less than 000) Eta=.7; Housing costs/month: N=261, F=5.94 (sig. less than .001) Eta=.25; Total Assets: N=260, F=.44 (non-sig.), Eta=.07; Assessed Value: N=263, F=2.29 (non-sig.), Eta=.16.

   Analyzing differences in loan amounts according to sex: Loan Amount: N=266, F=7.99 (sig. at less than .000), Eta=.37.

CHAPTER VIII

IMPACT EVALUATION

CRITERIA: OUTSIDE PERCEPTIONS OF IMPACT

Prior to analyzing the neighborhood survey results in terms of program impact, an effort was made to obtain some secondary data which could suggest how the programs have affected HCD neighborhoods. Anthony Downs, for one, has suggested that significant changes within a neighborhood will be reflected by actions undertaken by outside actors regarding the neighborhood (Downs, 1970; Hermann, 1979:40).

In this study, two types of information were focused on as capable of indicating outside perceptions of impact: lending records and real estate trends. Both kinds of information are important for two reasons. First, the perceptions of improvements by outside actors would indicate that there would be a significant number of respondents within neighborhood perceiving the neighborhoods as improving, rating them better as a consequence. Second, the Portland Development Commission and the city's Office of Planning and Development developed long-term goals for Portland's Housing and Community Development activities which included actions of outside actors. Chapter IV showed that one of the goals central to the neighborhood rehabilitation program was to initiate stabilizing activities which could later be taken up by private industry, in particular, the city's financial institutions.

Both the lending and realty institutions are essential components to any long-term revitalization efforts in urban neighborhoods. Their perceptions of program impact are important. With banking institutions, the availability of credit is central to ensuring long-range results for any revitalization project such as Portland's. Urban decline has long been held to be intimately linked to the availability of institutional mortgage credit. Where there is decline, conventional mortgage and home improvement money tends to be scarce. Increases in those funds suggest that a district is improving relative to its surrounding areas.

With real estate, the acquisition of a residence is a simultaneous purchase of a neighborhood with all its associated social and physical attributes as well as a geographic location and the resulting accessibility to employment, shopping, and recreation sites (Meadows and Call, 1978:297-308). Perhaps the best overall indicator of outside perceptions of neighborhood change is the trend in residential real estate market prices, since the market price captures not only the characteristics of the physical unit but also the quality of the neighborhood environment (Ahlbrandt, 1976:339).

METHODOLOGY NOTES

Market values indicate the demand for housing in a particular area. An analysis of the market values in the four neighborhoods helps to indicate whether the neighborhoods are perceived by outside actors as improving, decaying, or staying the same. For data, market prices asked for all of the homes[1] put up for sale in the four neighborhoods in July of 1975, 1976, 1977, and 1978 were compared for differences. Because of the makeup of the data[2], F tests were used to discern differences in market values for the neighborhoods.

To discover the reactions of local lending institutions to neighborhood HCD activities, home mortgage and home improvement loan activities for thirteen banks and savings and loans institutions from 1976 through 1978 were studied. Although the time span used is shorter than one might wish for in an ideal situation (Campbell, 1970:110-126), the two sets of information taken together offer some basis for inferring the attitudes of outside actors toward the neighborhoods.

MARKET VALUES

Before considering market values for the four neighborhoods, it should be noted that housing values in Portland have skyrocketed in the past six years. Table XXIII offers some price trends with which to compare findings from this study. It shows average price increases of houses in the north, southeast, west, and entire metropolitan area from 1972 through 1978. A look at the table shows that neighborhoods in north Portland do not compare any more favorably with the rest of the city as a consequence of the loan programs. In 1974, the average price of a home in north Portland was almost $18,000 less than the average home in Portland. In 1978, the difference in prices was $21,000, almost three thousand dollars more. For southeast Portland, however, the average price of $23,000 was $17,000 less than Portland on the whole. In 1978, the difference had closed somewhat to $10,000, hinting that changes may be going on in Richmond.

Narrowing trends down to the neighborhood level, the market values of approximately seventy homes in the four neighborhoods were compared to discover whether homeowners selling their homes in Richmond (HCD) and St. Johns (HCD) have been putting their homes on the market for

TABLE XXIII

HOUSING PRICE TRENDS, NORTH, SOUTHEAST
WEST SIDE, AND PORTLAND METROPOLITAN AREA

Year	North	Southeast	West Side	Portland Metro Area
1972	$15,040	$18,840	$28,910	$32,000
1973	18,200	20,220	32,060	36,000
1974	22,770	23,030	35,080	40,000
1976	22,180	28,770	44,380	49,000
1977	25,750	30,220	52,420	54,600
1978	33,880	44,360	63,830	60,600

Source: Real Estate Trends (1978) pp. 6-7.

significantly higher prices since the inception of Housing and Community Development activities. Recall that several studies have suggested that housing market values vary systematically with respect to differentials in housing and community characteristics (Oates, 1969; Kain and Quigley, 1970; Pollakowski, 1973; Edel and Sclar, 1974; Straszheim, 1975; Meadows, 1976). One would expect that improvements in neighborhood characteristics taking place in St. Johns (HCD and Richmond (HCD) would lead to higher market values. Average asking prices for homes in the four neighborhoods over a four-year period are listed in Table XXIV.

TABLE XXIV

AVERAGE MARKET PRICE, STUDY NEIGHBORHOODS

		1975	1976	1977	1978
HCD	St. Johns	$20,529	$22,169	$27,644	$42,761
	Portsmouth	$20,175	$19,300	$31,483	$37,964
HCD	Richmond	$25,518	$26,924	$33,268	$44,842
	Creston	$23,922	$27,185	$34,392	$58,648

Source: Real Estate Trends (1978)

It is interesting to note that market prices skyrocketed in the summer of 1978 for all of the neighborhoods, to a point where they were twice the amount (or more) of the average assessed values of the homes as shown in Table XXV.

TABLE XXV

ASSESSED VALUES AND ASKING PRICES, STUDY NEIGHBORHOODS

	Assessed Value: 1978	Asking Price: 1978
St. Johns (HCD)	$21,745	$42,761
Portsmouth	$22,988	$37,964
Richmond (HCD)	$28,660	$44,842
Creston	$26,177	$58,648

Source: Real Estate Trends (1978)

F-tests showed only one significant difference when market prices were compared. Ironically, in 1978, homes in Creston were put on the market for a significantly higher price than Richmond (F=9.127, sig=.003). There were no significant differences between St. Johns and Portsmouth. Changes in outside perceptions are not taking place such that sellers in HCD neighborhoods expect to ask significantly higher prices for their homes.

FINANCIAL INSTITUTIONS

Interviews with officers from eighteen of the major banking institutions in Portland suggested that most of the major banks and savings and loan institutions were aware of HCD activities and perceived HCD neighborhoods to be improving. As a consequence, most felt that their loan policies would change so that increased mortgage and home improvement activity would be seen in loan neighborhoods. As one vice president of the Benjamin Franklin Savings and Loan expressed it, "It's like a snowball effect. Once the government goes in, other (institutions) follow". (Menath, May, 1979).

In reality, loan activities have not increased significantly in St. Johns (HCD) and Richmond (HCD) when those neighborhoods are compared with Portsmouth and Creston, and even when they are compared with the Portland SMSA. Tables XXVI, XXVII, and XXVIII show that the lending institutions were most active in 1977 for all parts of the city, decreasing in 1978. For all areas except Portsmouth, the value of the loans increased steadily. Comparing the study neighborhoods with the rest of the metropolitan area, on the whole Portlanders received mortgage loans half again as large as the southeast neighborhoods and twice as large as the northern neighborhoods. Home improvement activities in turn do not show any particular patterns. Although home improvement loans almost doubled in value for the city, no notable increases took place in the four neighborhoods. It should be noted for Portsmouth, however, that the average value of the home improvement loans decreased, just as the home mortgage loans did. Taken together the three tables suggest that outside actors do not seem to have perceived changes in the HCD neighborhoods. They have not changed their own policies regarding those neighborhoods relative to the rest of the city. Banking activities are no greater in terms of financial amount loaned or quantity. Market prices have not increased significantly compared to non-loan neighborhoods.

At the time of the neighborhood survey, the loan program had not made enough obvious improvements in the neighborhoods to attract private investments to carry on the rehabilitation efforts started by the city. The stability of the market prices has both negative and positive implications. On the one hand, market prices keep assessed values down, helping the homeowners to hold on to their homes. On the other hand, with the city anticipating pulling out of those neighborhoods in the near

TABLE XXVI

HOME MORTGAGE ACTIVITY SUMMARY, STUDY NEIGHBORHOODS

	1976	1977	1978
	N (Average)	N (Average)	N (Average)
Richmond	99 ($22.335)	204 ($26,835)	162 ($32,636)
Creston	17 ($21,433)	40 ($23,736)	35 ($30,507)
St. Johns	31 ($18,098)	93 ($20,785)	98 ($26,850)
Portsmouth	11 ($18,583)	40 ($29,282)	35 ($25,980)

Source: First National Savings and Loan, Western Savings and Loan, U.S. National Savings and Loan, Far West Federal Savings and Loan, Benjamin Franklin Savings and Loan, Equitable Savings and Loan, Fred Meyer Savings and Loan, Oregon Mutual Savings and Loan, Cascade Federal Savings and Loan, First State Bank, The Oregon Bank, Oregon Pioneer, The Oregon Trail. Internal files.

TABLE XXVII

HOME IMPROVEMENT LOAN ACTIVITY SUMMARY, STUDY NEIGHBORHOODS

	1976	1977	1978
	N (Average)	N (Average)	N (Average)
Richmond	63 ($4,793)	64 ($4,421)	61 ($5,826)
Creston	13 ($6,233)	28 ($4,011)	11 ($5,314)
St. Johns	60 ($3,138)	52 ($5,299)	29 ($6,424)
Portsmouth	9 ($3,375)	17 ($6,775)	16 ($4,368)

Source: First National Savings and Loan, Western Savings and Loan, U.S. National Savings and Loan, Far West Federal Savings and Loan, Benjamin Franklin Savings and Loan, Equitable Savings and Loan, Fred Meyer Savings and Loan, Oregon Mutual Savings and Loan, Cascade Federal Savings and Loan, First State Bank, The Oregon Bank, Oregon Pioneer, The Oregon Trail. Internal Files.

TABLE XXVIII

HOME MORTGAGE LOAN ACTIVITY SUMMARY: PORTLAND SMSA

1976	1977	1978
N (Average)	N (Average)	N (Average)
11638 ($36,732)	19116 ($40,991)	17844 ($45,153)

HOME IMPROVEMENT LOAN ACTIVITY SUMMARY: PORTLAND SMSA

4487 ($3,564)	3847 ($5114)	4143 ($6167)

Source: First National Savings and Loan, Western Savings and Loan, U.S. National Savings and Loan, Far West Federal Savings and Loan, Benjamin Franklin Savings and Loan, Equitable Savings and Loan, Fred Meyer Savings and Loan, Oregon Mutual Savings and Loan, Cascade Federal Savings and Loan, First State Bank, The Oregon Bank, Oregon Pioneer, The Oregon Trail. Internal files.

future, a vacuum will be left where more efforts are needed.

Footnotes for Chapter VIII

1. Houses in the neighborhoods were checked for their size, amenities, and type to make sure that they were comparable.

2. For market values, the number of houses put on the market changed yearly for each of the four neighborhoods. The numbers ranged from eight to twenty-eight in a given month, for a particular neighborhood, making F tests a more appropriate statistical tool than, say T tests. It was not possible to retrieve additional market information due to a refusal on the part of the company providing the data to share any more of its records, which were private.

3. Assessment trends in the four neighborhoods back these findings. A study of assessed values in 400 randomly selected homes in the neighborhoods showed increases in values coinciding with the progression of the loan program in Richmond, compared to no significant increases in assessed values in St. Johns.

CHAPTER IX

IMPACT EVALUATION

CRITERIA: SATISFACTION LEVELS I

INTRODUCTION

In Chapter VIII, outside indicators suggested that actors living outside of HCD neighborhoods had not perceived sufficient changes in the community development areas to change their own policies toward HCD neighborhoods. The neighborhood survey which asked four hundred residents about specific aspects of their homes, neighbors, and neighborhoods provided a primary source of data capable of determining whether those outside perceptions held true within the neighborhoods.

Several situations could have developed as a consequence of the loan program. First, people might feel better about their neighborhoods as a consequence of the loan activities and therefore be more willing to remain where they are, enhancing neighborhood stability. For loan recipients, the pride stemming from the accomplishment of HCD-funded home improvements could lead to a stronger identity with, and concern for, the homeowner's neighborhood. Further, even if a person in the HCD neighborhood has not applied for or been granted an HCD loan, the accomplishment of others home improvements could lead to perceptions of a more satisfactory environment.

A second consequence might be that HCD neighborhoods have been upgraded socio-economically. That is, people having a significantly higher socio-economic status in terms of income, occupation, and education level may have moved into the HCD neighborhoods as a result of HCD related improvements. However, it is possible that people have not perceived improvements taking place in their neighborhoods. Or, even when they have noticed changes, they may not show significantly higher satisfaction levels with their neighborhoods. Finally, socio-economic changes could have occurred with any of the other outcomes.

To discover whether people were aware of the effects of the loan programs, residents were simply asked in the neighborhood survey whether or not they had noticed any improvements going on in their neighborhood, and if so, what kind. Then, to test for changes in people's attitudes toward their neighborhoods as a consequence of the government programs, persons living in both HCD and non-HCD districts were asked to rate their neighborhoods as places to live. Four choices were given: 1=very good, 2=good, 3=not so good, and 4=not good at all. HCD neighborhood people should have significantly lower scores than non-HCD neighborhood respondents if perceptions of their neighborhood have improved since the start of the program. Asked about the condition of the houses in their neighborhoods, they should show the same difference.

At the same time, more HCD area people should have responded "getting better" when asked if their neighborhood was getting better, staying the same, or getting worse. Finally, when asked the question, "All things considered, how satisfied or dissatisfied are you with this neighborhood as a place to live: 1=completely satisfied, 2=most satisfied, 3=neutral, 4=mostly dissatisfied, 5=completely dissatisfied", the HCD neighborhoods should have shown significantly lower scores than non-HCD area people. Such information helps to isolate HCD effects on neighborhood residents.

Similar questions were asked about three other publicly provided services to the neighborhoods: police protection, street lighting, and street repair, as there is a very strong relationship between the level of city services and evaluation of neighborhood quality (Lovrich, 1976:208; Anton and Bowan, 1976:11-12). Dissatisfaction with such services could have a negative impact on neighborhood satisfaction which could, in effect, counteract positive reactions to HCD-funded improvements.

In all, a total of 72 variables were used for this part of the study.

FINDINGS

Neighborhood Attitudes

The residents of all four neighborhoods felt positively about their environment. Eight-two percent rated their neighborhood as very good or fairly good overall. Before studying possible effects of the HCD program in this instance, several other factors found to be closely related to a person's satisfaction level should be reported. Two-way frequency tables crossing all of the variables indicating neighborhood satisfaction showed that a person's age can affect that person's satisfaction level. Generally, older respondents were relatively more likely to express a high level of satisfaction with their neighborhood (Tau C=.210, sig=.000). Owners tended to be more satisfied with their neighborhoods than renters (Tau C=.229, sig=.000). The longer a person lived in a neighborhood, the more satisfied he or she was with his or her environment (Tau C=.155, sig=.000).

On the other hand, whether or not a person received a rehabilitation loan did not correlate closely with one's level of satisfaction. Nor was income related to satisfaction levels. As incomes increased, people did not express higher, or lower, levels of satisfaction with their neighborhoods.

Looking at specific responses, for St. Johns (HCD) and Portsmouth there was a significant difference in how people answered the question, "Considering everything, what would you say about this neighborhood as a place to live? Would you say it is a very good place to live, fairly good, neither good nor bad, not very good, or no good at all?" St. Johns (HCD) showed 82% of its people rating the district as very good or fairly good, almost half (46%) rating it very good. Although over half of Portsmouth (55%) also rated their neighborhood as very good or fairly good, the difference in attitudes is substantial (33%, x^2=3.61,sig. at .1). Some of the difference could stem from several factors. More people moved to St. Johns originally because they liked the area than was true in Portsmouth, and there is also a tendency toward longer residency in St. Johns. Public housing residents interviewed in Portsmouth were also responsible for some of the discrepancy. Even so, the difference between the neighborhoods is substantial enough to suggest that some effects of HCD activities are present.

Residents of Creston liked their neighborhood just as much, if not more, than did people in Richmond (HCD), with both neighborhoods rating their area highly. Eighty-three percent of the Richmond (HCD) respondents and 91% of Creston's respondents rated their neighborhood as very good or fairly good. Moreover, over half of Creston gave their neighborhood the highest rating (57%), while only 41% did in Richmond. Only ten people in Richmond (HCD) and nine in Creston rated their neighborhoods poorly.

When testing for distributional differences, the two patterns were not different statistically.

To double check general neighborhood ratings, at the end of every interview, people were asked to summarize their feelings about where they live by expressing their general level of satisfaction with their neighborhoods a second time. As with the question discussed above, people showed satisfaction with where they live. Likewise, inhabitants of St. Johns expressed more positive feelings than did people in Portsmouth (x^2=2.82, sig.=.10). Richmond (HCD) and Creston showed high levels of satisfaction with 86% of Richmond and 87% of Creston respondents expressing satisfaction.

Neighborhood Changes

Whether or not people felt that their neighborhood had stayed the same, improved, or worsened in the past three years was found to be closely related to how satisfied they were with their neighborhoods (Tau C=.134, sig=.001). Where there was a feeling that the neighborhood was generally improving, there was more satisfaction expressed with the neighborhood. A full 40% of St. Johns (HCD) respondents felt that their area had improved since 1975. The same held true for only 13% of Portsmouth's inhabitants. For most Portsmouth respondents, the area seemed unchanged (75%). Fifty-one percent of those living in St. Johns (HCD) also felt that their neighborhood was basically the same as it was three or four years ago. Still, the difference in the number of positive responses in the two neighborhoods is significant (x^2=5.46, sig=.025).

Recalling that Richmond (HCD) and Creston were rated fairly equally in terms of satisfaction level, it should not be surprising that their patterns of response to questions of neighborhood change are close. Well over half of the respondents in both neighborhoods felt that their neighborhoods had not changed (Richmond (HCD) 67%; Creston 77.5%).

Although not significantly different in a statistical sense, a quarter of the Richmond (HCD) respondents felt that their neighborhood had changed, compared to 15.5% for Creston. Further, when people were asked how their neighborhoods had improved generally, more people in Richmond (approximately 20%) mentioned home improvements than anywhere else. Several such comments were:

> The neighborhood is going upward-young couples are buying homes and fixing them up.
>
> It used to be run down, but everyone's improving now.
>
> The neighborhood was getting worse-then it stopped.

It is interesting to note that although more people perceived their neighborhood as improving, people were not more satisfied with Richmond (HCD) on the whole. On the other hand, when the proportion of people perceiving improvements increases to 40% as in St. Johns, the difference in people's attitudes toward their neighborhood is significantly different.

Specific Neighborhood Improvements

Taking the issue of neighborhood change a step further, respondents were asked if they had noticed any specific improvements in their neighborhoods in the last several years. Responses show St. Johns residents responding far more positively than the Portsmouth residents ($x2=14.49$, sig=.001). Portsmouth residents were aware that few improvements have been made in their neighborhoods recently.

As for specific improvements noticed, 67% of St. Johns (HCD) dwellers and 97% of the Portsmouth respondents who noticed improvements listed street improvements as the most noticeable specific betterment. In St. Johns (HCD), another 16% responded that they noticed trees being planted. Another 16% mentioned the changes going on in the St. Johns business district while one person specifically mentioned home improvements. No other improvements were noticed in Portsmouth.

Richmond (HCD) and Creston residents also showed differences in whether or not they had noticed specific improvements, even though Richmond (HCD) had received a minimal amount of HCD monies compared with St. Johns (HCD). While over 58% of the Richmond (HCD) respondents noticed specific improvements in their neighborhood, only 24% noticed anything going on in Creston (x^2=12.50, sig=.001).

For those who noticed improvements, 40% of Richmond (HCD) and 65% of Creston listed street improvements as the most important changes. For over half (54%) of the Richmond (HCD) respondents, the city's tree planting program and home improvements were apparent. Six people (Richmong (HCD): 2; Creston: 4) mentioned park improvements.

Willingness to Stay

A person's willingness to stay in his or her neighborhood over a period of time has often been used as indicative of how positive that person feels about his or her immediate environment. In this survey, respondents were asked, "Five years from now, do you think you will still be living in this neighborhood?" Almost three-fourths of the people in St. Johns (HCD) answered in the affirmative. Sixty-three percent of all the Portsmouth respondents also answered positively.

Excluding public housing residents, 71% of Portsmouth's occupants expected to live in their neighborhood for the next five years. Whereas St. Johns (HCD) residents outwardly communicated higher levels of satisfaction, the people in Portsmouth showed the same expectations of remaining where they are. In a fair number of cases, particularly in Portsmouth, people who said that they expected to stay added that they did not think they could find housing as good as their present homes for the same price anywhere else in the city, in a sense forcing them to stay in the neighborhood. This was particularly true for several older people who, though expressing some dissatisfaction, owned their homes free and clear and had lived in the neighborhood for years. Although as many people in Portsmouth expected to remain in their neighborhood as was true in St. Johns (HCD), their expectations did not necessarily indicate a high level of satisfaction with their neighborhood. Indeed, expressed levels of satisfaction discussed earlier suggest that they were not as satisfied as St. Johns (HCD) inhabitants.

For those who expect to move, house-related reasons were most frequently given in both St. Johns (HCD) and Portsmouth. Included here are renters who expect to buy their own home in the next five years and several elderly people who plan to sell their houses because they have too much space. Two people in St. Johns (HCD) and seven in Portsmouth listed personal reasons for planning a move. Five of the latter group were public housing residents. Three expected that employment changes would necessitate moving. Finally, in Portsmouth, one person planned to move because he was uncomfortable with the thought that more blacks are moving into Portsmouth, one woman was moving because she thinks Portsmouth is unsafe, and one couple felt that life in Portsmouth was too much like living in a small town to merit staying.

When the above group of persons (N=27) were asked where they wanted to move, over half responded "the country". A good number (8) responded simply that they wanted to move to a different part of Portland. If a specific part of Portland was mentioned, it was the southeast. Two people expected to move to another state. Both expected to move because of their jobs. Finally, one couple is moving to Bend, Oregon, again for job-related reasons.

Fewer people expected to stay in Richmond (HCD) than in Creston (Richmond (HCD): 70.2%; Creston: 78.9%). That Creston shows more of a willingness to stay is largely due to the number of elderly in the neighborhood who have lived there for years and intend to stay.

Richmond (HCD) and Creston residents had different reasons for wanting to move. In Richmond (HCD), house-related reasons and the neighborhood overcrowding were most often cited. Next in line were personal and job-related reasons. For Creston, on the other hand, personal reasons came first, and jobs second. Only one person mentioned crowded conditions as a reason for moving.

As with St. Johns (HCD) and Portsmouth, most people predicted moving to the country (N=15). Another part of Portland is the second most mentioned place. Four people expected to move to another state and three planned to move to another part of Oregon.

PUBLIC SERVICES: RATINGS

Public Improvements

Satisfaction with a neighborhood is closely related to how satisfied a person is with public services which are supposed to be provided in that neighborhood. In this survey, people were asked about three city services, street lighting, police protection, and streets. Crossing each of the services with neighborhood satisfaction levels shows a close relationship between the two types of variables. The happier a person is with city services, the more that person will be satisfied with his or her neighborhood (Police: Tau C=.113, sig=.002; Streets: Tau C=.18256, sig=.000; Lights: Tau C=.236, sig=.000). People were asked to rate each of the three services mentioned as very good, good enough, not so good, or no good. Table XXIX lists the positive ratings given.

Well over half of the respondents considered all three services very good or fairly good, as might be expected considering the high levels of satisfaction expressed for the four neighborhoods generally. Still, even within these categories there are some differences between neighborhoods. First, streets are given the lowest rating of all three services, with only 16% of all the Portsmouth residents and 13% of St. Johns rating streets very good. Richmond (HCD) and Creston respondents tended to rate streets higher, though fewer people rated streets very good in Richmond (HCD) (22%) compared to Creston. Police protection ranked next highest. Still, only 8% of the St. Johns (HCD) respondents rated their police protection as very good. In contrast,

TABLE XXIX

SATISFACTION LEVELS WITH PUBLIC SERVICES, STUDY NEIGHBORHOODS

			LIGHTS	POLICE	STREETS
St. Johns	VERY GOOD	HCD	26%	8%	13%
	FAIRLY GOOD		60%	68%	58%
Portsmouth	VERY GOOD		45%	25%	16%
	FAIRLY GOOD		28%	54%	46%
Richmond	VERY GOOD	HCD	32%	25%	16%
	FAIRLY GOOD		28%	62%	58%
Creston	VERY GOOD		51%	25%	30%
	FAIRLY GOOD		39%	60%	55%

a full quarter of the Portsmouth respondents gave police protection highest ratings. Richmond (HCD) and Creston are almost identical in how they rated police protection. Twenty-five percent of the residents in both neighborhoods rated police services as very good, while another 62% in Richmond (HCD) and 60% in Creston rated them as fairly good.

Finally, lights were given the highest ratings of the public services overall. Almost half of the people living in Portsmouth felt that their street lighting was very good (45%). This was almost 20% more than in St. Johns. For the second set of neighborhoods, Creston people rated their lights significantly higher than did Richmond (HCD) respondents (x^2=5.44, sig=.025). Over half of the people living in Creston gave street lighting the highest rating. This was true for less than a third of the people in Richmond (HCD). At the same time, well over 80% of both neighborhoods gave street lighting at least a "fairly good" rating.

Specific Improvements

Concerning awareness of specific service improvements going on in their neighborhoods in the past couple of years, loan neighborhood residents are far more aware that programs are going on than are the residents of non-loan neighborhoods (x^2=10.82, sig=.001). Over half of the residents in St. Johns (HCD) and Richmond (HCD) stated that they had heard about city programs for people in the neighborhood. In comparison, over 90% in both Portsmouth and Creston said they had not.

As might be expected, the people in non-loan neighborhoods who had noticed changes identified programs like youth programs and crime prevention programs. In Creston, several people (5) also noticed street improvements. Seventy-five percent of those who noticed improvements in Richmond (HCD) mentioned the HCD rehabilitation program. Other than that, several people (6) mentioned Sewall-Crest Park improvements or tree planting efforts. Two mentioned street improvements and two the city's crime prevention program. In contrast, St. Johns (HCD) responses were more diffuse. Although 30% of the St. Johns respondents mentioned the loan programs directly, almost half of the people who noticed service improvements mentioned changes in St. Johns' business district. Seven people mentioned street improvements and four people, parks. In sum, both loan neighborhoods were highly aware of the HCD activities going on in their districts. In Richmond, where city efforts have focused on the home rehabilitation program, people mention those most frequently. In St. Johns where more funding has been funneled into the business district, people mentioned those first.

Improvements Needed

Finally, people were asked what kind of improvements they would most like to see which would make their neighborhoods better places to live. Overall, streets were given the highest priority (32%). Parks and home improvements came next at approximately 12%. No other category held over 10% of the responses. It should be noted that 14% of the respondents stated that their neighborhoods did not need any improving.

A look at the top three types of improvements suggested in each neighborhood shows that the northern neighborhoods were more concerned with the need for social service programs for their elderly and teen populations (Table XXX). St. Johns also wanted help with some of their

TABLE XXX

IMPROVEMENTS NEEDED: TOP THREE SUGGESTIONS, STUDY NEIGHBORHOODS

	St. Johns (HCD)	Portsmouth	Richmond (HCD)	Creston
I	Streets	Streets	Streets	Streets
II	Social Service Programs	Social Service Programs	Parks/Home Improvement	Schools
III	Better Utilities	Parks/Home Improvement	Social Service Programs	Parks/Home Improvement

utilities, better water and sewer service, and better lights. In Portsmouth, parks and housing improvements ranked third.

Streets and parks/home improvements were also present in the top three rankings in Richmond (HCD) and Creston. In Richmond, people also hoped to see programs for their children and elderly while Creston respondents frequently mentioned the need for better schools. Such responses suggest that, while respondents who received loans were satisfied with the loan programs in and of themselves, people in all of the study neighborhoods would like to see a stronger commitment to major public improvements, such as streets.

CHAPTER SUMMARY

An Office of Management and Budget survey undertaken in 1979 reported that Portlanders were highly satisfied with their neighborhoods, with respondents living in older neighborhoods rating their districts particularly high, at 2.47 on a seven point scale (OMB, 1979:n.p.). The same holds true in this study. Four-fifths of all respondents rated their neighborhoods as very good or fairly good overall, with St. Johns taking the lead. Moreover, substantial percentages of HCD neighborhood respondents perceived their neighborhoods as improving since 1975, compared to non-loan neighborhoods.

The neighborhood survey also showed neighborhood people to be generally satisfied with their streets, police protection, and street lights, although those satisfaction levels were not as high as for the neighborhoods generally. Again, similar feelings were expressed both in the OMB study and a survey done for the Neighborhood Livability Project a year earlier.

CHAPTER X

IMPACT EVALUATION

CRITERIA: SATISFACTION LEVELS II

INTRODUCTION

The previous chapter reported general attitudes toward one's neighborhood for the four study areas. This chapter moves to more specific feelings of the respondents toward their homes and their neighbors. Satisfaction levels with the space, plumbing, heating, and number of bedrooms in their houses are reported, as are home improvements made since 1975. The relationships of residents with their neighbors was studied to see if they differed in the four neighborhoods. Finally, in an effort to check for socio-economic changes taking place in the neighborhoods, residents were asked whether many new people were moving into their districts and if so whether they were significanly different from those already residing there.

HOUSING CONDITIONS

When asked to rate the housing conditions throughout the neighborhood, 89% of all the respondents felt that, overall, houses in their neighborhoods were either very well kept up or fairly well kept up. Approximately a third of the respondents in all of the neighborhoods gave housing conditions the most favorable rating possible.

Approximately another half of the respondents felt that houses in their neighborhoods were fairly well kept up. Although the two loan neighborhoods showed more people rating housing conditions very high, the difference between those and the comparison neighborhoods is negligible. Creston, in fact, though it had a smaller number of people falling into the highest category, had the largest proportion of persons responding either "very well" or "fairly well" kept up of all the neighborhoods.

Age of Housing

People were asked if they had moved to an area where housing was newer, the same, or older than the housing where they lived before. In St. Johns (HCD), the largest proportion of respondents (38%) answered that they moved to houses which were older than the ones they had lived in previously. In contrast, only 21% of the Portsmouth respondents answered older, a significant difference (x^2=5.95, sig=.025). When public housing residents are left out, only 6% of the people in Portsmouth live in older housing. Almost half of the Portsmouth occupants live in newer housing (48%), while another 30% live in housing which approximates the age of their previous residence. When public housing residents are left out of the analysis, over half live in housing which is the same age as previous housing (36%), while 27% live in newer housing.

Living in older housing does not seem to affect one's level of satisfaction in these two neighborhoods. Although St. Johns residents tend to live in older housing, their neighborhood satisfaction levels were higher than Portsmouth.

Unlike St. Johns (HCD) and Portsmouth, Richmond (HCD) and Creston residents showed almost identical patterns in whether they have chosen newer, the same, or older housing to live in. For both neighborhoods, the highest proportion of people lived in housing which is approximately as old as where they lived before (Richmond (HCD): 45%; Creston:39%). The next highest category is the "older" category. Over a third of Richmond (HCD) and Creston respondents lived in homes which were older than where they had lived. Although the smallest group of people are contained in the category "newer", almost a quarter of Creston respondents lived in newer housing (24%), while 14% lived in newer housing in Richmond (HCD). Much of the difference in this last category is due to the higher percentage of renters living in new apartment complexes in Creston. When these people are removed, the patterns discussed above are even closer.

<u>Crowding</u>

As compared to where they lived before, the greatest proportion of St. Johns (HCD) residents lived in more crowded conditions (36%) at the time of the survey. Thirty-five percent live in housing as crowded as their previous residence, while 29% live in less crowded housing. In comparison, Portsmouth residents showed more of a tendency to rate their neighborhood as equally as crowded as where they lived before. Worthy of note is that more crowded neighborhood conditions do not seem to lead to lower neighborhood satisfaction levels.

In terms of crowdedness, Richmond (HCD) and Creston show a relationship closely resembling that of St. Johns (HCD) and Portsmouth. For Richmond(HCD) more weight fell on the side of "more crowded" than in Creston, where people said their neighborhood was as crowded as where they lived before. Such differences did not prove to be significantly different statistically. That the neighborhoods were rated equally suggests that crowding in and of itself does not affect satisfaction levels. It does not decrease satisfaction levels, nor does it increase those levels.

Satisfaction with House

Over 90% of the survey population said that they were either very satisfied or mostly satisfied with their own living quarters. Homeowners were more satisfied than renters (Tau C-.228, sig=.000). In St. Johns (HCD), 86% rated their homes as satisfactory. In Portsmouth, 84% of its inhabitants reported satisfaction. Public housing residents had a dichotomous effect on Portsmouth's levels of satisfaction. On the one hand, public housing residents tended to be the respondents who give their homes the lowest rating. On the other hand, several public housing residents gave their apartments the highest rating. Hence, when public housing residents are removed from the analysis, Portsmouth had fewer dissatisfied people and fewer highly satisfied people. Overall, approximately half of St. Johns (HCD) and Portsmouth respondents stated that they were highly satisfied with their homes (St. Johns (HCD): 50%; Portsmouth: 57%). Without public housing residents, that group for Portsmouth falls to a quarter of the total.

Richmond (HCD) and Creston showed a higher level of satisfaction with their homes than was the case in St. Johns (HCD) and Portsmouth. A very high percentage, 64% for both neighborhoods, maintained that they were very satisfied with their homes. Close to another third were mostly satisfied with their housing units (Richmond (HCD): 33%; Creston: 30%), leaving under 6% for either neighborhood showing any dissatisfaction.

Specific Housing Characteristics

In addition to rating their homes generally, respondents were asked to rate the space, number of bedrooms, heating, and plumbing as very good, good, not so good, or not good. Again, people were generally satisfied with all of those characteristics. As can be seen in Table XXXI, with regard to all the individual housing characteristics, more people in Portsmouth responded very good than was true in St. Johns (HCD), in spite of the fact that the neighborhoods showed the same high level of satisfaction with their homes generally. The differences in the four characteristics shown in the table are most noticeable when heating and plumbing were rated. Twenty-seven percent more respondents in Portsmouth than in St. Johns (HCD) rated their heating (not including public housing residents) higher. Twenty-two percent rated plumbing higher. Nonetheless, recall that St. Johns (HCD) residents were highly satisfied with their homes. It may be that people in St. Johns (HCD) expected to have problems with their heating and plumbing since they tended to own older homes. Because of that, they may not have held their frustrations with specific functions against the house itself.

TABLE XXXI

HOUSING CHARACTERISTICS, ST. JOHNS AND PORTSMOUTH

	Space		Bedrooms		Heating		Plumbing	
	%		%		%		%	
	Very Good	Good	Very Good	Good	Very Good	Good	Very Good	Good
St. Johns (HCD)	68	17	64	22	59	29	57	30
Portsmouth	71	16	76	13	75	15	75	22

With regard to the number of bedrooms and amount of space, both Richmond (HCD) and Creston showed very high levels of satisfaction as evidenced in Table XXXII. For both neighborhoods, three-quarters of the respondents rated the amount of space in their homes and the number of bedrooms as very good. Richmond (HCD) respondents gave somewhat higher ratings to their plumbing and heating, however. Thirteen percent more Richmond residents rated both characteristics as very good. Still, since Creston and Richmond (HCD) rated their homes equally overall, satisfaction or dissatisfaction with specific parts of one's home again does not seem to affect overall feelings about where one resides. The presence of HCD loan programs in Richmond and St. Johns has not lead to significant differences in how residents feel about their homes.

TABLE XXXII

HOUSING CHARACTERISTICS, RICHMOND AND CRESTON

	Space		Bedrooms		Heating		Plumbing	
	%		%		%		%	
	Very Good	Good	Very Good	Good	Very Good	Good	Very Good	Good
Richmond (HCD)	77	20	74	22	74	21	68	24
Creston	75	19	77	19	61	30	55	35

<u>Housing Improvements</u>

The survey found that most homeowners in St. Johns (HCD) and Richmond (HCD) had made home improvements since 1975. Even people surveyed who were not known HCD loan recipients had made improvements (St. Johns: 80%; Richmond: 92%). In Portsmouth, in contrast, a little over half have made improvements and in Creston less than half of the homeowners have. In Richmond (HCD), the home improvement loan programs accounted for approximately half of the rehabilitation work done in the neighborhood, according to survey respondents. For St. Johns, closer to three-quarters of those doing work on their homes paid for that work with HCD funds.

People who fixed up their homes without getting a rehabilitation loan paid cash for the most part. Only nine people in all reported getting commercial loans. Most of these people were in the non-loan neighborhoods, four in Creston and four in Portsmouth.

<u>Types of Improvements</u>

Respondents were asked to list the type of improvements they had made on their homes. Table XXXIII shows the top five improvements mentioned in each neighborhood, starting from most important. The type of work done in the loan neighborhoods was more substantial than in the non-loan neighborhoods, and the ordering of the improvements differs. St. Johns (HCD) and Richmond (HCD) listed insulation, outside structural work, kitchen remodeling, work to bring their plumbing and wiring up to code, and roof work most frequently. For both neighborhoods, outside structural improvements ranked first or second. In St. Johns (HCD), insulation was the most frequently mentioned improvement.

TABLE XXXIII

MOST FREQUENT HOME IMPROVEMENTS, STUDY NEIGHBORHOODS

	St. Johns (HCD)	Portsmouth	Richmond (HCD)	Creston
1.	Insulation	Outside Structural Improvement	Outside Structural Improvement	Insulation
2.	Outside Structural Improvement	General Remodeling	Wiring and Plumbing	Painting
3.	Kitchen Remodeling	Painting	Roof Work	General Remodeling
4.	Roof Work	Insulation	Kitchen Remodeling	Wiring and Plumbing
5.	Wiring and Plumbing	Floor Work	Insulation	------

In contrast, insulation ranked fifth in Richmond (HCD). Wiring and plumbing improvements were ranked relatively higher in Richmond (HCD). Roof work and kitchen remodeling ranked either third or fourth in both neighborhoods.

The non-loan neighborhoods differed in their choice of improvements made. As in the loan neighborhoods, insulation ranked as one of the five most frequently mentioned improvements. The only other two types of improvements the non-loan neighborhoods had in common tended to be fairly minor types of rehabilitation work, particularly in terms of costs such as painting and remodeling work. In Portsmouth, people ranked outside improvements first. In Creston, several people (7) mentioned that they had brought their homes up to code with wiring and plumbing improvements, suggesting that some rehabilitation of older homes was occurring in Creston as well as in St. Johns (HCD) and Richmond (HCD) even without the loan program.

Neighborhood Effects

When asked, "Do you think improving your home has affected the neighborhood at all?", a solid majority of all of the home improvers responded "yes". When asked how, most answered that they felt that the quality of the neighborhood went up. Others thought that their work gave others the incentive to do some improvements of their own.

St. Johns (HCD) and Portsmouth showed a 20% difference in their responses to this question. While 73% of the St. Johns (HCD) respondents perceived a better neighborhood, 52% of Portsmouth respondents felt that way. Although not as great a difference, Richmond (HCD) also showed a larger proportion than Creston in the percentage of persons who felt that their efforts improved their neighborhood (Richmond (HCD): 69%; Creston: 63%).

Likewise, more people in the loan neighborhoods were affected by their neighbors working on neighborhood homes. Ten percent more people both in St. Johns (HCD) and Richmond (HCD) were affected than in the non-loan neighborhoods. A table of response patterns to the question, "Do you think your neighbors improving their homes affected you at all?", is given below:

TABLS XXXIV

RESIDENT REACTION TO HOME IMPROVEMENTS BY NEIGHBORS

	St. Johns (HCD)	Portsmouth	Richmond (HCD)	Creston
Yes	35%	23%	27%	17%
No	65%	77%	72%	83%

SATISFACTION LEVELS: NEIGHBORS

Neighbor Rating

Throughout this study, a serious effort was made to try to isolate variables outside of the HCD programs which might affect residents' attitudes toward their neighborhoods. The condition of other public services, such as those covered in Chapter VIII, could affect satisfaction levels. The characteristics of the residents themselves, as reported in the next chapter, could be related to different levels of satisfaction. Or people's feelings about their neighbors could have some effect. The survey showed that all of the respondents rated their neighbors highly. When asked, "What about the people who live around here? As neighbors would you say that they are very good, fairly good, neither good nor bad, not very good, or not good at all?", half responded very good. This was true for all of the neighborhoods, though loan neighborhoods rated their neighbors slightly higher. Only one of the neighborhoods, Portsmouth, had a noticeable number of persons rating their neighbors as not very good or not good. These were public housing residents who acknowledged that they tended to feel that way for the most part because they did not know many of their neighbors.

Neighbor ratings were not affected by the number of nearby neighbors whose names were known. For all the neighborhoods, visiting patterns tended to cluster into people who only visited with several of their neighbors and those who visited with everyone around them. Fifty-six percent of the people in St. Johns and 51% of the people in Portsmouth have visited with fewer than four of their closest neighbors. At the other extreme, 22% and 27% of the two neighborhoods respectively have visited with all ten of their closest neighbors.

Although Richmond (HCD) and Creston respondents gave comparatively high ratings to their neighbors, in Richmond (HCD) people tended to visit with more of their neighbors than was true in Creston (x^2=4.02, sig=.05). Where 43% of Richmond (HCD) respondents have visited with fewer than four of their closest neighbors, the same held for 60% of Creston. At the other end of the spectrum, a quarter of the people living in Richmond (HCD) have visited with as many as ten of their closest neighbors. This was only true for 15% of the Creston respondents.

<u>New People</u>

Respondents were also asked if they had noticed many new people moving into their neighborhoods in the past several years. All four neighborhoods split approximately 50-50 on that question. St. Johns (HCD) residents had a slight tendency (57%) to respond that they had not noticed many new people moving in while Richmond (HCD) and Creston had a slight tendency to respond positively to the question (Richmond (HCD): 58%; Creston: 60%) as did Portsmouth (51%). Of those who said that new people had been moving in, a little over half said that the type of residents had changed. At the same time, both loan neighborhoods differed to some extend with the non-loan neighborhoods in whether they thought the type of new resident was different. Only 40% of the St. Johns respondents thought a different type of person was moving in, while the same was true for 57% of Portsmouth. In Richmond (HCD), 68% of the people who have noticed new people moving in feel that the type of person is changing. The same held for exactly half of Creston (x^2=2.90, sig=.10).

Among those seeing changes, 71% overall said that younger couples or singles were moving in. Fourteen percent said that younger families were moving in, and 8% said "worse" in the sense of being more transient. Portsmouth was the only neighborhood where respondents mentioned older people moving in. The table below outlines the classification of responses for all the neighborhoods:

TABLE XXXV

TYPE OF NEW RESIDENT, STUDY NEIGHBORHOODS

	St. Johns (HCD)	Portsmouth	Richmond (HCD)	Creston
Younger Couples	53%	61%	85%	76%
Younger Families	23%	18%	9%	10%
Older		11%		

TABLE XXXV (Continued)

TYPE OF NEW RESIDENT, STUDY NEIGHBORHOODS

	St. Johns (HCD)	Portsmouth	Richmond (HCD)	Creston
"Worse"	12%	7%	6%	10%
Blacks	12%	3%		4%
N	17	28	33	29

Finally, well over half of all respondents noticed their neighbors making home improvements in the last few years. Comparing loan neighborhoods with non-loan neighborhoods shows 15% more people noticing improvement activities in St. Johns (HCD) and Richmond (HCD) (Table XXXVI).

TABLE XXXVI

THOSE NOTICING NEIGHBORS' WORK EFFORTS, STUDY NEIGHBORHOODS

	Yes	No
St. Johns (HCD)	70%	30%
Portsmouth	63%	37%
Richmond (HCD)	85.1%	14.9%
Creston	60.9%	39.1%

n=400

CHAPTER SUMMARY

Generally, residents felt very good about their housing and their neighbors, with loan neighborhood occupants rating housing conditions slightly higher than those in non-loan neighborhoods. Where home improvements were made, loan neighborhoods showed far more effort going into major rehabilitation work compared to the cosmetic repair work that tended to be found in the comparison neighborhoods. People who fixed up their homes believed that their work affected their neighborhoods in a positive way, making them better places to live. HCD residents felt this more strongly than did non-loan neighborhood occupants, suggesting that where people see changes taking place in their environment, particularly if they take part in those changes, they are affected positively.

Considering the last two chapters together, HCD neighborhood residents were aware of the city's actions in their districts. Yet the rehabilitation loan programs, as implemented by the Portland Development Commission, did not substantially increase levels of satisfaction with neighborhoods. Instead, so many factors contributed to a person's perception of his or her environment that only where the government programs were broadened to other activities, as was true of the HCD activities in St. Johns, could one see even moderate increases in neighborhood satisfaction levels.

At the same time, inhabitants of neighborhoods where the loan programs have been focused do show positive feelings regarding specific loan-related changes. They agree that their neighborhoods have improved since the inception of HCD activities. The majority of homeowners in loan neighborhoods have fixed up their homes in the last several years and feel that their efforts and the efforts of their neighbors have helped the neighborhood.

CHAPTER XI

IMPACT EVALUATION

CRITERIA: NEIGHBORHOOD DIFFERENCES

INTRODUCTION

The neighborhood survey included a dozen questions asking for socio-economic information from respondents. There were two reasons for this. First, as mentioned earlier, it was possible that variables other than the HCD loan programs could have affected people's attitudes toward their neighborhoods. For example, if people tend to feel better about their neighborhood the older they got, then a significantly higher proportion of elderly persons living in one of the control neighborhoods might camouflage increased levels of satisfaction that might be felt in HCD neighborhoods as a consequence of the loan programs. Second, the information was needed to test whether the loan neighborhoods were upgrading socio-economically.

Income Levels

Over half of the respondents in both St. Johns (HCD) and Portsmouth earn under $1,000 per month. Approximately one quarter more earn $1,000 - $1,500 while the remainder of the respondents have incomes of over $1,500 per month.

Richmond (HCD) and Creston incomes tended to be a little higher than their north Portland counterparts. While the median income in

Richmond (HCD) fell into the $1,000 - $1,500 group, Creston centered more in the $500 - $1,000 range. Table XXXVII shows how incomes of respondents were distributed in the four neighborhoods.

TABLE XXXVII

INCOME LEVELS, STUDY NEIGHBORHOODS

	North Portland		Southeast Portland	
Monthly Income	St. Johns (HCD)	Portsmouth	Richmond (HCD)	Creston
$0 - $500	19%	28%	15.8%	23.1%
$500 - $1,000	40%	30%	29.5%	34.1%
$1,000 - $1,500	21%	21.5%	29.5%	15.4%
Over $1,500	20%	20.4%	25.3%	27.5%
N=400				
Median	$500-$1,000	$500-$1,000	$1,000-$1,500	$500-$1,000

<u>Age</u>

As shown in Table XXXVIII, St. Johns (HCD) and Portsmouth closely resemble each other in their age characteristics. Although the median age in both neighborhoods falls in the 40-50 age group, respondents tended to cluster into young couples under thirty and a more middle-age group, ranging from 40-60. Approximately a third of the people in both neighborhoods were under 30 years of age. Twenty-one percent of the St. Johns (HCD) respondents were old enough to be retired, while 26% of the Portsmouth residents were over 60 years of age, excluding public housing residents. When public housing residents are included, 14% of the Portsmouth respondents were over age 60.

TABLE XXXVII

RESPONDENT AGES: NORTH PORTLAND

Age Categories	St. Johns (HCD) (Percent)	Portsmouth (Percent)
Under 20		1.2
20 - 30	34	27.2
30 - 40	12.8	14.8
40 - 50	14.9	16
50 - 60	17	14.8
60 - 70	12.8	11.1
Over 70	8.5	14.8
N=200	100	100
Median	40 - 50	40 - 50

Although Richmond (HCD) and Creston showed the same age patterns as the northern neighborhoods, they differed in the number of elderly persons living in each neighborhood. One-quarter of the Richmond (HCD) respondents and a full 40% of the Creston residents were over age 60 at the beginning of 1979. Not only did the neighborhoods differ significantly in their age distributions (x^2=5.82, sig=.025)[1], but the differences in age groups seemed to be increasing. A 6% difference in those over age 60 in 1970 expanded to a difference of over 16% in 1979--more than doubling the proportion of elderly in Creston when compared to Richmond (HCD) (Table XXXIX).

TABLE XXIX

RESPONDENT AGES: SOUTHEAST PORTLAND

Age Categories	Richmond (HCD) (Percent)	Creston (Percent)
Under 20	2.3	1.0
20 - 30	30.7	28.1
30 - 40	20.5	10.4
40 - 50	12.5	3.1
50 - 60	8.0	16.7
60 - 70	11.4	15.6
Over 70	13.8	25
N=200	100	100
Median	30 - 40	50 -60

Marital Status

Well over half of the respondents in both northern neighborhoods are married (St. Johns: 58%; Portsmouth: 52%, without public housing: 60%). The other two categories showing noticeable percentages are "widow" and "single". Sixteen to seventeen percent of total responses fall into the "widow" category for both places. Similarly 11-12% labeled themselves "single", not counting those living in public housing. Including public housing residents raises the single group figure to 17% in Portsmouth.

As with St. Johns (HCD) and Portsmouth, over half of the respondents in the Southeast neighborhoods were married. (Richmond (HCD): 62%, Creston: 52%). A greater proportion of single people lived in Creston (Creston: 20%; Richmond: 10%). As might be expected considering the age differences in the two neighborhoods, more people reported "widow" status in Creston than in Richmond (Creston: 19%; Richmond (HCD): 13%). Richmond, on the other hand, reported more divorces by 5% (Richmond (HCD): 11%; Creston: 7%).

Even with such differences, the overall marital status patterns, i.e., the proportions of married people, of divorced people, of singles, etc., were not significantly different for either of the sets of neighborhoods.

Family Size

Portsmouth and St. Johns (HCD) showed parallel patterns in terms of family size distributions. Families tended to be small, reflecting the substantial widow and single populations. Well over half of the respondents lived in families of two or less. Only 13% of the respondents in St. Johns and only 10% of those in Portsmouth had families larger than four.

Richmond (HCD) and Creston were also fairly similar in family size patterns. The average family tended to be much smaller than that of St. Johns or Portsmouth, due to large numbers of single people, divorced people, and widows. Although 12% of the Richmond households were larger than four, only 3% of the Creston respondents had families that large. Instead, over three-fourths of Creston is comprised of married couples or single households.

Education Levels

In education, respondents for St. Johns (HCD) and Portsmouth reported similar education levels. Sixty-five percent in St. Johns

(HCD) and half of Portsmouth had earned a high school degree. Seven percent in St. Johns and 17% in Portsmouth only completed grade school. Of the remaining third, most respondents had taken some college courses, though few had earned their BA degrees (St. Johns (HCD): 6%; Portsmouth: 2%). When public housing residents are excluded from the analysis, the patterns hold.

Comparing Richmond (HCD) with Creston shows Richmond (HCD) with a solid number of residents with college degrees (22%) compared to Creston (10%). This was true both for respondents and their spouses. Over two-thirds of the respondents in Creston stopped at high school (65%). In contrast, almost half of Richmond (HCD) respondents had some college education.

Stated in another way, the Richmond neighborhood shows higher levels of education. When spouse levels are compared, the pattern differences become even more clear. In Richmond, less than half of the spouses (48%) ended their education at high school. In contrast, almost two-thirds of the Creston spouses (62%) stopped at high school. Even with such differences, the median test was not statistically significant.

Work Status

People were asked whether they or their spouses worked full-time, if either or both worked full-time, if either or both were unemployed, and finally whether they received any income through benefits such as a pension, welfare, social security, or unemployment.

Several pattern categories are noteworthy. First, in almost three-fourths of the respondent homes in St. Johns (HCD): 72%, someone worked full-time. Of those households, over a third were comprised of couples where both partners worked full-time. Approximately a quarter were households where a woman was the chief breadwinner, while the remainder had a man working full-time. Over half (54%) of the respondent households in Portsmouth also had at least one full-time worker. Excluding public housing residents increases the proportion to 60. As in St. Johns (HCD), approximately a third of these households had both a man and woman working full-time. About 10% of all the Portsmouth households reported a woman acting as head of household, working full-time. The remainder consisted of households in which a man worked full-time (28% with public housing; 31% excluding public housing).

Two other categories included in work status deserve mention. First, retired persons on social security and/or pensions made up 14% of the St. Johns (HCD) respondent population and 23% of Portsmouth's. When public housing residents are left out, a quarter of the Portsmouth residents were retired. Of this group, eight people in St. Johns (HCD) and seventeen in Portsmouth reported that they received pensions as well as social security. Translated into percentages, 60% of the retired people in St. Johns (HCD) and 80% of the retired persons in Portsmouth had small pensions added to their social security.

Approximately 10% of the St. Johns (HCD) respondents were unemployed. Controlling for public housing residents, Portsmouth showed half that high a percentage; with public housing residents included, unemployment in Portsmouth is as high as 15.5%.

Richmond (HCD) and Creston also had a majority of households with at least one full-time worker. For Richmond, 71% of the households had someone working full-time. For over half of these families, a man was the full-time worker. In over a third, a man and woman were working full-time. Eleven percent of the Richmond (HCD) households had a woman working full-time. Creston showed a comparable distribution for work status. Over half of the households included someone who was employed full-time. Of these, half had a male full-time worker. Like Richmond (HCD), more than a third of the group consisted of families in which a man and a woman both worked full-time. Finally, 11% of the Creston respondent population was comprised of households in which only a woman was employed full-time.

Taking the age distribution reported earlier into account, one would expect more retired people to live in Creston than in Richmond (HCD). Indeed the survey results show 38% of the Creston respondents listed as retired, while the figure for Richmond (HCD) is only half of that. In addition, 62% of those retired in Creston received a pension as well as social security, while 53% did in Richmond (HCD).

Other Forms of Income

Few people reported receiving forms of income other than paychecks, social security, and pensions. Since the St. Johns (HCD) and Portsmouth areas both have public housing complexes, both neighborhoods have a noticeable number of welfare recipients. For St. Johns (HCD) the percentages of respondents reporting welfare payments was 15%, compared to 18% for Portsmouth. Neither Richmond (HCD) nor Creston had a significant number of welfare recipients, possibly as a reflection of the lack of public housing in both neighborhoods; each neighborhood had two persons reporting a welfare income. In all , only two people reported having a second job. Both of these people lived in Portsmouth. Five stated that they were receiving unemployment compensation. Of these, one person was from Portsmouth, one from Creston, and three from Richmond (HCD).

HOUSING CHARACTERISTICS

Housing Structures

For all four neighborhoods, over three quarters of the respondents lived in single family houses (St. Johns (HCD): 87%; Portsmouth: 75%; Richmond (HCD): 96%; Creston: 79%). The comparison neighborhoods, Portsmouth and Creston, showed lower percentages on the whole. The only other type of structure housing a significant percentage of the population was the type consisting of 10 or more units. Including public housing complexes, over 12% of St. Johns (HCD) residents lived in such buildings. For Portsmouth, the percentage was higher (22%). Richmond (HCD) and Creston showed fewer people living in large complexes. For Richmond (HCD) only three people lived in apartment buildings of ten units or more; Creston had 16 people in that category.

Home Ownership

As for home ownership, far more respondents owned their homes than rented for all of the neighborhoods. The two loan areas, St. Johns and Richmond, had a higher ratio of homeowners to renters than did the comparison neighborhoods as can be seen from Table XL.

TABLE XL

HOMEOWNERSHIP PATTERNS: STUDY NEIGHBORHOODS

	Own	Rent
St. Johns (HCD)	74%	25%
Portsmouth	62%	37%
Richmond (HCD)	82%	18%
Creston	69%	30%

Three quarters of St. Johns (HCD) and four-fifths of Richmond's (HCD) respondents owned their homes. In contrast, the comparison neighborhoods showed two-thirds of their respondents as homeowners. There remains more than a 10% difference in the rate of homeownership between loan and non-loan neighborhoods.

Perhaps more important than these differences are the changes in home ownership patterns which have occurred since 1970. In that year, the approximate ratio of homeowners to renters in St. Johns (HCD) was 1.5:1; it has since doubled. In Portsmouth, the ratio was approximately .75:1. Now it is approximately 3:2, again a substantial increase. For Richmond (HCD) and Creston, the changes in proportion have been different. In Richmond (HCD) the proportion of homeowners has quadrupled in an eight-year period, now standing at four homeowners for every renter. In 1970, Creston had an approximate owner to renter ratio of 1:1. That ratio stands at a little over 2:1. Where the proportion of owners to renters seems to have increased, the change is only half that experienced in Richmond (HCD).

Finally, when asked whether or not they have ever owned homes before, most people surveyed had not. In St. Johns (HCD) and Portsmouth, less than a third of the respondents owned homes previously (St. Johns (HCD): 29%; Portsmouth 30%). The percentages were higher in Richmond (HCD) (36%) and highest in Creston where a full 42% of the respondents had owned a home before.

Length of Residence

In North Portland, people tended to have lived longer in St. Johns (HCD) than in Portsmouth. While almost half of the people living in Portsmouth had lived there less than five years, the same held true for only 37% of those people living in St. Johns (HCD). As many as one in five persons living in St. Johns (HCD) had lived there for a lifetime. Only 12% of the people living in Portsmouth had never lived anywhere else.

Very few people had resided in Richmond (HCD) or Creston for all of their lives. In contrast, almost half of the people living in both neighborhoods had been there under five years. The remainder divided up fairly evenly into those who have lived in their homes 5 to 10 years, 10 to 20, or over 20 years. Such patterns held for both neighborhoods.

Place of Previous Residence

Generally, for people who have not lived in their neighborhoods for a lifetime, three-quarters lived somewhere in Portland before they moved to their present residence. Within St. Johns (HCD) and Portsmouth, most people moved from a neighborhood closer to downtown than their present address (St. Johns (HCD): 55%; Portsmouth:33%). In Portsmouth, more people moved in from a neighborhood considered to be farther away from downtown. Usually, though, they had moved from St. Johns (HCD) to Portsmouth. About a tenth of the respondents moved to their present homes from another in the same neighborhood.

A look at other possibilities shows that a considerable number of respondents had moved to Portland from other cities, both inside and outside of Oregon. For Portsmouth, almost one in every five persons moved to Portland from a different city. Though this was true for relatively fewer people in St. Johns (HCD), it was still true for 16% of the respondents. For the most part, the cities mentioned were outside of Oregon. Approximately five people mentioned Vancouver, Washington. Other than that, cities were spread nationwide, including New Orleans, Kansas City, and points east.

Similarly, over three-quarters of the residents in both Richmond (HCD) and Creston had lived in Portland before they moved to their present residence. For Richmond (HCD) almost a fourth of the respondents moved from somewhere else in the same neighborhood. This was also true of 18% of the Creston respondents. When people moved from different Portland neighborhoods, they tended to move <u>out</u> to Creston from a neighborhood closer to downtown (31%) and <u>in</u> to Richmond (HCD) from a neighborhood farther away (37%). The only other category worthy of note is "city other than Portland (Richmond (HCD): 11%; Creston: 13%)."

<u>Reason for Neighborhood Choice</u>

For the most part, four reasons underlay respondents' decisions to live in St. Johns (HCD) and Portsmouth. About a third of the reasons given were house-related. Most often the reason cited was because the respondent had found a house to buy in the neighborhood. Several qualified their answers by explaining that housing was inexpensive in North

Portland.

Personal reasons also ranked high. Included in this category are responses where a person's marital status changed, where a person wanted to move closer to his or her extended family, or where a person stated "It's personal." Approximately a quarter of the respondents for both neighborhoods gave this response.

More people moved to Portsmouth than to St. Johns (HCD) because of job-related reasons (St. Johns (HCD): 13%; Portsmouth: 17%). Conversely, almost a quarter of the people moving to St. Johns (HCD) (22%) did so because they liked the area. This was true for only 13% of Portsmouth's inhabitants.

Far more people in Richmond (HCD) and Creston moved to their neighborhoods because they found houses to buy than was true in St. Johns and Portsmouth. Well over half of all respondents listed house-related reasons (Richmond (HCD): 67%; Creston:55%) when asked why they moved to their neighborhoods. For Richmond (HCD), the only other category containing over 10% of the population was "facilities"; 12% moved to Richmond (HCD) because it was close to downtown, buslines, stores, etc. Creston does not show as large a percentage of people listing facilities as the primary reason for moving to the neighborhood (9%). Instead, personal reasons were the foremost reason for settling in Creston for almost a quarter of the respondents.

When the distributions of responses were compared, neither of the sets of neighborhoods showed patterns which were significantly different.

CHAPTER SUMMARY

This chapter shows four neighborhoods with residents of relatively low socio-economic status. For St. Johns (HCD), Portsmouth, and Creston, the modal category of incomes was $500 to $1,000 while Richmond (HCD) residents earned slightly higher amounts. All of the neighborhoods had clusters of younger married couples and a retired group, with Creston taking the lead. The most frequently encountered marital status was married, with widows and widowers forming the second largest group. For all neighborhoods, family sizes tended to be small, due to younger families with fewer children and older couples whose children had left home. Education levels tended to be low, with most people in St. Johns (HCD) and Portsmouth and half of Richmond (HCD) and Creston respondents stopping at high school. Richmond (HCD) showed the highest education levels of the four neighborhoods. Over half of all households had at least one person working full-time, with loan neighborhoods showing slightly higher percentages of employed persons than the non-loan neighborhoods. More homeowners than renters lived in all four neighborhoods, with the HCD neighborhoods showing slightly larger proportions of homeowners.

Over half of the residents in each area had lived in their homes for over five years. Most moved from somewhere else in Portland, usually because they found a house they could afford.

Several other studies performed over the last year were consulted to verify some of the findings related above. Although no other survey was conducted on a large scale in any of the target areas for this project, comparable findings serve as broad verifications of these data. Most recently, a city-wide survey conducted by the city's Office of Management and Budget in December, 1978, did provide socio-economic information by planning district. St. Johns (HCD) and Portsmouth make up the bulk of planning district 1 while Richmond (HCD) and Creston comprise a little over half of planning district 3. The OMB study showed the same age clusters as reported here for all four neighborhoods. Income levels were slightly higher, due to the inclusion of more upper income neighborhoods in the southeast district. Educational levels and ownership patterns were also close to those reported here (Ownership, North Portland: 80%; Southeast: 72%) (Portland, Oregon. Office of Management and Budget, 1978:n.p.).

The similarities in socio-economic charteristics reported in this chapter are important. They suggest that the differences in responses regarding neighborhood improvements and in satisfaction levels reported earlier may stem more from outside factors than from differences in the make-up of the four neighborhood populations. However, the tendency toward higher education levels in Richmond (HCD) and the age pattern differences between respondents in that neighborhood and Creston could have had some impact on peoples attitude toward their neighborhood and their perceptions of neighborhood change.

Footnotes for Chapter XI.

1. Only chi-square results which are significant at the .10 level or better are reported.

CHAPTER XII

SUMMARY AND CONCLUSIONS

INTRODUCTION

The importance of neighborhoods in American society is not a mere academic matter. At stake is the nature of urban life itself (Piven and Cloward, 1970:122). Neighborhood conditions are central in determining how people feel about the city they live in (Michelson, 1966: 355-360). A high quality neighborhood conveys a sense of well-being and satisfaction to its population in a number of ways. Physically, housing styles and conditions, landscaping, and available public facilities all count. Social elements inherent in the neighborhood's make-up such as the friendliness of one's neighbors or the ethnic, racial, or economic composition of the neighborhood, affect how a person feels about the neighborhood. Symbolic attributes such as the prestige of the neighborhood as reflected by housing prices and socio-economic characteristics of the district's population affect attitudes as well. Can a local government help neighborhoods facing decay to achieve stability or must neighborhoods facing decay continue to confront it?

If the conclusions set forth in this study could be summarized in four sentences, they would be as follows: First, the rehabilitation process developed by the city is highly successful. Second, neighborhood decline has been stemmed in the two loan neighborhoods studied.

Third, the loan programs in and of themselves have not changed people's attitudes toward their neighborhoods. Finally, the private sector has not perceived changes going on in the neighborhoods such that private policies toward the neighborhoods have themselves changed. The sections that follow expand on the conclusions that can be drawn from this study, in terms of process and impact.

PROCESS EVALUATION

Two basic types of evaluation were undertaken in this study: process evaluation and program impact evaluation. With regard to process evaluation, the workings of the program itself were researched to discover whether the program runs smoothly, whether there were any gaps in its set-up, and whether the recipients of the program were satisfied.

A Smooth Program

Portland's rehabilitation program does run smoothly. Program steps described in earlier chapters reflect a well-designed process through which loan recipients can apply for, receive, and use rehabilitation loans. On a larger scale, the actual implementation phases of the program, from choosing the HCD neighborhoods through loan evaluation, closely parallel the necessary steps for a successful rehabilitation program as outlined in Chapter III. Careful and detailed preplanning studies of the social and economic feasibility of rehabilitation were undertaken before any Portland neighborhoods were designated as Housing and Community Development areas. Affected residents were prepared for the program through a broad marketing effort led by the Portland Development Commission. Incomes and assets of likely candidates for the program were screened to ensure that loans could be repaid without severe hardship when the time came to do so. Straightforward financing was provided to homeowners, and technical assistance plus individualized counseling was available to homeowners throughout the loan process.

People who have received rehabilitation loans are satisfied with the Development Commission and its loan program. Even the people reporting trouble with contractors rated the program highly and would recommend it. Eighty-two percent of the loan recipients interviewed rated the loan program as excellent. The Portland Development Commission was also given an excellent rating by 77% of the loan recipients.

Perhaps the only process problems faced by the Commission is how to keep closer track of the contractors who do not meet their agreements with the homeowners. Where people were unhappy with the loan process, it was invariably connected with some contractor problem. When potential loan recipients apply for loans, they are given a list of contractors who have performed rehabilitation work previously. A simple solution to the contractor problem might be to delete the names of companies or persons who have had a certain number of complaints registered against their work, in addition to the complaint proceedings already set up by the Commission. Although the Portland Development Commission has made some effort to do just that, such a process needs to be systematized. Or the agency might make a list of problem contractors and hand that list out to families new to the program.

PROGRAM IMPACT EVALUATION

The Recipients: Low and Moderate Income

One of the most difficult questions for analysts of government programs to answer, and yet one central to program evaluation, is "Who benefits?" The Housing and Community Development Act of 1974 provided a measurable objective in that it stated that HCD activities should give maximum feasible priority to activities which would benefit low and moderate income families or aid in the prevention of slums and blight (Nathan et al., 1978: 226). The Portland program seems to have done both to a large degree. Low income groups including divorced women and the elderly, often widowed, mostly received interest-free loans which helped them to insulate their homes and undertake structural improvements which aided them in bringing their homes up to the city's housing codes. Larger loans with low interest rates went to married couples of moderate income with children and older homes in need of repair. In a number of cases, these loans were piggybacked with PIL loans so that people could refinance their homes or undertake major structural changes such as renovating their kitchens or bathrooms or adding rooms.

For all of the loans, people were reached who had no significant liquid assets with which they could have performed the work themselves, even though they seemed well able to afford their month-to-month housing costs. Fourteen percent of the recipients were receiving welfare, while a third received social security or a pension. Their homes were fast becoming obsolescent, one of the most obvious indicators of urban blight. The houses tended to be over fifty years old with less than a quarter of them built after 1935. Two-thirds of the homes had been built between 1905 and 1935 with an average construction date of 1924. All this suggests that without the city's intervention, the housing would have continued to deteriorate--to everyone's dismay.

The Neighborhoods: No Significant Attitude Changes

Far and away the predominant approach to community development under both the 1977 and 1974 acts has involved neighborhood conservation efforts designed to prevent urban decay (Dommell et al., 1978:228). For all these, Portland came first in the nation in its conservation efforts. In three years, $14.5 million provided for the rehabilitation of over 3,000 housing units, meeting the city's goal of 1,000 units a year. Twice as many housing units were rehabilitated as the next highest city. As such, Portland provides an excellent model for other cities to follow in meeting the requirements of the Housing and Community Development Act of 1977. The Portland Development Commission's point system of discovering neighborhoods most likely to benefit from the program has proven to be accurate in that the program benefits low income groups who are on the verge of not being able to maintain their homes, in neighborhoods on the verge of decline.

Whether or not the number of units rehabilitated has stemmed urban decay or improved people's attitudes toward their neighborhoods is a more difficult question.

Regarding attitudes, Chapter I outlined four possible outcomes that could have stemmed from Housing and Community Development efforts. The first possibility was that persons living in Housing and Community Development neighborhoods would show higher levels of satisfaction with their neighborhoods than persons living in the control neighborhoods, whether or not they were home improvement loan recipients. Or even though HCD activities were taking place in Richmond and St. Johns, people were not aware of such actions suggesting that they would not show higher levels of satisfaction with their neighborhoods. A third possible outcome was that while people would perceive changes taking place in their neighborhoods, they would not show higher levels of satisfaction with their neighborhoods.

This study found differences in outcomes for the two Housing and Community Development neighborhoods. In St. Johns, the northern neighborhood, housing rehabilitation activities were combined with other public improvements. There residents did show more satisfaction with their neighborhood compared with the control neighborhood, Portsmouth.

For Richmond, on the other hand, even though residents were aware that rehabilitation efforts were taking place in the neighborhood, they do not show higher levels of satisfaction with their neighborhood than is true for Creston.

The difference in outcomes for the two HCD neighborhoods strongly suggests that it takes changes on a neighborhood level such as a new community center, rather than solely improvements on a personal level, for perceptions to change markedly. Such was the case in St. Johns.

Neighborhood Decline Stemmed

As for neighborhood decay, several things are clear. The loan neighborhoods have not shown signs of decline since the program started. Market prices have not fallen, people are not leaving or expressing a wish to leave their neighborhoods because of physical decline. In Richmond (HCD), in fact, the loans may have promoted some displacement. Where St. Johns (HCD) has not experienced socio-economic changes as a consequence of the loan program, Richmond (HCD) does seem to be facing some changes in the make-up of its population suggesting an upgrading of the neighborhood. (Fourth possible outcome suggested in Chapter I.) The ratio of owners to renters has moved from approximately one renter for every homeowner to four homeowners for every renter in Richmond (HCD), while Creston has kept its one-to-one proportions. Throughout the survey, respondents in Richmond attested that the type of person moving into the neighborhood was changing, that more young couples were moving in. Education levels there are increasing, and so are incomes, as compared to Creston. The survey executed for the Neighborhood Livability Project in 1978 found that immigrators to Portland tended to be young professionals, just starting on their careers. While their incomes tend to be lower than the city average, their education levels are high (Neighborhood Livability Project, 1978:11). It appears that Richmond is one of the inner-city neighborhoods such groups are choosing for their homes.

For both HCD neighborhoods, more homeowners are improving their homes than would have otherwise. Moreover, the home improvements have been major, including insulation work, structural repair, wiring and plumbing work, and kitchen and bathroom remodeling. Residents feel that their neighborhoods are getting better as a consequence. Residents of the loan neighborhoods are seeing their neighbors fixing up their homes and feel positive about those improvements as well. People who live in the HCD neighborhoods say that their neighborhood has improved far more frequently than do residents of non-loan neighborhoods.

Summarizing, though the loans themselves have not obviously improved general attitudes towards neighborhoods, they have led to increased perceptions of neighborhood improvement. People living in loan neighborhoods saw their own improvement efforts as having a bigger impact on the neighborhood than did people living in the comparison neighborhoods, Portsmouth and Creston. The loans are probably responsible for the socio-economic changes which are taking place in Richmond (HCD). Table XLI offers a summary of the specific findings of the neighborhood survey:

TABLE XLI

SUMMARY OF SURVEY FINDINGS: NEIGHBORHOOD SURVEY

1. Loan related variables:
   a. 98% of all loan recipients recommend the programs.

b. 82% rate the programs as excellent.
c. 71% rated PDC as excellent.
d. Half rate the work done as excellent.
e. Without the loans, 65% of St. Johns recipients would not have worked on their homes (Richmond: 44%)
f. Over half of the loan recipients needed to use their own finances to finish the work planned.

2. Socio-economic variables:
   a. Monthly incomes, modal category: St. Johns: \$500 - \$1,000; Portsmouth: \$500 - \$1,000; Richmond: \$1,000 - \$1,500; Creston: \$500 - \$1,000.
   b. Age groups: All neighborhoods had major clusters of 20 to 30 year olds and retired people. Creston has a larger proportion of elderly than Richmond.
   c. Most residents of the four neighborhoods are married. The second highest marital category is "widow".
   d. Family sizes are small for all the neighborhoods. Median size: 2 persons.
   e. Education level: In St. Johns and Portsmouth, most people stopped at high school. The same holds for half of Richmond and Creston. Richmond spouses have higher education levels than in Creston.
   f. Work status: Percents of households with at least one person working full time: St. Johns: 71%; Portsmouth: 53%; Richmond: 71%; Creston: 55%.
   g. Homeowners percents: St. Johns 74%; Portsmouth 62%; Richmond 82%; Creston 69%.

3. Housing and Neighborhood Variables:
   a. People have lived longer in St. Johns than in Portsmouth. 63% have lived in St. Johns over five years compared to 54% for Portsmouth. Likewise, 55% and 57% of Richmond and Creston respectively have lived in their neighborhoods over five years. The majority of respondents lived somewhere else in Portland before they moved to their present address.
   b. The most frequently given reason for moving to a particular neighborhood was housing.
   c. 82% of the respondents rated their neighborhood as very good or fairly good overall. St. Johns residents rated their neighborhood higher than Portsmouth. Creston and Richmond ratings were the same.
   d. Percentages of persons perceiving their neighborhoods as improved since 1975: St. Johns 40%; Portsmouth 13%; Richmond 25%; Creston 15%.
   e. Percentages of persons noticing specific improvements such as streets, houses, etc.: St. Johns 80%; Portsmouth 32%; Richmond 54%; Creston 24%.
   f. Percentages expecting to remain in neighborhood for at least five years: St. Johns 74%; Portsmouth 60%; Richmond 70%; Creston 79%.

g. 88% of all respondents felt housing in their neighborhood was very well or fairly well kept up. Loan neighborhoods tend to rate housing conditions slightly higher than non-loan neighborhoods.
h. Living in crowded conditions or older housing does not affect one's satisfaction level regarding his or her neighborhood.
i. Over 90% of the respondents are very or mostly satisfied with their own living quarters, even where there is heating or plumbing. Richmond and Creston show higher levels of satisfaction than Portsmouth and St. Johns.
j. Home improvements tend to be more substantial in the loan neighborhoods including insulation, outside structural improvements, roof and heating and plumbing code work. Non-loan neighborhood improvements were more cosmetic in nature.

4. Neighbor Variables:
   a. Respondents rate their neighbors highly regardless of how many they know or visit with.
   b. The majority of people who improved their homes believe that their work affects their neighbors positively and improves the neighborhood. Loan neighborhood respondents felt this more strongly than did non-loan neighborhood respondents.
   c. People divide fairly evenly between those who say alot of new people are moving in and those who do not.

5. Public Service Variables:
   a. People are generally satisfied with streets, police protection, and lights. St. Johns is not as satisfied with police or lights as Portsmouth, and Richmond is not as satisfied with lights as Creston.
   b. Service improvements wanted most are street repairs. Social service programs, parks, home improvement programs and utility and school improvements also ranked high.

PORTLAND'S GOALS: MIXED SUCCESS

When Portland developed its Housing and Community Development program in 1975, it listed a central goal of maintaining and improving the quality of its residential neighborhoods. Two avenues could be used to achieve that end. First, the goal could be achieved by creating and maintaining a growing inventory of safe and sanitary housing units at prices which households of all incomes could afford. Second, it could be achieved by awakening a sense of community pride among the residents of Portland's neighborhoods. The more specific central object of the Housing and Community Development Plan was to upgrade Portland neighborhoods facing possible decline through city assistance in rehabilitation efforts and through the encouragement of private investors to accept responsibility for rehabilitation.

By 1978, Portland had experienced mixed success in meeting its Housing and Community Development goal and objective. As the loan program stands, the city has gone far in assisting the major rehabilitation of housing. Possible abandonment in Housing and Community Development areas has been prevented. The quality of residential HCD neighborhoods has been maintained. On the negative side, the city has not yet awakened an increased sense of community pride in the Richmond neighborhood suggesting that rehabilitation loans alone cannot maintain or improve the quality of Portland's neighborhoods by 1978, leaving the unresolved problem of maintaining and expanding the impact of the city's rehabilitation efforts.

<u>Lack of Private Sector Follow-up</u>

Although the loan program was highly recommended, the lack of follow-up efforts on the part of the city leaves no guarantee that the rehabilitation efforts can be kept up. Further, since a solid percentage of recipients in Richmond and St. Johns stated that their loans were not sufficient enough to perform all the work needed, a second phase might be called for to ensure neighborhood stabilization. The city's prediction that the private sector would move into the neighborhoods has not materialized. Lending institutions, though aware of the programs and verbally cognizant of improvements taking place in the HCD neighborhoods, have not changed their policies toward those areas. Loans have not increased though financial officers thought they had. Such maintenance efforts could prove to be difficult to establish publicly or privately. As they have little visibility, they are difficult to sell to private industry, and they have less political appeal than more flashy programs (Ahlbrandt, 1978:18).

Portland still has almost 3,000 housing units which do not meet the city's minimum code requirements (Portland Development Commission, 1978:15). More, data reported by the city's Bureau of Planning in the City Planner Handbook recently, indicates that Portland's population is becoming less affluent, less likely to be homeowners, and more likely to live in smaller or one-person households. If that is true, the city's efforts at neighborhood revitalization need to expand to more renter-oriented activities. Outside actors need to participate more actively. As Patricia Harris has expressed it, "We cannot mobilize the critical mass of action basic to urban revitalization without partnership" (Harris, 1979:40).

There are no alternatives to an overall approach which embodies local governments, the private sector, and private citizens (Ahlbrandt, 1977:68). Although more and more cities are earmarking community development funds for rehabilitation, neighborhood revitalization is complex enough so that there is also no alternative to an overall approach which deals not only with housing but physical improvements, crime, noise, schools, and traffic congestion. While any approach short of this may provide short run gains, the dynamics necessary for long-term stability may not be there, even where an individual program such as Portland's is obviously successful as far as it goes.

From the White House down, the revitalization of older urban neighborhoods has grown in importance as the nation has increasingly recognized their worth as a unique national resource and as the cost of replacing them with new neighborhoods escalated (Kaplan, 1978:5). Existing urban conditions call for increased rehabilitation efforts. Nearly half of all dwelling units in the United States were built before 1940. Those which have not been rehabilitated desperately need structural improvements to meet safety code requirements. Rising costs for new housing provide a further impetus for rehabilitation efforts, since most people have been priced out of the new housing market. Increasing energy costs make it difficult to move outside of the city to find housing, putting additional pressure on existing housing units as new housing production cannot begin to meet present demands.

Through the Housing and Community Development Act of 1974, Congress transferred the major responsibility for the rehabilitation of housing from the federal level to state and local governments. Yet, whereas a large amount of investigation has been addressed to the problems of various large scale rehabilitation projects, an extensive literature search unearthed no studies which gauged the effects to locally implemented rehabilitation projects on either program recipients or on the neighborhoods in which they live. This study has tried to fill both those voids. Strictly speaking, the findings set forth apply only to Portland. However, in view of the fact that neighborhood decline has been experienced nationwide, it is likely that these findings could be used by other communities. Richard Nathan's 1977 study of the first year of the block grant program found that neighborhood conservation was the most frequently used strategy for community development. Each of the fifty cities he studied could surely benefit from knowledge of Portland's strategy and results. This study has shown Portland's loan process to be highly recommended by loan recipients. Although it takes longer than three years for private industry to pick up where government agencies leave off, the city's efforts provide a solid first step in developing a strong commitment to rebuilding the parts of our city where such action is called for. But it is only a first step.

RECOMMENDATIONS FOR FUTURE RESEARCH

This evaluation provides some understanding of how one rehabilitation program has affected urban neighborhood decline. To establish that the consequences that have come from Portland's efforts do not reflect idiosyncracies in this city's make-up, comparable studies need to be undertaken in other communities where there has been a major emphasis on rehabilitation. Baltimore, Maryland, Washington, D.C., and Boston, Massachusetts are all possible places where case studies could be undertaken.

In Portland, it is possible that three years of involvement with the Housing and Community Development Loan program is too short a time period for the neighborhoods to have fully felt the impact of the loan program. Performing the neighborhood survey on a yearly basis, as a monitoring tool, could provide the city with a more accurate appraisal of program outcomes. Results reported in this study could be used as baseline data which could be compared with later surveys. Such surveys could be especially useful for monitoring loan related changes in the control neighborhoods, Portsmouth and Creston, which are now HCD neighborhoods. Of particular use would be the added insight such a monitoring system could offer on negative aspects of the program such as problems with particular contractors. At the same time, socio-economic changes taking place in the loan neighborhoods would be picked up. Attitude changes could be watched. To date, the city has no other unbiased method for evaluating the loan process or its impact.

Real estate trends and private lending policies need to be further studied both in Portland and elsewhere to better judge the scale of public efforts needed to trigger involvement by the private sector in urban rehabilitation efforts. Finally, if Portland should change its rehabilitation program in the future, repeating the neighborhood survey would allow the city to compare the effects of its new policy against findings reported here.

> A successful city is a place that keeps sufficiently abreast of its problems so that it is not destroyed by them.
>
> Jane Jacobs

CHAPTER XIII

EPILOGUE

In addressing the issue of future neighborhood decay and the case of Portland, it is necessary to note legislative trends and new urban settlement patterns which will provide the context for any policy impacts in the eighties, a context slighly different from that of 1975.

THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1977

The Housing and Community Development Act of 1977 is a revision of the 1974 Act which created the Community Development Block Grant program. The 1977 legislation still stresses activities which provide decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income. There is one significant difference between the Acts, however. The 1977 Act concentrates more directly on revitalization, with its new Housing Assistance Plan requirement that deteriorated housing units must be identified, that realistic, quantifiable goals for rehabilitated units must be set, and that the neighborhoods to be rehabilitated must be identified. Table XLII shows that neighborhood-related programs worth billions of dollars are now going into neighborhoods nationwide both through Housing and Community Development programs and others supported by the Department of Justice, ACTION, the Federal Home Loan Bank Board

TABLE XLII

NEIGHBORHOOD RELATED URBAN POLICIES

	Admin. Agency	Budget Authority FY 1979*
Neighborhood Revitalization (Direct Neighborhood Involvement)		
1. Urban Volunteer Corps in ACTION	ACTION	40.0
2. Neighborhood Self-Help Program	HUD	15.0
3. Livable Cities	HUD	20.0
4. Community Anti-Crime Programs	Justice	10.0
5. Troubled Schools	HEW	2.0
6. Community Development Credit Unions	CSA/ NCUA	12.0
7. Community Development Corporations	CSA	20.0
Neighborhood Improvement (Local Government Involvement)		
1. Housing Rehabilitation	HUD	150.0
2. Urban Parks and Recreation	HUD/ Interior	150.0
3. Health Centers	HEW	50.0
Special Programs		
1. National Coop Bank	Independent**	300.0 - 500.0
2. Neighborhood Reinvestment Corporation	Independent	15.0
3. Institute for Better Communities	FHLBB	----

* Dollars in Millions

** With Board appointed by President with advise and consent of the Senate

Source: Practicing Planner, September 1978:p.8.

and the Department of Health, Education, and Welfare.

GENTRIFICATION

By 1978, gentrification, or displacement, was becoming a much discussed issue in urban policy-making circles. Gentrification is the replacement of the original, lower class residents of a revitalized city neighborhood by a new class of affluent professionals (Cassidy, 1978:6). Increasingly it has become a problem central to the goal of rehabilitated urban neighborhoods nationwide. Paul Goldberger in the New York Times (June 15, 1977) writes about the rehabilitation of brownstones and the conversion of warehouses, factories, and hotels which characterize urban renewal of the seventies. Such activities suggest an increase in demand of an affluent middle class for renovating older decaying neighborhoods with good housing stock such as Philadelphia's Society Hill, Manhattan's Upper West Side, Brooklyn's Park Slope, and even New York City's Bedford-Stuyvesant. Some of the problem is the huge unmet demand for housing. A U.S. News and World Report article of May 8, 1978, titled, "The Great American Apartment Squeeze of the 70's", found that the supply of apartments simply cannot keep up with demand. In that year, the apartment vacancy rate nationally was 5%, the lowest since World War II. Present apartment projects are aimed at higher income groups, usually with no children or pets. Simultaneously, the supply of apartments continues to dwindle as existing units are converted to condominiums. With rent hikes of up to 30% in the last year alone, increased competition for affordable housing means that certain neighborhoods face a possible wave of middle class buyers (Gross, 1978:5; Morrison, 1977:203). The question of protecting the ability of lower income residents to remain in physically upgraded housing units and neighborhoods has thus become a central issue confronting local governments. As the former Secretary of the Department of Housing and Urban Development, Patricia Harris, recently stated:

> We want to protect the less affluent from being forced out of our revitalizing communities. In many ways the less affluent citizens provide the color and character of the neighborhoods. Collectively, they are stabilizing elements in many communities (Harris, 1979:41).

In Portland, signs of gentrification can be seen in Richmond (HCD), the HCD neighborhood closest to downtown. With rising energy costs and some availability of reasonably priced housing, the threat of further displacement is very real. The ability of low-income residents to remain in their physically upgraded housing units needs to be protected.

In a way, the neighborhood may already have found a partial solution. Its neighborhood association, working on the city's comprehensive plan, was the only neighborhood group in Portland which called for more public housing in the neighborhood to make up for increased housing costs. Other tools are available for the city to consider. Spreading out housing demand to more neighborhoods could take some of the pressure off of Richmond (HCD). The cities of Boston and Seattle have already developed "marketing" programs to encourage reinvestment in neighborhoods which are not experiencing reinvestment (Shanahan and Joseph, 1978: 20).

There are other options open to Portland. In Washington, D.C., tenants have the right of first refusal on the sale of the building in which the tenant resides. The tenants are guaranteed 45 days to reach a decision before the owner can offer the property to anyone else. The tenants can use the month and a half to raise the necessary financing. Landlords who violate the law are subject to fines and can be sued by the tenants.

Other local legislation might alleviate some of Portland's possible displacement problems. Both New York City and Washington, D.C., have passed legislation to limit the conversion of certain apartment buildings to condominiums. Finally, local tax relief programs can help families remain in their homes in neighborhoods which might be experiencing rapid and substantial increases in property taxes due to revitalization. Finally, tax rebates could be provided whenever the property tax exceeds a certain percent of increase for elderly and low-income homeowners (Housing and Urban Development, 1979: 1-2).

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APPENDICES

APPENDIX A: CODING FOR THE PORTLAND DEVELOPMENT COMMISSION FILE DATA

Some comments should be made about how the PDC information was coded so it could be analyzed, i.e., how some of the descriptive variables were transformed into numerical codes and how some of the numeric variables were broken down into categories for tables. First, the ID number for each file was simply the random number given to a recipient's file. Loan types were given numeral 1 through 4 where DPL loans = 1, HCD-3 loans = 2, 312 loans = 3, and PIL loans = 4. Census tracts were straightforward. The two-digit city areas, 01(N), 02(NE), 03(NW), 04(SE), 05(SW), and 50 are areas earlier defined by the Portland Development Commission as HCD areas, or in the case of 50, as a city-wide, non-HCD area code.

The date of the loan is simply the month (two digits) and year (two digits) of the loan. Sex was coded so that 1 = male and 2 = female. Age was simply copied into the data set. Six categories, however, were allotted for marital status:

1 = Single	4 = Divorced
2 = Married	5 = Widow(er)
3 = Separated	6 = Cohabitation

Race was given five one-digit categories:

1 = White	4 = Spanish American
2 = Black	5 = Oriental
3 = American Indian	

Household size and number of dependents were each given two digit codes in case families over ten in number. Occupation codes, allotted two digits, proved more complicated. The Bureau of Labor breaks down occupational categories into nine broad categories. Generally, 01-19 includes professional, technical and managerial occupations where 07 is medical, 09 is education, and 15, entertainment and recreation. The second category, 20-29, includes clerical and sales occupations. The third, 30-38, includes service occupations where 31 is food and beverage preparation and 38 is building and related service occupations. Category 40-46 includes agricultural, fishery, forestry and related occupations. The next category, 50-59, includes processing occupations, where 50 is metal processing and 58, textiles and leather. Machine trades occupations fall between 60 and 69, while 70-79 includes all benchwork positions. Category 80-89 includes structural work occupations where 86 focuses on construction. The 90-97 category includes miscellaneous occupations. The code for transportation occupations is 91, 95 is for utilities, 96 for amusement and recreation, and 97, graphic art work. In all the divisions having a ninth category, i.e. 39, 59, etc., that category tends to be a miscellaneous catch-all. For this study, two additional divisions were added. Where a recipient reported that he or she was on welfare or unemployment, 97 was used. People on social security or another retirement pension plan were coded 98. Housing costs per month included mortgage payment, ground rent if any, hazard insurance, real property taxes, maintenance, heat and utilities. Since no housing unit registered had over 9 bedrooms, the number of bedrooms were copied directly into a single digit position. Square footage, the actual floor area of the house, was also copied directly into the data file created for this analysis. It should be noted that for many of the recipient files, the only square footage information available was the amount of the area to be rehabilitated. Since this did not necessarily coincide with the footage of the house itself, a single digit variable was developed to single out cases where only the improvement area was given. Unless square footage numbers found in the files were reported or assumed to include the entire floor space of the unit, a 1 was coded for the "Improvement Area" variable. The year a home was built was used directly. Purchase price, current assessed values, and value after rehabilitated were coded as given in the recipients' files, though mortgage balances were transformed into 1977 dollars. Since the years given for purchase date and assessed value all took place post 1900, only digits were used for those variables. Finally, a single digit general variable was used as a miscellaneous category as can be seen from its codes.

1 = a handicapped or disabled person received the loan
2 = person received two loans. 2nd loan = HCD
3 = person received two loans. 2nd loan = PIL
4 = person received two loans. 2nd loan = DPL
5 = person received two loans. 2nd loan = 312
6 = the owner is rehabilitating a duplex

During the analysis some of the numeric variables were broken down into fewer categories for comparative purposes. Loan amounts were classified into four categories: $0 - $2,500, $2,500 - $5,000, $5,000 - $10,000 and over $10,000. Monthly income was also transformed into four categories: $0 - $500, $500 - $1,000, $1,000 - $1,500, and over $1,500. Liquid assets were given three: under $500, $500 - $3,000 and over $3,000. Housing costs per month and assessed values for homes were each given five categories. Housing costs included: under $100, $100 - $200, $200 - $300, $300 - $400 and over $400. Assessed values had: under $10,000, $10,000 - $15,000, $15,000 - $20,000, $20,000 - $25,000 and over $25,000. Lastly, ages were classified in the following manner: 0 - 30 years old, 30 - 40, 40 - 50, 50 - 60, and over 60 years old.

APPENDIX B: SAMPLING ERRORS

The Table below, from E. Terrence Jones, Conducting Political Research, 1971, shows levels of risk and accuracy for sample sizes with an N around 400. The table assumes maximum variability so that the accuracy is probably understated for most studies, including this one. The table also assumes random sampling. Finally, the table is only appropriate for those instances where the population size is at least five times as large as the sample size. For all of the survey work associated with this study, populations were at least five times as large as shown in Chapter I.

SMAPLE SIZE FOR VARIOUS LEVELS OF RISK AND ACCURACY

Desired Accuracy	Risk of Sample Estimate Being Outside Accuracy Limits			
	1%	2%	5%	10%
+-4%	1037	846	600	423
+-5%	663	541	384	271
+-6%	461	376	267	188
+-7%	339	276	196	138
+-8%	259	212	150	106
+-9%	205	167	119	84
+-10%	166	135	96	68

The second table shows the maximum sampling errors for various subsamples. Most results outlined in this study will have a maximum sampling error of less than +-9.9% due to the tendency of people to respond at the high extremes, i.e., "Very Good", to survey questions.

MAXIMUM SAMPLING ERRORS FOR VARIOUS SUBSAMPLES

Percent Distribution	Sample Sizes			
	200	100	50	25
90/100%	+-4.9%	+-7%	+-9.9%	+-14%
80/20%	+-6.6%	+-9.4%	+-13.3%	+-18.8%
70/30%	+-7.6%	+-10.7%	+-15.2%	+-21.5%
60/40%	+-8.1%	+-11.5%	+-16.2%	+-23.0%
50/50%	+-8.3%	+-11.7%	+-16.6%	+-23.5%

Source: Portland, Oregon (1978). Neighborhood Livability Project. Phase II Report Appendix B.

APPENDIX C: STATISTICAL TOOLS USED

Contingency tables or crosstabs, are simply joint frequency distributions of cases according to two or more classificatory variables. The variance of a variable is a measure of the dispersion of the data around the mean of that variable. In a one-way analysis of variance with a single dependent variable Y and an indépendent variable A, the sum of squares in Y or its spread, can be decomposed into two independent components: the sum of squares between the variables and the sum of squares within the variables. The formula of the sum of squares between equals $\sum_j N_j (\bar{Y}_j - \bar{Y})^2$ where $\bar{Y}_j$ is the mean of Y in the category j and N_j is the number of cases in category j. In other words, the SS between is the portion of the sum of squares in Y due to factor A. SS within equals $\sum_j \sum_i (Y_{ji} - \bar{Y}_j)^2$ i.e., the portion of the sum of squares in Y due to the variation within each of the categories of A. SS within is not accounted for by A.

The sum of squares becomes greater as the differences among the means of the dependent variable in various categories of the independent variable increase and as the variations in within the categories of the independent variable decrease. Whether such differences are to be considered substantial or trivial depends on the overall variability of the entire sample and on the variability within each category of the independent variable. Eta, which is used in this analysis, provides a descriptive statistic capable of comparing the variability or the effects of the independent variable on the dependent variable. Its formula is:

$$Eta^2 = \frac{SS_{Ind.}}{SS_{Total}} = \frac{SS_{TOTAL} - SS_{WITHIN}}{SS_{TOTAL}}$$

The value of Eta^2 will be 1.0 if and only if there is no variability wi within each category of the independent variable and there is some variability between categories. It will be zero if and only if there is no difference among the means of the three categories. Consequently, while $eta^2=0$ indicates that there is no effect of the independent variable, the more it approaches a value of 1.0, the stronger the effect of the independent variable on the dependent variable.

The F test, also used here, tests the null hypothesis that $eta^2=0$ or that the variation between groups is significantly greater than the variation within those groups (Kim and Kohout (1970): 400-401). The table shows a typical analysis of variance table and includes formulas used to determine F. (See Attached Table).

For the chapters dealing with specific attitudes toward neighborhood variables, the median test was often used. That test simply compares groups according to how they deviate from a general median for all the groups combined. Recall that the median is defined as the point at, or below which, 50% of the cases fall. The null hypothesis tested is that J different groups are absolutely identical in terms of their distributions, i.e. in how they deviate from the general median. It turns out that the formula:

$$\chi^2 = \frac{(N-1)}{a(N-a)} \sum_{j=1}^{J} \frac{(Na_j - n_j a)^2}{Nn_j}$$

provides the test for deciphering whether two groups have distributions, or patterns, which closely resemble each other. The higher x^2 is, the more likely two groups differ.

Tau C is a measure of association which was also used in the study. It can indicate how strongly two variables are related to each other.

TABLE

Source	SS	df	MS	F
Between Groups	$\sum_j \frac{(\sum_i Y_{ij})^2}{n_j} - \frac{(\sum_j \sum_i Y_{ij})^2}{N}$	$J-1$	$\frac{SS_{between}}{J-1}$	$\frac{MS_{between}}{MS_{within}}$
Within Groups	$\sum_j \sum_i Y_{ij}^2 - \sum_j \frac{(\sum_i Y_{ij})^2}{n_j}$	$N-J$	$\frac{SS_{within}}{N-J}$	
Total	$\sum_j \sum_i Y_{ij}^2 - \frac{(\sum_j \sum_i Y_{ij})^2}{N}$	$N-1$		

Source: Hays, 1973: 475.

Put another way, its value indicates to what extent characteristics of one sort and characteristics of another sort occur together. The more often characteristics tend to occur together, the larger Tau C is.

Together, the median test and Tau C provided effective tools for determining whether the neighborhoods differ statistically in satisfaction levels and characteristics as well as how interrelated these levels and characteristics may be.

APPENDIX D: LETTER OF INTENT

December 30, 1978

Hello.

I am writing to ask you to take part in a study I am doing. My final project as a graduate student at Portland State University is to look at how some of Portland's inner city neighborhoods have changed over the last three years.

I need your help. I would like to come to ask you some questions about how you feel about where you live, like whether you have seen any improvements in the past few years and how the city might be able to improve neighborhood conditions there.

I only need about 15 minutes of your time and everything you tell me can be kept strictly confidential. My survey will start on the first of January and should last until February.

I plan to talk to people late in the afternoons on weekdays or on weekends and will be happy to tell you about my study after I ask you my questions.

Unless I hear otherwise, I will assume you are willing to help me. If you have any questions you can leave a message for me at the School of Urban Affairs, 229-4043(9 a.m.-5 p.m.).

Thank you for your help.

Sincerely,

Geri Larkin

Geri Larkin

APPENDIX E: QUESTIONNAIRE

Interviewer's Name____
Date____ Time________
Address______________
Neighborhood__________

1. First, how long have you lived in this neighborhood?
   ___Years
   ___Months
   ___Life(Q6)

2. When you came here, did you move from a city, a suburb of a city, a small town, or from the country?
   --City(Q3)
   --Suburb(Q3)
   --S. Town(Q5)
   --Country(Q5)

3. What city was that?/What city was that a suburb of?
   ____

4. (IF PORTLAND) What neighborhood was that?
   ____

5. Why did you move to this neighborhood?
   ____
   ____
   ____

6. Considering everything, what would you say about this neighborhood as a place to live? Would you say it is a very good place to live, fairly good, neither good nor bad, not very good, or no good at all?
   --Very good
   --Fairly good
   --Neither
   --Not v. good
   --Not good at all

7. What about the people who live around here? As neighbors would you say that they are very good, fairly good, neither good nor bad, not very good, or not good at all?
   --Very good
   --Fairly good
   --Neither
   --Not v. good
   --Not good at all

8. Of the ten families that live closest to you, how many would you say you know by name?
   ____Number(Q9)
   ____None(Q10)

9. Of these ten families, how many have you ever visited with, either in their home or in yours?
   ___Number

10. Have many new people moved into the neighborhood in the last three years? --Yes
--No

11. Has the type of person moving into the neighborhood in the last three years changed? --Yes(Q12)
--No(Q13)

12. How so? ________
____
____

13. What about the condition of the houses in the neighborhood? Overall, would you say they are very well kept up, fairly well, not very well, or not kept up at all? --Very well
--Fairly w.
--Not very
--Not kept

14. (DO NOT ASK THIS QUESTION OR Q 15 IF THE PERSON HAS LIVED IN NEIGHBORHOOD ALL HIS OR HER LIFE) Compared with where you lived before, is the housing in this neighborhood newer, about the same, or older? --Newer
--Same
--Older

15. Compared with where you lived before is this neighborhood more crowded, about the same, or less crowded? --More c.
--Same
--Less c.

16. How satisfactory is your (house/apartment) as a place to live? Would you say it is very good, good enough, not so good, or no good at all? --Very good
--Good
--Not so g.
--Not good at all

17. Do you own or rent your home?
--Own
--Rent
___Other (Specify)

18. Have you owned a house before?
--Yes
--No

<u>In this house/apartment</u>:

19. Is the amount of space for your family very good, good enough, not so good, or no good at all? --V. good
--Good enough
--Not so good
--No good

20. Is the number of bedrooms....
--V. good
--Good enough
--Not so good
--No good

21. Is the heating in winter... --V. good
--Good e.
--Not so g.
--No good

22. Is the plumbing.... --V. good
--Good e.
--Not so
--No good

23. I'd like to ask you how satisfied you are with some of the main services the city provides for the neighborhood. What about street lighting---is it very good, good enough, not so good, or no good at all? --V. good
--Good e.
--Not so g.
--No good

24. How about police protection, is it... --V. good
--Good e.
--Not so g.
--No good

25. The city is charged with the responsibility of keeping the streets repaired and clean--is the service you get in this neighborhood.... --V. good
--Good e.
--Not so g.
--No good

26. Thinking about services like schools, parks, and so forth, do you think this neighborhood gets better, about the same, or worse services than most other parts of the city? --Better
--Same
--Worse

27. (DO NOT ASK RESIDENTS OF UNDER 2 YEARS) Thinking back over the past couple of years, do you think that life for people in the neighborhood has been getting better, staying about the same, or getting worse? --Better
--Same
--Worse

28. (DO NOT ASK RESIDENTS OF UNDER 2 YEARS) Have you noticed improvements in services in the neighborhood in the last couple of years, like curbs on the streets or new trees? --Yes(Q29)
--No(Q30)

29. What improvements have you noticed? ________
____
____

30. Have you heard or do you know about any programs or things the city is trying to do to make things better for people in this neighborhood? --Yes(Q31)
--No(Q32)

31. What kinds of things have you heard about? ________
____
____

32. Have you ever heard about the city's subsidized homeowner loans for rehabilitating housing?
--Yes
--No(if owner:Q51. renter:Q62)

33. How did you hear about the loans? ________
(renter:Q62)

34. (FOR OWNERS OF UNDER 3 YEARS)
Did knowing about the loans affect your decision to purchase a home in this neighborhood?
--Yes
--No

35. Have you ever received a subsidized rehabilitation loan from the city?
--Yes
--No(Q50)

36. What kind of loan did you receive?
--DPL
--HCD-3
--312
--PIL

37. How much was the loan for? $______

38. In general, do you think the loan program is very good, good enough, not so good, or no good at all?
--V. good
--Good e.
--Not so g.
--No good

39. How would you rate the services of the Portland Development Commission during the processing of the loan?
--Excellent
--Good
--Poor

40. Why? ________
____

41. What improvements did you make? 41. ________
____
____
____
____

42. How would you rate the work done?
--Excellent
--Good
--Poor

43. Why? ________
____
____

44. Was your loan sufficient to pay for all the work you wanted to do?
--Yes(Q46)
--No(Q45)

45. Did you use your own money or money from any other sources to do any additional rehabilitation work?
--Yes
--No

46. If you had not received a loan would you have made any improvements on your home?
--Yes
--No(Q48)

47. How would you have paid for them? ____________

48. Would you recommend the loan program to your neighbors?
--Yes
--No

49. Why? ____________

GO TO QUESTION 55

50. Have you made improvements on your home in the last three years?
--Yes
--No(Q57)

51. What improvements did you make? ____________

52. How much did you spend? $____________

53. How did you finance the improvements? ____________

54. (IF LOAN) What was your interest rate? ________%

55. Do you think improving your home has affected the neighborhood at all?
--Yes
--No(Q57)

56. How? ____________

57. Have any of your neighbors improved their houses in the last three years?
--Yes
--No(Q62)

58. (ONLY ASK RESPONDENTS WHO HAVE IMPROVED THEIR HOMES) Do you think they improved their houses because you did?
--Yes
--No

59. Why do you think that? ____________

60. Do you think your neighbors improving their homes affected you at all?
--Yes
--No(Q62)

61. How? ____________

62. All things considered, how satisfied or dissatisfied are you with this neighborhood as a place to live, completely satisfied, mostly satisfied, neutral, mostly dissatisfied, or completely dissatisfied?
--Satisfied
--Mostly sat.
--Neutral
--Mostly dis.
--Dissatisfied

63. What do you think are the most important things that should be worked on to make your neighborhood a better place to live? ________
____
____

64. Five years from now, do you think you will still be living in this neighborhood?
--Yes(Q67)
--No

65. Why not? ________
____
____

66. Where do you think you will be living? ________

67. Now I would like a little background information on you and your family. Are you now married, living with someone but not married, separated, single, widowed, or divorced?
--Married
--Cohabit
--Separated
--Single
--Widowed
--Divorced

68. What was the highest grade of school you completed? ________

69. (IF MARRIED OR LIVING WITH SOMEONE) What was the highest grade of education your spouse/ the person you are living with) completed? ________

70. It would help me if you would tell me all the people who live with you in this apartment/house. Let's start with the oldest:

LIST ALL PERSONS BY RELATIONSHIP TO RESPONDENT	SEX 71.	AGE 72.	WHAT DOES...DO?* 73.	74. ABOUT HOW MUCH INCOME DOES HE/SHE EARN MONTHLY?

*USE SUFFICIENT PROBES TO FIT EACH PERSON INTO ONE OF THE FOLLOWING CATEGORIES:

1. Presently working
2. Has job but not presently working
3. Unemployed and looking for work
4. Unemployed but not looking for work
5. Unable to work(Disabled, handicapped...)
6. Retired
7. Student
8. Housewife

DURING THE PAST MONTH DID ANYONE IN THE HOUSE RECEIVE INCOME FROM:

75. Social Security? 75.--Yes
--No

76. Other retirement pay or pensions? 76.--Yes
--No

77. Unemployment compensation? 77.--Yes
--No

78. A second job? 78.--Yes
--No

79. Assistance or welfare payments of any kind, such as ADC? 79.--Yes
--No

THANK RESPONDENT

(TO BE COMPLETED AFTER INTERVIEW)
Time interview completed_____

Race
--White
--Black
--Asian
--Other

Respondent's cooperation was:
--V. Good
--Good
--Fair
--Poor

Any unusual problems with the interview:Detail below.

APPENDIX F: OPTIONS FOR REHABILITATION WORK

1. Open Space
All weather parking areas and driveways may be provided.

2. Parking Structures
Parking Structures that are economically infeasible for rehabilitation or do not meet the space requirements of modern transportation may be repleced with a parking structure no greater than 12 feet in width and 22 feet in depth.

3. Fences
Fences may be provided suitable to the property.

4. Insulation
Where existing walls and top floors do not have insulation, the proper amount may be installed to prevent excessive heat loss and to provide comfort for residents.

5. Windows, Doors, and Other Openings
Screens and strom windows may be provided for all doors, windows, and other openings.

6. Privacy and Arrangement
When the bathroom is separated from all bedrooms of a living unit by a full story above or below the bedrooms, a second bath may be installed.

7. Kitchen Storage Space
Additional kitchen storage space may be installed if the existing cabinets are less than the following minimums:
   a. Total shelving in wall and base cabinets: 30 sq. ft.
   b. Drawer area: 5 sq. ft.
   c. Usable storage shelving in cooking range or under sink may be counted in total shelving needed.

   Kitchen storage space of living units having two or more bedrooms should be appropriately increased in total area to accommodate the needs of more occupants.

8. Carpeting
Wall-to-wall carpet may be installed as a funish floor, provided installation is over a suitable underlayment.

9. Interior Decorating
Interior painting and wall coverings suitable to the structure, conditions, and economics may be applied.

APPENDIX G: PORTLAND DEVELOPMENT COMMISSION

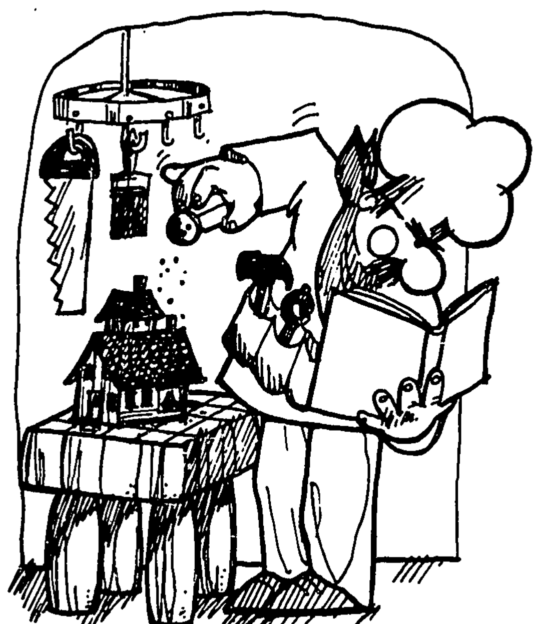
"REHAB COOKBOOK"

PREFACE

As part of a continuing effort to conserve older, basically sound residential areas, the City of Portland provides; in certain designated areas, financial and technical assistance to home owners who are otherwise unable to obtain these services.

The process of rehabilitating housing begins with **your commitment** to provide adequate safe and sanitary living conditions for you and your family and to safeguard the financial investment that you have made in your home.

"Fixing-up a house" is not a difficult job for those individuals who have sufficent experience or adequate guidelines. The REHAB COOKBOOK has been prepared to guide you through the step-by-step "fixing-up" process.



REHAB
COOKBOOK

December 1, 1976

City of Portland Development Commission
Housing Assistance Office
1911 Northeast Broadway
Portland, OR 97232
(503) 248-4900

INGREDIENTS

INTRODUCTION

The Housing and Community Development Act of 1974 provided the initial authority and funding to establish new housing assistance programs in the City of Portland. As a result, the City of Portland Development Commission has responded with a variety of programs aimed at maintaining and improving the quality of owner-occupied residential properties.

The next two pages briefly describe the types of housing assistance delivered and identify the Housing and Community Development areas in which they are available. The remaining portion of the REHAB COOKBOOK details the complete housing rehabilitation process. Samples of actual documents are included to familiarize you with the program requirements.

NAME	PURPOSE	MAXIMUM AMOUNT	APPLICANT	PROPERTY	TERMS OF LOAN
CRITICAL MAINTENANCE LOAN (CML)	Pay for the critical home repairs only	$1,500; cost of rehab; or amount of equity[1], whichever is less.	Owner-Occupant Fee simple title; or Contract purchaser (obtained interest 1 year prior to application). Income Limits	Located in City of Portland 2 dwelling units maximum Critical housing code deficiencies exist	Payment deferred until property is transfered or sold 0% Interest Rate
DEFERRED PAYMENT LOAN (DPL)	Rehabilitate home to meet all applicable housing codes and ordinances	$4,000; cost of rehab; or amount of equity[1], whichever is less.	Owner-Occupant Fee simple title; or Contract purchaser (obtained interest 1 year prior to application). Income Limits	Located in City of Portland HCD[2] areas 2 dwelling units maximum Critical housing code deficiencies exist.	Payment deferred until property is transferred or sold 0% Interest Rate
HCD-3 LOAN	Bring property into compliance with City codes, Property Rehabilitation Standards and needs of the household.	$17,400 for single family residence; cost of rehab; or amount of equity[1], whichever is less.	Owner-Occupant Fee simple title; or contract purchaser (obtained interest 1 year prior to application). Income Limits The ability to repay loan.	Maximum 4 dwelling units Located in City HCD[2] area Need of rehabilitation Residential only	Maximum 20 years 3% Interest Rate Amortized monthly payments
PUBLIC INTEREST LENDER LOAN (PIL)	Cost of rehabilitating property up to housing code compliance; provides for refinancing	$17,400 for single family residence; cost of rehab; or amount of equity[1], whichever is less.	Owner-Occupant Fee simple title; or Contract purchaser (obtained interest 1 year prior to application). Income Limits The ability to repay loan.	Located in City HCD[2] area Need of rehabilitation Maximum 4 dwelling units Residential only	Maximum 20 years 6½% Interest Rate Amortized monthly payments

[1]Equity will be measured by subtracting the total indebtedness secured by the property from the assessed market value as shown on the most recent property tax appraisal of the property by the County Assessor.

[2]Housing and Community Development

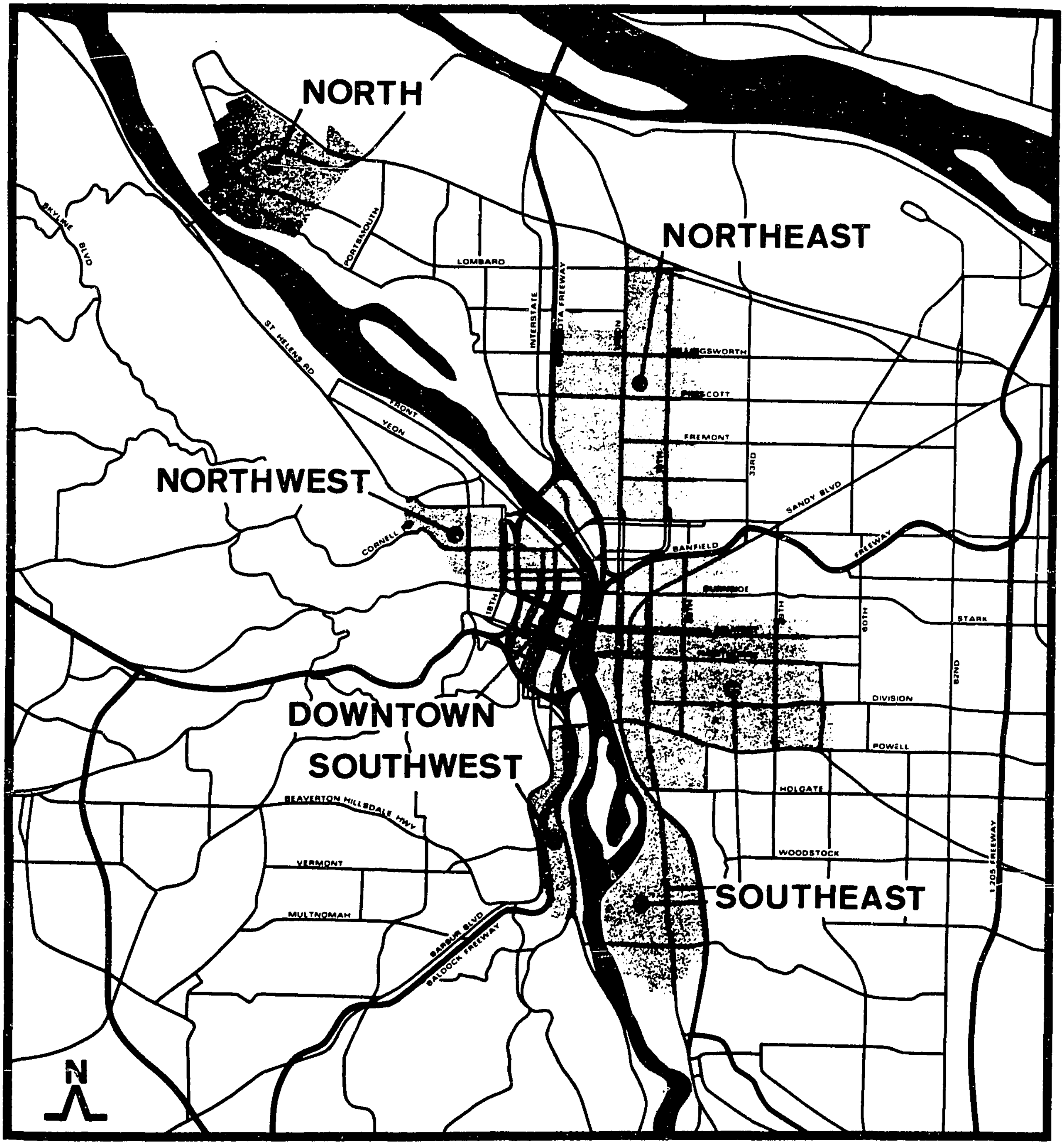
INCOME LIMITS Household Income not to exceed

Program	Household Size 1	2	3	4	5	6
CML, DPL	$ 5,470	$ 6,125	$ 6,875	$ 7,688	$ 8,125	$ 8,625
HCD-3	10,750	12,250	13,750	15,375	16,250	17,250
PIL	16,125	18,375	20,625	23,063	24,375	25,875

HOUSING ASSISTANCE PROGRAMS

October 1976

DESIGNATED HOUSING ASSISTANCE AREAS



City of Portland
Housing and Community Development (HCD) Areas

REHAB LOAN PROCESSING

Before beginning the repair and upgrading of your home, it is important for you to understand the procedures that must be followed if you expect to achieve the kind and quality of rehabilitation work you are now considering. Study the following processing steps carefully. If you need additional information, please call 248-4900.

Step 1

Financial Assistance Qualification

All home owners needing rehabilitation financial assistance must fill out the eligibility application (Exhibit A) which is included in the attached packet of forms. Mail or deliver the completed form to the City of Portland Development Commission's Housing Assistance Office, located at 1911 N.E. Broadway, 97232 (telephone: 248-4900). If you wish, a Portland Development Commission staff member will assist you in completing this form. You will be notified by mail of your eligibility status. If you have already done this and have received a letter from the Commission advising you of your qualification for financial assistance, proceed to Step 2.

Step 2

Property Inspection

After your eligibility has been determined, call or come to the Development Commission Housing Asssistance Office and arrange for an inspection of your property. All inspections are made in accordance with Title 29 Housing Regulations of the City of Portland to determine if any housing conditions exist that either do or may endanger you or your family's health and safety or the financial investment you have in your home. (See inspection illustration, page 7.) You may schedule this inspection at any time at your convenience during the Commission's office hours. A report in letter form of this inspection will be mailed to you. (See page 8 for an example of such a letter.)

Step 3

Determining Rehabilitation Work To Be Done

Review the housing deficiencies listed in your inspection report that must be corrected. On page 10 is a list of other items of rehabilitation that are eligible to be included in your loan application, if you so desire, provided that the cost of this additional work does not exceed the loan amount for which you have been qualified. A decision must now be made as to the type and amount of work you will do to rehabilitate your home.

NOTE: Technical assistance is always available to you, without charge, as a separate service or in connection with any source of financing you may select.

Due to the large number of rehabilitation assistance applications processed by the Commission annually, applicants who are unable or unwilling to put forth a continuing effort to finalize their application requirements will be removed from the active processing schedule to make room for those applicants who are ready to proceed.

Step 4

Contractor Selection

All registered and licensed contractors may be eligible to participate in Portland's Housing Rehabilitation Program. Included in the form packet which accompanies this manual are two lists of contractors who have asked to participate in the City's rehabilitation programs. These lists of contractors labeled Exhibit J are for your convenience in selecting craftsmen to do your rehabilitation work. These lists do not represent a recommendation or an endorsement of these firms by the Development Commission. At your request, most contractors will furnish references for you to check out. **We emphasize that you should take the time and effort to do this in order to avoid the possibility of future misunderstanding and/or dissatisfaction.**

Step 5

Plans and Specifications Preparation
Now prepare your rehabilitation specifications and cost estimates. (See example specification documents, pages 11 through 15, and Exhibit B included in the form packet.) Plans need be prepared only if they are necessary to supplement or explain the rehabilitation specifications and/or are a requirement for a building permit. Your Rehabilitation Specialist or contractor will prepare these documents as a part of the contract. The Rehabilitation Specialist assigned to you will answer any questions you may have. **A WORD OF CAUTION:** Incomplete or unclear plans and specifications frequently lead to needless misunderstandings and dissatisfaction with the work for which you will be contracting.

Step 6

Bidding
Request bids from the contractor(s) you have selected, using as a basis for these bids the plans (if necessary) and the specifications prepared by your Rehabilitation Specialist or contractor. Bids must be submitted on the Bid and Proposal documents, Exhibit D, contained in the form packet.

Step 7

Bid Selection
After the bids are received, study each for completeness, accuracy and cost. Choose the one you feel will give you the best quality of work for the money you are willing to spend. If you wish, a Rehabilitation Specialist will assist you in this review.

Step 8

Documentation Submission
Take or send the plans, specifications and cost breakdown, along with the contractor's bid and your signed acceptance of this bid, to the Housing Assistance Office for review. The loan application and contract documents will then be prepared by the Housing Assistance staff.

Step 9

Loan Application Submission
The Housing Assistance staff will notify you when these documents have been prepared. Then you, the homeowner, will be asked to sign the loan application and all other appropriate documents at the Housing Assistance Office. NOTE: **No work is to commence until authorized by the Commission.**

Step 10

Loan Closing
You will be notified by the Commission's Finance Section when the loan has been approved, and a date will be arranged for the closing of your loan. This will include the signing of your rehabilitation contract with the contractor you have selected. CAUTION: After you and the contractor have signed the rehabilitation contract, any changes in any part of the contract **must** be in writing and approved by you, the contractor, and the Development Commission prior to physically making any such work changes. Unauthorized work changes frequently lead to misunderstandings and difficulties in bringing the job to a satisfactory conclusion and could result in legal action.

Step 11

Proceed Letter—Truth in Lending
Send a letter to the contractor stating the date the work is to begin, which can be no sooner than three (3) days after the contract is signed. This waiting period is required by the federal "truth-in-lending law." If you like, the letter can be prepared by the Housing Assistance staff.

Building Permits

Step 12 Before starting construction, the contractor must obtain from the Bureau of Buildings, and post on your property, a building permit which will cover every item of rehabilitation work you have specified in your contract. This permit must state the same cost of rehabilitation as does the contract.

Construction Monitoring

Step 13 You, the homeowner, will monitor the construction work for contract compliance during the entire construction period. A Rehabilitation Specialist will be available for consultation.

Building Permit Completion Certifications

Step 14 After the rehabilitation work has been completed, the contractor will contact the appropriate division (plumbing, electrical, etc.) of the Bureau of Buildings and request inspections of all the work that has been performed under the building permit. When the work is judged by the City Building Inspector to have met the requirements of the City Code, the Bureau of Buildings will issue to the contractor certificates of inspection. (See examples, pages 20 and 21.)

Delivery of Certification Documents

Step 15 The contractor will deliver these certificates to you, together with applicable lien waivers, (Exhibits E and F of your form packet) and equipment warranties (see example, pages 22 and 23.)

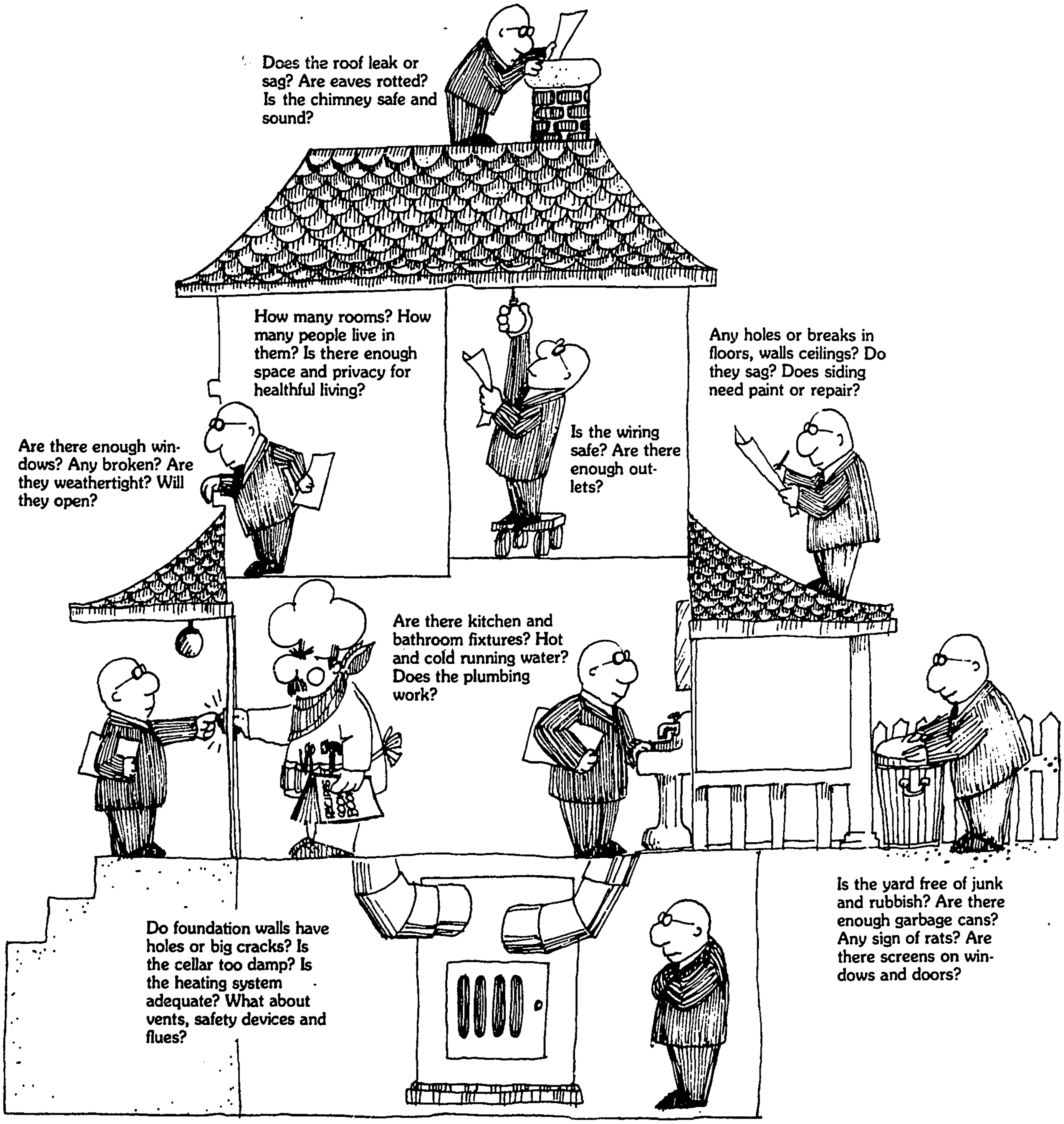
Contract Compliance Inspection

Step 16 These documents must then be delivered to the Housing Assistance Office with a request that the Rehabilitation Specialist assigned to your job inspect the property with you to determine whether the conditions of the contract have been fully met.

Owner's Acceptance and Contractor Payoff

Step 17 Once it has been determined that the conditions of the Contract have been fully met, you will sign an Owner's Acceptance Certificate and an authorization for the City of Portland Development Commission to Pay the contractor. (Exhibits G and H of your form packet.)

HOUSING CODE INSPECTION



HOUSING INSPECTION LETTER

THE CITY OF
PORTLAND
OREGON

DEPARTMENT OF DEVELOPMENT AND CIVIC PROMOTION

PORTLAND DEVELOPMENT COMMISSION

HOUSING SERVICES OFFICE
1911 N.E. BROADWAY
PORTLAND, OR. 97232
(503) 248-4900

November 5, 1976

EXAMPLE

Mr. and Mrs. John Doe
223 N. Olympia Street
Portland, OR 97203

Dear Mr. and Mrs. Doe:

The City of Portland has made a commitment to upgrade its substandard housing by providing financial and technical assistance under a Housing and Community Development Program. As part of this program and at your request, an official inspection has been made of your property located at 223 N. Olympia Street in the St. Johns Housing and Community Development area.

In his report, the inspector has listed the following conditions which do not meet City Housing Code requirements and therefore constitute fire, safety, or health hazards:

1) Electrical deficiencies noted: Front porch lacks a light and switch and rear entry fixture is damaged; kitchen outlets are inadequate and switches and lights are damaged; living room light switches are defective; dining room outlet is defective; bathroom outlet is not properly grounded; cellar stairway lacks required lighting; northeast and northwest bedroom switches are improperly mounted; meter base is loose and improperly mounted; service panel is inadequate for equipment being served; portions of wiring throughout the dwelling are improperly installed and hazardous; doorbell and transformer are inoperable. Section 29.28.010(d)
2) Plumbing deficiencies noted: All second story bath fixtures, faucets, and drains are worn, damaged, and give evidence of leaking; kitchen sink is worn, chipped, and its drainlines are leaking; cellar laundry trays are cracked and faucets are subject to siphonage; water heater lacks an approved pressure relief valve assembly; cellar floor drain is partially obstructed; water service line is of insufficient size and pressure to fixtures is restricted; drainlines give evidence of partial obstruction. Section 29.28.010(e)
3) Front yard retaining wall, adjacent to a public way, is damaged and tipping. Section 29.28.010(i)
4) Service walk is broken and unevenly settled. Section 29.28.010(i)
5) Driveway is unpaved and approach apron is broken and settled, safe all-weather access and parking is not provided. Section 29.24.010 and 29.28.010(i)

Mr. and Mrs. John Doe
November 5, 1976
Page 2

6) Kitchen cabinet doors and drawers are worn and loose, safe storage of food and utensils is not provided; kitchen counter and covering are moisture damaged and unsanitary. Section 29.28.010(b)
7) Bathroom floor covering is moisture damaged and loose. Section 29.28.010(b-13)

City regulations require that you have these conditions corrected after having obtained the proper permits from the Bureau of Buildings.

If you disagree with the inspector regarding any of the conditions listed above, you have the right to appear before the Housing Advisory and Appeal Board and give your reasons. However, Section 29.12.030 of the City Code requires that you make your appeal by giving written notice to the Building Inspections Director within five (5) days of receipt of this letter of notification. For more information on this matter, call 248-4245.

In addition to the Code violations listed above, the inspector also found certain conditions which, unless corrected, can be expected to become Code violations. They are as follows:

1) Furnace and ductwork are old and damaged and may have a limited period of usefulness.
2) Kitchen wall and ceiling plaster is cracked and bulged; floor coverings and millwork are damaged and worn.

If you have any questions regarding this letter of notification, including the substandard conditions found by the inspector, call 248-4900, Portland Development Commission.

Yours truly,

James E. Griffith
Director, Bureau of Buildings

Don S. Silvey
Manager, Housing Assistance

CHF:jas

cc: Bureau of Buildings

EXAMPLE

REHAB OPTIONS

1) **Open Space**
All Weather parking areas and driveways may be provided.
2) **Parking Structures**
Parking structures that are economically infeasible for rehabilitation or do not meet the space requirements of modern transportation may be replaced with a parking structure no greater than 12 feet in width and 22 feet in depth.
3) **Fences**
Fences may be provided suitable to the property.
4) **Insulation**
Where existing walls and top floors do not have insulation, the proper amount may be installed to prevent excesive heat loss and to provide comfort for residents.
5) **Windows, Doors and Other Openings**
Screens and storm windows may be provided for all doors, windows and other openings.
6) **Privacy and Arrangement**
When the bathroom is separated from all bedrooms of a living unit by a full story above or below the bedrooms, a second bath may be installed.
7) **Kitchen Storage Space**
Additional kitchen storage space may be installed if the existing cabinets are less than the following minimums:
   a) Total shelving in wall and base cabinets — 30 sq. ft.
   b) Drawer area — 5 sq. ft.
   c) Usable storage shelving in cooking range or under sink may be counted in the total shelving needed.

   Kitchen storage space of living units having two or more bedrooms should be appropriately increased in total area to accommodate the needs of more occupants.
8) **Carpeting**
Wall-to-wall carpet may be installed as a finish floor, provided installation is over a suitable underlayment.
9) **Interior Decorating**
Interior painting and wall coverings suitable to the structure, conditions and economics may be applied.

Other items of rehabilitation not included in this list which are customarily used in similar housing are eligible for inclusion in the loan up to a cost of 40% of the dollar amount spent on code and optional items.

REHAB SPECIFICATIONS/PLANS

EXAMPLE

REHABILITATION
SPECIFICATIONS   Loan No. 38/R-8/---/-

Property: 223 N. Olympia   Lot: 16   Rehab Adv O. Smith
Owner: DOE, John and Jane   Block: 13 PORTLAND ADD.   Checked by B. Brown

PHC-PRS

FENCES: (X) OK, ____ Repair, ____ Replace ____ Install, Description ____ , Location ____ , COMMENTS ____

3 RETAINING WALL: ____ OK, ____ Repair, (X) Replace, ____ Install, ____ Length ____ Height, ____ Material, ____ Location, Comments Remove listing section (approx. 10'). Tie replacement segment to existing wall w/½" rebar. (Match existing). 200

LANDSCAPING: (X) OK, Shrubs ____ ,
Lawn ____ ,
Comments Remove debris.

CLEAN UP: All construction debris must be removed from premises.

FRONT SIDEWALK: (X) OK, ____ Repair, ____ Replace, ____ Install ____ Width, ____ Length, ____ Thickness, ____ Material, Comments ____

4 SERVICE SIDEWALK: ____ OK, ____ Repair, ____ Replace, (X) Install, 30" Width, 20' Length, 4" Thickness, Concrete Material, Comments Install north side of house - 2' from basement wall - from front porch landing to rear step landing. 350

APPROACH STEPS: (X) OK, ____ Replace, ____ Install, ____ Material, ____ Tread width, ____ Tread length, ____ Riser height, ____ Install handrailing, ____ Material, Comments ____

DRIVEWAY: (X) OK, ____ Repair, ____ Replace, ____ Install, ____ Width, ____ Length, ____ Thickness, ____ Material, ____ Location, Comments ____

5 OFFSTREET PARKING: ____ OK, ____ Repair, ____ Replace, (X) Install, 12' Width, 22' Length, 4" Thickness, Concrete Material, NE lot corner Location, (X) Install approach, 3' Length, 12' Width, 4" Thickness, Concrete Material, Comments Slab to be flush w/lawn grade. Slab to be located 5' south of north lot line, abuting alley. 600

1-1 FURNACE: ____ OK, ____ Repair burner, ____ Repair firebox, ____ Repair ducts ____ Install new ducts, ____ Location, (X) Install new furnace oil Fuel, F.A. Type, Basement Model, (X) Submit heat plan & heat loss for code installation, Comments Remove existing furnace and duct and dispose of surplus - Install underground oil tank to city code, 600 gal. cap. (tank furnished by Owner) 1200

EXAMPLE SHEET

EXAMPLE

REHABILITATION SPECIFICATIONS Loan No. 38/R-8/---/-

Property: 223 N. Olympia	Lot: 16	Rehab Adv O. Smith
Owner: DOE, John & Jane	Block: 13 PORTLAND ADD.	Checked by B. Brown

PHC-PRS		ESTIMATE
1-2	KITCHEN: 10 X 16 size	
	CEILING: ___ repair, (X) replace, ½" drywall material, ___ wash, ___ paper, 2 No. of coats, enamel material	750
	WALLS: ___ repair, ___ replace, ½" drywall material, ___ wash, ___ paper, 2 No. of coats, enamel material	
	FLOOR: ___ repair, ___ replace, (X) install resilient floor covering with proper underlayment .065 vinyl S.G., 4" rubber base material	150
	DOORS & JAMBS: (X) repair, ___ replace, ___ install, existing pattern, existing size, existing material	45
	Hardware: (X) replace, ___ repair, ___ install Weiser Series A - entrance type Brass type and finish	
6	CABINETS: ___ repair, (X) replace, ___ install, (X) cabinet plan attached	1340
	Drainboard: ___ repair, ___ replace, (X) install	
	Covering: Plastic laminate material, (X) install	
	Backsplash: 6" height, Plastic Laminate material	
	Comments: Existing walls and ceiling to be stripped to the studs and joist - old cabinets and fixtures removed. See attached sketch for new work.	
0	BATH: 2nd Floor, NE corner location, 10 X 12 size	350
	CEILING: (X) repair, ___ replace, ___ material, ___ wash, ___ paper, 2 No. of coats, enamel material	
	WALLS: (X) repair, ___ replace, ½" drywall material, ___ wash, ___ paper, 2 No. of coats, ___ material	
7	FLOOR: ___ repair, (X) replace, install floor covering with proper underlayment, .065 vinyl S.G. with 4" rubber base material	150
0	DOORS & JAMBS: (X) repair, ___ replace, ___ install	40
	Hardware: ___ repair, (X) replace, ___ install Weiser A series privacy lock Brass type and finish	
0	WAINSCOTING: ___ repair, ___ replace, (X) install Plastic laminate material, 60" height	70
0	ACCESSORIES: (X) Soap & grab; (X) Tissue holder; (X) Soap dish; (X) Towel bar; (X) Shower rod; ___ Install medicine cabinet; ___ Tub enclosure	120
	Comments: All accessories to be equal to Hall-Mack.	

EXAMPLE SHEET

REHABILITATION
SPECIFICATIONS

Loan No. 38/R-87---/-

Property: 223 N. Olympia
Owner: DOE, John & Jane

Lot: 16
Block: 13 PORTLAND ADD.

Rehab Adv O. Smith
Checked by B. Brown

PHC-PRS

ESTIMATE

PLUMBING SCHEDULE

PHC-PRS		Floor	Repair	Replace	Install	COMMENTS CODE COMPLIANCE CERTIFICATES REQUIRED	ESTIMATE
	Water Closet						
2	Water Closet	2		X		Briggs No. 7030 White, Vit. china	170
	Lavatory						
	Lavatory	2		X		Norris No. 221 - En. steel - 20" x 17" oval	160
	Bath tub	2		X		Norris No. 630 - En. steel - 5'-0"	390
	Shower	2			X	National 36-3W fiberglass	375
	Kitchen Sink	1		X		Dayton.03322 Dbl. Bowl S.S.	260
	Laundry Tray	C			X	Fiat model P-1 single-polypro	245
	Water Heater		X			Add pressure relief valve	60
	Floor Drain		X			Clean drain	120
	Hose Bibs						

Comments: Replace water service line from meter to foundation wall. Clear drain lines with Roto-rooter.
See attached sketch for kitchen layout.

Water service ________repair, X replace		130
Water supply lines ________repair, ________replace		
Drain lines X repair, ________replace		95

EXAMPLE

EXAMPLE SHEET

Page No. 3 of 4

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REHABILITATION
SPECIFICATIONS Loan No. 38/R-8/---/-

Property: 223 N. Olympia   Lot: 16   Rehab Adv O. Smith
Owner: DOE, John and Jane   Block: 13 PORTLAND ADD.   Checked by B. Brown

ELECTRICAL SCHEDULE

CODE COMPLIANCE CERTIFICATES REQUIRED

PHC-PRS		Rec.			Lite		Sw.			ESTIMATE
		Floor	Repair	Install	Repair	Install	Repair	Install		
	Front Dr.	1		1				1	FIXTURE NO. PROGRESS P 47	25
1	Rear Door	1			1					
	Hall									
	Kitchen	1		4		1		2	3-WAY SWITCHES, FIXT. NO. T300 GRAYBAR	190
	Liv. Rm.							2		60
	Din. Rm.	1	1							10
	Bath	1	1							
	Basement Stairway	B				1		2	FIXTURE - KEYLESS RECPT. 3-WAY SWITCHES TOP AND BOTTOM OF STAIRS	80
	NE Bedroom	1						1		30
	NW Bedroom	1						1		30
	Bedroom									

EXAMPLE

SERVICE ENTRANCE:______OK, X Repair,______Replace, Comments
Secure meter base to wall — 15

PANEL:_____OK,______Repair, X Replace, Comments — 300
Install 100 RL Zinsco Panel

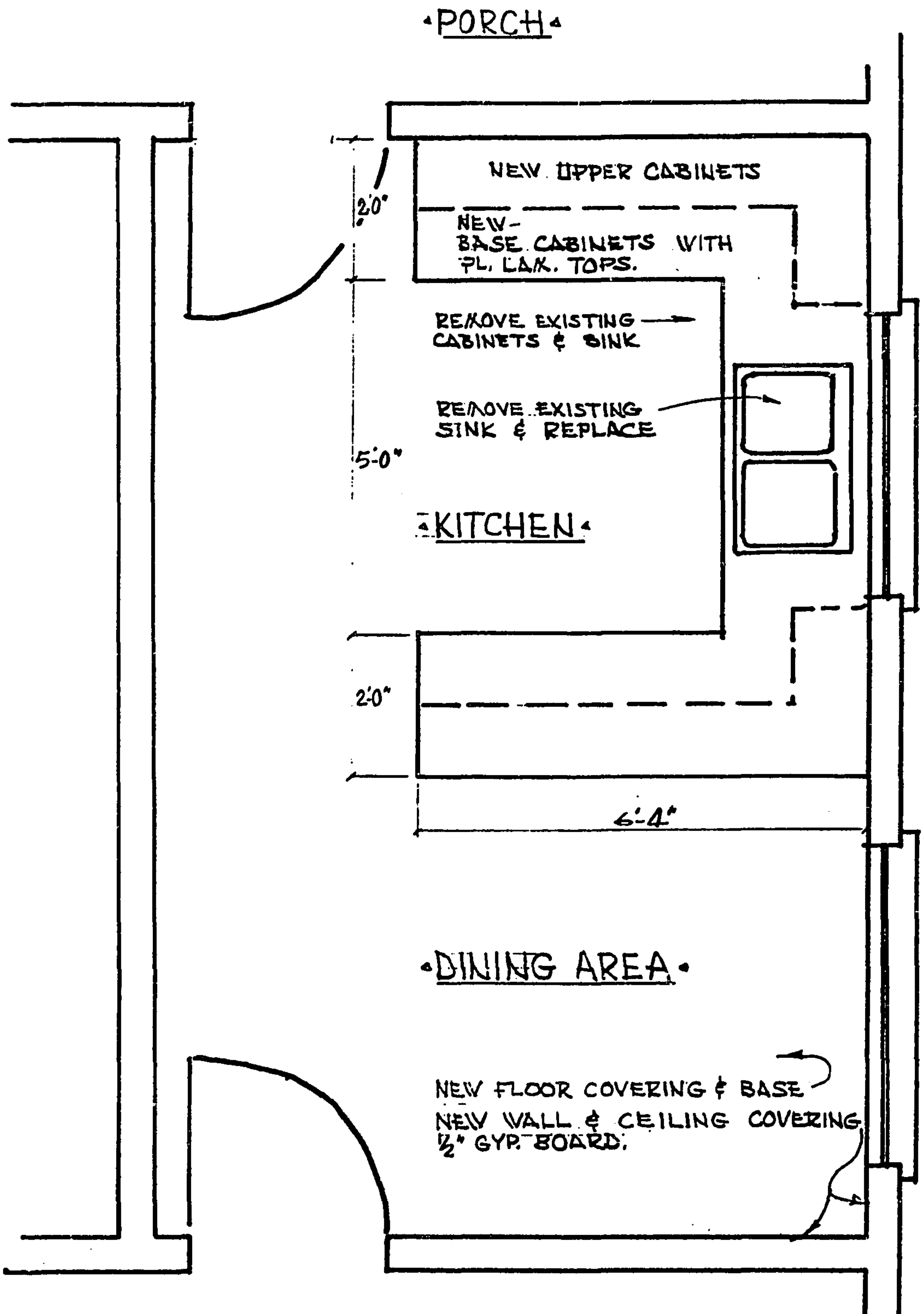
NEW CIRCUITS: As required for new installations
(New furnace circuit and wiring) — 80

HAZARDOUS WIRING: Replace all wiring certified unsafe by City Electrical
Inspector — 125

DOOREBELL:______OK,______Repair, X Install,____________Location — 90
LIGHT FIXTURES____________________Allowance,_________No. Fixtures

14

EXAMPLE SHEET



EXAMPLE

MR.-S JOHN & JANE DOE
223 N. OLYMPIA

REHAB ADVISOR - O. SMITH

15

DO IT YOURSELF

INSTRUCTIONS TO HOMEOWNERS WHO DESIRE TO ACT AS THEIR OWN CONTRACTOR

Homeowners who are willing and able to do all, or part of the functions required to complete the rehabilitation of their homes may substantially shorten the time required to complete their work. This effort allows "self-help applicants" to proceed at a pace which may be faster than homeowners who need the Commission's staff to handle all their administrative and technical details. Homeowners may act as their own General Contractor if they demonstrate that they are qualified to do so. Specific guidelines have been set up for this procedures as follows:

1) Homeowners shall enter into a written contract with the Portland Development Commission which contains terms and conditions under which the work is to be performed and the payments which will be made from rehabilitation loan funds held in an escrow account managed by the Commission.
2) Homeowners **will not** be paid for any rehabilitation work performed by the Homeowners themselves or by members of their immediate family.
3) Homeowners shall furnish to the Commission, for all work done by persons other than the Homeowner or members of their immediate family, firm bids which shall include the name and address of the person(s) or business performing the work, a description of the materials to be used, and the manner in which the work is to be accomplished.
4) Final payment will not be made until all the work has been certified complete. However, progress payments may be permitted to avoid hardship to Homeowners in buying materials and contracting for services.
5) Homeowners shall furnish to the Commission a detailed breakdown of labor hired by the hour which shall include the type of labor to be performed, costs per hour, and estimates of the number of hours. All estimates shall be subject to approval by the Commission. Procedures to correct all code violations cited in the inspection report (compliance letter) must be included in the rehabilitation contract documents entered into between the Homeowners and the Commission.
7) All rehabilitation work performed under contract shall comply with all applicable codes and ordinances of the City of Portland. Upon satisfactory completion of the rehabilitation work and final permit inspection, certificates of code inspection must be obtained by the Homeowners from the Bureau of Buildings and delivered to the Housing Assistance Office before final payment of contract funds will be made by the Commission.
8) Homeowners are responsible for scheduling and coordinating the rehabilitation work to assure that it will be successfully completed within the time specified in the contract for completion.
9) Members of the Housing Assistance staff will make a final inspection with the Homeowners to make sure the conditions of the contract have been fully met. Final payment may be made in the form of two-party checks payable to the Homeowners and subcontractor or Homeowners and supplier of materials. (This procedure will also apply to progress payments.) Any unused loan funds will be credited to the outstanding loan balance to reduce the Homeowner's rehabilitation loan.

CONTRACT FOR HOMEOWNER AS CONTRACTOR

EXAMPLE

REHABILITATION CONTRACT BETWEEN
PORTLAND DEVELOPMENT COMMISSION
AND HOMEOWNER AS CONTRACTOR

For Rehabilitation of a Single-Family
Structure in the City of Portland, Oregon

Loan No. ______/______/______/______

THIS AGREEMENT

made this ______ day of ____________________, 19____, BY AND BETWEEN THE PORTLAND DEVELOPMENT COMMISSION, hereinafter called "Commission", and ____, hereinafter called "Homeowner";

WITNESSETH;

that in consideration of a home-rehabilitation loan from the Commission, and of promises hereinafter contained, the Homeowner and the Commission agree as follows:

ARTICLE 1. SCOPE OF THE WORK

The Homeowner will furnish all of the materials and perform, or arrange for the performance of, all of the rehabilitation work on the Homeowner's residence, in accordance with a Bid and Proposal submitted to the Commission by the Homeowner.

The Homeowner will submit to the Commission a list and cost breakdown for all materials used in any work done solely by the Homeowner or members of the Homeowner's immediate family.

For work to be done by others, the Homeowner will furnish the Commission with a firm bid or bids and with a detailed list of such work and who will perform it. For labor to be hired by the hour, the Homeowner will furnish the Commission with a detailed breakdown which will include the type of labor to be performed, cost(s) per hour, and an estimate of the number of hours. All estimates will be subject to approval by the Commission.

EXAMPLE

The Homeowner understands and agrees that no payments will be made under this contract for work performed by the Homeowner or by members of the Homeowner's immediate family.

ARTICLE 2. TIME OF COMPLETION

The work to be performed under this contract shall be commenced by ______________, 19___, and shall be completed not later than ______________, 19___. It is the responsibility of the Homeowner to coordinate and schedule the work for commencement and completion within the above stated dates.

ARTICLE 3. CITY CODE REQUIREMENTS

The Homeowner understands and agrees that the work must comply with applicable requirements of the City Code regarding building permits and inspections; and that, once the work is completed, the Homeowner must obtain certificates of completion for any electrical, plumbing and furnace work, and that all of the work must be inspected and approved by the Commission prior to final payment.

ARTICLE 4. PROGRESS PAYMENTS

As determined by the Commission, one or more progress payments may be permitted to avoid hardship to the Homeowner in regard to contracting for services and/or buying material. However, in making any such payments, the Commission will retain at all times a sufficient amount of the loan funds to complete the work as set forth in this contract. No monies will be advanced for labor or materials. Payments will only be made when materials have been installed in an acceptable manner.

ARTICLE 5. ACCEPTANCE AND FINAL PAYMENT

Upon receipt of written notice from the Homeowner that the work is completed and ready for final inspection and acceptance, the Commission shall promptly make such inspection and, if it finds the contract fully performed, shall request City inspection. If, following such inspection, the City issues the necessary letter(s) or certificate(s) of code compliance, the balance of the contract sum will become due and payable within fifteen (15) days of such issuance.

If the Commission determines that the work has been substantially completed, but that full completion has been materially delayed through no fault of the Homeowner, the Commission shall make payment to the Homeowner for that portion of the work which has been completed and approved but not paid for under the progress payments, if any.

ARTICLE 6. COMMISSION OBLIGATIONS

The Homeowner understands and agrees that the Commission neither has nor will have any responsibility or obligation, legal or otherwise, in connection with work performed, or material or equipment furnished under this contract except as may be expressly provided for herein.

The Homeowner further understands and agrees that any warranties or guarantees of the work and materials must be obtained by the Homeowner and that the Commission is not responsible in any way for the quality of such work or materials.

ARTICLE 7. THE CONTRACT AMOUNT

The total amount to be paid to the Homeowner by the Commission for all work performed and materials supplied according to the terms of this contract shall in no event exceed the maximum sum of ______________________________

($______________).

EXAMPLE

PORTLAND DEVELOPMENT COMMISSION

By______________________________

SELF-CONTRACTOR

____

CERTIFICATES OF INSPECTION

Form W-200

City of Portland, Oregon
BUREAU OF BUILDINGS
HEATING DIVISION

CERTIFICATE OF INSPECTION

Permit No. __________________ __________________ 197____

THIS IS TO CERTIFY, That the heating work done under the above

permit at __________________________________

Owned by __________________________________

has been inspected by the Heating Division of the Bureau of Buildings and found to comply with the Code of the City of Portland.

FINAL INSPECTION

Heating Contractor __________________ __________________ 197____

Address __________________ By __________________

Heating Inspector

W-22
(10-66)

CERTIFICATE OF INSPECTION
BUREAU OF BUILDINGS

Building Division, Portland, Oregon__________________ 19____

This is to certify that final inspection has been made of the__________

____

erected under Permit No.__________________

Located at__________________

Owned by__________________

Erected by__________________

and found to comply with the Building, Housing and Zoning Codes. Plumbing, Electrical and Heating not included.

____

____

____

BUILDING INSPECTOR

EXAMPLE

FORM W-304
(2-55)

CITY OF PORTLAND, OREGON
BUREAU OF BUILDINGS
PLUMBING DIVISION

CERTIFICATE OF INSPECTION

Permit No.________________ ________________________________19____

THIS IS TO CERTIFY, That the plumbing work done under the above

permit at____

Owned by____

has been inspected by the Plumbing Division of the Bureau of Buildings and found to comply with the Ordinances of the City of Portland.

FINAL INSPECTION

________________________________19____

Contractor______________________________ By______________________________
PLUMBING INSPECTOR.

CITY OF PORTLAND, OREGON
BUREAU OF BUILDINGS
ELECTRICAL DIVISION

CERTIFICATE OF INSPECTION

Permit No. ...., 19 ..

THIS IS TO CERTIFY, That the electrical { equipment installed / work done } under the above permit at

Street and Number ....

Owned by .... has been inspected by the Electrical Division of the Bureau of Buildings, and found to comply with the Ordinances of the City of Portland.

CHIEF ELECTRICAL INSPECTOR

Contractor .... By ....

NOTE—Any alteration of, or change in, any electrical wiring or apparatus makes this certificate void, unless a permit is issued for such alteration or change.

EXAMPLE

THIS WARRANTY CERTIFICATE TO BE RETAINED BY THE CUSTOMER

Carrier

EXAMPLE

Ten-Year Protection Plan

WINTER WEATHERMAKERS

One-Year Warranty—We warrant this Carrier product to be free from defects in material and workmanship under normal use and service and we will, within one year from date of original installation, repair or replace without cost to the original customer any part, assembly, or portion thereof which shall be returned to our factory, transportation charges prepaid, and which our inspection shall show to be thus defective.

Nine-Year Replacement Plan—After the expiration of the one-year warranty and during the second through tenth years after date of original installation, for the original purchaser, we further warrant the heat exchanger against defects in material and workmanship and the defective exchanger will be replaced free of charge F.O.B. Carrier factory if, in the opinion of Carrier, it shows evidence of such defects. This Nine-Year Replacement Plan does not cover labor or transportation, nor damage due to improper installation, misapplication, improper control or adjustment, firing with incorrect fuel or in excess of rated input capacity, nor damage due to tampering with or alteration of the equipment in any way.

This Ten-Year Protection Plan does not apply to any parts not supplied or designated by Carrier. This Ten-Year Protection Plan applies only to Carrier Products installed within the United States of America or Canada.

CARRIER AIR CONDITIONING COMPANY • Syracuse, New York
A DIVISION OF CARRIER CORPORATION

Product Model No.____________________ Unit Serial No.______________________________

Installation Date____________________ Installer______________________________

Purchaser should ask the Installer to complete, sign and explain this document.

UED-1835 REV. 11/67

EXAMPLE

IMPORTANT

Obligations of Purchaser (not included in this Warranty)

1. Failure to start due to voltage conditions, blown fuses or other damage due to inadequacy or interruption of electrical service.
2. Filter replacement or cleaning of interchanger.
3. Failure resulting from overfiring, use of incorrect fuel, and improper burner or control adjustments.
4. Damage caused by accident, misapplication, abuse, alteration, tampering or from servicing by other than an authorized agency.
5. Unit must be readily accessible for servicing and/or repair at all times.

Ten-Year Protection Plan

Carrier products are the result of years of research in development laboratories. The most modern precision production methods, together with every precaution through inspection and test, combine to insure long life and economical service. The user of this product should assist in maintaining this maximum of long life and economical service by following the instructions contained in the Instruction Packet included with the product.

CARRIER AIR CONDITIONING COMPANY
A DIVISION OF CARRIER CORPORATION
Syracuse, New York

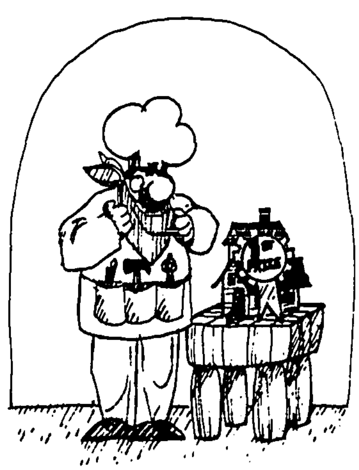
HOW TO RESOLVE REHAB WORK DEFECTS

IMPORTANT: All work performed and materials furnished are warranted for 12 months from the date of Commission certification. If, within that time, you find any defects caused by faulty materials or workmanship that you want corrected by the contractor, you must follow certain procedures.

The contractor must be given written notice with reasonable promptness. This notice may come either from you or from the Commission. If it comes from you, a copy of this notice must be mailed to the Development Commission's Housing Assistance Department. Should the contractor fail to answer or correct the defect(s) within a reasonable time, the Development Commission, at your request, will assist you in the following manner:

1) Staff members of the Housing Assistance Department will investigate the complaint.
2) If the Commission finds the complaint to be **invalid**, you will be so notified by certified letter. A claim form of the State Building Board will be enclosed in case you wish to pursue the complaint on your own under state law. (Chapter 701 of the Oregon Revised Statutes gives a homeowner the right to file a claim against a contractor for money in the form of a surety bond which the contractor has been required to file with the State Builders Board.)
3) If the Commission finds the complaint to be **valid**, the Commission will direct the contractor by letter to take necessary corrective action within a specified length of time.
4) If the contractor complies, the Commission will reinspect the work and, if it is satisfactory, you will be expected to sign a written statement withdrawing the complaint.
5) If the contractor fails to respond to the request within the specified length of time, the Commission, upon your request, will prepare a letter for your signature, notifying the contractor a second time that unless the complaint is abated by a specified time, a formal complaint will be filed with the State Building Board for appropriate action.
6) If the contractor fails to respond to the request for correction within the time specified:
   a) The Commission will take any necessary action to have the defects corrected, including but not limited to paying the reasonable costs of correcting work or materials determined by the Commission to be defective. By paying such costs, the Commission will assume the role of the homeowner as to any legal claim or claims the homeowner may have against the contractor in regard to such defective work and/or materials.
   b) The contractor may be prohibited by the Commission from contracting any other rehabilitation work under any rehabilitation program administered by the Commission.

NOTES



City of Portland Development Commission
Housing Assistance Office
1911 Northeast Broadway
Portland, OR 97232

(503) 248-4900