

Rebound Neighborhoods in Older Industrial Cities: The Case of St. Louis

By

Todd Swanstrom, University of Missouri-St. Louis

Hank Webber, Washington University

Molly Metzger, Washington University

For presentation at

Federal Reserve System Community Development Conference

April 2-3, 2015

Washington, DC

Acknowledgments: We would like to thank the following individuals for their help with the research: Dean Obermark, Laura Jenks, Samuel Taylor, and Karl Guenther.

A swath of central cities stretching from the Atlantic seaboard across the Midwest enjoyed a long period of relative economic prosperity and population growth rooted in manufacturing. In the second half of the Twentieth Century, however, these same cities suffered the massive loss of relatively well-paying industrial jobs and the flight of their more prosperous residents to the suburbs (Bluestone & Harrison 1982; Rae 2003). The effect on older urban neighborhoods was devastating. William Julius Wilson's seminal book, *The Truly Disadvantaged* (1987) highlighted the rise of "concentrated poverty" neighborhoods as a policy problem and launched an outpouring of research on the contextual effects of disadvantaged neighborhoods. In the 2012 edition of *The Truly Disadvantaged* Wilson estimated that 3,500 empirical studies had addressed or cited the arguments made in his original 1987 book (Wilson 2012). Researchers disagree on the relative influence of economic forces and racial discrimination in producing disadvantaged urban places. Researchers do not also agree on the precise causal pathways that generate the negative contextual effects of concentrated poverty.¹ The evidence points overwhelmingly, however, to the conclusion that neighborhoods of high poverty and racial isolation harm economic mobility and undermine the ability of households to convert income into a high quality of life.²

Neighborhoods in American cities are changing all the time. A study of 35 metropolitan areas from 1950 to 2000 found dramatic change in the economic status of neighborhoods, with the change in relative economic status of census tracts ranked within each metropolitan area averaging roughly 12 to 13 percent up or down per decade (Rosenthal 2007). Researchers have extensively studied the causes and consequences of neighborhood decline. Research on revitalizing or rebounding neighborhoods is less extensive but growing. A recent study of over 50,000 census tracts between 1970 and 2005-2009 classified between 13.6 percent and 20.6 percent in each decade as "ascending" (Owens 2012).³ Even in the most distressed older industrial cities some neighborhoods are doing quite well and are enjoying an influx of higher income households and investment. Fueled by the growth of relatively high-paid professional jobs in urban cores and the growing demand of young professionals for exciting, pedestrian-friendly urban environments, some urban neighborhoods are rebounding from decline. The term most often used to describe this phenomenon is "gentrification."

The dominant view in the literature is that gentrification is harmful to the indigenous low-income and minority residents of the area. Burdened by rising rents and taxes, critics argue, long-time residents are forced to move out of the neighborhood, severing social ties and paying more for replacement housing. Even if they are able to remain, affluent newcomers can push longtime residents to the economic, cultural, and political margins of the community. Retail outlets catering to the luxury consumption patterns of the newcomers, for example, replace stores meeting the basic needs of longtime residents.⁴

Other scholars disagree that low-income and minority residents are invariably harmed when neighborhoods experiences an influx of higher income residents and new investment. Some researchers argue that gentrifying neighborhoods do not have higher rates of involuntary displacement than other neighborhoods and they can even benefit longstanding low-income and

minority residents by improving the quality of life in the area, providing, for example, more retail outlets and local job opportunities (Freeman 2002; 2006; Vigdor 2002; Hartley 2013).

Almost all the research on gentrifying, or what we call “rebound” neighborhoods, has focused on strong market cities on the two coasts, such as Boston, New York, and Seattle. Here we examine rebound neighborhoods in St. Louis, an older industrial “weak market” metropolitan area. Our central questions are straightforward: How widespread are *rebound neighborhoods* in St. Louis and what do they mean for the future of the metropolitan area? Are rebound neighborhoods a major or minor trend, i.e., do they have the potential to slow down or even reverse longstanding forces that have siphoned off population and wealth from urban neighborhoods? Finally, to the limited extent that our data allows, we will address the question: Are rebound neighborhoods harmful or beneficial to low-income and minority residents?

Literature Review: Theory and Research on Rebound Neighborhoods

Research on rebound neighborhoods has been guided by three theoretical traditions that draw their insights from the scholarly disciplines of economics, sociology, and political science. The economics approach is based on rational utility maximizing behavior in markets; sociology stresses the importance of social interactions and status seeking; political science focuses on the role of political power and institutional authority. A review of these three research traditions will help us to develop hypotheses to guide our research on neighborhood change in St. Louis. In each case, we begin by summarizing how the theory explained neighborhood decline before examining its approach to neighborhood rebound. Within each theoretical tradition, explaining neighborhood decline and rebound are often mirror images of each other.

Economic Approaches: Market Economics and Rent Gap Hypothesis

Economic theory has developed a parsimonious explanation of the American pattern of higher income households moving to the suburbs, leaving behind their housing for lower income households in declining older neighborhoods. Early economic theories of neighborhood change originated in the 1920s with the Chicago School of human ecology. According to Burgess’s concentric zone theory, high-income households move into new housing on the urban periphery, leaving older housing behind for lower income families (Park, Burgess, and McKenzie 1925). The outward movement of high-income households is driven by the different demand curves for housing by high- and low-income consumers. According to Alonso’s bid rent theory, high-income households are willing to trade off longer commutes to jobs in the central business district in order to inhabit larger homes on cheaper land in the suburbs. The poor, on the other hand, prefer to live in denser urban housing. Consuming relatively little land per household, they are less sensitive to the higher cost of land near the center and more sensitive to the inconvenience of long commutes (Alonso 1960). Homer Hoyt modified Burgess’s concentric zone theory, developing what he called the sector theory of neighborhood change: cities tend to develop outward from the center along transportation corridors; once established in one sector, high-rent neighborhoods “tend to move out in that sector to the periphery of the city” (Hoyt 1939, p. 119).

According to economic theory neighborhood succession or housing filtering is a steady and orderly process: as neighborhoods age they move down the socioeconomic ladder with homes moving down the filtering chain. At the end of the filtering chain they become vacant and the land can be repurposed for another use. Economic theory views neighborhood succession and housing filtering as generally beneficial to society because the way affluent households satisfy their preference for better housing constantly increases supply of older housing, driving down its cost for the poor.

Clearly, economic theory must be adjusted to account for the rebound of certain older urban neighborhoods. As early as the 1950s, Edgar Hoover and Raymond Vernon discovered that some higher income professionals were moving back into older urban neighborhoods, violating classic economic theory of housing filtering. They explained this early gentrification as driven by a desire to live closer to white-collar employment centers in Manhattan (Hoover & Vernon 1959). The implication is that as suburban commutes lengthen, eventually some higher income professionals will prefer to live in smaller housing units on more expensive land in order to enjoy shorter commutes to work.⁵

The economic approach to explaining rebound neighborhoods can be summed up based on the changing factors supply and demand:⁶

Demand Factors

- Expanded professional employment in downtowns drives up demand for housing in nearby neighborhoods.⁷
- Growth in the number of small, childless households and retirees increases demand for smaller urban housing, such as brownstones, condominiums, and luxury apartments.
- Consumer tastes shift in favor of amenity-rich, pedestrian friendly neighborhoods.⁸

Supply Factors

- An oversupply of suburban housing with longer job commutes makes housing in close-in urban neighborhoods more attractive.
- A supply of undervalued older urban housing with appealing architectural features attracts in-movers. (This suggests that the in-movement of higher income households will follow the same wedges or transportation corridors that higher income households followed in their outward migration in earlier periods.)
- Urban land close to employment centers left vacant and abandoned at the end of the filtering chain offers attractive opportunities for investors (Rosenthal 2007).⁹

Rooted not in neo-classical economics but in Marxism, Neil Smith's "rent gap" thesis generates a much more critical supply side explanation of gentrification (Smith 1979; 1986). Smith hypothesizes that gentrification is driven by the gap between the land rents realized under existing land uses and the land rent that could be realized if the land were converted to higher value luxury consumption patterns. The implication of the rent gap theory is that rebound neighborhoods will not evolve gradually but will happen suddenly when developers move in to take advantage of the potential of the rent gap, like a rubber band snapping back after being stretched. Rent gap theory implies that rebound neighborhoods are not an alternative to

neighborhood decline but in fact decline and rebound are complementary. Rebound requires decline. Rent gap theory hypothesizes that rebound will occur in areas with low and declining land values, not neighborhoods with relatively solid or stable land values.

Economic theory generates the following predictions for the spatial and temporal pattern of rebound neighborhoods:

Market Theory:

1. Neighborhoods will be more likely to rebound if they possess the following characteristics:
 - Proximity to concentrations of professional employment
 - Large amounts of historically significant housing stock and or vacant land
 - Significant urban amenities, such as transit, parks, upscale retail, entertainment, museums, etc.
2. The urban land gradient will be relatively smooth across neighborhood types.
3. The movement of neighborhoods up and down will be relatively slow and steady as supply and demand constantly adjust and seek equilibrium.

Rent Gap Hypothesis

1. Rebound will occur in neighborhoods that have the advantages noted by market theory but that have lost most of their value and have depressed prices.
2. The urban land gradient will be characterized by steep cliffs and jagged peaks across neighborhoods.
3. Rebound will occur in a very rapid fashion that is disruptive of the community.

Sociological Approaches: Status Hierarchies and Civic Ties

According to economic theory, households and investors make independent decisions based on what is in their rational self-interest. In contrast, sociological theory postulates that actors are interdependent; their decisions are influenced by the decisions of others in their social networks. They are motivated not by economic self-interest but by cultural values and norms passed on from one generation to the next. According to sociologists, people are acutely interested in status hierarchies and social networks and they make decisions on where to live and invest accordingly.

Status seeking based on racial, ethnic, and economic hierarchies has been used to explain neighborhood change. According to sociological theory, people at the top of social hierarchies prefer to live among others like themselves.¹⁰ Thus, high-income families prefer to live among other high-income families and whites prefer to live with other whites. These processes of self-segregation have contagion effects and tipping points that can set in motion irreversible neighborhood trends. According to racial tipping point theory, even under a wide range of preferences for different racial mixes, neighborhoods will tip in a kind of social contagion toward overwhelmingly white or dominantly black – even though no one intends this result (Grodzins 1957; Schelling 1969; 1971).

The empirical evidence on tipping points is mixed. Robert Sampson reports that from 1960 to 2000 not a single neighborhood in Chicago transitioned from predominantly black to

predominantly white, supporting the notion of a universal tipping point at 50 percent black (Sampson, 2012, p. 107).¹¹ Another national study found evidence of tipping points at relatively low levels of minority population (Card, Mas & Rothstein 2008). On the other hand, a recent study of integrated neighborhoods found that they actually increased in number across the nation between 1990 and 2010, with a sizable increase in the number of integrated neighborhoods that remained integrated --in violation of tipping point theory (Ellen, Horn & O'Regan, 2012). Another study found that process of neighborhoods trending from white to black did not fit Schelling's tipping point model (Easterly 2009).

A tipping point has also been hypothesized for socio-economic status: as the percentage of poor in a neighborhood increases it may reach a tipping where working and middle class families flee the area, causing the poverty rate to rise rapidly. Beginning with William Julius Wilson's original 1987 research on concentrated poverty, scholars have documented the rise of economic segregation in American neighborhoods and, in particular, the disturbing rise of concentrated poverty.¹² The literature on the contextual effects of concentrated poverty supports the idea of a "tipping point" in the poverty rate: once a neighborhood's poverty rate exceeds 20 percent, negative interaction or spillover effects start to occur (above 40 percent the marginal effects of increasing poverty seem to disappear) (Galster 2010). The existence of a tipping point in the poverty rate generating negative neighborhood effects could, in turn, motivate households with the resources to flee such neighborhoods, resulting in ever higher poverty rates driven by self-perpetuating processes of cumulative causation.

Sociological tipping point theory can also be applied to rebound neighborhoods. The flip side of concentrated poverty is concentrated affluence. As higher income households move into a neighborhood, it can become more attractive for other affluent households, setting in motion a process of rising home values and rents that displaces longtime lower income residents of the neighborhood. A tipping point could also be hypothesized for rising white population: as a neighborhood changes from predominantly black to predominantly white a tipping point could be reached at which point blacks feel unwelcome and whites arrive in higher numbers, attracted to a perceived higher status community. One of the basic explanations of "gentrification" is that it emanates from proximity to growing clusters of professional employment in the central business districts of major cities, and that this increasing demand for housing becomes concentrated on nearby neighborhoods that then become "hot" neighborhoods forcing out indigenous lower income residents.¹³ Research has documented the connection between gentrification and growing concentrations of professional employment in central business districts, which support growing numbers of young, well-educated singles and childless couples who are attracted to urban living (Lipton 1980 and Berry 1985). Whether this process is driven by contagion effects that lead to overheated housing submarkets (what we might call "panic buying") causing rapid displacement of low-income and minority residents is an empirical question that is still open to debate.

We have focused so far on sociological theories based on status seeking and contagion effects. Sociological theories based on social capital and collective efficacy, however, can

counteract the negative effects of “crowd behavior” and status seeking. Clearly, mixed income and mixed race neighborhoods exist. Robert Sampson and colleagues have developed the idea of “collective efficacy” to explain the ability of neighborhoods to reduce crime and stabilize despite risky economic and racial characteristics (Sampson 2012). Similarly, “social capital” has been correlated with neighborhood stability (Temkin & Rohe 1998). Research has shown that strong social networks which cut across the racial divide can counteract white flight (Nyden, Maly & Lukehart 1997).

Sociological theory generates the following predictions for the spatial and temporal pattern of rebound neighborhoods:

Tipping Point Hypothesis

1. Racially diverse neighborhoods will not rebound.
2. Neighborhoods with 20 percent plus poverty rates will not rebound.
3. Once neighborhoods reach a certain proportion of affluent and white households, they will tend to tip into a self-reinforcing influx of affluent white households that displaces previous lower income and minority residents.¹⁴

Social Capital Hypothesis

1. Neighborhoods that are racially diverse and/or have 20 percent plus poverty rates can rebound if they have strong social networks that cut across economic and racial divisions.
2. Strong civic ties that include low-income and minority residents will tend to slow down the rebound process at least insofar as it displaces longtime residents.

Political Approaches to Neighborhood Rebound: Elitist and Pluralist Power

According to the political approach, neighborhood change is driven not by independent rational actors or social connections but by systems of power and authority, principally the policies of governments. Public policies have always played an important role in neighborhood change. Governments have played direct role in neighborhood change by building public housing and using eminent domain to clear land for redevelopment , e.g., the federal Urban Renewal program). In more recent decades governments have played more indirect roles, partnering with powerful private and nonprofit institutions to shape neighborhood change. The ability of actors to use political and institutional relationships to support rebound varies significantly across neighborhoods.

Many scholars have documented the role that government policies played in urban decline. The classic case of public policy driving neighborhood decline is the federal government’s home loan guarantee programs from the 1930s to the 1950s. The refusal of the federal government’s FHA and VA mortgage insurance programs to guarantee mortgages in racially diverse neighborhoods accentuated the tipping point phenomenon discussed earlier and contributed to the decline of many inner-city neighborhoods (Jackson 1985). The loan guarantee programs also discriminated against mixed-use neighborhoods on the grounds that home purchasers preferred single-use residential areas, which accelerated the decline of older urban neighborhoods that had been built before zoning codes segregated uses. The federal urban

renewal and highway building programs also forcibly displaced many urban residents, overwhelmingly displacing low-income and minority households (Downs). The invasion of neighborhoods by households forced out by eminent domain contributed to neighborhood social disorganization and decline. The decline of many inner city neighborhoods is also attributed to public policies that subsidized suburban development, including federal and state funded highways, the subsidy of new water, sewer, and electrical lines by urban rate payers, and exclusionary zoning in the suburbs that made it more difficult for inner city poor and minorities to follow jobs out to the suburbs, thus, driving up poverty rates in central city neighborhoods. Redlining by banks also contributed to neighborhood decline.¹⁵

Although many actions of institutions and governments contributed to neighborhood decline, other policies were designed to support the revitalization of older urban neighborhoods. Government policies in support of older neighborhoods have shifted significantly since the 1970s. Direct government funding of housing has dropped significantly. HUD production of housing fell from 248,000 units in 1977 to only 18,000 in 1996 (Erickson 2009: xiii). The inventory of public housing is shrinking. The Community Development Block Grant (CDBG), the main successor to the War on Poverty programs, has shrunk to only about \$4 billion for the entire nation. Instead of directly constructing housing, the federal government and states have developed policy tools that can be used for neighborhood revitalization. The primary federal housing production tool today is the Low-income Housing Tax Credit (LIHTC), which subsidized construction of more than 2 million units between 1987 and 2006 (Erickson, 2009, 148).

In order to use the new policy tools for neighborhood revitalization, local actors must assemble networks of actors (Keyes, et al, 1996). Community development corporations (CDCs) are key players in the new policy paradigm. The first CDCs grew up in the 1960s with the help of Senator Robert Kennedy. Today there are almost 5,000 across the nation. CDCs engage local residents, devise strategic neighborhood interventions, and pursue funding to implement them. But CDCs cannot do this work alone. They need intermediaries to develop their capacity and syndicate the tax credits to wealthy investors. The capacity of community development systems varies tremendously across metropolitan areas. National intermediaries and foundations, such as LISC, NeighborWorks, Living Cities, and Enterprise Community Partners, work in various cities across the country to build up the capacity of the community development system. Cities and neighborhoods without these national connections are disadvantaged in the competition for neighborhood revitalization funds. Community foundations also play a crucial role in building local capacity to revitalize low-income neighborhoods (Lowe, 2006).

So-called “anchor institutions” are key actors in the new decentralized community development system. Anchor institutions are defined as institutions that are tied to specific locations “by reason of mission, invested capital, or relationships to customers or employees....” (Webber and Karlstrom, p. 1). Universities and large medical complexes (“eds and meds”), in particular, are becoming increasingly important players in community development.

Universities and medical complexes have little mobility; many have come to realize that their well-being, especially their ability to attract talented professional employees, depends on the success of the neighborhoods around them. Many anchor institutions are investing directly in neighborhood revitalization (Hodges & Dubb 2012).

Broadly speaking, public policies have been portrayed in the literature as playing two very different roles in rebounding neighborhoods that can be aligned more or less with elitist and pluralist theories of power.¹⁶ Under elitist theory, public policies are frequently viewed as reinforcing neighborhood rebound that fits the classic negative view of gentrification as the rapid and forced displacement of low-income and minority residents by higher income urban professionals tied to powerful corporate interests. Through public investments in infrastructure, zoning changes, repeal of rent control, the destruction of public housing (HOPE VI), tax abatements, and other subsidies governments have reinforced the kind of uneven neighborhood development that many researchers on gentrification have criticized.¹⁷

Under a pluralist view of power, public policies are responsive to all major groups in the population and therefore can play a role in protecting longtime residents, counteracting the destructive racial and economic tipping points discussed earlier. Policies that have been used to slow the process of gentrification and protect indigenous residents include limited-equity co-operative ownership programs, municipal land trusts, housing production trust funds, rent controls, tax refunds, right of first refusal on condominium conversions, inexpensive credit for small housing contractors, and nonprofit-owned housing. CDCs are often praised for representing the interests of longtime residents to remain in the neighborhood as it rebounds but critics have also argued that many CDCs have been captured by real estate interests and end up working to renew the neighborhood by pushing out low-income and minority residents.¹⁸

The political approach generates the following predictions for the spatial and temporal pattern of rebound neighborhoods.

Neighborhoods will be more likely to rebound if they have:

1. Strong local place-based nonprofits, such as CDCs, that are themselves supported by community development networks and intermediaries.
2. Strong anchor institutions that are committed and active in the community.
3. Supportive city and county public policies.
4. Whether rebound neighborhoods are broadly responsive to the needs of indigenous low-income and minority residents (e.g., minimizing displacement) will depend on the degree to which their interests are represented in local governments, anchor institutions, and place-based nonprofits.

In conclusion, the three theoretical approaches summarized above generate a range of hypotheses about the spatial and temporal pattern of rebound neighborhoods. Each theoretical paradigm generates hypotheses that point toward two different kinds of rebound neighborhoods: rebound neighborhoods that generate broad public benefits for all major groups in the population or rebound neighborhoods where most of the benefits are captured by white, higher income newcomers and commercial interests. The latter pattern is familiar as the critical view of

gentrification. According to this view, rebound happens very suddenly, telescoped on very poor and heavily minority neighborhoods, either physically displacing these households or marginalizing them in the life of the community. The general image is of neighborhoods that are never in equilibrium, vacillating between declining areas with falling prices as demand lags far behind supply and swiftly gentrifying areas where demand exceeds supply and housing prices soar. The beneficial pattern of rebound neighborhoods reflects a process with supply and demand in constant equilibrium. As a result, rebound occurs gradually across a range of different neighborhoods, with relatively little forced displacement and benefits spread broadly, including to long-time low-income and minority households.

Our data analysis is guided by the hypotheses generated from our literature review. It is impossible, however, to “test” these hypotheses in classic social science fashion. Neighborhoods are open systems influenced by wide array of *intertwined* economic, social, and political forces. Not only would it be nearly impossible to apply the experimental method to isolate and test causal variables in neighborhoods, applying the “gold standard” of scientific research could actually distort reality by isolating variables that cannot be understood apart from their interactions with each other. We follow Robert Sampson’s advice to work toward a “contextual social science”:

Although unwieldy and time consuming ... theoretically interpretive, descriptive, qualitative, and observational approaches can be combined with econometrics and rigorous empirical analysis in a holistic way that serves up valid evidence on social causality.... Ultimately, my argument is built up from the commonalities that emerged from many different methodological lamps and with different angles of projection – more nearly the opposite of the “crucial experiment. (Sampson 2012, pp. 382-383).

In what follows we provide detailed empirical descriptions of neighborhood dynamics in the St. Louis region over a forty-year period. In addition, to our empirical analysis based on census data, we have conducted detailed case studies of five rebound neighborhoods (Webber & Swanstrom 2014). We report here on one case study of a rebound neighborhood which illustrates the findings of our quantitative analysis and highlights the role of political and institutional forces. We do not abandon the goal of assessing the strength of specific causal hypotheses. For example, we assess the degree to which our data is consistent with racial tipping point theory. Ultimately, however, neighborhoods must be understood in a holistic and interdisciplinary fashion. We believe a contextual social science can shed light on the complex dynamics of neighborhood change in older industrial cities like St. Louis and provide guidance for crafting more effective public policies.

Data and Methodology

Our unit of analysis is the “neighborhood.” We define a neighborhood as an identifiable section of a city where social networks are stronger within rather than across neighborhood boundaries and where residents identify with the area (Schwirian 1983, p. 84). Neighborhoods are often defined by a common history, physical characteristics, such as rivers and main

thoroughfares, and by political boundaries, such as wards. Following a common practice, we use census tract data to trace neighborhood change.¹⁹ In order to track neighborhood trends over time, our data set extends over a forty-year period (1970 to 2010).²⁰ To ensure that we are tracking uniform geographies across time, we utilize the US2010 Longitudinal Tract Data Base (LTDB), which normalizes data for each census into 2010 tract boundaries.²¹

Our focus is on urban neighborhoods that have revived. We are not interested in rural areas that moved up socioeconomically when new suburban development occurred. For this reason, our data base consists of all 218 census tracts in the “urbanized area” of St. Louis as defined by the U.S. Census Bureau in 1950 (Figure 1).²² The suburban parts of the St. Louis metropolitan area that were primarily developed after 1950 are not included in our neighborhood analysis.

INSERT FIGURE 1 ABOUT HERE: COMPARISON OF STUDY AREA TO METROPOLITAN STATISTICAL AREA

In order to identify rebound neighborhoods we devised a three-part index based on: 1) median home value; 2) median rent; and 3) per capita income.²³ The Rebound Index (RI) is a tract-level simple additive index of standardized scores (Z-scores) for these three variables. For each variable, a standardized score (Z) is computed by subtracting the variable’s mean value (\bar{x}) from the variable’s observed value (x) and dividing by the standard deviation (s). Expressed symbolically:

$$Z=(x-\bar{x})/s$$

The resulting standardized scores are then summed, so that for every tract:

$$RI= Zi+Zp+Zo$$

Where RI is the Rebound Index, Zi is the Z-score of housing values, Zp is the Z-score of rent, and Zo is the Z-score of per capita income. This calculation provides a measure of how the census tract did relative to the mean score for all 218 census tracts for that year.

We define an “ascending tract” as any census tract that moved up at least 10 percentile points in the rankings.²⁴ Descending neighborhoods are the mirror image of rebound neighborhoods, that is, census tracts that descended 10 percentile points or more in the ranking. We chose to differentiate neighborhoods using a relative, not an absolute, measure of performance because we wanted to focus on how they are doing after controlling, as much as possible, for the common challenges facing all older neighborhoods in the region. Despite daunting regional headwinds, nearly every one of our ascending tracts improved on all three scores from 1970 to 2010 (controlling for inflation).

We end up with a typology of six different types of neighborhoods based on their trajectory— ascending, stable, and descending neighborhoods – with each category divided between those that are high (ending in the top 50 percent) and low (ending in the bottom 50 percent):

1. Ascending high (rebound neighborhood)
2. Ascending low
3. Stable high
4. Stable low

5. Descending high
6. Descending low

We reserve the term “rebound neighborhood” for ascending tracts that ended in the upper half of the distribution.²⁵ We then compare our rebound neighborhoods with the other neighborhoods across a range of economic, social, and political variables in order sort out the causes and effects of neighborhood rebound.

Older Neighborhoods in Regional Context: Challenges and Opportunities

Before examining the pattern of rebound neighborhoods, it is useful to put our geography (1950 urbanized area) in the context of the broader metropolitan area in order to understand the challenges and opportunities facing older urban neighborhoods. According to one estimate, a third of the variation in neighborhood outcomes can be attributed to metropolitan-level changes (Weissbord, Bodini, and He 2009; see also Jun 2013).

St. Louis is an older industrial region or what is sometimes termed a “weak market” region. Regional job, wage, and population growth have been modest. Overall, the St. Louis metropolitan economy has performed less well than comparable regions. For example, in 2009 St. Louis ranked 23rd out of 35 peer metropolitan areas on median household earnings and earnings per job (East-West Gateway 2011). A weak regional housing market is often defined as a market where the ratio of median house price to median household income is less than 3:1. Among the largest twenty-five metropolitan areas in the United States, St. Louis had the fifth lowest ratio of median housing price to median income (2.85) (American Community Survey 2013).²⁶ Compare this to ratios of 7.8:1, 7.7:1, and 6.1:1 in the Los Angeles, San Francisco, and New York City metropolitan areas, respectively. Among the thirty largest metropolitan areas in the United States, St. Louis had the lowest fair market rent (FMR) for a two-bedroom apartment (\$814) (National Low Income Housing Coalition 2014).²⁷ The relative weakness of the economy and the softness of the housing market make it more difficult for older neighborhoods in the region to improve their scores on our Rebound Index.

More important than the overall condition of the metropolitan area, however, is the distribution of jobs and housing across the urban and suburban landscape. The economic vitality of the older urban core has been undermined by the flight of jobs and investment to the suburbs. St. Louis ranks 6th out of the largest 100 metropolitan areas in the percentage of jobs located more than three miles from the central business district (CBD) (Kneebone, 2013). As a result, the demand for housing around downtown is weaker in St. Louis than in other comparable metropolitan areas. Population has also thinned out significantly in the St. Louis metropolitan area. Figure 3 shows the growth of the urbanized land area from 1950 to 2010. St. Louis is one of the most sprawled out metropolitan areas in the United States.²⁸ Like other weak market metros around the country, in St. Louis the construction of new housing units has consistently exceeded the growth in new households. In the 1990s, for example, the St. Louis metropolitan area built 1.7 units of new housing for every new household (Bier and Post 2006). The unavoidable effect of constructing an excess supply of housing is vacant housing at the end of the filtering chain in older parts of the region. As Figure 4 shows, despite the demolition of tens

of thousands of housing units, the housing occupancy rate has fallen consistently faster in the older parts of the region than in the metropolitan area as a whole. The outlying suburban and exurban areas have enjoyed population and job growth at the expense of the older areas. The decentralization of jobs and housing, along with overproduction of housing, has put a tremendous strain on the older neighborhoods. In effect, the older parts of the region are running up a down escalator.

INSERT FIGURE 2 ABOUT HERE: CHANGE IN URBANIZED LAND AREA, 1950-2010

INSERT FIGURE 3 ABOUT HERE: PERCENT OF OCCUPIED HOUSING UNITS, ST. LOUIS MSA AND STUDY AREA

Clearly, however, the centrifugal forces in the region are losing strength and are being countered by growing centripetal forces. In the 1970s the older parts of the region lost an astounding 20.4 percent of their population (Figure 5).²⁹ In each decade since then, however, the rate of population loss has slowed. A hedonic model of housing prices in the period 1961-1971 found that access or proximity to employment, shopping, recreation, and other amenities had no statistically significant effect on housing prices – a fact the authors “attribute to the wide dispersal of employment and shopping centers in the St. Louis SMSA and to the highly developed state of the arterial through-way ring-and-grid system in 1970” (Leven, et al 1976, p. 71). Clearly, this is no longer the case. Access to urban amenities enhances the value of properties.³⁰ Although mean commuting time in St. Louis in 2012 (25.4 minutes) was less than average for its 35 peer regions, the commuting time has gradually increased over the years (up from 24.6 minutes in 2005).³¹ Because jobs have decentralized out of the older parts of the region at a slower rate than population, this makes older neighborhoods slightly more attractive for households desirous of shortening their commutes. Older neighborhoods are also better served by public transit, especially light rail.

Demand for housing in older neighborhoods has also been enhanced by demographic shifts, particularly the growth of singles and childless households (Figure 4).³² The housing preferences of these smaller households are more attuned to apartments, condos, and row houses located in older urban areas. Childless households are less concerned about under-performing central city schools and more affluent households often send their children to private schools. The older parts of the St. Louis region were largely built out before zoning codes separated uses and, therefore, provide a mix of land uses that creates the potential for easy pedestrian access to urban amenities, such as restaurants, bars, and coffeehouses.

INSERT FIGURE 4 ABOUT HERE: SINGLE HOUSEHOLDS AND MARRIED HOUSEHOLDS WITHOUT CHILDREN, ST. LOUIS METROPOLITAN AREA, 1970-2010

In conclusion, regional development trends present both daunting challenges and new opportunities for older urban neighborhoods. Older neighborhoods went through a traumatic period in the 1970s and 1980s. Overall, the centrifugal forces are still stronger than the centripetal forces, with most census tracts in our study area still losing population, albeit at a slower rate. On the other hand, some neighborhoods are doing quite well, moving up in

socioeconomic status and enjoying rising property values. We now turn to examine the variation in neighborhood trajectories across older neighborhoods in region, focusing on those that have rebounded from urban decline.

Neighborhood Change in Regional Context: Initial Findings

Figure 5 shows the change in the performance of the median census tract in the urban core of St. Louis from 1970 to 2010. The chart includes the three variables that make up our rebound index and three other common measures of neighborhood performance.

INSERT TABLE 1 ABOUT HERE: NEIGHBORHOOD CHANGES IN THE St. LOUIS REGION'S URBAN CORE: 1970-2010

The results are clear. The period from 1970 to 2010 was a period of great change and considerable decline in the core of the St. Louis region. The median census tract declined in population from almost 5,900 residents in 1970 to just over 3,300 in 2010, a decline of 43.7 percent poverty rates doubled and the percentage of black residents increased from 1.4 to 33.8 percent. Rents and housing prices did increase, but modestly. Adjusted for inflation, average rents grew by well under 1 percent per year over the forty-year period. Per capita income, after growing rapidly from 1970 to 1990, has remained almost constant since.

Behind these overall trends are great differences in how different kinds of neighborhoods have fared. Based on the results of the Rebound Index we divided all of the 218 census tracts in the urban core into one of six categories.

1. Ascending high (35 tracts)
2. Ascending low (16)
3. Stable high (59 tracts)
4. Stable low (51 tracts)
5. Descending high (15 tracts)
6. Descending low (16 tracts)

Table 2 shows the average results for each of the six categories of census tracts. The difference between census tract categories is notable. Median house values range from \$75,750 to \$183,800, per capita income varies by almost three times, the percentage of black population ranges from 6.1 percent to 96.0 percent and poverty rates range from 8.0 percent to 34.2 percent. Perhaps surprisingly, the total population living in each category also varies greatly.

INSERT TABLE 2 ABOUT HERE: NEIGHBORHOOD STATUS IN ST. LOUIS' URBAN CORE: 2010

In order to explore neighborhood dynamics, it is necessary to examine how different categories of neighborhoods have performed over time. Table 3 looks at changes from 1970 to 2010 by type of neighborhood. The results are striking. In the upper-half ascenders category, per capita income grew by 88.1 percent over the forty years, adjusted for inflation. In the lower-half descenders category, per capita income declined by 3.9 percent.

INSERT TABLE 3 ABOUT HERE: Neighborhood Status in St. Louis' Urban Core: Percent Changes, 1970-2010

Over the past two years the authors of this paper have been investigating neighborhood change in St. Louis. Methods have included quantitative analysis such in this paper, detailed case studies of rebound neighborhoods and considerable examination of the factors that lead to neighborhood change over time. While understanding changes over time is critical, it is only

when we add an examination of location that we can begin to understand the changes in the urban core of St. Louis. Figure 5 is a map of the 218 census tracts in the urban core of St. Louis, divided into the six categories noted earlier. There is considerable geographic clustering as tracts of similar neighborhood trajectory tend to be located close to each other. The story of neighborhood change in St. Louis is clearly a story of place. Reflecting this background, how can we understand the six categories of census tracts?

INSERT FIGURE 5 ABOUT HERE: Map of Study Area by Type of Census Tract

Upper Half Ascenders (Rebound Neighborhoods): Located almost entirely in the central corridor of the City of St. Louis, these rebound neighborhoods started in 1970 with a very small black population, saw considerable white flight from 1970-2010, but have sharply rebounded in the past decade. Unlike the urban core as a whole, poverty rates have sharply declined in rebound neighborhoods in the past decade and per capita incomes have grown by well over 10 percent. Home ownership has grown from 32 percent in 1970 to 47 percent in 2010 and housing prices have increased quickly. While the percentage of African Americans has declined in these neighborhoods since 2000, the neighborhoods continue to be highly diverse. Compared to the other neighborhood categories, rebound neighborhoods show the largest increases in median home values, median rent and per capita income. Much of the success of these neighborhoods can be explained by their locational advantage. Over the past 40 years, the major growth in jobs in St. Louis, like many cities, has been in health care and education. The largest health care and education providers in St. Louis are located in the central corridor of the City of St. Louis).³³ Moreover, this part of the city is notable for a variety of high quality housing types, walkable neighborhoods, a mix of uses, and a plethora of urban amenities, including two of the country's great urban parks (Bryant 2014).

Lower Half Ascenders: The least geographically concentrated of the six categories, lower half ascender neighborhoods include certain sections of the central corridor that have not yet fully rebounded, the more successful neighborhoods of the north side of the City of St. Louis and a few neighborhoods on the far south side of the City of St. Louis that have benefitted from immigration. These are among the poorest neighborhoods studied, with an average per capita income of \$14,000 and a poverty rate of 37 percent. These neighborhoods are strongly African American, although the percentage increase in the African American population has been modest since 1980. Some of these neighborhoods are likely to improve sharply in the years ahead as their proximity to rebound neighborhoods allows for spill-over effects. Other lower half ascenders are facing an uphill battle to continue improvement. This is by far the smallest category, with only 42,000 people living in these neighborhoods. Of all the people living in lower half neighborhoods, only 12 percent live in lower half ascending neighborhoods.

Upper Half Stable: Upper half stable neighborhoods are located almost entirely in the suburban areas south and west of the City of St. Louis with a small presence in the southwest section of the City of St. Louis. Included in this category are the most prestigious and wealthiest towns in the region. Home ownership rates in upper half stable neighborhoods have been around 75 percent since 1970. While the African American percentage of residents in these neighborhoods has grown to 6.1 percent, it remains very low. Poverty rates were well under

10percent in all years. This category of neighborhoods has by far the highest median home values, median rent and per capita income in the region. This category of census tract represents 32 percent of the population in the urban core, the largest percentage of any of our categories. Blessed with a strong housing stock, a growing commercial center in Clayton and easy access to growing business centers in the western suburbs, this category of census tract is the strongest in the region.

Lower Half Stable: Primarily located in north St. Louis city and East St. Louis, lower half stable census tracts are the poorest in the St. Louis region, characterized by high poverty rates, an overwhelmingly African American population, and very sharp declines in population. These were the poorest areas in the St. Louis region in 1970 and are the poorest today. Home prices have grown very modestly over time and per capita incomes have shown almost no growth in forty years. Despite population declines, well over 130,000 people live in these areas, far more than live in rebounding neighborhoods. Most of the lower half stable census tracts are located in areas where the major economic base was manufacturing. With the decline of manufacturing, these areas have declined. Housing stock in these neighborhoods varies, from quite weak workforce housing to very strong housing stock in areas such as the West End neighborhood in the City of St. Louis.

Upper Half Descenders: Upper half descenders are scattered throughout the region with less obvious geographic patterns than other categories of neighborhoods. Some of these tracts are contiguous with upper half stable neighborhoods while others are next to lower half descending neighborhoods. They are generally located outside the City of St. Louis, with many located at the edges of the study area. These neighborhoods saw the smallest declines in population of any category and by 2010 had the largest average tract size of any category. In 1970, the upper half descenders had the smallest African American population of any category; this population increased quite substantially to 20 percent in 2010. Relative to the other upper half tracts, these neighborhoods saw the greatest declines between 1970 and 2010, ending with economic indicators below the other upper half tracts, with the exception of the poverty rate. Only 67,000 people live in these tracts, making it the second-smallest category.

Lower Half Descenders: Lower half descender neighborhoods are grouped in the far north and far east of the metropolitan area. Included are many of the neighborhoods surrounding Ferguson, Missouri. Overwhelmingly white (99 percent) and middle class in 1970, these neighborhoods have become predominately African American (82.6 percent) and seen per capita income decline from 1970 to 2010. Poverty rates in these areas grew from 7.9 percent in 1970 to 31.4 percent in 2010. Median rents have dropped sharply over time. Many of these areas were settled in the 1940's and 1950's and were suburbs for white collar workers in St. Louis industries. As those industries declined, these communities have quickly become less stable.

The primary interest of the authors of this paper is with upper half ascender neighborhoods, otherwise known as rebound neighborhoods. The existence of rebound neighborhoods raises at least two key questions. First, what forces drove the rebound over time? Second, what happened to the poor residents who lived in these neighborhoods prior to rebound?

Neighborhood improvement, as noted in a previous working paper by the authors, is not a simple process (Webber and Swanstrom 2014). In part it is a story of place luck. The major job centers in St. Louis are located mostly in the central corridor. This is the area where all of the rebound neighborhoods are located. The growth of public transit in St. Louis has been almost exclusively in the central corridor with the addition of a light rail line. The region's major amenities, including the major cultural institutions and two great urban parks area also located in this corridor. But, as will become clear in our case study of the Central West End neighborhood, these advantages are not the whole story of rebound. In every case we have examined, rebound neighborhoods had active citizen organizations and either an engaged anchor institutions or an entrepreneurial and unusually effective town government. Location creates opportunity, but these opportunities must be seized.

Rebound Neighborhoods: Pathways and Outcomes

Our research shows that many neighborhoods in St. Louis have rebounded, but many questions remain. How significant is the rebound phenomenon? We have defined rebound neighborhoods solely in economic terms but how does rebound impact by social factors, like race. What do these rebound neighborhoods mean for the region and for low-income and minority residents of the city? Do rebound neighborhoods generate broad benefits for residents of older neighborhoods or is rebound largely a zero-sum game in which some neighborhoods benefit at the expense of others and long-time residents are displaced by rising housing costs? We grapple with these important, but difficult-to-answer questions primarily by comparing rebound neighborhoods to the other five types.

INSERT FIGURE 6 ABOUT HERE: PERCENT OF LOCAL WORKFORCE EMPLOYED IN PROFESSIONAL OCCUPATIONS, 1970-2010

Clearly, economic forces of supply and demand go a long way toward explaining rebound neighborhoods. As we discussed in the previous section, most rebound neighborhoods are located in the Central Corridor in St. Louis where professional jobs are concentrated and where most of the major urban amenities of the region are located, such as universities, hospitals, and museums. The region's light rail system also runs down the Central Corridor.³⁴ As Figure 6 shows, rebound neighborhoods are characterized by a significant growth in the percent of the civilian labor force in professional occupations. This fits the classic economic view of gentrification as based on an increasing demand for housing near employment centers by urban professionals. Rebound neighborhoods have come back both relative to other older neighborhoods and absolutely, experiencing inflation-adjusted increases in home values, rents, and per capita income. Per capita income in rebound census tracts increased 36.1 percent from 1990 to 2010 compared to only 3.2 percent for the entire study area. Market confidence has been restored to neighborhoods that suffered precipitous losses in the 1970s. The vacancy rate in rebound neighborhoods increased by an average of 1.5 percent, but that was significantly lower than the 3.4 percent increase for all census tracts in our study area.³⁵ As Figure 7 shows, rebound neighborhoods (upper half ascenders) are the only ones that witnessed an increase in the homeownership rate in the 2000s.

INSERT FIGURE 7 ABOUT HERE: HOMEOWNERSHIP RATE, 1970-2010

Clearly, rebound tracts are doing well but many question whether economic success can actually cause problems, with rising home values and rents pushing out longtime residents. Using an index based on home values, rents, and per capita income it is inevitable that residents of rebound neighborhoods will experience some upward pressures in housing costs. Surprisingly, our rebound neighborhoods did not experience a steep drop in low-income households. In fact, the number of poor people in our rebound neighborhoods declined, on average, by only 18 persons per census tract between 2000 and 2010. Our rebound tracts had the highest level of income diversity among all neighborhood types. Based on an income diversity index using three roughly equal categories of income, rebound tracts averaged the highest score (.649) compared to an average of .625 for all tracts.³⁶

The increase in higher income households in rebound neighborhoods has not reached a tipping point where large numbers of low-income residents are being pushed out by rising housing costs. Rents in rebound neighborhoods are still relatively affordable. Average monthly rents increased a hefty 20.4 percent between 2000 and 2010 in rebound tracts, but in 2010 rents still averaged only \$605 per month. Even assuming that utilities cost \$150 per month, using the common standard that households should not spend more than 30 percent of their income on housing, the average apartment in our rebound tracts would be affordable to families making \$30,200 a year which is less than 60 percent of the median family income in the St. Louis metropolitan area. Arguably, housing affordability in St. Louis is driven more by low incomes than by high rents.

Rebound neighborhoods are not just driven by the economics of supply and demand but by social forces. Race plays a crucial role. For example, neighborhoods that were predominantly African American in 1970 have a slim chance of rebounding.³⁷ Figure 8 shows the distribution of rebound neighborhoods by percent African American in 1970. Twenty times as many predominantly white neighborhoods (90%+) rebounded than predominantly black (90%+) neighborhoods. Only five out of 35 rebound census tracts were majority black in 1970.

It is not just the racial composition of the census tract that matters. Every one of the majority African American census tracts in 1970 that rebounded over the next forty years was located in the Central Corridor, surrounded by white or racially diverse neighborhoods. *Not a single rebound neighborhood was located in North St. Louis City where the African American population is concentrated. No majority black neighborhood in 1970 that were surrounded by other black neighborhoods rebounded in the subsequent decades.* In short, what matters is not just the neighborhood but the “neighborhood of the neighborhood.” Being located in North St. Louis City and County is a huge structural disadvantage.

INSERT FIGURE 8 ABOUT HERE: REBOUND NEIGHBORHOODS BY PERCENT AFRICAN AMERICAN, 1970

Although majority black areas have a slim chance of rebounding, racial diversity at ranges below 50 percent black was not a major barrier to rebounding. As Figure 9 shows, rebound neighborhoods were almost completely white in 1970, averaging less than 1.5 percent

African American. Over the next 30 years the black percentage of the population in these census tracts grew rapidly – to an average of 34.7 percent. Contrary to racial tipping point theory, many neighborhoods that had experienced rapid growth of minority population experienced economic uplift. Instead of tipping over into all-black they experienced a moderate decline in African American population. Rebound neighborhoods were the only one of the six neighborhood types that had a decline in percentage African American from 2000 to 2010. From 2000 to 2010 rebound census tracts experienced an average loss of 250 blacks. (It should be noted that rebound tracts on average fell by 141 residents during this period.) We do not know if black households were pushed out or pulled by better opportunities. There may indeed be pressures pushing blacks out of rebounding neighborhoods, echoing the critical view of gentrification. Despite the loss of black population, however, rebound neighborhoods remained the most diverse of all six neighborhood types in 2010 (Table 4).³⁸

INSERT FIGURE 9 ABOUT HERE: PERCENT AFRICAN AMERICAN, 1970-2010
INSERT TABLE 4 ABOUT HERE: RACIAL DIVERSITY BY NEIGHBORHOOD TYPE, 2010

In sum, rebound neighborhoods in St. Louis do not resemble the neighborhoods depicted in the critical literature on gentrification. Rebound neighborhoods have not experienced a rapid influx of high income white professionals, forcing out most low income and minority households and creating a racially and economically homogeneous community. Of course, St. Louis could simply be early in the early stages of gentrification. Economic pressures may mount and St. Louis City will begin to resemble hot market cities like San Francisco and Boston where housing costs are a huge burden for the average household. But St. Louis has not reached that point yet.

INSERT TABLE 5 ABOUT HERE: OPPORTUNITY INDEX

Balancing out the fact that people who live in rebound neighborhoods experience higher housing cost burdens is the possibility that those who remain in rebound neighborhoods gain access to greater opportunity and a better quality of life. Rebound neighborhoods represent opportunities as well as potential problems due to displacement. Insofar as lower income households are able to stay in rebound neighborhoods they can benefit by improved access to opportunities. HUD's Office of Sustainable Housing and Communities has developed a six-part Opportunity Index that measures the degree to which people who live in different neighborhoods are exposed to different levels of opportunity. The six dimensions measured are: Labor Market Engagement, Job Access, Transit Access, Poverty Index, Neighborhood School Proficiency, and Health Hazards Exposure.³⁹ We focused on the first three measures that gauge economic opportunity: Labor Market Engagement, Job Access, and Transit Access. We aggregated the block-group level data up to census tracts and weighted for population to create Opportunity Index scores for each of our six types of neighborhoods. With regard to the three dimensions measuring access to economic opportunity, rebound neighborhoods ranked at the top. As Table 5 shows, rebound neighborhoods ranked first on job access and transit access and second on labor force engagement. More research needs is needed, of course, but preliminary results suggest that rebound neighborhoods are areas of high economic opportunity.⁴⁰

The Central West End: A Case Study in Rebound

Located in the heart of the Central Corridor, adjacent to Forest Park (Figure 10), the Central West End (CWE) is widely recognized as the most successful example of a revitalized neighborhood in St. Louis. In 2014 the American Planning Association named it as one of the Ten Great Neighborhoods in America.⁴¹ It exemplifies the economic and social characteristics identified in our data analysis of rebound neighborhoods. Also, a case study of the area will enable us to examine the political factors in neighborhood revitalization not captured by standardized data.⁴² As a highly successful neighborhood, the Central West End demonstrates both the potential of rebound neighborhoods, as well as the barriers to spreading their success to other neighborhoods, especially to historically black parts of the region.

INSERT FIGURE 10 HERE: LOCATION OF CWE AMONG CITY NEIGHBORHOODS

The Central West End grew up around the 1904 World's Fair in St. Louis that took place in nearby Forest Park. Large single-family homes in ornate Classical Revival styles were built on the private streets of the Central West End. The Chase Hotel, which dominates the skyline of the neighborhood, was for decades a major attraction for the rich and famous visiting St. Louis. Maryland Plaza, immediately adjacent to the Chase Hotel, was considered a stylish shopping area prior to the 1970s, hosting Saks Fifth Avenue and other luxury shops (Goell 2007).

Despite an attractive location, strong anchor institutions and an excellent housing stock, the Central West End was not immune to the decline of the City of St. Louis during the years following World War II. The decline of the Central West End began with suburban flight. From 1950 to 1970 the City of St. Louis lost 27 percent of its residents (Laslo 2004, p. 4). The next twenty years brought little relief from this pattern of decline. From 1970 to 1990 the neighborhood lost one-third of its population (Table 1).⁴³ Many residents who owned homes in the Central West End moved elsewhere or died, and few came to take their place due to fear of crime and difficulty in obtaining home loans. Much of the neighborhood was red-lined with few banks offering home mortgages.⁴⁴ The neighborhood's housing stock was impressive, but it included many old homes that were divided into rooming houses and fell into disrepair. Commercial spaces were also threatened. Despite the grand history of the Chase Hotel, it fell into disrepair, closed in 1989 and remained vacant for a decade. With the development of malls outside the City of St. Louis, Maryland Plaza became largely vacant despite several attempts at redevelopment (Goell 2007). The Central West End was also impacted by the decline of nearby Forest Park, traditionally the great city park of St. Louis and the home of the St. Louis Zoo, St. Louis Art Museum and other cultural and athletic venues. Starting in the 1950s, the quality of Forest Park was threatened by deferred maintenance and inadequate funding for improvements by a fiscally strapped city government (Goell 2007).

INSERT TABLE 6 ABOUT HERE: CENTRAL WEST END, 1970-2010

The area was rich in urban amenities, however, and after 1990 gradually became a magnet for young urban professionals. In many ways the area fits the classical description of gentrification. As Table 1 shows, the Central West End has attracted large numbers of young, highly educated residents at the same time that the percentage of children has declined. Per capita income rose rapidly in inflation-adjusted dollars over the time period of our study. Two characteristics, however, do not fit the classical view of gentrification. First, the poverty rate has stayed fairly steady as the neighborhood has rebounded.⁴⁵ Second, the area has remained racially diverse, with the white share of the population rising only slightly over our forty-year period.

The reasons why the Central West End revived has much to do with simple “place luck” and the economic laws of supply and demand. But it also has much to do with the decisions of powerful institutions and the ability of the community to mobilize public policies on its behalf. Take the example of Forest Park, the seventh largest urban park in the nation, a huge asset for the area. From the 1980s through the 1980s the park fell into disrepair due to deferred maintenance and lack of funds from improvements by the financially strapped City of St. Louis. The rebirth of Forest Park is among the great success stories of urban redevelopment in the nation. In 1986, Alderwoman Mary Stolar was tasked with directing rehabilitation of Forest Park. She created Forest Park Forever, the not-for-profit entity responsible for fundraising and planning for the park’s future development and maintenance. Prior to her death in 1987, Stolar raised over \$400,000 for the park’s development. A long and extensive public process led to an award winning master plan. Responsibility for funding this plan was shared by the City of St. Louis and Forest Park Forever, which has now raised hundreds of millions in private donations.⁴⁶ Thanks to the adoption of this master plan in 1995 and a strategic plan for the post-restoration era in 2009, Forest Park is now a thriving destination hosting bike trails, the newly expanded art museum, zoo, Missouri History Museum, 36 holes of golf, restaurants, the Muny Theater, and numerous community events.⁴⁷

The key to the success of the Central West End was its anchor institutions. An “anchor institution” is any institution that is tied to a specific location “by reason of mission, invested capital, or relationships to customers or employees...” (Webber and Karlstrom 2009, p. 1) The decision of Washington University’s School of Medicine, the Central Institute for the Deaf, and Barnes, Jewish, and Children’s Hospitals to remain in the neighborhood was a crucial turning point (Goell, 2007; Croy 1983). Today, almost 30,000 people work daily at the Washington University Medical Center, and Barnes-Jewish Hospital (Barnes and Jewish Hospitals merged in 1992). Barnes Jewish and Children’s Hospital are regularly ranked among the top ten hospitals in the U.S.⁴⁸

The decision of these anchor institutions to stay and invest in the neighborhood led other employers to invest as well. Blue Cross and Monsanto located substantial facilities in the CWE, adding 1,350 new jobs, and the Medical Center itself grew by 3,540 employees from 1975 to 1985 (Levitt 1986). Many highly paid professional employees of the medical complex live in the Central West End. With growing employment, new businesses and retailers chose to locate in the CWE which has now become one of the most pedestrian friendly neighborhoods in the region.

Even at a time when the neighborhood was in decline, powerful institutions were laying the groundwork for its revival. In order to coordinate their neighborhood improvement activities, the institutions in the Washington University Medical Center District combined to create the Washington University Medical Center Redevelopment Corporation (WUMCRC), a non-profit corporation (Levitt 1986). Among its duties were physical planning, land acquisition, developer recruitment and development management in the Central West End. Formed in 1973, WUMCRC sponsored and raised \$432 million of investments from 1975 to 1985, creating 641 new housing units and rehabilitating 685 housing units (Goell 2007; Croy 1983; Levitt 1986). WUMCRC also attracted commercial developers and businesses to the corridor surrounding the medical complex, creating a thriving commercial district (Goell 2007; Pratter and Conway 1981).

WUMCRC was not the only developer active in the neighborhood. By 1988, the Union-Sarah Economic Development Corporation, an organization formed in 1969 by several long-term

neighborhood residents, had stimulated more than \$55 million in residential and commercial developments in one of the previously most desolate parts of the neighborhood. McCormack Baron Salazar (previously McCormack Baron), a development company which would become a national leader in mixed-income housing developments, also developed housing in the Central West End (Goell 2007).

Much of this development was aided by Chapter 353, a Missouri State statute that provides incentives such as tax abatement to developers of blighted areas. This statute also allowed the use of eminent domain, a policy that facilitated the purchase of underutilized land. Many believe that without Chapter 353, the WUMCRC developments would not have been possible and much of the Central West End would not have been redeveloped. In addition, the city's support of the developments helped to secure millions in Community Development Block Grants. Joe Roddy, alderman for area since 1987, has worked steadily to bring city resources to the area. Lyda Krewson, alderwoman for another part of the neighborhood since 1997, has also been an effective political advocate for the Central West End.

The presence of anchor institutions and supportive public policies were two of the three major forces fighting neighborhood decline in the Central West End. The third major force was grassroots activism. There was much citizens could not control, but many civic groups were formed to promote the neighborhood and capitalize on its strengths. One of the issues facing the Central West End through the 1980s was the conflict between preservation and new construction. Preservation of the neighborhood's historic legacy was important to many residents and with the help of the Landmarks Association a large portion of the CWE was declared a local historic district in 1974. The Landmarks Association also helped to get many buildings on the National Register of Historic Places (Goell 2007). The decision to make preservation an important part of the CWE neighborhood strategy was rewarded over time as increasing numbers of home buyers valued historic property.

The creation of the local historic district and the listings of buildings on the National Register also allowed residents and developers to access Investment Tax Credits and Federal and Missouri State Historic Tax Credits. Investment Tax Credits provide incentives to developers to preserve rather than tear down historic buildings (Goell 2007). Federal Historic Tax Credits were widely used throughout the CWE by developers and owners of income-producing property (commercial or residential rentals) interested in rehabilitating and re-using historic buildings.⁴⁹ Instituted in 1988, Missouri Historic Preservation Tax Credits can be piggybacked on top of federal historic credits. When used together, state and federal historic tax credits can reduce the cost of building renovations by 25-40 percent.⁵⁰ Local developers were also skillful in using the Federal Low-Income Housing Tax Credit, preserving affordable housing in the neighborhood.

Civic engagement was led by the Central West End Association (CWEA). Formed by concerned residents in 1958, the CWEA was particularly active in the 1970s and 1980s and engaged many residents from the neighborhood. The CWEA sought to preserve the historic character of the neighborhood while improving the safety and vitality of the area. Residents involved in the CWEA created their own newsletter, the *West End Word*, as a means for disseminating important information about events, crime, meetings, and other neighborhood news (Goell 2007). Leaders of the CWEA included both long-term CWE residents and urban pioneers who moved into the city from the suburbs.⁵¹ Among the many achievements of residents of the Central West End was the creation of the New City School, a high quality private school that kept many families in the neighborhood (Goell 2007).

Local churches and religious institutions were another source of support for residents and the neighborhood. Three local churches – Second Presbyterian, First Unitarian, and Trinity Episcopal – formed the Joint Community Board in the early 1970s to help address decay in the surrounding neighborhood. The board brought residents together and offered tutoring programs and emergency food services, as well as other community resources (Goell 2007). Another organization called TW3, sponsored by a generous donation from Second Presbyterian Church and representing the streets of Taylor, Westminster, Walton, and Washington, was formed with the help of local residents and offered forgivable loans to nearby residents for home improvements. All of these efforts helped to strengthen the fabric of the neighborhood on a block-by-block basis.⁵²

By the 1990s the Central West End was clearly on the upswing. In 1999, the Chase Park Plaza reopened, including a four-star hotel and luxury condominiums, as well as a movie theater and upscale restaurants and bars. Commercial development around the Washington University Medical Center and the Chase Park Plaza also boomed. The bars, restaurants, and shops along Euclid Avenue are among the more attractive urban destinations in the country, serving local residents, visitors, students, and employees. Maryland Plaza has once again become an upscale commercial and residential area, with attractive condominiums adjacent to unique shops (Goell 2007).

In 1993, much of St. Louis benefited from the introduction of improved public transportation through the creation of the MetroLink Light Rail system.⁵³ The Central West End MetroLink stop is directly adjacent to the medical center, improving access to the neighborhood and other parts of the city. Since the area surrounding the MetroLink stop was developed with pedestrians in mind, people can now easily access the CWE without a car.

Security in the neighborhood improved due to the combined efforts of WUMCRC and the CWEA. The two groups established Special Business Districts within their respective areas in the late 1980s and early 1990s, but the districts operated independently of each other with little or no communication. (Special Business Districts are property-owner-approved property tax increases which provide funding for enhanced services, such as increased patrolling by off-duty police officers, crime monitoring, and beautification efforts.) In 2007, WUMCRC and the CWEA came together to develop a joint Neighborhood Security Initiative which allowed the districts to pool their security resources together and become more efficient and effective. Since the creation of the CWE NSI, crime rates have decreased over 40 percent and cost savings have allowed for increased investment in security services.⁵⁴ Neighborhood beautification has also been a priority, with the introduction of the CWE Community Improvement District (CID) in 2009 providing an increase in sales taxes for beautification and marketing efforts.⁵⁵ The Central West End-Midtown Development Corporation was founded in 2001 and has had a significant impact on the marketing and physical development of the eastern portion of the neighborhood. More recently, the group changed its name to Park Central Development Corporation and has expanded its footprint to include several neighborhoods south of the CWE, including the area adjacent to the world-class Missouri Botanical Gardens. This expanded organization now provides centralized marketing and development review for this expanded collection of midtown neighborhoods.⁵⁶

From 2000 to the present, the Central West End has undoubtedly become one of the most desirable and affluent urban neighborhoods in the St. Louis region. Housing prices in the neighborhood have increased substantially, with homes that sold for under \$30,000 in the early 1970s now costing over \$500,000, even as the area has maintained racial and economic diversity

(Goell 2007. As with all of the rebounding neighborhoods in the central corridor, the neighborhood has been particularly successful in attracting young educated people.

In conclusion, the Central West End is a quintessential example of a rebound neighborhood. Our case studies of the Central West End and four other neighborhoods identified eight factors that are strongly associated with rebound neighborhoods:

1. Good Location;
2. Strong Anchor Institutions;
3. Excellent Housing Stock;
4. Thoughtful Commercial Development;⁵⁷
5. Thoughtful Residential Development;
6. Resident Civic Engagement;
7. Successful Public Policy;
8. Strong Public Schools.

With the exception of the last factor, the Central West End has them all.⁵⁸ Few neighborhoods in St. Louis have this many advantages, raising the question of whether the success of the Central West End can be spread to other parts of the city.

First, location is crucial. As we noted, rebound neighborhoods are concentrated in the Central Corridor where clusters of professional employment, urban amenities, and high quality historic housing are concentrated. It is not just location that matters, however, but the ability of local institutions to leverage that locational advantage. In an age when the resources of government are limited, mobilizing the resources of anchor institutions is crucial to success. Few neighborhoods have an anchor with the resources of Barnes Jewish Hospital and the Washington University Medical Center have invested heavily in the ability of the community to pull down public resources and raise private money. Consider the story of Forest Park. After decades of deterioration, a nonprofit was established which raised hundreds of millions of dollars to make it one of the great urban parks in the nation.

Strong civic engagement was also crucial to the revival of the Central West End. The development of local civic capacity is necessary to defend a neighborhood over the long run and support the positive social connections that are necessary for neighborhoods to function well on a day-to-day basis. The Central West End mobilized early and it mobilized often, producing a vibrant voluntary neighborhood association. Civic institutions were not only crucial to the revival of the area but, we think, contributed to its continued diversity. Residents of the Central West End continuously celebrate its diversity and even its quiriness. The acceptance of the use of Low Income Housing Tax Credits has been particularly important in maintaining the neighborhood's economic diversity. With the success of the Cortex bio-tech initiative and other major investments on the horizon, there is evidence that the real estate market in the central corridor is continuing to improve. For many this raises the specter of gentrification – the worry that the influx of higher income professionals in the central corridor will push out the low-income persons and minorities who have lived there for decades. The Central West End is still quite diverse but it has seen a drop in African American population over the past ten years. In St. Louis' relatively weak housing prices have not increased enough to cause mass displacement, and the presence of modest rental housing and affordable housing programs has enabled most rebound neighborhood to remain diverse. This does not mean that as the housing market heats up in St. Louis, longtime residents will not be displaced.

Can the success of the Central West End be spread to surrounding neighborhoods? The evidence strongly suggests it all depends. The revitalization of the Central West End has been

spreading east and south into Forest Park Southeast, the Grove, and Botanical Heights. Strikingly, revitalization has hardly spread north at all. Revival stops abruptly at the infamous “Delmar Divide.”⁵⁹ We found it encouraging that our data suggested that racial diversity was not a barrier to rebounding; in fact, it appears to be an asset. It is discouraging, however, that predominantly black neighborhoods were much less likely to rebound.⁶⁰

Putting Rebound Neighborhoods in Context: The Policy Implications

The prospects for older urban neighborhoods have improved considerably in the past twenty years, even in weak market cities like St. Louis. Younger urban professionals are moving in to urban neighborhoods close to employment and other urban amenities. This is an important phenomenon but how important is it in the context of all the older urban neighborhoods in the region? How do neighborhoods on an upward trajectory compare with stable and declining neighborhoods? If present trends continue, where should we put most of our policy attention?

According to our analysis, rebound neighborhoods represent 13.5 percent of the population of older urban neighborhoods. Lower half ascending neighborhoods represent only 5.3 percent. By contrast, 29.1 percent of the population lives in descending neighborhoods. Disturbingly, 167,040 people live in descending neighborhoods in the lower half of the distribution in 2010. More heartening is that over 50 percent of the population lives in stable neighborhoods, with by far the largest group (32.8 percent) living in upper half stable tracts. In short, rebound neighborhoods are a relatively minor phenomenon; many more people live in declining neighborhoods.

INSERT TABLE 7. POPULATION OF NEIGHBORHOOD TYPES, 2010

Of course, our method of identifying ascending and descending neighborhoods on a relative scale is biased toward finding equal numbers, at least of census tracts, in the two categories. For every census tract that goes up in the ranking, by definition, another census tract must go down. An absolute standard for identifying ascending and descending neighborhoods would allow for greater differentiation in the size of ascending and descending areas. Joe Cortright and Dillon Mahmoudi examined how many census tracts ascended from high poverty to low poverty compared to how many descended from low poverty to high poverty over the period 1970 to 2010. In the 51 large metropolitan areas studied only 105 census tracts transitioned from high poverty (over 30 percent) to low poverty (under 15 percent). By contrast, 2,428 census tracts transitioned from low poverty to high poverty (Cortright & Mahmoudi 2014, p. 23). We found similar results for the geography we studied in St. Louis: only 5,816 people live in census tracts that transitioned in that 40-year period from high poverty to low poverty whereas 98,953 live in neighborhoods that became newly poor during that period. Using this method, 17x as many people live in descending tracts than in ascending tracts. If gentrification is defined as formerly poor areas that experience an influx of affluent households that push out the poor, gentrification is not a major phenomenon in St. Louis. The main problem is not that middle class and affluent households are moving *toward* the poor and pushing them out but that they are moving *away from* the poor, leaving behind resource-poor neighborhoods burdened by concentrated poverty.

Another disturbing fact about neighborhood dynamics in the St. Louis area is that neighborhoods are becoming more unequal. Looking at tract-level median household income for our study area, 114 tracts were between 75 and 125 percent of the study area median value in 1970. By 2010 the number of “middle” tracts had fallen to only 80. Looking at neighborhood inequality another way, the 1970 90th percentile to 10th percentile ratio of tract-level median household income was 3.03; by 2010 that ratio had grown to 3.36. At the extremes, the contrast was even greater: the change from 1970 to 2010 in the ratio of the 95th percentile to the 5th percentile tract-level median household income increased from 3.93 to 5.5.

In summary, whether identified relatively using our Rebound Index or absolutely based on poverty rates, many more neighborhoods in St. Louis are descending than are rebounding. Within the complex pattern of neighborhood ups and downs, middle neighborhoods are gradually being hollowed out and the top and bottom are moving further and further apart. More and more, it appears, neighborhoods in St. Louis are in a dog-eat-dog competition that pushes more of them into clear winners and losers – with the losers outnumbering the winners.

Gentrification receives a great deal of attention from researchers and from policymakers concerned with the problem of displacement. Our research suggests that displacement from rebound neighborhoods in St. Louis is not yet pronounced. Our findings are consistent with a study of six corporately sponsored redevelopment areas in St. Louis which concluded that they became more economically and racially diverse after redevelopment: “[T]he improvements they have seen look very little like gentrification.” The rebound neighborhoods we identified are the most economically and racially diverse neighborhoods in the region. The recent decline in African American population in rebound neighborhoods is a cause for concern, however, and policies should be put in place to preserve diversity. Older industrial cities like St. Louis are in some ways lucky because they can learn from “hot” market cities about policies to preserve affordability before soaring housing prices make it exorbitant. These policies include land trusts, nonprofit-owned housing, and housing subsidies, such as Section 8 certificates and LIHTC projects. Once the market becomes hot enough, policies like inclusionary zoning can create affordable housing in high opportunity neighborhoods at little or no cost to the taxpayer.

The most pressing policy challenge facing older neighborhoods of St. Louis is not gentrification but neighborhood decline. And it is clear from Figure 5 that neighborhood decline has spread across the city border into North St. Louis County. The challenge of suburban poverty has been brought to the surface by the recent turmoil in Ferguson. Descending neighborhoods are low on economic opportunity. Not only do these neighborhoods undermine the ability of their residents to earn a decent income but the weakness of their housing market makes it difficult for homeowners to accumulate household assets. Most household wealth for working and middle class households is in home equity. While black households earn about two-thirds of the income of their white counterparts, black household wealth is less than 10 percent of white household wealth. The biggest driver of this wealth disparity is homeownership (Shapiro, Meschede, and Osoro 2013). Historically denied the opportunity to purchase homes in the more prosperous parts of the region, African American households in St. Louis have been

severely hindered in the ability to accumulate assets. For example, home values in lower half descending neighborhoods (84 percent black in 2010) appreciated only 3.2 percent from 1970 to 2010 compared to 161.9 percent in rebound neighborhoods (26 percent black in 2010). Not only have home values in African American neighborhoods in North St. Louis City and County appreciated at a lower rate than white and mixed areas, in many cases the market has collapsed, wiping out all housing value for some owners who are forced to abandon their property.

The resources that would be needed to turn around declining neighborhoods in St. Louis are enormous, dwarfing available public subsidies. That will require political will and huge new policy commitments at the federal, state, and local levels. The emerging market strength of rebound neighborhoods, however, can be leveraged to strengthen adjacent neighborhoods, especially the large number of upper half descending neighborhoods. It makes sense to “build from strength.” The rising market demand in rebound neighborhoods should not be bottled up, driving steep rises in housing prices, but spread out as much as possible to neighboring areas. The prosperity of the Central Corridor needs to be spread north and south, especially to middle market neighborhoods threatened with decline. Tax increment financing (TIF) and business improvement districts (BIDs) can be drawn in ways to radiate market strength from rebound neighborhoods out to weaker areas. Not only can the market strength of rebound neighborhoods be deliberately spread to neighboring areas, but the institutional strength can also be shared. Anchor institutions and civic groups in rebound neighborhoods can partner or merge with groups in nearby neighborhoods to give them more political and institutional clout to mobilize resources.

References

- Alonso, W. 1960. A Theory of the Urban Land Market. Papers and Proceedings of the Sixth Annual Meeting of the Regional Science Association: 149-157.
- Berry, B. J. L. 1985. "Islands of Renewal in Seas of Decay." In P. E. Peterson, ed., *The New Urban Reality*. Washington, D. C.: The Brookings Institution Press.
- Bier, T. and C. Post. 2003. Vacating the City: An Analysis of New Homes vs. Household Growth. In A. Berube, B. Katz, and R. D. Lang, eds., *Redefining Urban and Suburban America*. Washington, D.C.: The Brookings Institution Press.
- Bluestone, B. and B. Harrison. 1982. *The Deindustrialization of America: Plant Closings, Community Abandonment, and the Dismantling of Basic Industry*. New York: Basic Books.
- Bryant, Tim. 2014. Anchors and transit spur growth of St. Louis corridor, *St. Louis Post-Dispatch* (January 26).
- Card, D., A. Mas & J. Rothstein. 2008. *Are Mixed Neighborhoods Always Unstable? Once-Sided and Two-Sided Tipping*. NBER Working Paper No. 14470, November 2008; available at: <http://www.nber.org/papers/w14470>.
- Cortright, J. and D. Mahmoudi. 2014. *Lost in Place: Why the Persistence and Spread of Concentrated Poverty - not Gentrification – is our Biggest Urban Challenge*. City Observatory (December).
- Croy, C. 1983. "The Ten-year Turnaround: Washington University Medical Center Redevelopment Corporation Brings Back the Neighborhood." *Outlook, Washington University School of Medicine*, Summer, pp. 2-7.
- Dahl, R. A. 1961. *Who Governs? Democracy and Power in an American City*. (New Haven, CT: Yale University Press.
- Downs, A. 1981. *Neighborhoods and Urban Development*. Washington, D.C.: Brookings Institution.
- Dreier, P, J. Mollenkopf, and T. Swanstrom. 2014. *Place Matters: Metropolitcs for the Twenty-First Century*, 3rd ed. Lawrence, KS: University Press of Kansas.
- Easterly, W. 2009. *Empirics of Strategic Interdependence: The Case of the Racial Tipping Point*. Working Paper 15069, Cambridge, MA: National Bureau of Economic Research.
- East-West Gateway Council of Governments. 2006. *Where We Stand: The Strategic Assessment of the St. Louis Region* 5th ed.; available at: <http://www.ewgateway.org/WWS/WWSArchives/wwsarchives.htm>.
- East-West Gateway Council of Governments. 2011. *Where We Stand: The Strategic Assessment of the St. Louis Region* 5th ed.; available at: <http://www.ewgateway.org/pdf/library/wws/wws2011.pdf>.

- East-West Gateway Council of Governments. 2014. *Where We Stand: The Strategic Assessment of the St. Louis Region*, 6th ed. ; available at: <http://www.ewgateway.org/www/www.htm>.
- Ehrenhalt, A. 2012. *The Great Inversion and the Future of the American City*. New York: Alfred A. Knopf.
- Ellen, I. G., K. Horn & K. O'Regan. 2012. "Pathways to Integration: Examining Changes in the Prevalence of Racially Integrated Neighborhoods. *Cityscape: A Journal of Policy Development and Research*, Vol. 14, No. 3: 33-53.
- Erickson, D. J. 2009. *The Housing Policy Revolution: Networks and Neighborhoods*. Washington, D.C.: The Urban Institute.
- Florida, R. 2014. "Gentrification and the Persistence of Poor Minority Neighborhoods," *The Atlantic City Lab*; available at: <http://www.citylab.com/housing/2014/08/gentrification-and-the-persistence-of-poor-minority-neighborhoods/373062/>.
- Freeman, L. 2006. *There Goes the 'Hood: Views of Gentrification from the Ground Up*. Philadelphia, PA: Temple University Press.
- Freeman. 2002. "Gentrification and Displacement." *The Urban Prospect*, Vol. 8, No. 1: 1-4.
- Fulton, W., R. Pendall, M. Nguyen, and A. Harrison. 2001. *Who Sprawls the Most?* The Brookings Institution Survey Series, July.
- George C. Galster, "[The Mechanism\(s\) of Neighborhood Effects: Theory, Evidence, and Policy Implications](#)." Presentation at the ESRC Seminar, St. Andrews University, Scotland, UK, 4–5 February 2010.
- Glaeser, E. 2011. *Triumph of the City: How Our Greatest Invention Makes Us Richer, Smarter, Greener, Healthier, and Happier*. New York: Penguin Press.
- Goell, S. ed. 2007. *The Days and Nights of the Central West End: An Affectionate Look at the Last 20 Years in the City's Most Exciting Neighborhood*. (St. Louis, MO: Virginia Publishing Company.
- Goetz, E. 2013. *New Deal Ruins: Race, Economic Justice, and Public Housing Policy* (Ithaca, New York: Cornell University Press.
- Gordon, C. 2008. *Mapping Decline: St. Louis and the Fate of the American City*. Philadelphia, PA: University of Pennsylvania Press.
- Grodzins, M. 1957. "Metropolitan Segregation." *Scientific American* 197: 33-41.
- Hartley, D. 2013. *Gentrification and Financial Health*. Federal Reserve Bank of Cleveland November 6.
- Hodges, R. A. and S. Dubb. 2012. *The Road Half Traveled: University Engagement at a Crossroads*. East Lansing, MI: Michigan State University Press.

- Hoover, E. M. and R. Vernon. 1959. *Anatomy of a Metropolis*. Harvard University Press.
- Hoyt, H. 1939. *The Structure and Growth of Residential Neighborhoods in American Cities*. Washington, D.C.: Federal Housing Administration.
- Hunter, R. 1953. *Community Power Structure: A Study of Decision Makers*. Chapel Hill, NC: University of North Carolina Press.
- Hwang, J. and R. J. Sampson. 2014. "Divergent Pathways of Gentrification: Racial Inequality and the Social Order of Renewal in Chicago Neighborhoods." *American Sociological Review* Volume 79, No. 4, pp. 726-751.
- Jackson, K. T. 1985. *Crabgrass Frontier: The Suburbanization of the United States*. New York; Oxford University Press.
- Jun, H. 2013. Determinants of Neighborhood Change. *Urban Affairs Review* 49 (3): 330-352.
- Keyes, Vidal, Schwartz, and Bratt, 1996. "Networks and Nonprofits: Opportunities and Challenges in an Era of Federal Devolution" *Housing Policy Debate*, Vol. 7, No. 2, 1996.
- Kneebone, E. 2013. *Job Sprawl Stalls: The Great Recession and Metropolitan Employment Location*. Brookings Institution Metropolitan, Metropolitan Opportunity Series, April.
- Laslo, D. 2004. "The St. Louis Region, 1950-2000: How We Have Changed." In B. Baybeck and E. T. Jones, eds., *St. Louis Metromorphosis: Past Trends and Future Directions*. St. Louis, MO: Missouri Historical Society Press.
- Lees, L., T. Slater, and E. Wyly. 2008. *Gentrification*. London: Routledge.
- Leinberger, C. B. 2008. *The Option of Urbanism: Investing in a New American Dream*. Washington, D.C.: Island Press.
- Leven, C. L. et al. 1976. *Neighborhood Change : Lessons in the Dynamics of Urban Decay*. New York: Praeger Publishers.
- Levitt, R. L. 1986. *Cities Reborn*. Washington, D.C.: Urban Land Institute.
- Ley, C. 1996. *The New Middle Class and the Remaking of the Central City*. Oxford, UK: Oxford University Press.
- Lipton, S. G. 1980. "Evidence of Central City Revival." In S. B. Laska and D. Spain, eds., *Back to the City*. New York: Pergamon Press.
- Lowe, J. S. 2006. *Rebuilding Communities the Public Trust Way: Community Foundation Assistance to CDCs, 1980-2000*. Lanham, MD: Rowman & Littlefield.

- Massey, D. S. and N. A. Denton. 1993. *American Apartheid: Segregation and the Making of the Underclass*. (Cambridge, MA: Harvard University Press.
- Monti, D. J. & D. Burghoff. 2012. Corporately Sponsored Redevelopment Campaigns and the Demographic Stability of Urban Neighborhoods: St. Louis Revisited. *Journal of Urban Affairs* 34 (5): 513-531.
- National Low Income Housing Coalition. 2014. *Out of Reach*: available at: <http://nlihc.org/oor/2014>
- Nyden, P. , M. Maly, and J. Lukehart. 1997. "The Emergence of Stable Racially and Ethnically Diverse Urban Communities: A Case Study of Nine U.S. Cities." *Housing Policy Debate* Vol. 8, No. 2, pp. 491-534.
- Owens, A. 2012. "Neighborhoods on the Rise: A Typology of Neighborhoods Experiencing Socioeconomic Ascent." *City & Community* 11(4): 345-369.
- Park, R. E., E. W. Burgess, and R. D. McKenzie. 1925. *The City*. Chicago, IL: University of Chicago Press.
- Pratter, J. and W. G. Conway. 1981. *Dollars from Design*. Washington, D.C.: National League of Cities, Office of Membership Services.
- Rae, D. W. 2003. *City: Urbanism and Its End*. New Haven, CT: Yale University Press.
- Rosenthal, S. S. 2007. Old Homes, Externalities, and Poor Neighborhoods: A Model of Urban Decline and Renewal. *Journal of Urban Economics* 63: 816-840.
- Sampson, R. J. 2012. *Great American City: Chicago and the Enduring Neighborhood Effect*. Chicago, IL: University of Chicago Press.
- Schelling, T. C. 1969. "Models of Segregation." *American Economic Review* 59 (2): 488-493.
- Schelling, 1971. "Dynamic Models of Segregation." *Journal of Mathematical Sociology* 1: 143-186.
- Schill, M. H. and R. P. Nathan 1983. *Revitalizing America's Cities*. Albany, NY: State University of New York Press.
- Schwirian, K. p. 1983. "Models of Neighborhood Change." *Annual Review of Sociology* 9: 83-102.
- Shapiro, T., T. Meschede, and S. Osoro. 2013. *The Roots of the Widening Racial Wealth Gap: Explaining the Black-White Economic Divide*. Institute on Assets and Social Policy, Research and Policy Brief, February 2013.
- Smith, N. 1986. "Gentrification, the Frontier, and the Restructuring of Urban Space." In N. Smith and P. Williams, eds., *Gentrification of the City*. Boston: Allen and Unwin.
- Smith, N. 1979. "Toward a Theory of Gentrification: A Back to the City Movement of Capital, not People." *Journal of the American Planning Association* 45, October: 538-548.

Stoecker, R. 1997. "The CDC Model of Urban Redevelopment." *Journal of Urban Affairs* Vol. 19, No. 1, pp. 1-22.

Temkin, K. and W. M. Rohe. 1998. "Social Capital and Neighborhood Stability: An Empirical Investigation," *Housing Policy Debate*, Vol. 9, No. 1, pp. 61-88.

Vigdor, J. L. 2002. "Does Gentrification Harm the Poor?" *Brookings-Wharton Papers on Urban Affairs*. Washington, D. C.: Brookings Institution Press: 133-182.

Webber, H. S. and M. Karlstrom. 2009. Why Community Investment Is Good for Nonprofit Anchor Institutions: Understanding Costs, Benefits, and the Range of Strategic Options. Chicago, IL: Chapin Hall at the University of Chicago.

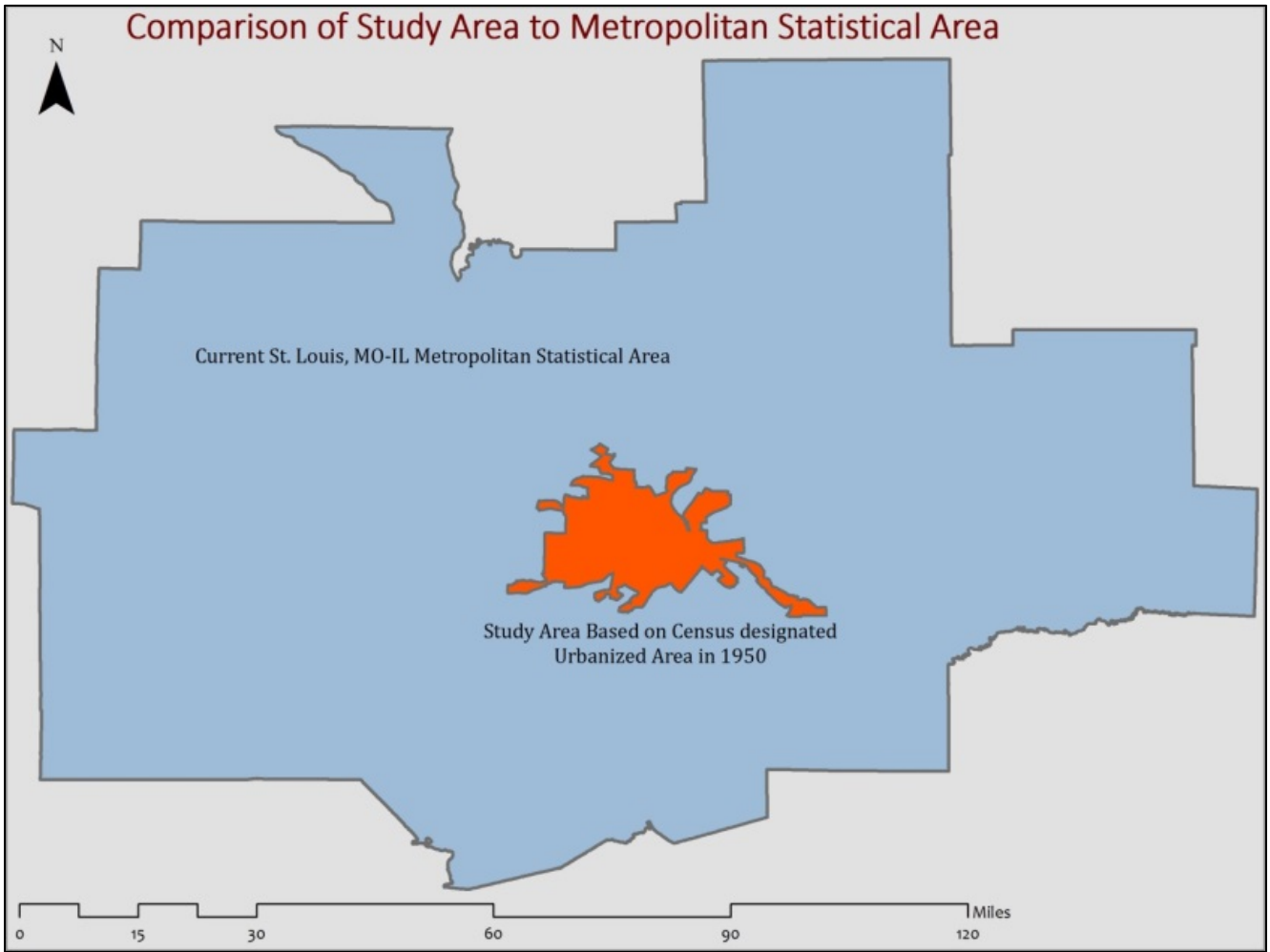
Webber, H. S. and T. Swanstrom. 2014. *Rebound Neighborhoods in Older Industrial Cities: The Story of St. Louis*. St. Louis, MO: Public Policy Research Center; available at: <http://pprc.umsl.edu/files/pdfs/rebound2014-final.pdf>.

Weisbourd, R., R. Bodini, and M. He, 2009. *Dynamic Neighborhoods: New Tools for Community and Economic Development*. Living Cities, The National Community Development Initiative.

Wilson, W. J. 1987. *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy*. Chicago, IL: University of Chicago Press.

Wilson, W. J. 2012. *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy*, rev. edition. Chicago, IL: University of Chicago Press.

Figure 1.



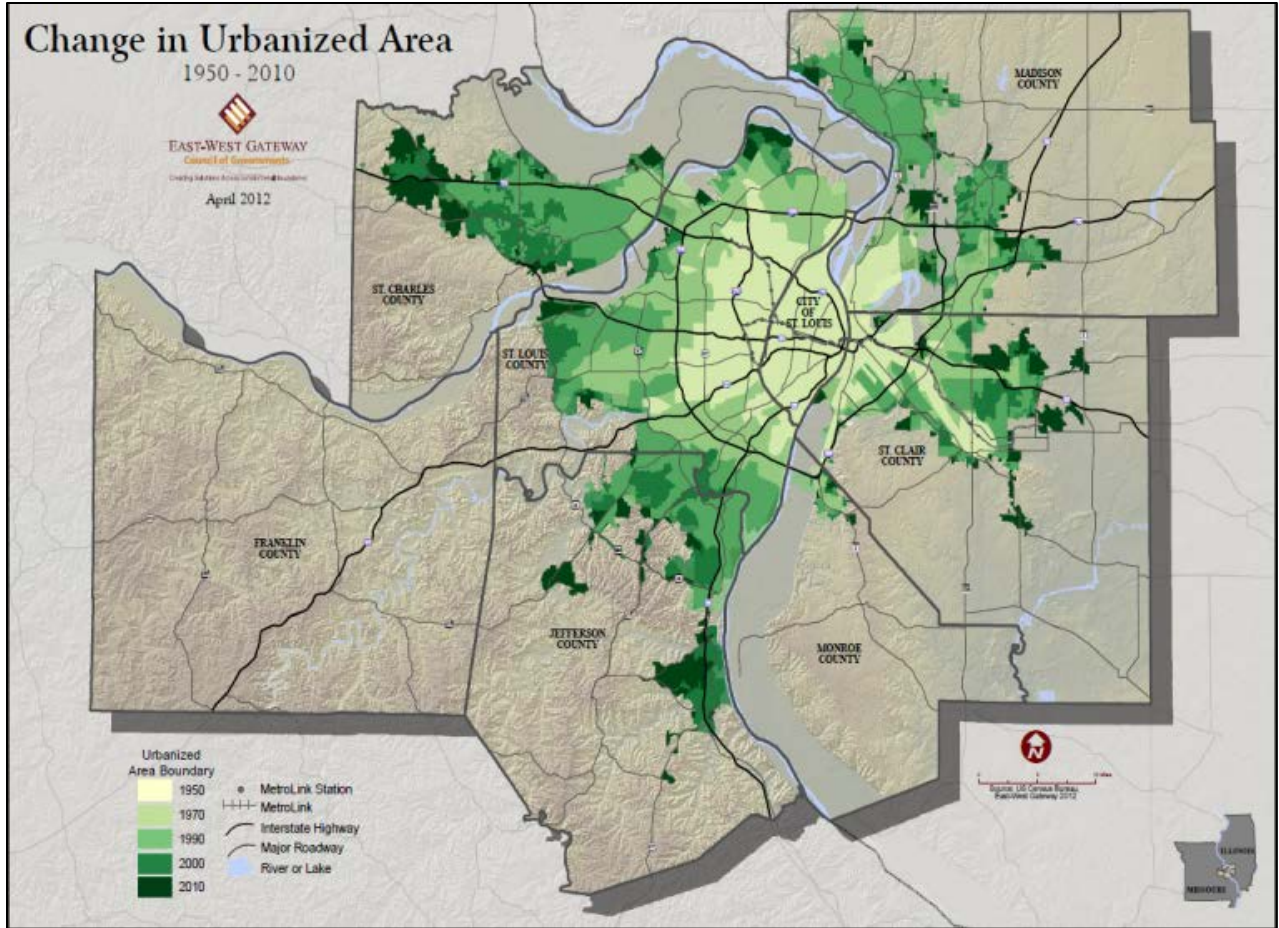
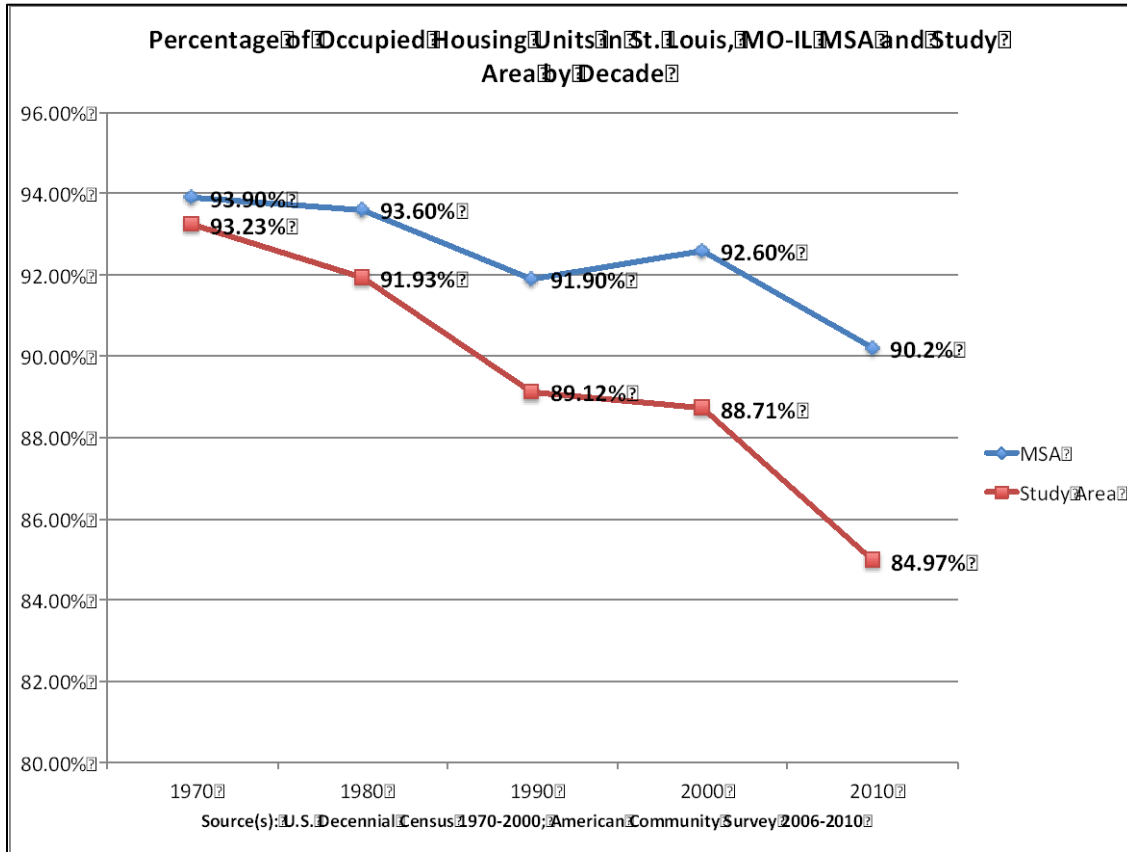


FIGURE 2. CHANGE IN URBANIZED LAND AREA, 1950-2010

Figure 3



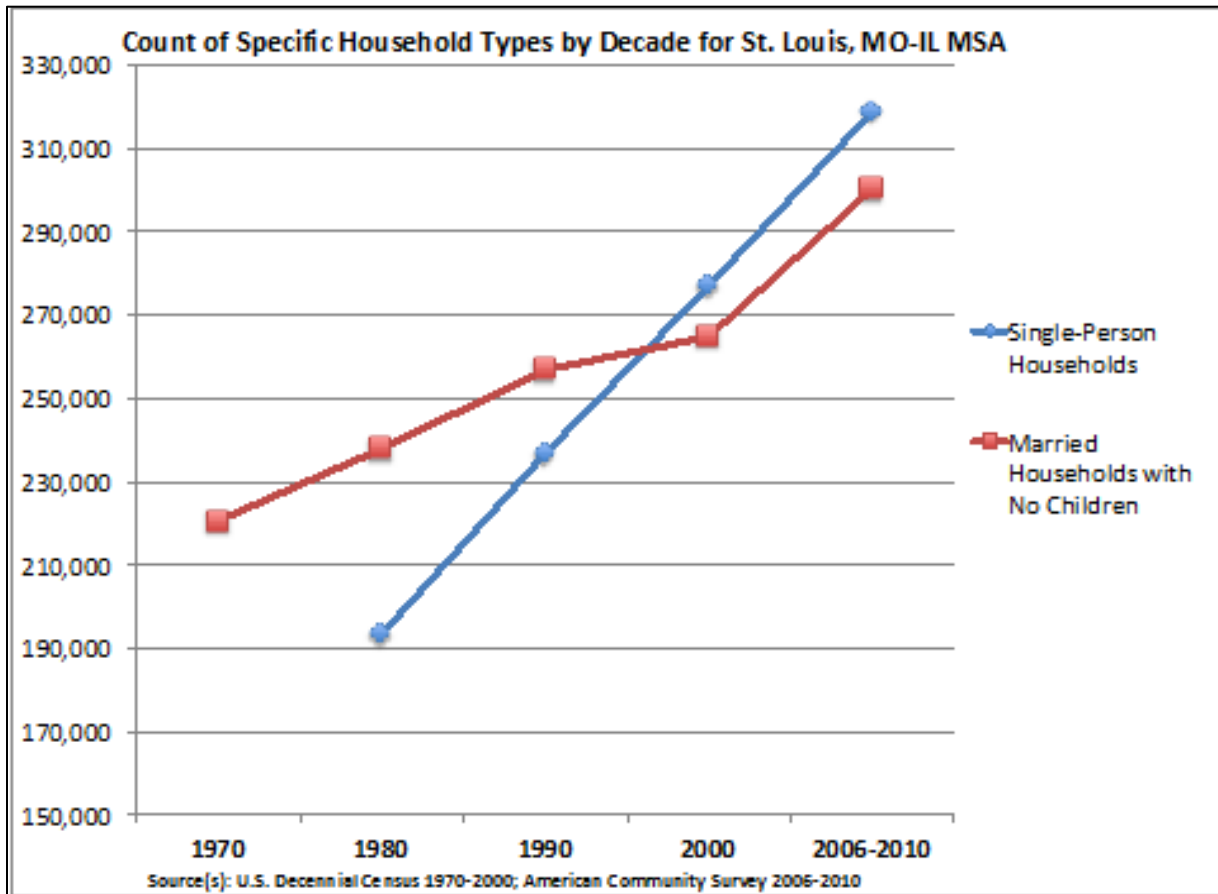


Figure 4.

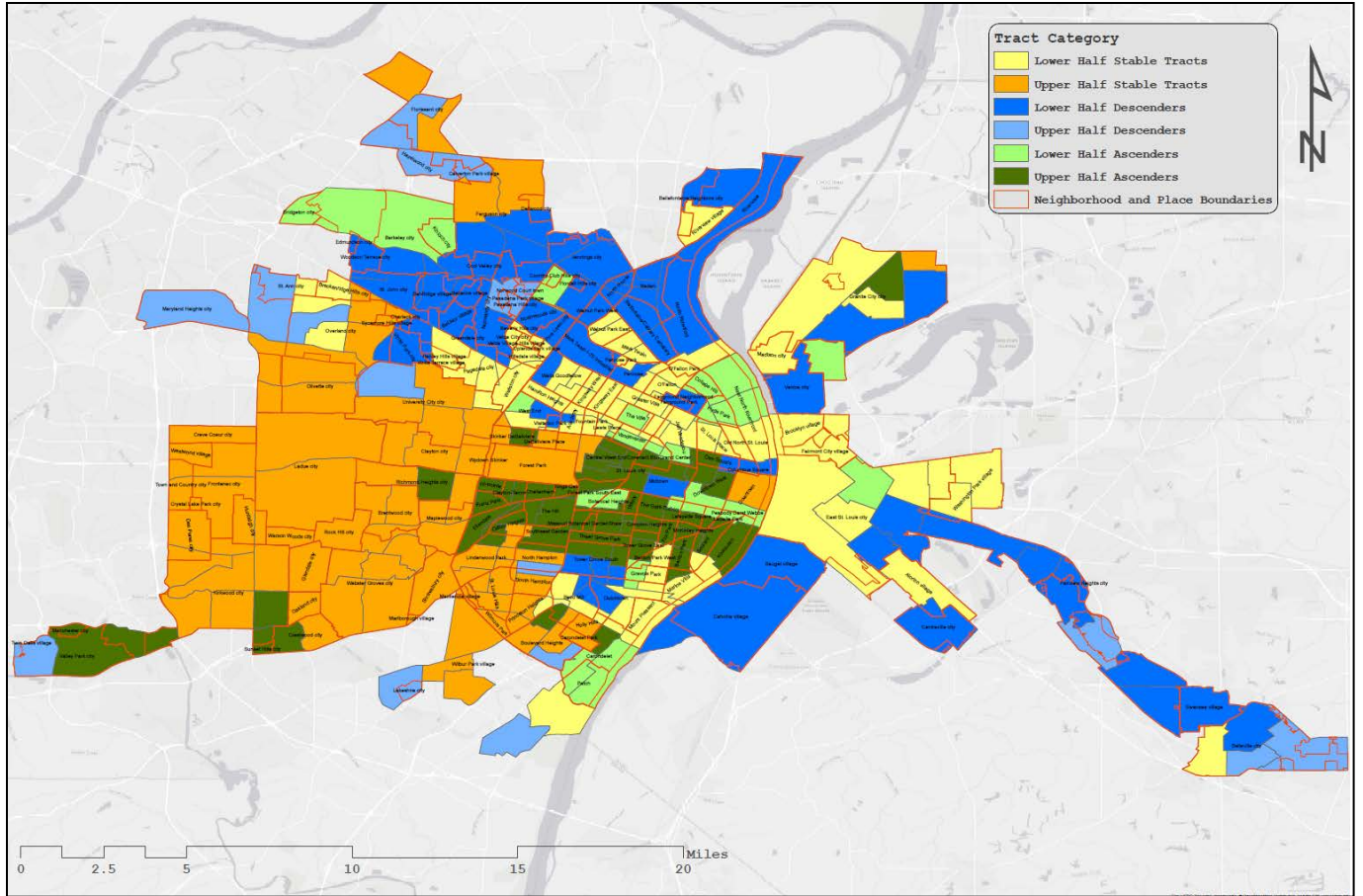


Figure 5. Map of Study Area by Type of Census Tract

Table 1. Neighborhood Changes in the St. Louis Region's Urban Core: 1970-2010

	1970	1980	1990	2000	2010	Change: 1970-2010
Median Home Values	\$70,272	\$76,653	\$89,348	\$84,066	\$108,200	+ \$37,928
Median Rent	\$429	\$371	\$482	\$498	\$555	+ \$126
Per Capita Income	\$16,694	\$18,280	\$21,037	\$23,082	\$21,704	+ \$5,010
Population	5,891	4,499	4,085	3,626	3,314	- 2,577
Black Population (%)	1.4%	9.8%	17.8%	34.7%	33.8%	+ 32.4%
Poverty Rate	9.1%	10.1%	13.6%	17.4%	20.7%	+ 11.6%

Table 2. **Neighborhood Status in St. Louis' Urban Core: 2010**

	Upper-Half Ascenders	Lower-Half Ascenders	Upper-Half Stable	Lower-Half Stable	Upper-Half Descenders	Lower-Half Descenders
Median Home Values	\$174,900	\$75,750	\$183,800	\$69,800	\$121,900	\$77,700
Median Rent	\$605	\$525	\$734	\$471	\$580	\$508
Per Capita Income	\$28,987	\$13,966	\$34,650	\$13,867	\$24,465	\$16,603
Census Tract Population	2,916	2,641	4,205	2,694	4,515	3,698
Black Population (%)	25.9%	84.7%	6.1%	96.0%	20.4%	82.6%
Poverty Rate	16.7%	37.3%	8.0%	34.2%	14.4%	31.4%
Total Population	102,060	42,264	235,480	137,874	67,725	155,316

Table 3.

Neighborhood Status in St. Louis' Urban Core: Percent Changes, 1970-2010

	Upper-Half Ascenders	Lower-Half Ascenders	Upper-Half Stable	Lower-Half Stable	Upper-Half Descenders	Lower-Half Descenders
Median Home Values	+ 162.1%	+ 64.8%	+ 98.8%	+ 25.8%	+ 36.0%	+ 7.3%
Median Rent	+ 58.8%	+ 72.7%	+ 18.4%	+ 34.9%	- 7.7%	- 13.4%
Per Capita Income	+88.1%	+15.5%	+62.9%	+4.9%	+24.5%	- 3.9%
Census Tract Population	- 47.3%	- 57.1%	- 24.5%	- 58.1%	- 15.6%	- 42.0%
Black Population (%)	+ 1,761.9%	+ 255.9%	+ 916.7%	+ 249.4%	+ 5,800.0%	+ 10,800%
Poverty Rate	+ 50.5%	+ 74.3%	+ 45.4%	+ 120.6%	+ 227.2%	+ 297.5%

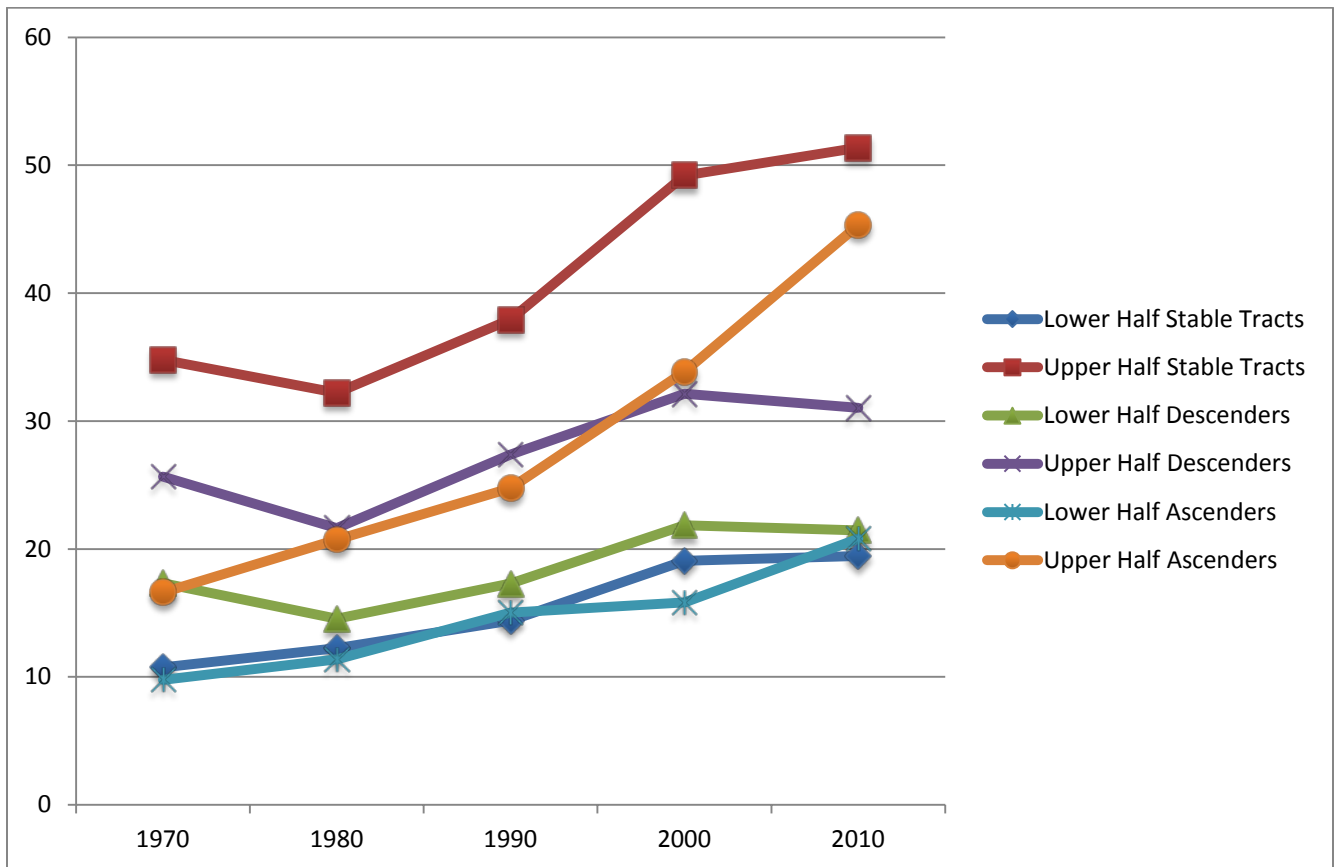


Figure 6. Percentage of Local Workforce in Professional Occupations, 1970-2010

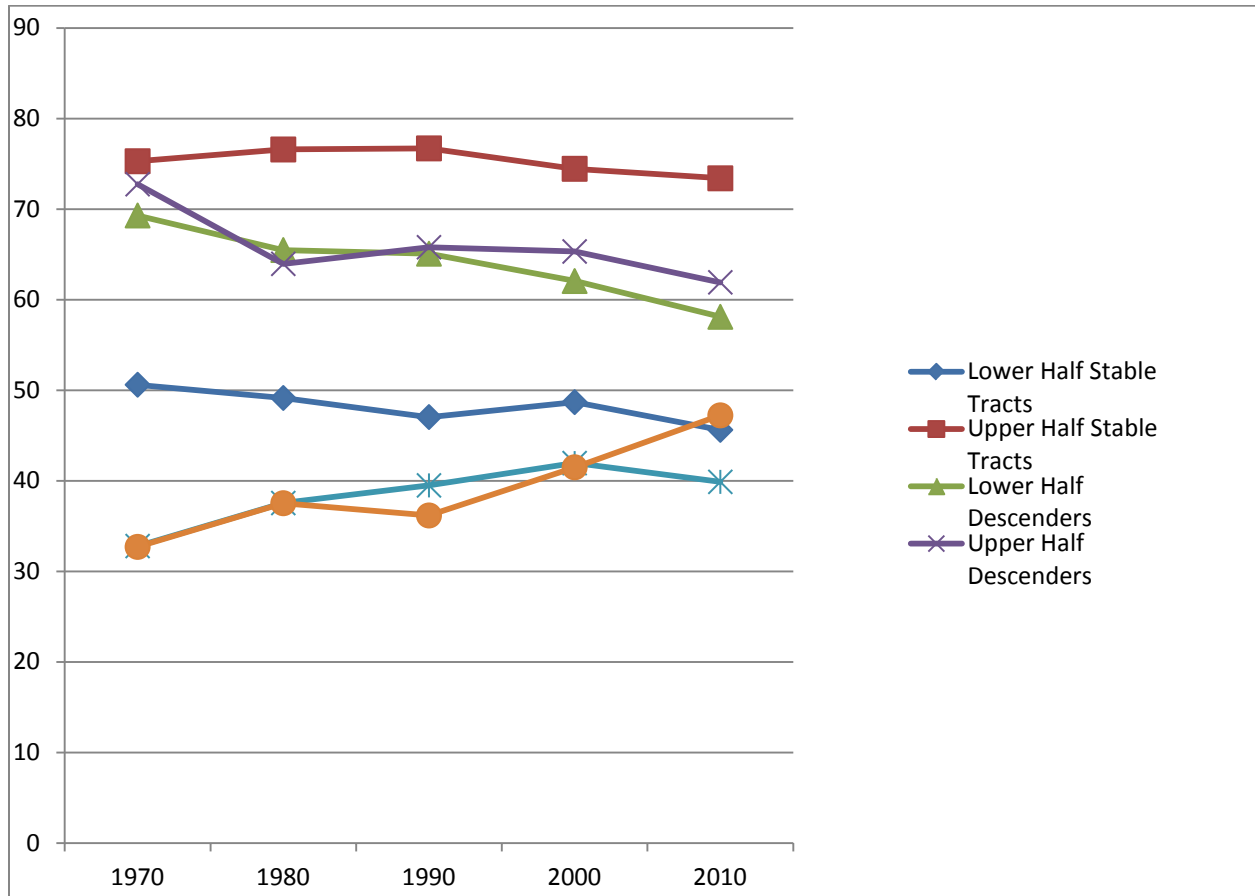


Figure 7. Homeownership Rate, 1970-2010

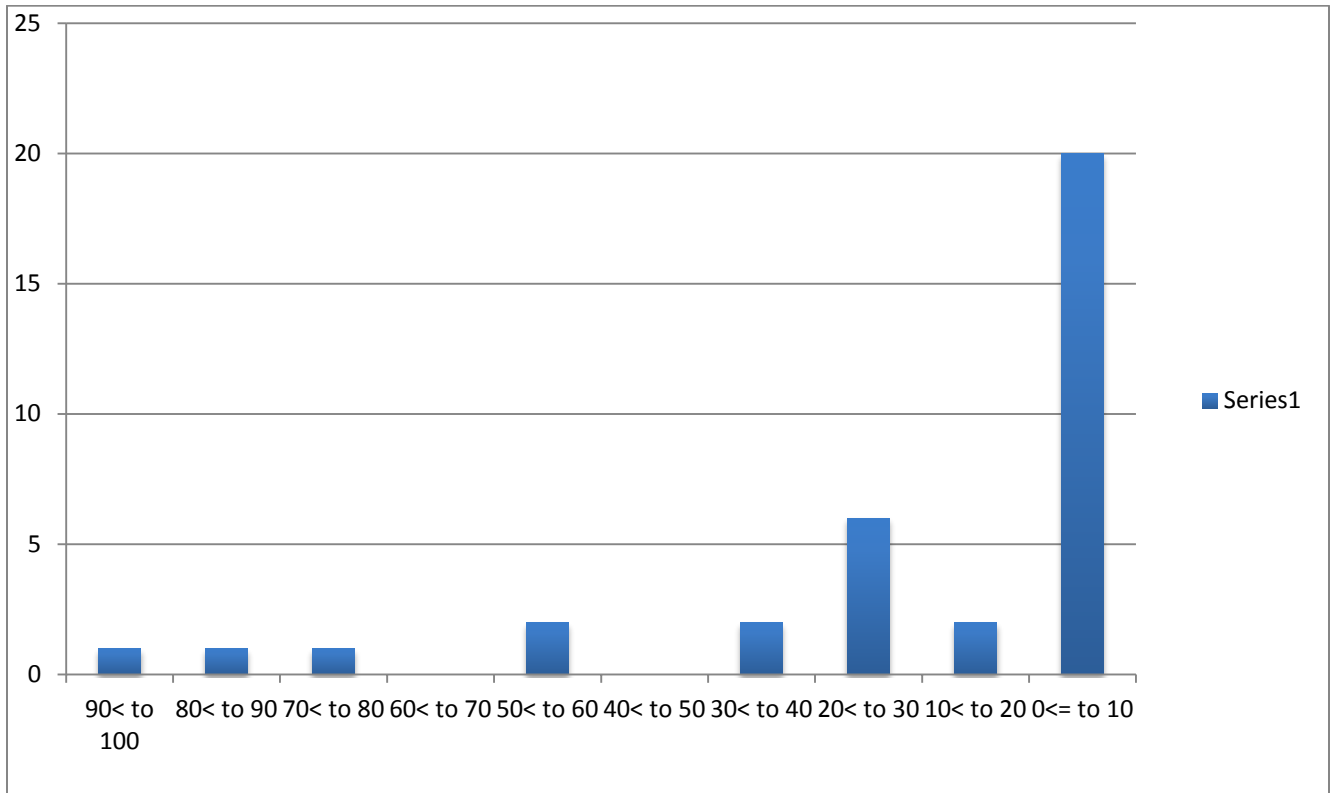


Figure8. Rebound Tracts by Percent African American, 1970

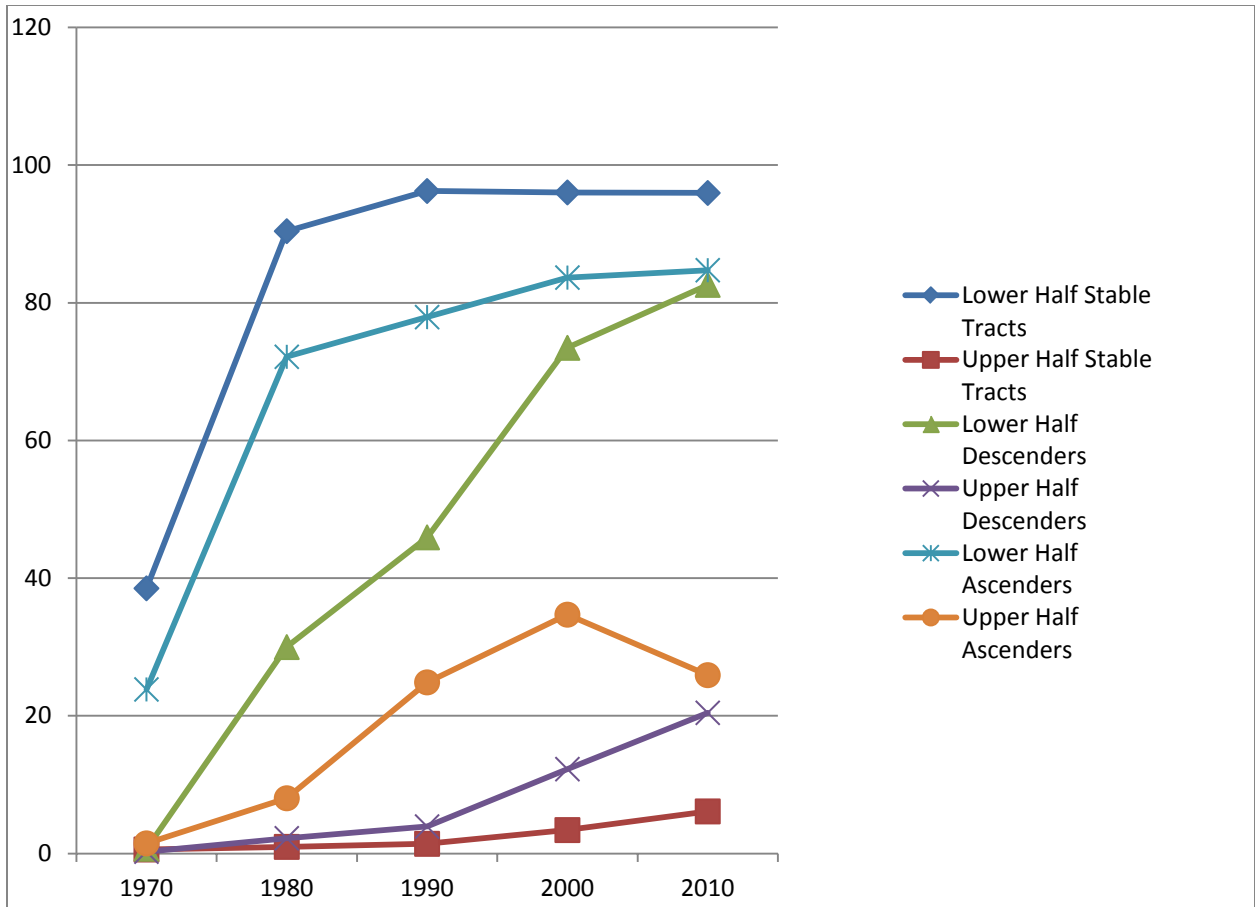


Figure 9. Percent African American, 1970-2010

Table 4. Racial Diversity Index by Neighborhood Type, 2010

Neighborhood Type	Racial Diversity Index Score
Upper Half Ascenders	.474
Lower Half Ascenders	.284
Upper Half Stable	.216
Lower Half Stable	.073
Upper Half Descenders	.460
Lower Half Descenders	.251

Table 6. Opportunity Index by Neighborhood Type

Neighborhood Type	Labor Market Engagement	Job Access	Transit Access	
Upper Half Ascenders	70.0	62.6	88.0	
Lower Half Ascenders	23.9	60.0	86.9	
Upper Half Stable	77.1	59.3	65.6	
Lower Half Stable	26.5	46.5	83.6	
Upper Half Descenders	60.0	46.0	61.3	
Lower Half Descenders	34.8	49.3	68.8	

Figure 10: Location of Central West End Among City Neighborhoods

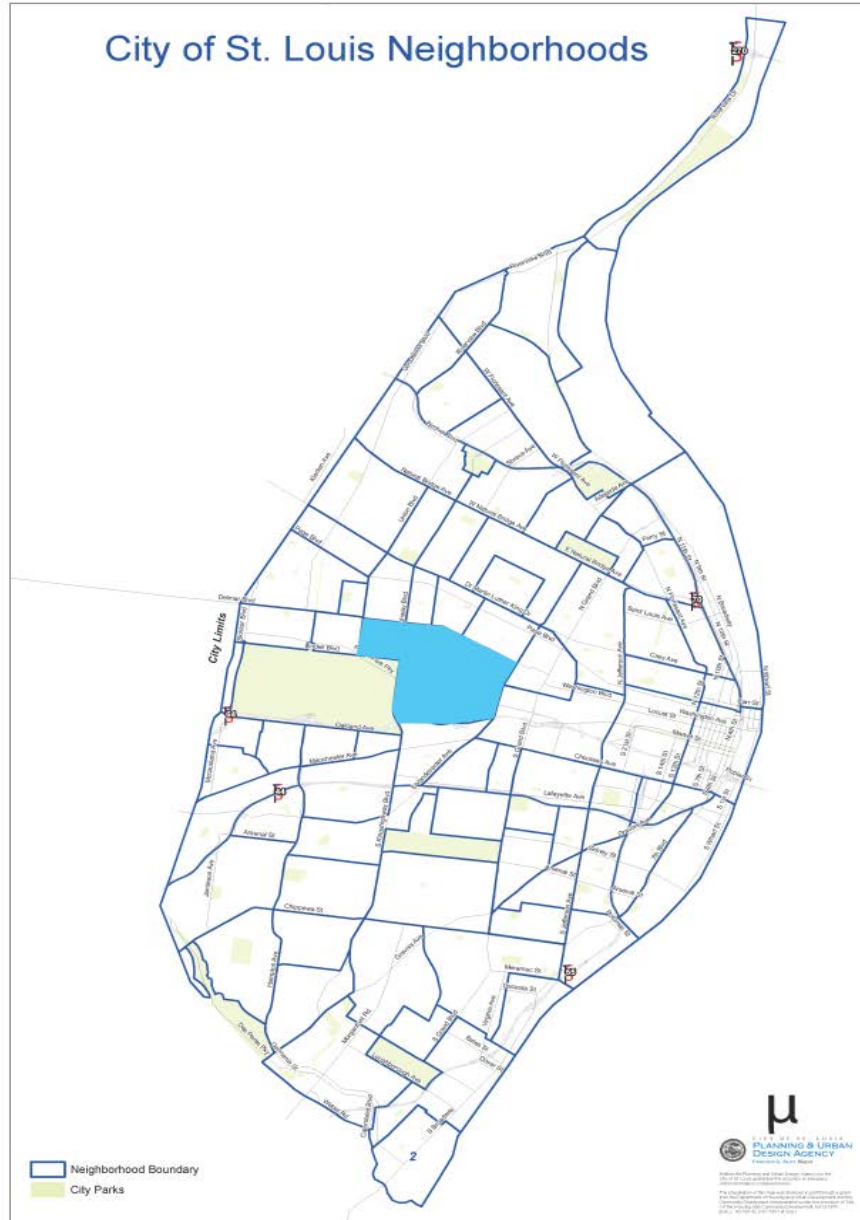


Table 6. Central West End: 1970-2010

Year	1970	1990	2010
Population	25,859	17,282	15,518
Poverty Rate	24%	22%	24%
Per Capita Income (2012 dollars)	\$23,078	\$38,690	\$43,406
Occupancy	85%	86%	86%
% Under 18	20%	10%	7%
% 18-34	28%	35%	44%
% White	54%	59%	58%
% adults with 4-year Degree	18%	45%	63%

Table 7. Population of Neighborhood Types, 2010

Neighborhood Type	Population	Percentage
Upper Half Ascenders	107,621	13.5 %
Lower Half Ascenders	42,291	5.3 %
Upper Half Stable	262,306	32.8 %
Lower Half Stable	154,458	19.3 %
Upper Half Descenders	65,192	8.2 %
Lower Half Descenders	167,040	20.9 %

¹ In *The Truly Disadvantaged* Wilson stresses the role of economic forces, more than contemporary racial discrimination, in generating disadvantaged neighborhoods. In *American Apartheid* Douglas Massey and Nancy Denton's stress the role of continuing racial discrimination in generating disadvantaged places. George Galster (2010) identifies fifteen separate causal pathways by which neighborhood context could affect individual behavioral and health outcomes.

² For a recent synthesis of the literature on the contextual effects of concentrated poverty, see Dreier, Mollenkopf, and Swanstrom, 2014.

³ Owens defines ascending census tracts as those that increased their rank in the metropolitan area on her indicators of socioeconomic status by 10 percentile points or more.

⁴ For a synthesis of the literature on gentrification that stresses its negative effects, see Lees, Slater & Wyly 2008.

⁵ Schill and Nathan (1983, 15-16) revise Alonso's bid-rent theory to account for rebound neighborhoods.

⁶ Supply and demand factors underlying neighborhood revitalization are adapted from Downs, 1981, p. 75.

⁷ Early researchers found that gentrification was associated with high concentrations of professional office employment (Lipton 1980 and Berry 1985).

⁸ For recent summaries of the economic factors driving urban revitalization that stress changing consumer demand, see Ehrenhalt, 2012; Glaeser, 2011; and Leinberger, 2008.

⁹ Rosenthal (p. 822) notes that housing depreciates at about 2 percent per year and therefore after about 50 years older urban housing is ripe for reinvestment.

¹⁰ Robert Sampson terms this "'homophily,' or the tendency of people to interact, associate, and live near others like themselves or to maintain distance from those disvalued." (Sampson 2012, pp. 54-55)

¹¹ Sampson also reports that "*in the entire U.S., out of some sixty-five thousand tracts, only about ten went from over 60 percent black to substantially (60 percent of more) white*" (p. 109; italics in original). A recent review of the evidence on integrated neighborhoods in American cities paints a more complicated picture. Stable, racially integrated neighborhoods are the exception but they do exist. See Ellen, Horn and O'Regan 2012).

¹² For a synthesis of this literature, see Dreier, Mollenkopf, and Swanstrom, 2014.

¹³ For this basic demand side explanation of rebound neighborhoods, see Ley 1996.

¹⁴ To our knowledge, no research exists on exactly where the tipping point is but the hypothesis is that at a certain critical mass of high income and white households rebounding neighborhoods will be identified as trendy or high status, driving up the price of housing beyond its physical characteristics.

¹⁵ For a detailed history of public policies that shaped urban decline in St. Louis, see Gordon 2008.

¹⁶ The earliest influential statement of the pluralist approach to power in cities is Robert Dahl's *Who Governs?* (1961). The counterpart for the elitist approach is Floyd Hunter's *Community Power Structure* (1953).

¹⁷ Under so-called "third wave gentrification," beginning in the 1990s, governments in league with corporate interests became more involved in directly promoting gentrification (Lees, Slater and Wyly 2008, pp. 178-179. For an analysis of the destruction of public housing as a way of promoting gentrification by displacing low-income and minority residents, see Goetz 2013.

¹⁸ For the view that CDCs often promote disruptive gentrification, see Stoecker 1997. For a defense of CDCs see the responses by Rachel Bratt and Dennis Keating in the same volume.

¹⁹ Neighborhoods have not been delineated for all of the older parts of the St. Louis region. The Census Bureau has divided the City of St. Louis into 79 neighborhoods, but data by neighborhood is not available for all the censuses in our data set. St. Louis County is divided into 91 municipalities; smaller municipalities function like neighborhoods but larger municipalities have a number of neighborhoods within them. More than a third of St. Louis County is unincorporated; in some cases the Census Bureau has identified census designated places that function like neighborhoods.

²⁰ For the most recent period, we use the American Community Survey. In order to disaggregate to the census tract level, we combine five years, 2008-2012. We refer to this by the mid-year, 2010.

²¹ For more information on the data go to: <http://www.s4.brown.edu/us2010/Researcher/Bridging.htm>.

²² The urbanized area generally consists of contiguous territory that is part of a metropolitan area of at least 50,000 people that has a density of at least 1,000 persons per square mile. For a more complete explanation of how the Census Bureau defines urbanized area see U. S. Bureau of the Census, Urban and Rural Definitions, October 1995; available at: <http://www.census.gov/population/censusdata/urdef.txt>. We only included census tracts that were wholly within the urbanized area as of 1950; small parts of the urbanized area in 1950, therefore, are not included in our data set.

²³ We are well aware of the weaknesses of using census data to track housing values. The Census Bureau asks respondents to estimate how much their home is worth. Our median home values are therefore based on perceptions not actual sales. Respondents may overestimate values when prices are going up and underestimate when prices are declining. We believe, however, that the data does reasonably accurately track differences between neighborhoods across extended time periods.

²⁴ A tract that moved up in the 1990s was eliminated if it moved down in the 2000s.

²⁵ Sixteen census tracts ascended ten percent or more but still ended up in the bottom 50 percent of tracts. We do not believe that neighborhoods in the bottom half can be truly termed “rebound neighborhoods.” Also, we performed a cluster analysis using ten noneconomic variables. The cluster analysis showed that “low rebound” tracts have different demographic and social characteristics from high rebound tracts. For this reason we concentrate our analysis on rebound tracts in the upper half of the distribution.

²⁶ Median house value for all owner-occupied units=\$159,700 (2012 dollars)/ median household income=\$54,109 (2012 dollars).

²⁷ As defined by the federal government, the FMR is gross rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service for a standard quality rental unit at the 40th percentile in each metropolitan area (which means that 60 percent of apartments rent for more than this amount).

²⁸ Between 1982 and 1997 the population of the metropolitan area increased by 6.0 percent at the same time that the urbanized land area increased by 25.1 percent (Fulton, et al, 2001).

²⁹ Population decline actually began as early as the 1910s in the older neighborhoods around downtown (Leven, et al, 1976, p. xiii).

³⁰ A hedonic model of house prices in St. Louis County, for example, found that moving a house from one mile to half a mile from a light rail station increase prices by 5.8 percent (2010). Personal communication, William Rogers, University of Missouri-St. Louis.

³¹ Based on East-West Gateway Council of Governments, *Where We Stand* 5th ed. (2006); available at: <http://www.ewgateway.org/WWS/WWSArchives/wwwarchives.htm>; and 6th ed. (2014); available at: <http://www.ewgateway.org/wws/wws.htm>.

³² The preferences of the growing number of younger, highly educated, and smaller households for urban living are well documented. See Ehrenhalt 2012; Glaeser 2011; and Leinberger 2008.

³³ The Central Corridor is generally defined as the area between downtown and the River West to I-170 bordered on the South by I-64 and on the North by Delmar and Washington.

³⁴ Only a handful of rebound tracts are located outside the Central Corridor, including a few in south St. Louis City and County and only one on the East Side.

³⁵ Unless otherwise noted, the figures are averages across census tracts unweighted by population.

³⁶ Income diversity is measured using three income ranges and measuring how far the tract falls from having an equal number in each category. Using the Gini Index of Inequality, which measures the degree of income spread within census tracts, our rebound tracts scored .450, the second highest among the six types of neighborhoods.

³⁷ In a study of Chicago, Hwang and Sampson conclude that when a neighborhood is greater than 40 percent African American, other things being equal, gentrification is highly attenuated (2014). See also Florida 2014.

³⁸ Our racial diversity index is calculated using six racial categories with the highest score possible when all six categories have the same percentage of the population. The formula is basically 1 minus the sum of the squares of all the racial percentages for each tract.

³⁹ For technical documentation on the index see:

http://www.huduser.org/Sustainability/grantees/data/ah8c13xl38/FHEA_technical_documentation_2013.pdf. We thank Elisabeth Risch of the St. Louis Metropolitan Equal Housing Opportunity Commission for sharing this data with us.

⁴⁰ Rebound neighborhoods ranked low on Neighborhood School Proficiency, reflecting continuing problems with public schools in these areas and they ranked low on Health Hazards Exposure, undoubtedly reflecting their location in the heart of the city near industrial sources of pollution. They ranked in the middle on the Poverty Index, reflecting the fact that they have moderate levels of poverty and families on public assistance.

⁴¹ See <https://www.planning.org/greatplaces/neighborhoods/2014/centralwestend.htm>.

⁴² For a more detailed account of the Central West End, along with four other case studies of rebound neighborhoods in St. Louis, see Webber and Swanstrom 2014.

⁴³ The quantitative analysis conducted for this study utilizes census tracts, which, as shown in the map, omit a small section of the eastern and southern portions of the neighborhood and include a few blocks north of Delmar and west of Union. The exclusion of some of the southern area likely has little effect on the quantitative analysis as the area is dominated by a large medical center and has few residents. Neighborhoods north of Delmar Avenue tend to be much poorer and blacker than their neighbors south of Delmar. The inclusion of several blocks north of Delmar therefore has the effect of modestly depressing the average income and increasing the poverty rate and racial diversity for our Central West End data.

⁴⁴ Goell, 2007; West End Word, *About the West End Word*, retrieved from: <http://www.westendword.com/CallPage-9609.114137-Company-History.html#axzz2krJODTxP>; Jim Dwyer, personal interview, Aug. 13, 2013; Nicki Dwyer, personal interview, Aug. 8, 2013.

⁴⁵ We estimate that at least half of the population classified as poor by the census in this area is made up of students currently attending Washington University and Saint Louis University

⁴⁶ Goell, 2007; Forest Park Forever, "History," (2013), retrieved from: http://www.forestparkforever.org/learn/forest_park_forever/.

⁴⁷ Forest Park Forever, 2013.

⁴⁸ "Barnes-Jewish Hospital/Washington University rankings," *U.S. News and World Report*, (2013), retrieved from: <http://health.usnews.com/best-hospitals/area/mo/barnes-jewish-hospitalwashington-university-6630930>. Levitt, 1986. The decision to stay and improve the environment was not true of all of the medical center's institutions – St. John's Hospital and Shriners Hospital relocated to the suburbs.

⁴⁹ Goell, 2007; The City of St. Louis, Missouri, "Historic Preservation Tax Credit Programs," (2013), retrieved from: <https://stlouis-mo.gov/government/departments/planning/cultural-resources/national-register-historic-places/Historic-Preservation-Tax-Credit-Programs.cfm>.

⁵⁰ The City of St. Louis, Missouri, Historic Preservation Tax Credit Programs.

⁵¹ J. & N. Dwyer, personal interviews.

⁵² Arthur Perry, personal interview, Aug. 30, 2013.

⁵³ Metro Transit- St. Louis, "Metrolink History," (2013), retrieved from: <http://www.metrostlouis.org/About/History/The1990s.aspx>.

⁵⁴ Central West End Neighborhood Security Initiative, "About CWE NSI," (2013), retrieved from: <http://cwensi.com/>.

⁵⁵ "About the CWE North CID," *Central West End Scene*, (2014), retrieved from: <http://cwescene.com/about-the-cwe-north-cid/>.

⁵⁶ Brian Phillips, email communication, June 19, 2014.

⁵⁷ "Thoughtful" commercial and residential development is development that respects the historical and physical character of the community.

⁵⁸ The public schools are generally viewed as inferior though there are now some charter and magnet schools that are successful and the area has several private schools with good reputations. A Language Immersion Charter School (Spanish and Chinese) is located not far from the CWE and there are a number of well-respected private schools, including New City, Crossroads College Prep, and Rosati-Kain Catholic High School.

⁵⁹ The phrase "Delmar Divide" was made famous by a short BBC documentary with that name: <http://www.bbc.com/news/magazine-17361995>.