HOLLMAN v. CISNEROS

Deconcentrating Poverty in Minneapolis

Report No. 8:
Replacement Housing

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INTRODUCTION

The consent decree in *Hollman v. Cisneros*, signed in 1995, committed the Minneapolis Public Housing Authority, the U.S. Department of Housing and Urban Development, and their co-defendants to a series of dramatic policy changes. First, four north side public housing projects and dozens of scattered-site public housing units would be reviewed for possible demolition or disposition. Second, the defendants would create up to 770 units of replacement public housing in nonimpacted areas of the city and suburbs. Third, the displaced residents of the demolished scattered-site and north side public housing were to be relocated with public assistance. Fourth, the 73-acre north side site was to be redeveloped. Fifth, hundreds of tenant-based housing subsidies would be made available to Minneapolis public housing residents to enable them to move out of areas of race and poverty concentration. Sixth, changes in the operation of the Minneapolis Section 8 program would occur to make it easier for participants to exercise geographic choice. Finally, an affordable housing clearinghouse would be created to provide low-income families a centralized source of information about housing options in the metropolitan area.

The Center for Urban and Regional Affairs (CURA) at the University of Minnesota was contracted by the Family Housing Fund of Minneapolis–St. Paul and by the State of Minnesota in 1998 to conduct an evaluation of the implementation of the consent decree. This is the eighth in a series of eight reports generated by the consent decree.

This report examines the effort to produce *Hollman* replacement housing in the Twin Cities metropolitan area through April 2002. The Minneapolis Public Housing Authority (MPHA) faced a number of technical and political obstacles in attempting to develop public housing units throughout the region. Each of these obstacles was overcome and as of April 2002, MPHA had development commitments in place for all 770 units of replacement housing. This report also presents the findings of a survey of neighborhood residents in five communities receiving replacement housing. The survey data provide a baseline summary of neighborhood conditions against which the impact of the replacement units may be assessed in the future.

REPLACEMENT HOUSING

BUILDING REPLACEMENT HOUSING

The consent decree in *Hollman v. Cisneros* established a number of requirements related to the development of replacement housing units in the metropolitan area. Specifically, the settlement called for replacement of all units demolished or taken out of service as public housing, up to a maximum of 770 units. Replacement units were to be built in nonconcentrated parts of the metropolitan area as defined in the consent decree. Some portion of the units demolished on the north side were to be replaced on site, with the exact number to be determined by a participatory planning process described in *Report No. 2: Planning for North Side Redevelopment*. In addition to the units on the north side redevelopment site, at least 80 more replacement units were to be developed in other nonconcentrated parts of Minneapolis. At least 380 units were to be placed in suburbs of the Twin Cities. The consent decree prohibited any replacement units from being placed within the city of St. Paul. These locational restrictions were intended to further the dispersion objectives of the settlement.

The replacement units were to be offered first to the families displaced from the north side public housing projects, then to families on the Minneapolis Public Housing Authority waiting list for public housing who were living in race- or poverty-concentrated neighborhoods, and finally to all others on the public housing family waiting list. These groups constituted the "plaintiff class," and 70% of the units built in the suburbs were to be set aside for them. However, in anticipation of the reluctance of suburban jurisdictions to cooperate in the remedy to a lawsuit of which they were not a part, the decree called for setting aside up to 30% of the units built in the suburbs for families currently on the suburban communities' waiting lists. In effect, this meant that the U.S. Department of Housing and Urban Development (HUD) and the Minneapolis Public Housing Authority (MPHA) would be providing public housing units to help suburban communities partially meet their demand for subsidized housing in return for their accepting *Hollman* units reserved for the plaintiff class.

There were no restrictions on whether the replacement housing developed as public housing was to be new or rehabilitated existing housing. There was an expectation that the units would constitute a net addition to the stock of affordable housing in the region. This precluded light rehabilitation of existing affordable units and the conversion of existing subsidized units from one type of subsidy to public housing.

Early Efforts

The successful development of replacement public housing units throughout the metropolitan area was a significant challenge for all parties to the consent decree. The challenges were greatest in two areas: the technical elements of running a successful public housing development program in suburban areas, and the political obstacles of obtaining the cooperation of suburban communities.

By law, the MPHA has no authority to develop housing outside of the municipal boundaries of Minneapolis. The MPHA was therefore dependent upon the voluntary cooperation of nearby communities to build at least 380 units of public housing required by the consent decree to be built outside of Minneapolis.

The technical barriers resulted primarily from the way in which public housing subsidies are delivered to local agencies by the federal government. The first barrier is something called the Annual Contributions Contract or ACC. After construction of public housing, HUD enters into an ACC with the local public housing authority (PHA). It is through this ACC that operating and management funds are transferred by the federal government to the local PHA. "Holding the ACC" means entering into a long-term contract with the federal agency to operate the public housing in question and fulfilling the management and operational responsibilities associated with public housing.

Of course, it is possible in the *Hollman* case for the MPHA to hold the ACCs for the public housing built in suburban areas. This is, in fact, what was done for the first few projects completed pursuant to the decree. However, because MPHA is a larger, older agency operating in a central city, the HUD subsidy formula provides it with a smaller subsidy per unit compared to newer, smaller PHAs operating in suburban areas. Development of the first 20 units in this manner demonstrated that the costs associated with operating suburban units were greater than the subsidy received for these units through the ACC. According to MPHA officials, the agency was losing money on each suburban unit, leading to a situation in which the agency's other units, located within the city of Minneapolis, were in effect subsidizing the suburban *Hollman* units.

The MPHA's first attempt to deal with this problem was to ask the Metropolitan Council, in 1995, to hold the ACCs for suburban units. At that time the Met Council did not agree to do so. The Met Council Housing and Redevelopment Authority (HRA)—the Minnesota equivalent of PHA—only operated a tenant-based Section 8 program in suburban areas that did not have their own HRAs. At that time, the Met Council was not interested in expanding its role of directly providing subsidized housing. It was not until December 1998 that the Met Council agreed to act as a developer of *Hollman* public housing units in suburban areas.

A second technical obstacle to gaining the cooperation of suburban housing agencies was a public housing program provision that made improvement grants available only to

PHAs that owned and operated more than 250 units of public housing. The only money available to smaller PHAs was through a competitive grant program. These improvement grants are utilized for nonroutine maintenance and modernization of aging projects. Given the high expectations for the physical quality of the suburban public housing that was to be built under the *Hollman* decree, it made little sense to smaller agencies to hold the ACC if they would not have guaranteed access in the future to modernization funds. This obstacle was ultimately overcome when HUD created the Capital Fund Program in 1998 and made it available to all PHAs on a formula basis.

From 1995 through 1998, successful implementation of the replacement housing requirements in the suburbs meant locating an agency that had the administrative capacity to hold the ACC, that was willing to do so, and that had the number of units to qualify for modernization funds. Some suburban communities had existing HRAs with the authority and the capacity to hold ACCs, but did not have the number of units necessary to qualify for modernization funds. The Scott and Carver County HRAs participated in some early projects in the far southwestern suburbs, but lacked the number of units to make the HUD threshold for improvement funds. The Washington County HRA lacked administrative capacity in the mid-1990s to run a public housing program. Some agencies had both the administrative capacity and the necessary number of units, but not the political desire to participate. For example, in Dakota County, which has one of the most professional and capable HRAs in the region, County Commissioners simply refused to participate in the *Hollman* program because of the 70% set aside of units for the plaintiff class. In fact, in 1998, the parties to the decree reluctantly agreed to an amendment that limited the 70% set aside to the first 10 years of operation to entice more suburban communities to participate.

Because suburban public housing was a losing proposition for MPHA from a financial standpoint, and because no other agency stepped forward to hold the ACCs in the suburban areas, progress on construction of *Hollman* units in the suburbs was extremely slow in the first few years after the decree was signed.

At the same time, the City of Minneapolis was making little progress on its allocation of replacement housing. Outside of a single eight-unit project a couple of miles north of the project site, the city took no steps to begin identifying nonimpacted areas within its boundaries in which to place housing. In part this was due to a decision by MPHA to focus their efforts on getting suburban units built first because these would be the greatest challenge. However, there was also a lack of political will within Minneapolis to build more public housing units.

The Hollman *Implementation Group*

By June 1998, the Sumner and Olson projects had been demolished, 250 families had been relocated throughout the region, and planning for the redevelopment of the site had been completed, yet only 19 units of replacement housing had been built and only 48 others had

been financed. Development of replacement housing was clearly lagging behind all of the other elements of the decree. At this point, MPHA was still casting about for workable strategies. The Family Housing Fund of Minneapolis–St. Paul (FHF), a nonprofit organization that finances affordable housing development in the metropolitan area and that has public officials from across the region on its board of directors, began to convene monthly meetings of officials from the list of agencies who were defendants in the lawsuit and from other agencies active in producing affordable housing in the region. The meetings of what came to be called the *Hollman* Implementation Group (HIG) were organized and run by FHF executive director Tom Fulton, and the goal was to assist with the implementation of the replacement housing objectives in the decree.

During the next two-and-a-half years, HIG met and strategized about how to make the replacement units happen. Membership in the group expanded in the summer of 1999 when the participants realized they would need representatives of all of the suburban agencies responsible for affordable housing, as well as representatives of the plaintiff groups. By 2000, close to 20 people representing 12 local governmental bodies were regularly meeting each month to discuss progress on the development of *Hollman* units. Such a wide representation allowed HIG to deal with a range of factors that inhibited the timely implementation of the consent decree's replacement housing requirements.

The participation of local officials did not mean, however, that local political obstacles had been surmounted. Although the director of the Dakota County HRA was an active member of this group, for example, the county still refused to take any *Hollman* units. Similarly, the official from Ramsey County attended despite the opposition of county commissioners there to participation in *Hollman*-related developments.

In the summer of 1998, HIG worked on three issues: how to make the Section 8 certificates and vouchers more effective in the region, the possibility of converting some portion of the 900 special mobility certificates into "project-based" subsidies, and how to get replacement units built more quickly in the suburbs.

Section 8 The Section 8 program was important to the implementation of the *Hollman* decree because HUD had committed to the region 900 Section 8 subsidies to assist in the dispersal of low-income families. In large part, the effectiveness of the decree rested on how easily these subsidies could be used in suburban areas. The growing affordable housing crisis in the Twin Cities region and the low vacancy rates characterizing the regional housing market made the use of these subsidies very difficult and threatened this central element of the decree. A fuller description of the group's efforts in this area is contained in *Report No. 7: Mobility Certificates.*

"Project-Basing" Section 8 Subsidies The second issue pursued by HIG was converting some of the tenant-based Section 8 subsidies provided by HUD as part of the consent decree into project-based subsidies.[1] This was intended to help solve two problems. First, it was seen as a way to utilize the subsidies that were going unspent because families could not use their tenant-based Section 8 subsidies. Second, it was a way to produce replacement units. Project-based Section 8 subsidies can help alleviate production problems because these units are not subject to the same constraints as are public housing units. In addition, concerns about ACCs and the capacity of local agencies to qualify for improvement funds are avoided because project-based Section 8 subsidies do not operate under these rules.

The problem with project-based Section 8 subsidies, and the ironic part of this strategy, is that they fly in the face of more than a decade of HUD policy. Since the 1980s, HUD has been shifting its subsidized housing efforts away from project-based assistance and toward more portable tenant-based subsidies. In fact, such an objective was no small part of the *Hollman* settlement; HUD provided 900 tenant-based subsidies to members of the plaintiff class for the express purpose of furthering the shift in federally subsidized housing away from project-based subsidies toward tenant-based assistance. From this perspective, project-based subsidies would constitute a step in the wrong direction. Moreover, project-based subsidies would require approval of the plaintiffs to the lawsuit as well as approval from HUD.

Approval of project-based subsidies by Legal Aid was swift; the lead attorney in the case for Legal Aid indicated in the summer of 1998 that such subsidies were acceptable. But getting the National Association for the Advancement of Colored People (NAACP) to act on the issue was more difficult. The organization's new leadership was not supportive of the move, and during much of 1999 there was a leadership struggle in the group that precluded the development of any coherent policy related to this matter. In the end, even after the leadership struggle was resolved, the NAACP was not supportive of the move. A formal proposal to HUD was never made.

However, in 2000, MPHA pursued another method to shift these subsidies into project-based form. Every year since 1995, when the consent decree was signed, HUD had authorized sufficient funds to subsidize 900 mobility certificates and vouchers in the region. However, few people utilized these funds (about 200 of the 900 had actually been used by 1999). Consequently, millions of dollars in unspent subsidies were being returned to HUD each year because the mobility certificates were not being used. In early 2000, the MPHA requested that the unused budget authority from the mobility certificates be converted into project-based subsidies to help with the development of replacement units. This proposal

[1] Project-based subsidies are forms of housing assistance that are tied to particular units of housing. It is this form of housing assistance that has been most commonly concentrated in disadvantaged neighborhoods in the past. Tenant-based subsidies like Section 8 certificates and vouchers are seen as having an advantage over project-based subsidies in this respect because households can take the subsidies with them and use them throughout the market.

had a much better chance of being approved by HUD and it did not require an amendment to the consent decree (and thus did not require approval of all the parties to the lawsuit). In February 2001, HUD approved the proposal and $28.5 million became available for development funds.

Building Replacement Units The central challenge facing HIG and MPHA was figuring out how to get *Hollman* replacement units built. The obstacles were many and they appeared to differ from community to community. As the committee members suggested, in some communities there was a need for "public education" (which is another way of saying that the not-in-my-backyard syndrome was the chief problem). In other communities, the problem was administrative capacity to hold ACCs.

In the wake of the settlement negotiations, most local officials were uncertain of the technical and financial obligations involved in participating in public housing development. The *Hollman* Implementation Group gathered information from MPHA and from consultants until it had a picture of the exact development costs and the operation and maintenance subsidies available from HUD for such housing.

The committee focused on identifying an agency that could hold the ACC in those suburban areas where the capacity did not exist. The group explored the idea of creating a new multijurisdictional entity to serve this function through the creation of a joint powers agreement (JPA) among local governments. Ultimately, however, the JPA faced the same problems with political buy-in that the other approaches faced. Local communities were uncertain of their financial commitment if they agreed to participate in a JPA, and more importantly, there was still a great deal of opposition to public housing in its own right.

As the likelihood of a JPA faded, the attention of the *Hollman* implementation group shifted to other strategies. One strategy was to place some *Hollman* units in St. Paul. In the summer of 1999, the St. Paul PHA had expressed a willingness to take up to 100 units, and it was making another contribution to the effort to build replacement units by offering technical assistance to the Met Council as it attempted to gear up to develop some *Hollman* units. Placing units in St. Paul required an amendment to the consent decree, which was completed in May 2000. The amendment allowed up to 300 units of replacement housing to be put in St. Paul subject to the same restrictions as other replacement housing—that it be located in nonconcentrated neighborhoods, and that 30% of the units could be filled by persons on the St. Paul waiting list for housing.

The Met Council's Role

Another strategy pursued by HIG and MPHA was to resurrect the possibility of the Met Council holding the ACC in smaller communities. The MPHA had first broached this idea with the council in 1995, but it was rejected. Despite the fact that the Met Council representative to HIG raised the possibility again in an early meeting of the group, it was set aside in favor of investigating the JPA solution. However, in December of 1998, the council

signaled its willingness to hold the ACCs in suburban areas but not own the units (preferring to partner with nonprofits or other public agencies for this purpose). Both the Family Housing Fund and the MPHA offered to assist in the hiring of a development coordinator, and the St. Paul HRA provided additional technical assistance to the Metro HRA, which had never developed affordable housing before. Shortly thereafter, incoming Governor Jesse Ventura appointed a new set of Met Council Commissioners and the transition temporarily derailed progress on the Met Council's *Hollman* strategy. Ten months later, in October 1999, the council hired a coordinator to head their *Hollman* development effort. In January 2000, the Met Council agreed to own the public housing built as *Hollman* replacement units, but only in communities where the local government had agreed to them.

Funding Gap

Even absent any of the other political and technical obstacles to developing public housing in suburban areas, there was a funding gap from the beginning. The 1998 MPHA estimates indicated that they could spend no more than $93,000 per unit to develop all of the units called for in the decree. However, most of the units that had been built up to that point had been more expensive, and the possibility existed that costs would be even higher in many of the other suburbs in which MPHA wanted to develop units. All parties to the lawsuit began to worry whether enough money had been set aside by HUD in the original agreement to develop all of the replacement units. In fact, there were two funding gaps: the gap between the maximum cost allowed by HUD and the average cost to build 770 units, and the gap between the maximum cost allowed by HUD and the actual cost of each unit. In January 1999, based on the cost of *Hollman* units developed to that point, HIG estimated that the existing development funds would produce about 630 units rather than the 770 called for by the decree. A year later, the Metropolitan Council officials working to develop units in the suburbs estimated the development gap at about $28 million.

Funds from other existing programs run by the state, the Family Housing Fund, and the counties could be used to supplement HUD *Hollman* dollars and make them stretch farther. Such a strategy, however, meant that *Hollman* units might not represent a net addition to the affordable housing stock if building them involved diversion of existing funds that had been earmarked for other affordable housing development projects.

In January 1999, MPHA and HIG members began to think that perhaps a HOPE VI grant from HUD would provide additional development funds to address the gap. This made sense from a programmatic view in that the objectives of the HOPE VI program were identical to those of the *Hollman* settlement: the improvement of public housing conditions and the deconcentration of subsidized households. Furthermore, according to local HUD officials, HUD was considering concentrating HOPE VI funds in those cities in which

consent decrees similar to *Hollman* were operating. The MPHA submitted a HOPE VI grant application in 2000 but did not receive funding from HUD.

Another option considered was moderate rehabilitation of existing units. However, some members of the group argued that while this might bring down average development costs, it could include relocation costs for households inhabiting the units and, more importantly, would not constitute a net gain of affordable housing in the region.

In the end, the funding gap was substantially closed when HUD agreed in January 2001 to convert unused budget authority designated for Section 8 mobility certificates into development funds to cover the shortfall.

Creating Scattered-Site Replacement Housing

In one sense, all of the replacement housing built pursuant to the *Hollman* consent decree is what is called "scattered-site" housing. The units have been distributed widely across the entire metropolitan region and no single development contains more than 12 units or allots more than one-third of the development's total units to *Hollman* replacement units. Many of these units, however, are in larger subsidized housing developments. Even though the other units in the project are not subsidized with *Hollman* money, technically, the *Hollman* units do not fit the definition of scattered-site housing. Thus, a further distinction can be made between units that are part of larger subsidized developments and units that are purchased individually in duplexes, or as single-family homes or town homes, and then rented out as *Hollman* replacement units. Units that are individually purchased by public agencies and then leased to *Hollman* families can be more accurately referred to as scattered-site units. There are five agencies that have produced scattered-site *Hollman* replacement units: the MPHA; the Metropolitan Council; and the Washington, Scott, and Carver County HRA.

Minneapolis

Just one month after the signing of the consent decree, Minneapolis officials found that they would have trouble convincing their own council members from wards with little subsidized housing to accept scattered-site public housing, let alone suburban officials who have historically been antagonistic to low-income housing. In May of 1995, Mayor Sharon Sayles Belton introduced to the city council a set of housing principles that made dispersal of affordable housing a central tenet for city policy. The council as a whole did not respond favorably. Council members from neighborhoods with few subsidized housing units feared that dispersal would merely spread blight throughout the city. One suggested that neighborhoods should not have to take more than the metropolitan area's average of affordable housing (which then stood at 5.8% of all housing units). Another argued that redistribution of low-income units within the city should not be pursued because it "would take pressure off suburbs to accept their fair share" (Brandt and Draper 1995, 8A). The council voted 7 to 6 to return the principles to committee for further refinement. Although the principles were accepted by the council later that summer, Minneapolis council member Joan Campbell

called the initial hearing "one of the ugliest council meetings" she had ever attended (Brandt and Draper 1995, 8A).

In opposing the principles, council members were simply adapting portions of the deconcentration argument to their own areas. They were, in fact, echoing the argument that the city had already done its share in producing low-cost housing and that it was time for the suburbs to make affordable housing available in their areas. In addition, council members were concerned that the blight associated with concentrated poverty would move into their districts when subsidized housing was placed there. These positions, however, did not help to convince suburbanites that they should be the ones to take subsidized housing. As one suburban housing official said at the time, "If they don't want [the low-income housing units], how can they go out to the suburbs and ask us to take them?" (Brandt and Draper 1995, 8A)

Based on the consent decree, Minneapolis had an allocation of "at least 80" *Hollman* units in nonimpacted neighborhoods throughout the city. But four years later, in the spring of 1999, only one development with eight units had been completed. The City did not make a concerted effort to develop any additional *Hollman* units until the protest actions of 1999, when the mayor delayed demolition of the Glenwood and Lyndale projects in the face of resistance from affordable housing and north side activists (see *Report No. 2: Planning for North Side Redevelopment*). It was only in the context of the severe shortage of affordable housing in the city, the protests of community activists, and the demolition of the remaining 300 units of public housing that the city began to meet its replacement housing obligations. During the summer of 1999, the mayor pledged to increase the rate of replacement housing development in the city. The city's self-imposed deadline was to have all 88 units occupied by April 2000, one year earlier than the deadline set in the consent decree.

The Minneapolis Public Housing Authority created an allocation formula for determining how many units would be acquired in each of the city's nonimpacted neighborhoods. The agency looked at the number of public housing units, Section 8 units, group homes and halfway houses, and other subsidized units in each planning district in the city. (There are 11 such districts in the city, each slightly larger than a city council ward and combining several neighborhoods.) The formula for distributing the *Hollman* replacement units was aimed at equalizing the distribution of all of these units across the city. This resulted in the southwest and northeast districts receiving the most *Hollman* units (28 and 18, respectively). By October 1999, MPHA had acquired 30 units, but only 34 units were actually occupied by the end of April 2000. A total of 75 units were occupied by the end of 2000, and the City of Minneapolis met the consent decree deadline by having all units occupied by April 2001.

Washington County

Washington County agreed in 1997 to accept 60 *Hollman* replacement units at the request of the MPHA. But as was the case throughout the region, little progress toward completing the replacement units had been made by the beginning of 1999. In that year, the Family

Housing Fund made a grant to the Washington County HRA to hire a consultant to work on developing replacement units. The first home purchased was a single-family home in Cottage Grove. The house had already received renovation funds from the Washington County HRA, but the owner was in default and facing foreclosure. The house was purchased in July 1999 and became the first of 46 single-family and town home units acquired by the HRA in a nine-month period. The agency purchased homes that were already on the market or that HUD had foreclosed upon. In this way, the agency avoided displacing families and eliminated relocation costs. The agency had difficulty purchasing and rehabilitating units for the amount allowed by HUD, however, and gap funds from the Met Council and the Family Housing Fund were necessary.

The HRA had "blanket authority" from the Washington County Board of Supervisors to acquire units in all of the county's municipalities. This meant that the agency did not have to seek approval of individual city councils for the units they purchased. This helped to speed the process dramatically.

Carver County

The Carver County HRA entered into an agreement with MPHA in 1998 to develop 50 scattered-site units. The HRA began acquiring units in that year and leased its first unit in 1999. The HRA had difficulty finding property for which the purchase and rehabilitation costs did not exceed the total development costs allowed by HUD for public housing. The need to find less expensive housing in the growing suburban areas of the metropolitan area slowed progress. In fact, the agency calculated that it would fall about $1.5 million short of the resources needed to purchase and rehabilitate the 50 units to which it had agreed. In other words, the agency would have been lucky to get 40 units completed with the resources they were originally allocated. Ultimately, HUD's agreement to allow MPHA to convert unused Section 8 authority into replacement housing capital made up the difference. To date, the agency has averaged $160,000 per unit for purchase and rehabilitation.

The agency also attempted to avoid competing with first-time homebuyers in the area, so it only pursued single-family homes and duplexes that had been on the market at least six weeks. Unlike the Washington County HRA, the Carver County agency had to seek approval from individual communities before proceeding.[2] Some cities required a formal vote of the city council, while in other cities the staff approved the agency's proposals. Carver County HRA staff indicated that some communities, such as Chaska, were quite receptive to the housing as long as the agency could show that it would not be reconcentrating the units within the city. In other places, according to HRA staff, "council meetings [were] very difficult to go through. It was incredible what would come out of people's mouths" when they opposed this type of housing.

[2] Although the Carver County Board of Supervisors gave the HRA blanket authority, it did require the agency to contact individual cities before proceeding. This gave cities the option of pursuing a less formal means of reviewing the project and approving it.

The consent decree's mandate that 70% of the replacement housing be held for Minneapolis families was an obstacle to its acceptance in many places. According to HRA staff members, "some places would have loved this housing had their own residents been placed in the units." Other public officials expressed concern about the potential lost revenue to the city from the property taxes that would not be collected if the property were owned by the HRA. Still others expressed concern about the additional burdens such housing, and the families who lived in such housing, would place on the local schools.

Finally, there was "a definite tendency for officials to want us to take their bad units" according to Carver County HRA staff. That is, the officials would agree to the purchase of homes by the HRA only if those homes were blighted properties. There were two reasons for this stand on the part of suburban officials. First, they felt that the program would produce more of a tangible benefit to the community if it meant the improvement of the city's worst properties. Second, the neighbors of such properties would be less likely to be vocal in their opposition.

In the end, the HRA purchased property in every community they had originally targeted. City leaders changed, elections changed the face of the city councils, new city managers were hired, or, as happened in at least one case, the most vocal opponents simply missed the public meetings at which the issue was decided. The agency purchased 13 units in Chaska, 14 in Chanhassen, 5 each in Norwood and Waconia, 3 each in Victoria and Cologne, 2 in Watertown, and 1 in Carver.

After making the purchases, the agency had difficulty attracting bids for the rehabilitation work. In the hot housing market the Twin Cities was experiencing during these years, contractors were more attracted to opportunities to build $300,000 homes rather than to the uncertainties of smaller rehabilitation work in which, according to one staff member, "you never know what you are going to find behind the walls."

Agency staff members indicated that they have "had to become extra vigilant in tenant screening and property management." The screening procedures set up by the agency reassured many reluctant city officials that the project could work. At the same time, one staff member said,

> we have to be careful about setting these families up for failure. Their neighbors are looking for anything to complain about. They live in a glass box out there. Depending on where they are, their neighbors are terrible to them. Our tenants are responsible for the outside maintenance of their homes. From some neighbors we hear it if a tree branch falls on their property, or if the grass gets higher than 3 inches. Meanwhile, the neighbors down the block can have a lawn that is twice as high and there is no problem.

According to the staff, this kind of response by neighbors is common for minority residents.

Metropolitan Council

The Met Council's pledge that they would only work in communities that explicitly agreed to have replacement units turned out to be an important one. In practice, it meant that the council would need approval from each individual community where they wanted to build public housing. In contrast, the Washington County HRA had been granted authority by the county board to develop individual *Hollman* projects in communities without a separate cooperation agreement with each city. Met Council staff and officials did not pursue that strategy because they felt that the possibility of success was too low (as a regional entity, the Met Council would have required approval from the state legislature to get blanket authority, an unlikely event). The council's enabling statute requires it to obtain prior approval from cities before implementing any housing project. The lack of blanket authorization essentially negated any advantage that might have come from having a regional body involved in the development process. The Met Council's entry into the development effort may have solved the technical problems of creating *Hollman* units in the suburbs, but it did nothing to circumvent the political resistance of local governments to public housing.

Throughout the last half of 2000 and well into 2001, Met Council development staff met with individual cities. Working in Anoka and suburban Ramsey and Hennepin Counties (areas not covered by other PHAs in the region), and limited to negotiating with communities to get their consent to develop public housing, Met Council staff made little progress at first. The council began by bargaining with communities and offering them deals for senior housing in exchange for accepting *Hollman* units. A change in staff, however, led to a reduction in what the council was willing to promise communities. Although on a couple of occasions the new council staff promised that any senior Section 8 project submitted by a community that accepted *Hollman* units would be given high priority by the council, in the end this was not an important element in any of the agreements between the council and individual communities.

Met Council staff also worked to avoid a public confrontation on the issue of accepting *Hollman* units. They negotiated with city staff members behind the scenes and attended "work sessions" with city council members to discuss *Hollman* and public housing. Met Council staff never brought a project to a public vote unless they were confident of victory, trying to "avoid a momentum of opposition" from being generated, as one Met Council staff member put it. In practice, this meant there were no such votes in any community for several months.

Met Council staff members began their efforts in the first-ring suburbs north of Minneapolis. The initial response on the part of the communities they approached was to offer the Met Council the worst units in the housing stock or to impose on the council a set of conditions on development to which they would not agree (e.g., the purchase of units that did not exceed 80% of the community's median value, or a commitment to make improvements equal to 30% of the value of the house). Many communities objected to the

loss of property tax revenue (public housing is exempt from local real estate taxes), even though council staff tried to show that the reduction in revenue would amount to roughly 0.2% annually. One Met Council staff member claimed that these demands and concerns were simply "another way of saying, 'no.'"

After two months in the northern suburbs, Met Council staff tried another strategy: they looked at the comprehensive plans of suburban communities to find those that identified affordable rental housing as a need, and then focused their efforts in these communities. Council staff combed through the plans looking for statements about the need for affordable housing, and then used the statements as leverage in their negotiations with communities.

But a vague and unsubstantiated statement concerning the lack of affordable rental housing buried somewhere in a comprehensive plan is not the same as a statement of willingness to accept Minneapolis public housing units. *Hollman* units remained a tough sell in the suburbs. Several northern suburbs with relatively less expensive housing stocks suggested that the Met Council spend its time building *Hollman* units in Edina, Minnetonka, or Eden Prairie, more affluent suburbs to the south and west of the city. Such a strategy would have made more sense from a dispersal standpoint, and would have relieved the fear on the part of more affordable northern suburbs that a reconcentration of low-cost units was planned for their communities. Met Council staff had started elsewhere because high housing prices in wealthier suburbs meant higher acquisition costs than the program could afford.

The council enlisted the help of regional affordable housing advocacy groups to help make the case for the need for *Hollman* units, a somewhat ironic alliance since these groups had been vocal critics of the Council's lack of initiative on the issue in the past.

By February 2001, the Met Council still had not closed a single deal in the suburbs. The MPHA publicly expressed its concern that the council would not fulfill its agreement to develop *Hollman* units and considered reallocating some of the Met Council units to the St. Paul PHA (Brandt 2001). The agency's efforts finally paid off when, a couple of weeks later, it announced its first agreements. By May 2001, the council had entered into agreements with the cities of Plymouth, Minnetonka, Eden Prairie, Edina, Maple Grove, Golden Valley, Shoreview, Roseville, Coon Rapids, and Blaine that covered the agency's entire allocation of 150 units.

Political Resistance

Political opposition has been the most enduring and widespread obstacle to fulfilling the replacement housing objectives of the consent decree. As one suburban official said early in the process, "public housing is simply not an acceptable strategy in many places. Elected officials simply won't go for it and it is not on the table for discussion." Suburban officials were concerned that they would be asked to participate in a legal remedy to which they were not a party. Some objected to the interference in local decision making that was embodied in the dispersal plan, while others voiced concern that if they were to accept such housing and other communities did not, their communities would become "dumping grounds" for low-cost housing. As one MPHA official commented after almost two years of working with suburban communities, public housing in the suburbs "is not an easy sell. You have to spend some time dealing with the stereotypes of poor people" (quoted in Diaz 1997, 1B). Even within the city of Minneapolis, it took several years and renewed outcries over the availability of affordable housing to generate a meaningful city effort to create replacement *Hollman* units in nonconcentrated neighborhoods.

Early on, HIG created a marketing subcommittee to develop strategies for increasing acceptance of public housing in suburban areas. But the fierce opposition faced by even non-*Hollman* affordable housing proposals indicated to everyone involved how difficult the political battle was going to be.

One of the earliest suburban projects to include *Hollman* units, which was developed in Minnetonka, serves as an example. Opposition to this project was based not on the fact that a small percentage of the units were *Hollman* units, but rather on the fact that the project as a whole would be devoted to "affordable" housing and that it involved developing a previously wooded lot adjacent to an area of single-family homes. According to the developer, opposition to the project initially focused on concerns about parking, traffic, and density. Once the development's projected rent levels became known, however, opposition to the project shifted away from traffic and focused on the issue of affordability. The developer received threatening phone calls at home, and elected officials required the developer to meet repeatedly with neighbors and go through multiple reviews by city agencies. It took more than one year for the development to receive approval, including what the developer called "several months of ugliness."

In this particular case, city development staff were supportive during the process and the Metropolitan Interfaith Coalition for Affordable Housing (MICAH) was able to organize support for the project. In the end, the Minnetonka City Council approved the project on a vote of 6 to 1. According to the developer, the *Hollman* public housing units had not made the situation worse; the neighbors were opposed to affordability at any level.

In Washington County, where the HRA received blanket approval to purchase scattered-site homes for development as *Hollman* replacement units without approval from individual

communities, an official reported that one mayor urged the HRA to "do more, just don't tell me about it." In other communities, acceptance of *Hollman* units was made contingent on other actions. One HIG member recounted that in order to get approval for two *Hollman* units in Ramsey, the city wanted the developer to move a bicycle path and develop 11 units of senior housing next door. This method of providing senior units in exchange for (or in anticipation of approval for) affordable units has been used successfully in some communities by other agencies. As one HIG member said, "it's a way in." Making *Hollman* units contingent on the development of senior units, however, has the potential to slow the process even further and has the drawback of tying the success of replacement housing to the availability of development funds for senior housing. In the end, those attempting to develop *Hollman* units avoided this strategy.

Overcoming political opposition to public housing in the suburbs was not made easier by the lack of replacement housing activity within the city of Minneapolis. From 1995 through mid-1999, the City had acted much as suburban jurisdictions had acted: as if they didn't want the units. Indeed, given that roughly three to four times the number of *Hollman* units had been built in the suburbs through 1999 as had been built in the city, one could argue that suburban communities actually had been more welcoming of these units.

Production

Throughout this entire process, it remained the responsibility of the MPHA to actually develop the replacement units. The agency took three approaches to development. In some cases, MPHA developed the units by itself. This was the method used for most of the units created within the city of Minneapolis. In such cases, the MPHA owned and operated the units and held the ACC.

The second approach involved the MPHA partnering with another public agency on a project-by-project basis to complete the development. These "mixed-finance" developments were owned and operated by a separate entity, but MPHA held the ACC. In such cases, the *Hollman* units constituted a subset of all the units in the project and brought with them a separate funding stream.

The third approach involved MPHA entering into a written agreement with another public agency and passing through to that agency the development and operating subsidies necessary for them to build and operate the public housing. The MPHA made allocations to several agencies in this manner. The first such agreements were reached with the Carver and Scott County HRAs for 50 and 61 units respectively. Subsequent agreements were completed with the Washington County HRA for 60 units, the Metropolitan Council HRA for 150 units, and the St. Louis Park and Bloomington HRAs for 12 and 6 units, respectively. Upon receiving an allocation, the suburban HRA faced essentially the same decision as MPHA about how development was to occur: whether in PHA-owned developments (or scattered sites) or through "mixed finance" deals with private sector developers.

Rate of Production

Figure 1 shows the annual rate of *Hollman* replacement unit production since the consent decree was signed in 1995. Both in absolute terms and against the backdrop of demolition, it is clear that little progress was made for the first four years after the decree was signed. There was also little progress made for nearly two years after the HIG began to meet. But a combination of two factors—the increasing political pressure resulting from the region's escalating affordable housing crisis and the sustained efforts of MPHA and HIG—has led to an increase in the rate of development since 1999.

The breakthrough year for replacement housing was 1999. The region's affordable housing problem reached crisis proportions and the protests over the demolition of the north side units peaked in the summer of 1999 (see *Report No. 2: Planning for North Side Redevelopment*). This triggered the decision by the City of Minneapolis to expedite its efforts to create replacement units in nonconcentrated areas of the city as required by the consent decree. Before the year was out, the City had acquired most of the 88 units they had pledged. During 1999, Met Council staff laid the groundwork for getting the council members to approve a more active role in *Hollman* development, although the formal decision to approve the Met Council's ownership and direct operation of public housing units was not made until 2000. Washington County began its effort to purchase, rehabilitate, and lease single-family homes as public housing units in late 1999, although these units were not occupied until 2000. Hennepin County, although still unwilling to directly develop *Hollman* units, created in late 1999 a $2 million subsidy fund to assist in the development of *Hollman* units that was matched by another $1 million from the McKnight Foundation. In early 2000, HUD agreed to free up unspent Section 8 allocations to make up the development funding gap, ensuring that enough subsidies would be available to develop all 770 units.

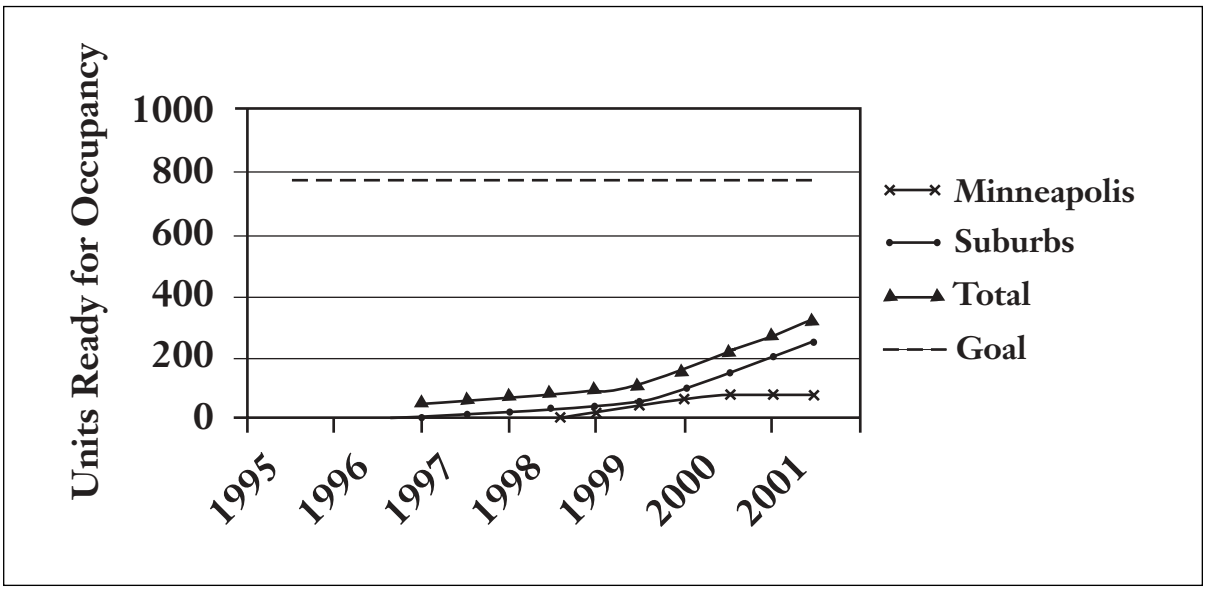

Figure 1. Production of *Hollman* Replacement Units, by Year

Summary

In many respects, the building of replacement housing pursuant to the requirements of the *Hollman* consent decree was an excellent example of the regional cooperation the Twin Cities region is known for. The MPHA cooperated with various regional housing agencies. A weighty, foundation-based nonprofit brought together all of the parties to the lawsuit as well as other affordable housing advocates to fashion a strategy to address the challenges of developing public housing units in suburban areas. The partners worked to solve a series of technical obstacles to building Minneapolis public housing in suburban areas. Although it is impossible to determine whether these solutions might have emerged without the actions of HIG, it is highly unlikely that they would have emerged as quickly. It was HIG, for example, that generated the pressure and the lobbying effort that convinced the Met Council to expand its role in the direct provision of public housing units in suburban areas.

What HIG could not accomplish, in the end, was to effectively change the political environment in which proposals for suburban public housing would be considered. Even without the technical hurdles, individual communities were little more predisposed to accepting Minneapolis public housing than they had been previously. The result was agonizingly slow progress on the actual development of units.

The temptation to amend the consent decree as a means of expediting replacement housing development was significant throughout the process. Several specific amendments were discussed by the parties to the suit, some more seriously than others. Yet virtually every one of the amendments would have softened the deconcentrating effects of the decree. The consideration of those amendments—and in some cases their adoption—illustrates the difficulties of developing subsidized housing in a way that truly accomplishes dispersal objectives. For example, the attempt to shift certificates to vouchers would have made the subsidies easier to use (vouchers are more flexible), and the attempt was made in recognition of the difficulty of using tenant-based Section 8 subsidies in the very tight regional housing market in the Twin Cities at the time. Such a shift toward vouchers, however, would have lowered the level of affordability for the typical family.

The desire to make some of the Section 8 subsidies project-based was also an acknowledgment of the difficulty of successfully utilizing tenant-based assistance. However, this was also a direct retreat from the objective of giving greater mobility choice to assisted families. Lawyers for the plaintiffs were also asked whether they would waive the requirement to set aside 70% of replacement units for Minneapolis families. One suburban county indicated it would join the development effort if this requirement were eliminated. Although in the end this was not done, it too would obviously have compromised the deconcentration effects of the decree.

During the replacement housing effort, the rule that units could not be placed in impacted census tracts or in St. Paul was relaxed in order to get one development completed on the south side of Minneapolis and to allow St. Paul to contribute to the replacement

housing effort. Again this technically was a step back from the deconcentration effort, but the decision was made in response to the difficulties of meeting the replacement housing objectives of the consent decree.

PROFILE OF REPLACEMENT HOUSING

Geographic Dispersion of Replacement Units

As of February 2002, 332 replacement units have been completed and are ready for occupancy. Of these units, 24% (80) are in Minneapolis and the rest (252) are located in various suburban communities across the metropolitan area. Figure 2 shows the geographic distribution of completed units and units under construction.

In Carver County, which is located in the far southwest of the Twin Cities metro area, most of the units (both scattered site and larger developments) are in Chaska and Chanhassen. There are a few scattered-site units in Waconia, Carver, Norwood, and Watertown. Carver County has a total of 65 *Hollman* replacement units.

In Scott County, project-based units exist in Savage and Shakopee, and Shakopee also has a number of scattered-site units. In fact, the 27 replacement units located in Shakopee are the second most in any single suburb in the region.

There are no replacement units at all in Dakota County, which is located to the south and east of Minneapolis.

Washington County currently has 56 *Hollman* units, most of them in the developing suburbs of Woodbury, Oakdale, and Cottage Grove. Woodbury alone is home to 34 replacement units, the most of any suburb.

Ramsey County (which includes St. Paul and its immediate suburban neighbors to the north and east) has 25 units in larger projects in Mounds View and Shoreview and scattered-site units in Roseville and Shoreview.

Anoka County, located to the north of Minneapolis, has 38 units, most of which are scattered-site units in Coon Rapids and Blaine.

Finally, suburban Hennepin County has 103 units. The majority of these units are in Eden Prairie, Maple Grove, New Hope, and Minnetonka, with smaller numbers in St. Louis Park, Golden Valley, Edina, and Plymouth. Within the city of Minneapolis, a few units are scattered throughout the city, including the more affluent southwestern neighborhoods.

Neighborhood Profile

Geocoding the addresses of replacement housing units allows an analysis of the neighborhood attributes of the replacement units. Census data were collected for each of the replacement units. Table 1 shows the neighborhood profile for the average replacement unit, compared to the neighborhood characteristics of the north side site and to the averages for the metropolitan area. The data show dramatic differences between the neighborhood

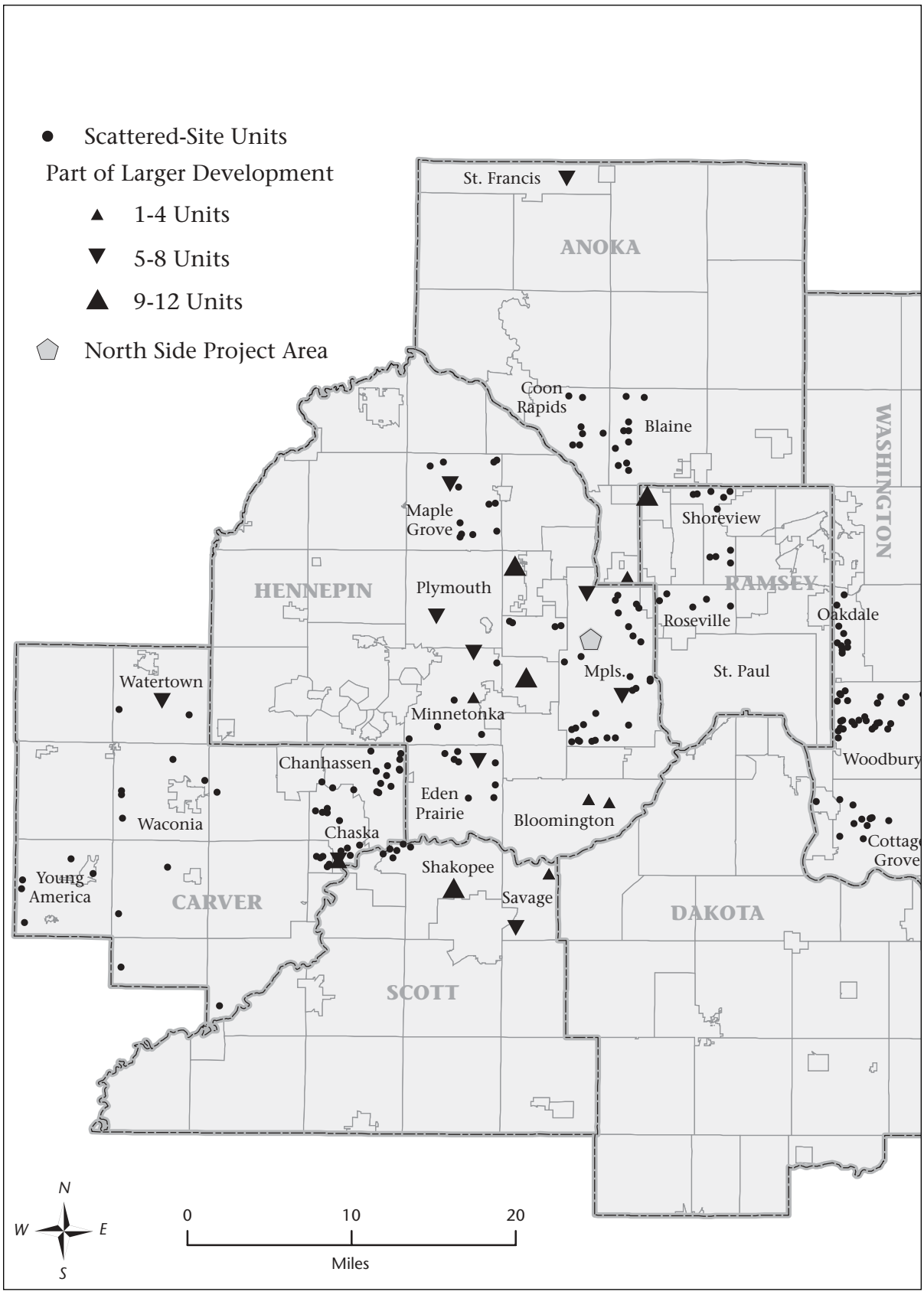

Figure 2. Geographic Distribution of *Hollman* Units Completed or Under Construction, February 2002

characteristics of replacement housing units and the original north side neighborhood. Most dramatic is the poverty profile: only 8.2% of children and 5.6% of all residents live below the poverty line in replacement neighborhoods compared to 79.7% of the children and 72.8% of the entire population in the north side site. In the replacement neighborhoods 81% of the population is employed, compared to only 34.7% of the labor force in the north side site. The table also shows that the replacement neighborhoods compare favorably to the entire metropolitan area, with a higher percentage of the population having earned a college degree, fewer very low income residents and residents below the poverty level, fewer female-headed households, and a greater employment rate than the metropolitan area as a whole.

Table 2 presents the data for the replacement units, and compares the data for replacement housing neighborhoods within Minneapolis and replacement housing neighborhoods in suburban areas.

The data indicate slight differences in the neighborhood profiles for city and suburban replacement units. Although most of the differences are statistically significant, in most cases they are not large differences. City neighborhoods that have replacement units have populations that are 88.6% White, while suburban replacement housing neighborhoods have populations that are 95.7% White. There are also differences in income, with suburban replacement neighborhoods averaging $1100 more in median household income than the city neighborhoods.

Table 1. Neighborhood Profile of the Average Replacement Unit (*N* = 429)

Neighborhood characteristic	Replacement units	North side site	Metropolitan area
Pct. White	94.2	5.8	92.1
Pct. Black	1.9	45.6	3.6
Pct. with college degree	35.6	5.3	27.1
Pct. very low income†	12.6	75.1	16.6
Median HH income	$40,290	$7,810	$36,565
Pct. receiving public assistance	3.9	60.5	5.5
Pct. children in poverty	8.2	79.7	11.2
Pct. population in poverty	5.6	72.8	8.1
Pct. households with female head	5.6	29.1	14.4
Pct. of labor force employed	81.1	34.7	74.3
Pct. homeowners	75.7	3.8	68.7
Pct. housing units built before 1939	17.8	14.1	20.5
Pct. housing units with 3+ bedrooms	58.8	14.5	54.0
Pct. very low rent‡	8.7	79.9	13.8
Pct. low-value homes§	32.7	100	39.0
Median home value	$91,290	$49,326	$87,400

† Residents with an income less than $15,000 per year.

‡ Residents with rent below $300 per month.

§ Residents with home values below $75,000.

Table 2. Neighborhood Profile of Minneapolis and Suburban Replacement Units by Location (*N* = 429)

Neighborhood characteristic	Minneapolis	Suburban	Sig.
Pct. White	88.6	95.7	***
Pct. Black	5.1	1.0	***
Pct. with college degree	36.1	35.4	—
Pct. very low income†	19.8	10.6	***
Median HH income	$31,892	$42,646	***
Pct. receiving public assistance	6.2	3.2	***
Pct. children in poverty	12.9	6.9	***
Pct. population in poverty	8.8	4.7	***
Pct. households with female head	6.1	5.4	*
Pct. of labor force employed	76.5	82.4	***
Pct. homeowners	68.0	77.8	***
Pct. housing units built before 1939	59.2	6.2	***
Pct. housing units with 3+ bedrooms	46.1	62.4	***
Pct. very low rent‡	6.1	9.5	**
Pct. low-value homes§	59.7	25.1	***
Median home value	$73,190	$96,369	***

* p < .05, ** p < .01, *** p < .001

† Residents with an income less than $15,000 per year.

‡ Residents with rent below $300 per month.

§ Residents with home values below $75,000.

The final comparison, shown in Table 3, is between neighborhood characteristics for the average scattered-site replacement unit and those units built as part of mixed-finance or housing authority developments.

Here the data indicate even smaller differences between the two comparison groups. Scattered-site units are in neighborhoods that are marginally higher income, with fewer very low income families and persons (including children) below the poverty level. There are also fewer residents on public assistance and more people who are employed in scattered-site neighborhoods. There are more homeowners on average in the scattered-site neighborhoods, and a slightly higher percentage of large units (3 or more bedrooms). The housing stock in the scattered-site neighborhoods is also somewhat more likely to be old (built before 1939).

Household Profile

Roughly one-third of the required replacement units were occupied by 2001. The initial experience suggests that these units will not deconcentrate Minneapolis public housing families in the way envisioned by the plaintiffs or the defendants. Although 70% of the replacement units built must be offered to members of the plaintiff class, if no family can be found to occupy the unit, the developers have the freedom to offer these units to whomever they wish. The initial figures suggest that the requirement to set aside 70% of the units is not being met. In fact, as of May 2002, only 57% of the occupied suburban replacement units were inhabited by Minneapolis families. Of these occupied suburban units for which information was available, 33% were occupied in May 2002 by White

Table 3. Neighborhood Profile of Minneapolis and Suburban Replacement Units by Type ($N = 429$)

Neighborhood characteristic	Scattered-site	Project-based	Sig.
Pct. White	94.3	93.8	—
Pct. Black	1.9	2.0	—
Pct. with college degree	14.8	12.4	***
Pct. very low income†	11.5	14.9	***
Median HH income	$41,446	$37,927	**
Pct. receiving public assistance	3.5	4.6	***
Pct. children in poverty	6.9	11.0	***
Pct. population in poverty	5.1	6.7	**
Pct. households with female head	5.2	6.3	***
Pct. of labor force employed	82.3	78.8	***
Pct. homeowners	78.1	70.8	***
Pct. housing units built before 1939	20.0	13.2	**
Pct. housing units with 3+ bedrooms	60.8	55.1	**
Pct. very low rent‡	8.0	10.3	*
Pct. low-value homes§	32.3	33.5	—
Median home value	$92,128	$89,578	—

* $p < .05$, ** $p < .01$, *** $p < .001$

† Residents with an income less than $15,000 per year.

‡ Residents with rent below $300 per month.

§ Residents with home values below $75,000.

families, 50% by African American families, 5% by Asian families, 5% by Hispanic/Latino families, 3% by American Indian families, and 4% by "other" families (mostly Somalian).

In suburban Washington County, for example, only five of the first 36 *Hollman* units (roughly 14%) went to Minneapolis families. The Washington County HRA agreed to accept an allocation of 60 scattered-site units from MPHA in 1999. Originally deemed not to have the administrative capacity to participate in *Hollman* development, the suburban St. Paul HRA upgraded its staff and improved its performance to the point where it was asked to contribute to the replacement housing effort. Between July 1999 and March 2000, the HRA moved quickly to purchase 46 single-family and town home units. The agency limited its acquisitions to homes already on the market and others in foreclosure, trying to keep costs down. As it was, the average cost per unit was above the HUD-approved level and required an injection of funds from the Family Housing Fund and the Met Council.

There were, however, significant difficulties marketing the units to Minneapolis families. First, the waiting lists that the Washington County HRA received from MPHA were out-of-date and inaccurate, creating difficulties in contacting families who were still eligible for and interested in suburban *Hollman* units. Second, even for those interested in suburban units, the Washington County homes were not very attractive. The county is located many miles from the north side of Minneapolis on the other side of St. Paul, and it is virtually unknown as a place to live for the Minneapolis public housing families. For those without a

car the units were out of the question. Even for those with personal means of transportation, moving to suburban Washington County often meant moving to a community about which they knew nothing. By early 2000, officials worried that some of the *Hollman* replacement units were being built too far away from the central city. Even the small town of St. Francis, 42 miles north of downtown Minneapolis, had *Hollman* units. Getting poor, central-city families interested in moving to a small town that far from the city proved to be difficult.

Carver County HRA staff described the difficulty they had renting their scattered-site units to people on the Minneapolis waiting list. The agency's office in Chaska is a 25-minute drive from the north side of Minneapolis. According to one staff member, when families arrive at the HRA office,

> they say, "wow, that was quite a drive." Then we take them another 20 minutes out to look at the house. This is just too far away for many families. The one thing that keeps some of them is the house itself. They look at the house and the thought of living in a single-family home would bring them to tears, and make them think that maybe they could live out here.

In other developments outside of Washington County, Minneapolis families often did not make it past the tenant screening phase. The MPHA tried to get the private management firms that operated in these projects to apply a less rigid set of criteria, but they were not always successful.

In the Twin Cities region, local officials learned that as difficult as it proved to be, getting the units built was not the only hurdle to clear in attempting to deconcentrate poor families through replacement housing. Once the units were in operation, officials had to find families who were willing and able to move into the units. Program officials were successful less than half of the time.

The consent decree could not, by itself, change the dynamics of the regional housing market. Affordable units were easier to produce where costs were lower and where political opposition was less vocal. Yet, these areas did not provide the greatest amount of geographic and socioeconomic dispersion. In addition, the replacement units eliminated only one constraint on the mobility choices of Minneapolis public housing families: monthly housing cost. These families continued to struggle with all of the other factors that constrain poor families in the housing market, including the lack of transportation, the lack of informal support networks, and unfamiliarity with large portions of the regional market. In the end, although many families expressed a desire to move to suburban areas, few actually made the choice to do so.

IMPACT OF REPLACEMENT HOUSING IN SUBURBAN COMMUNITIES

Survey of Neighborhood Residents

In April 1999, questionnaires were sent to randomly selected residents of five neighborhoods in New Hope, Chaska, Minnetonka, Minneapolis (Lyndale), and Mounds View. These residents lived within a one-mile radius of the center of the replacement units for the *Hollman* project in north Minneapolis. Respondents answered questions about their overall satisfaction with their neighborhood, its general appearance, and their feelings of safety, and they rated their neighborhood as a place to live. Mailing and data collection were conducted from April 2 to August 30, 1999. Questionnaires were completed and returned by 481 residents living near the replacement sites for a response rate of 49%. Survey respondents were geocoded for proximity to the project site, making it possible to measure how close to the project each respondent lived.

Sampling Design

At the time of the survey, there were 12 possible replacement housing sites that could have been surveyed. The Prosperity Village development on North Lyndale Avenue in Minneapolis was chosen because of the desire to include one development in the central city in the sample. The Crown Ridge development in Minnetonka was chosen because it represented the only high-density apartment development available at the time. The Brickstone Townhomes and East Creek Carriage Townhomes were chosen because they provided the opportunity to study the impact of multiple *Hollman* developments in the same location. Both of these developments are in the city of Chaska, and there is significant overlap in the one-mile radius from each project that we used to measure neighborhood impact. The Silver Lake Commons project in Mounds View was chosen because at the time it was the only site in the northeastern portion of the metropolitan area. Finally, the Bass Lake Townhomes development was also used because at the time of the survey it was still in the planning stages. Thus, we were able to collect data on neighborhood conditions before the replacement housing was built.

The objective of the survey was to determine the impact of replacement public housing on people's satisfaction, sense of safety, and confidence in the neighborhood. A stratified random sample of household addresses was selected from residents living within a one-mile radius of the replacement housing sites. Equal numbers of households were selected from each of three concentric rings within the one-mile radius: those living within one-quarter mile, those living between one-quarter mile and one-half mile, and those more than one-half mile. Although we sampled equal numbers from each ring, there are more households living in the second ring compared to the first, and in the third ring compared to the second. Thus, responses from each ring are weighted to get a comprehensive and accurate accounting of all residents within the neighborhood area. Because there were two replacement developments in Chaska, twice the number of surveys were sent to this community.

Profile of the Replacement Housing Projects

Prosperity Village is a three-building multifamily rehabilitation project located on North Lyndale Avenue in north Minneapolis. The three-story buildings are located on the edge of a residential neighborhood characterized by both multifamily and single-family homes. There is also a small commercial district within a one-mile radius. Interstate 94 runs just east of the property. The project includes 25 units, 8 of which are *Hollman* replacement units.

The **Crown Ridge** apartment complex is a 64-unit development in Minnetonka, located just off of Hopkins Crossroads north of Interstate 394. The building is located near other large apartment buildings to the west. Just south of the site is a new upscale commercial complex and Interstate 394. There are significant traffic and development barriers between the apartments and a neighborhood of single-family homes to the northwest. There is also a park located near the complex.

The **Brickstone Townhomes** and the **East Creek Carriage Townhomes** are both located in Chaska. Brickstone is in downtown Chaska in the heart of the residential and commercial community. A range of commercial activities and the city's central square are within walking distance. The East Creek development is located just more than one mile from downtown in a somewhat isolated development. Brickstone is a 30-unit development, 5 units of which are reserved as *Hollman* units. East Creek is a 39-unit row-house–style townhome development in which 5 units are replacement units.

Silver Lake Commons is a 50-unit new construction and rehabilitation project located on Highway 10 in Mounds View. Highway 10 is a busy thoroughfare, although single-family residential land uses dominate on either side of the highway. A multifamily structure directly opposite Silver Lake Commons has recently been rehabilitated. The site is near a church, a bank, a strip mall, and the Mounds View City Hall. There is another strip mall on the other side of the highway, along with a library and a new office/retail development.

The **Bass Lake Townhomes** are located on Bass Lake Road in New Hope. There are eight buildings on the site, with a total of 34 units. Twelve of the units are reserved for *Hollman* families. This is the largest ratio of *Hollman* units to total project units of any of the mixed-finance projects. The project included rehabilitation of existing townhomes and new construction. The project is situated near the Thorson Family Resource Center, which is home to a library, a food shelf, and healthcare and childcare facilities. There is also a public park, an elementary school, and a church in the immediate vicinity. There are three multifamily units within a three-block radius of the complex. Most of the other housing is single-family, with a few duplexes. The townhomes sit at the Crystal–New Hope border. To the east is Crystal and a small business district.

Demographics

The racial makeup of the survey respondents is shown in Table 4. Of the respondents, 86% were White. Among all people of color, Asian is the largest group, accounting for more than

4% of the respondents. Other groups represented in the survey include mixed race, African American, Hispanic, and American Indian. There are significant differences in the racial profiles of the neighborhoods surveyed. Lyndale and Chaska were the only neighborhoods with African American populations, with African Americans accounting for a substantial 12.4% of respondents in Lyndale. Lyndale was also the only neighborhood that reported any American Indians (1.6%). White respondents accounted for 96.6% of the sample from Mounds View, while in Lyndale 73.1% of respondents were White.

Table 4. Racial Makeup of Respondents

What race do you consider yourself?	
White/Caucasian	361 (86%)
Asian	18 (4%)
Mixed	11 (3%)
African American	9 (2%)
Hispanic/Latino	7 (2%)
Other	5 (1%)
American Indian	2 (0%)

More than half (58%) of the respondents in the survey were female. The proportion of female respondents ranged from 51.2% in Mounds View to 63.7% in Chaska. Homeowners represented 72% of the respondents. Unexpectedly, 88.6% of the respondents in Lyndale were homeowners, while the respondents in Minnetonka had the lowest homeownership rate at 62.1%. The average term of residency for the respondents was 11 years, although slightly more than one-third reported tenures of 3 years or less. The average term of residency was driven up by a small group of respondents who had lived in their current homes for very long periods (21% of respondents had lived in their homes 20 years or longer, and 11% for 30 years or longer). The average length of residence was 13 years for homeowners and 5 years for renters, a difference that is statistically significant ($t = 6.67$, $p < .001$). For both renters and homeowners, the average term of residency was longer than that reported in the survey of north side Minneapolis residents.

Table 5 lists the marital status of respondents. A total of 24% of the respondents reported they were single, 47% were married, 14% were divorced, 0.5% were separated, and 11% were widowed. The proportion of married respondents is highest in Mounds View (72.7%) and lowest in Lyndale (37.9%). Only 14.7% of Mounds View respondents were single, compared to 33.5% in Lyndale.

Table 5. Marital Status of Respondents

What is your marital status?	
Single	101 (24%)
Married	199 (47%)
Separated	2 (.5%)
Divorced	60 (14%)
Widowed	48 (11%)
Other	5 (1%)

With respect to household size, more than half of the respondents (57%) reported that they live in small households of only one or two people (Table 6). Compared with respondents from the north side of Minneapolis, there were many fewer large households among respondents living near the replacement sites. Less than 12% of respondent households had

five or more people. Two-person households were the single largest group among respondents (32%). More than half of the responding households reported having no children (58%), and another third had one or two children. Comparisons across replacement sites indicate that respondents from Minnetonka reported the smallest average household size (2.28 persons) and the fewest number of children per household (0.43 children), while Lyndale had the largest average household size (2.74 persons). Chaska respondents had the greatest number of children per household (0.96 children).

Table 6. Respondents' Household Size and Number of Children Under Age 19

Household size		Number of children under age 19	
1	105 (26%)	1	243 (59%)
2	134 (33%)	2	59 (14%)
3	65 (16%)	3	70 (17%)
4	64 (16%)	4	40 (9%)
5	27 (6%)		
6 or more	16 (4%)		

The average age of the respondents is 48 years, with 24% of the respondents younger than 34 and 29% older than 55 (see Table 7). Slightly more than one-half (51%) of the respondents reported having some college education or higher, while only 8% had not finished high school. In our sample, the highest level of education was found in Minnetonka, where more than half of the respondents were had a college or advanced degree. In Chaska, only 19.2% of respondents had achieved this level of education. More than a third of the respondent households had an annual income greater than $50,000, while 17% earned less than $20,000 in 1998. There is a higher rate of respondents with income greater than $60,000 in Minnetonka (43.9%) than in any other replacement area. Of the respondents from Minnetonka, 21.9% reported a total 1998 income of more than $100,000. The same income group represented 2.9% of respondents in Lyndale, 3.4% in New Hope, 7.6% in Mounds View, and 5% in Chaska (Tables 8 and 9).

Table 7. Age of Respondents

Respondent's age	
0–24	21 (5%)
25–34	77 (19%)
35–54	184 (47%)
55 and older	125 (29%)

Table 8. Education Level of Respondents

Highest level of education completed	
Less than high school	14 (3%)
Some high school	21 (5%)
High school graduate	83 (20%)
Some technical school	36 (9%)
Technical school graduate	48 (11%)
Some college	84 (20%)
College graduate	95 (23%)
Postgraduate	34 (8%)
Other	3 (1%)

Table 9. Household Income Level of Respondents

Income before taxes	
Less than $10,000	22 (5%)
$10,000 to $19,999	50 (12%)
$20,000 to $29,999	54 (13%)
$30,000 to $39,999	60 (14%)
$40,000 to $49,999	52 (13%)
More than $50,000	149 (36%)

Respondents' Neighborhood Satisfaction

Suburban residents were asked a series of questions related to their sense of satisfaction with the neighborhood as a place to live, the general appearance of the neighborhood, and satisfaction with services in the neighborhood. Table 10 presents responses regarding overall satisfaction with the neighborhood. An overwhelming majority (78%) of the respondents reported being either somewhat or very satisfied with their new neighborhood. Respondents from Minnetonka reported the highest level of general satisfaction and Lyndale respondents reported the lowest. This difference is statistically significant ($p < .001$).

Table 10. Respondents' Level of Satisfaction with Relocation Neighborhood

Overall, how satisfied are you with the neighborhood?	
Very satisfied	175 (42%)
Somewhat satisfied	149 (36%)
Neither satisfied nor dissatisfied	43 (10%)
Somewhat dissatisfied	37 (9%)
Very dissatisfied	9 (2%)

Most respondents rated the general appearance of their neighborhood as "very good" (26%) or "good" (66%). Only 9% of respondents rated the appearance of the neighborhood "poor" or "very poor"(see Table 11). As with general satisfaction, Minnetonka residents gave the highest rating for the general appearance of their neighborhood and Lyndale residents gave the lowest. This difference is statistically significant ($p < .001$).

Table 11. Respondents' Rating of General Appearance of Relocation Neighborhood

How would you rate the general appearance of your neighborhood?	
Very good	105 (26%)
Good	270 (66%)
Poor	32 (8%)
Very poor	5 (1%)

Respondents were also asked to rate their neighborhood as a place to live. More than a third (38%) of respondents rated their neighborhood as a very good place to live, more than half (53%) rated it good, and only 8% rated it a poor or very poor place to live (see Table 12). Again, Minnetonka respondents gave the highest rating for the neighborhood as a place to live while Lyndale residents gave the lowest. This difference is statistically significant ($p < .001$).

Table 12. Respondents' Rating of Relocation Neighborhood as a Place to Live

How would you rate your neighborhood as a place to live?	
Very good	157 (38%)
Good	220 (53%)
Poor	30 (7%)
Very poor	5 (1%)

Table 13 presents responses to questions related to respondents' satisfaction with specific services available in their neighborhood or with other specific aspects of the neighborhood. The items with the highest reported level of satisfaction are those related to size, cost, and quality of homes; playgrounds and parks; and neighborhood safety. The lowest reported levels of satisfaction are for childcare available in the neighborhood and public transportation. The differences reported between neighborhoods are statistically significant for several

Table 13. Respondents' Level of Satisfaction with Neighborhood Characteristics

Rate your level of satisfaction with the following aspects of your neighborhood:	Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied	Mean
Public transportation	51 (13)	140 (34)	153 (37)	44 (11)	20 (5)	2.6
Schools	72 (18)	175 (43)	115 (29)	29 (7)	12 (3)	2.3
Safety	76 (19)	237 (58)	62 (15)	28 (7)	7 (2)	2.2
Racial makeup	38 (9)	211 (52)	132 (32)	24 (6)	4 (1)	2.4
How near you live to your friends	44 (11)	196 (48)	117 (29)	41 (10)	6 (2)	2.4
Available childcare	37 (9)	91 (23)	250 (64)	10 (3)	4 (1)	2.6
Grocery stores	66 (16)	217 (52)	52 (12)	63 (15)	19 (5)	2.4
Playgrounds and parks	87 (21)	212 (51)	77 (18)	34 (8)	5 (1)	2.2
Size of home/apartment	98 (23)	239 (57)	31 (8)	46 (8)	3 (1)	2.1
Cost of home/apartment	87 (21)	227 (55)	46 (11)	47 (11)	8 (2)	2.2
Quality of home/apartment	104 (25)	217 (52)	49 (12)	41 (10)	7 (2)	2.3

Note: Figures in parentheses are row percentages. The lower the mean response, the greater the level of satisfaction.

characteristics, including public transit ($p < .001$), quality of schools ($p < .001$), safety ($p < .001$), racial makeup ($p < .05$), how near respondents live to friends ($p < .01$), grocery stores ($p < .001$), and playgrounds and parks ($p < .01$). Lyndale has the lowest reported levels of satisfaction with all of these characteristics except for public transportation. Residents from Minnetonka and Chaska were the most satisfied of the respondents from the five neighborhoods surveyed.

Safety

Another important indicator of how residents feel about their communities is their reported sense of safety. We asked several questions about the general feelings of safety, safety in specific areas, and about how strongly they feel about certain crime problems.

The vast majority of respondents reported that they feel safe (56%) or very safe (34%) in their neighborhood (see Table 14). Only one-tenth of respondents reported that they feel unsafe or very unsafe in the neighborhood. As with satisfaction, the respondents from Minnetonka had the highest feeling of safety and Lyndale residents the lowest. This difference is statistically significant ($p < .001$).

When questioned in greater detail, about one-third (33%) of respondents reported that they felt very safe and more than half (51%) felt safe on their neighborhood's streets during the day. Concerning their feelings of safety at night on the streets near their home, 16% reported feeling very safe and 54% safe. People reported they felt less safe on the streets near the neighborhood school, with 13% of respondents saying they

Table 14. Degree of Safety in Relocation Neighborhood

Overall, how safe do you feel in your neighborhood?	
Very safe	141 (34%)
Safe	230 (56%)
Unsafe	36 (9%)
Very unsafe	8 (2%)

felt very safe and 54% safe (see Table 15). These responses represent a much higher level of perceived safety than was reported on the north side of Minneapolis. On all of these measures, respondents from Lyndale reported a much lower feeling of safety than residents of the other neighborhoods, and the difference is statistically significant ($p < .001$).

Similar to the survey results from north Minneapolis, respondents in suburban neighborhoods reported that their greatest concerns were noisy neighbors and litter and garbage on the streets and sidewalks, with 15 to 20% of respondents considering these to be major or moderate problems (Table 16). Other issues such as graffiti or writing on wall, abandoned buildings, people drinking alcoholic beverages in public, drug dealers or drug users, vandalism, run-down properties, and racial intolerance or discrimination were not major concerns; less than 15% of respondents regarded these issues as major or moderate problems. On all of these measures, Minnetonka residents reported the lowest level of problems and Lyndale residents the highest. The difference is statistically significant ($p < .001$).

Confidence

The third set of beliefs and behaviors examined by the survey were those related to respondents' sense of confidence in the neighborhood. The majority of respondents reported that

Table 15. Responses to Other Questions about Relocation Neighborhood Safety

Where you live now, how safe are the streets...	Very safe	Safe	Neither safe nor unsafe	Unsafe	Very unsafe	Mean
near your home during the day?	139 (33)	215 (51)	41 (10)	17 (4)	6 (2)	1.9
near your home at night?	68 (16)	227 (54)	78 (19)	26 (6)	18 (4)	2.3
near your neighborhood school?	51 (13)	217 (54)	100 (25)	26 (6)	6 (2)	2.3

Notes: Figures in parentheses are row percentages. The lower the mean response, the greater the feeling of safety.

Table 16. Degree of Relocation Neighborhood Problems

In your neighborhood, how much of a problem are the following...	Major problem	Moderate problem	Minor problem	Not a problem	Mean
Graffiti or writing on the walls	7 (2)	25 (6)	100 (43)	285 (68)	3.6
People drinking alcohol in public	13 (3)	24 (6)	101 (24)	278 (64)	3.5
Drug dealers or users	20 (5)	37 (9)	92 (22)	262 (64)	3.5
Abandoned buildings	17 (4)	20 (5)	58 (14)	319 (77)	3.6
Litter and garbage on streets	31 (8)	48 (12)	127 (30)	210 (50)	3.2
Vandalism	17 (4)	43 (10)	145 (35)	211 (51)	3.3
Yards not taken care of	23 (6)	47 (11)	149 (36)	148 (47)	3.2
Run-down properties	24 (6)	54 (13)	131 (31)	223 (54)	3.5
Noisy neighbors	23 (6)	54 (13)	119 (29)	220 (33)	3.3
Racial intolerance or discrimination	3 (1)	28 (7)	76 (18)	307 (74)	3.7

Notes: Figures in parentheses are row percentages. The lower the mean response, the greater the perceived problem.

they were very confident or somewhat confident that their neighborhood would be a nice place to live in the next five years (Table 17). About 32% of respondents were very confident and 49% were somewhat confident. At the same time, nearly a fifth of the respondents indicated that they were either not very confident (14%) or not at all confident (4%). Respondents from Lyndale reported a much lower level of confidence about their neighborhood than residents from the other four communities, while respondents from Minnetonka were the most confident. This difference between neighborhoods is statistically significant ($p < .001$).

Table 17. Respondents' Level of Confidence about the Neighborhood

How confident are you that your neighborhood will be a nice place to live in the next five years?	
Very confident	133 (32)
Somewhat confident	204 (49)
Not very confident	60 (14)
Not at all confident	16 (4)

As can be seen in Table 18, two-thirds of the respondents felt that their neighborhood property values were increasing a lot (24%) or a little (42%). This shows awareness of the market trends that were discussed earlier in this report, which are also part of the respondents' sense of confidence in the area. Only 6% felt that values were decreasing. The results from suburban communities are similar, while respondents from Lyndale felt less optimistic about their neighborhood's property values. However, the difference is not statistically significant.

Table 18. Respondents' Feelings about Relocation Neighborhood Property Values

How much are property values changing in your neighborhood?	
Increasing a lot	98 (24)
Increasing a little	176 (42)
Staying about the same	54 (13)
Decreasing a little	11 (3)
Decreasing a lot	11 (3)

The majority (61%) of the respondents thought the neighborhood was staying about the same as a place to live. A quarter of respondents thought the neighborhood was getting to be a much better (7%) or a somewhat better place to live (19%). Twelve percent thought it was getting somewhat worse or much worse (Table 19).

Table 19. Respondents' Feelings about Neighborhood Change

Is your neighborhood getting to be a better or worse place to live?	
Much better	30 (7)
Somewhat better	79 (19)
Staying about the same	254 (61)
Somewhat worse	43 (10)
Much worse	8 (2)

An alternative way to measure residents' sense of confidence in the neighborhood is to measure the degree to which they have made improvements in their own properties in recent years. Among all the homeowner respondents, 46% reported having made major improvements to their house during the last two years, and 46% had plans to do so in the next two years. This suggests an average level of commitment to the neighborhood. About one-fifth (19%) of the respondents reported that they planned to move in the next year, and an additional 14% were not sure if they would stay. This level of planned mobility is normal

for suburban communities. Among renters, more than a third (36%) planned to move in the next year, compared to only 12% of the homeowners.

Sense of Community

The psychological sense of community felt by neighborhood residents has been extensively studied and has been recognized as having extraordinarily important impacts on neighborhood changes. The concept has been measured in various ways. Nasar and Julian (1995) developed a method for testing the sense of community based on a simplification of previous methods. They argue that by asking a set of 11 questions, one is able to get a valid and reliable estimate of sense of community. We incorporated those 11 questions into the survey given to the residents near the replacement sites. We will report the answers to the individual questions as well as the data on the scale created from the 11 answers. There is little intrinsic interest in a respondent's individual score on the scale. Rather, what is of interest is whether these scores differ by community or by proximity to the replacement site, and whether they vary according to demographic attributes or vary over time.

Based on the answers summarized in Table 20, we created a summary measure of a respondent's sense of community by simply taking the average response to the 11 questions. A lower score represents a stronger sense of community. A summary of the sense of community is shown in Table 21.

The sense of community index is negatively correlated with whether or not respondents own their homes ($p < .01$). This indicates that homeowners have a stronger sense of community than renters. The sense of community index is also correlated with social capital (significant at $p < .001$; see the next section) and age of the respondent (significant at $p < .001$), and is not correlated with the distance from the replacement site. Minnetonka and Chaska respondents had a greater sense of community than respondents from the other three communities.

Social Capital

The sense of community index measures the degree to which residents identify with the neighborhood and the degree to which they sense a network of informal support among neighbors. This measure of the internal relationships among residents in a community is one index of social capital. Analysts have also measured social capital by examining the degree to which people join civic organizations or participate in civic duties. Our survey of relocated residents used four questions related to civic activities to determine the level of social capital in their suburban communities.

From the answers in Table 22, a summary measure of social capital was created by adding together the number of "yes" answers for each respondent. The average respondent participated in 1.6 of the four civic activities. The most common score on the index was 1, and most respondents scored 2 or less on the index. Among individual communities, New Hope residents had the lowest level of social capital (1.36) and Chaska residents the highest (1.79).

Table 20. Measures of Social Capital in Neighborhood and for Residents

Do you agree or disagree with the following statements about your neighborhood?	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Mean
I am quite similar to most people who live in this neighborhood.	27 (7)	198 (48)	117 (28)	56 (14)	14 (3)	2.6
If I feel like talking, I can generally find someone in this neighborhood to talk to right away.	51 (12)	157 (38)	98 (24)	84 (20)	21 (5)	2.7
I care whether this neighborhood does well.†	212 (51)	149 (36)	31 (8)	14 (4)	6 (2)	1.7
The police in this neighborhood are generally friendly.	75 (18)	207 (51)	99 (24)	17 (4)	8 (2)	2.2
People here know they can get help from others in the neighborhood if they are in trouble.	70 (17)	173 (43)	116 (28)	44 (11)	4 (1)	2.4
My friends in this neighborhood are part of my everyday activities.	27 (7)	61 (16)	120 (29)	144 (35)	49 (12)	3.3
If I am upset about something personal, there is someone in this neighborhood to whom I can turn.†	46 (11)	121 (30)	97 (24)	112 (27)	33 (8)	2.9
I have friends in this neighborhood on whom I can depend.†	81 (20)	159 (39)	85 (21)	64 (16)	21 (5)	2.5
If there were a serious problem in this neighborhood, people here could get together and solve it.	45 (11)	195 (48)	111 (27)	47 (12)	10 (2)	2.5
If someone does something good for this neighborhood it makes me feel good.	111 (27)	246 (60)	48 (12)	3 (1)	1 (0)	1.9
If I had an emergency, even people I don't know in this neighborhood would be willing to help.	61 (15)	198 (48)	113 (28)	30 (7)	9 (2)	2.3

Note: Figures in parentheses are row percentages. Responses ranged from 1 for strongly agree to 5 for strongly disagree.

† These questions were asked in the negative in the original survey to minimize patterned-response bias. The questions were reworded for this table, and answers were recorded to match the format for the rest of the items in the table.

Table 21. Respondents' Sense of Community, by Neighborhood

Sense of community	
Overall	2.4
Lyndale	2.7
New Hope	2.5
Mounds View	2.5
Chaska	2.4
Minnetonka	2.3

Table 22. Measures of Social Capital

	Responded yes
Did you vote in the last election?	319 (78%)
Are you a member of the local neighborhood association?	97 (12%)
Do you belong to a church, synagogue, mosque, or other place of worship that is located in your neighborhood?	176 (42%)
In the past six months, have you volunteered for any neighborhood event?	116 (28%)

Note: Numbers are the number of respondents reporting each of the items. Figures in parentheses indicate percentage of all respondents.

This difference is significant at the 90% confidence level ($p < .05$).

In order to see what type of people enjoy higher social capital, we tested the relationships between social capital and a number of other variables: distance from replacement housing site, length of residency, homeownership status, race, income, age, household size, education, and community of residence. The social capital index is positively correlated with homeownership status (significant at $p < .01$), the presence of children in the household (significant at $p < .001$), education level (significant at $p < .05$), and age (significant at $p < .001$). No racial group has significantly different levels of social capital compared to other racial groups.

Importance of Distance from the Replacement Site

This section considers whether any of the attitudes and behaviors examined in the previous section vary with how far the respondent lives from the replacement site. This is important to establish a baseline for examining the impact of the dispersal of public housing in future years.

A number of the demographic characteristics measured in the survey are related to distance from the replacement site. For the five communities overall, distance is positively correlated with the number of people living in the household (significant at $p < .05$) and level of education (significant at $p < .001$), and is negatively correlated with the age of the respondent (significant at $p < .05$). For individual communities, however, distance is not correlated with any of the demographic variables for residents in Lyndale, Mounds View, and New Hope. For Minnetonka, distance is positively correlated with the number of years the respondent has lived in their current home/apartment (significant at $p < .05$). For Chaska, distance is positively related to the number of people living in the household (significant at $p < .01$), the number of children under age 19 in the household (significant at $p < .05$), and the level of education of the respondent (significant at $p < .001$). There are no statistically significant differences among racial groups related to the distance the respondents live from the replacement site. The small number of minority respondents may reduce the reliability of this statistic.

For the five communities overall, neither the question asking for overall satisfaction with the neighborhood, nor any of the other 26 additional questions related to satisfaction (with the quality or location of neighborhood services and amenities) are statistically correlated with the distance from the replacement sites. With respect to individual communities, there is a correlation between distance and some satisfaction measures for respondents from Chaska and Minnetonka. In Chaska, respondents living closer to the replacement site were likely to have lower satisfaction with the safety (significant at $p < .05$) and racial makeup ($p < .01$) of the neighborhood. In Minnetonka, respondents living closer to the replacement sites were less satisfied with grocery stores in the neighborhood (significant at $p < .01$).

Overall, none of the questions about respondents' sense of safety is statistically related to their distance from the replacement site. However, there was some variation among individual communities. In New Hope, distance is negatively correlated with reports of problems with litter on streets and sidewalks (significant at $p < .05$). In Lyndale, distance is positively related to reports of problems with drug dealers or drug users ($p < .01$) and abandoned buildings (significant at $p < .01$). No safety measures are significantly correlated with distance in Mounds View, Minnetonka, and Chaska.

We also asked respondents several questions about their sense of confidence in the future prospects of the neighborhood, as well as whether they have made or plan to make improvements to their homes. For the five communities overall, respondents are more likely to have plans to make home improvements as distance from the replacement site increases (significant at $p < .01$). In New Hope (significant at $p < .05$) and Minnetonka (significant at $p < .05$), residents living near the replacement site are more likely to have made major home improvements during the past two years. In Mounds View, respondents living near the replacement site reported a greater increase in property value (significant at $p < .05$). In Chaska, residents living closer to the replacement site are less likely to have a plans to make home improvements during the next two years (significant at $p < .05$). In Lyndale, none of the answers to these questions was related to the distance of respondents from the replacement site.

Finally, we examined whether respondents' psychological sense of community and their scores on the social capital index were related to distance from the replacement site. Distance is positively correlated with the social capital index for the five communities overall (significant at $p < .05$), but no significant correlation was found for individual communities.

Multivariate Analysis

In this section, we attempt to determine whether any of the demographic attributes of respondents is related to satisfaction, sense of safety, neighborhood confidence, psychological sense of community, or social capital. A multivariate analysis makes it possible to test for the impact of one attribute on a second attribute, while controlling for all other attributes. For example, one can determine whether older respondents are more or less satisfied than

younger ones, controlling for sex, race, community of residency, housing tenure, etc. In the analysis that follows, the *dependent variables* are (1) the answers to the question about overall neighborhood satisfaction, (2) the answers to the question about overall sense of safety, (3) the answers to the question about what kind of place to live the neighborhood will be in the future, (4) the respondents' scores on the sense of community index, and (5) the respondents' scores on the social capital index. We attempted to explain the variation in those dependent variables by including the following explanatory (or independent) variables in our statistical models: age, marital status, length of residency in the neighborhood, community of residence, race, education, household income, whether the respondent has children, household size, whether the respondent is a homeowner, and the distance the respondent lives from the replacement site.

Homeownership (significant at $p < .01$), the number of years the respondent has lived in their current home/apartment (significant at $p < .05$), the age of the respondent (significant at $p < .05$), whether the respondent is black (significant at $p < .05$), and community of residence (significant at $p < .001$) were all found to be correlated with neighborhood satisfaction. Lyndale served as the baseline community, and the four suburban communities all had significantly higher levels of satisfaction than Lyndale (significant at $p < .001$). The relationships indicate that suburban residents, homeowners, senior residents, residents with a short term of residency, and African American respondents have the highest level of satisfaction with the neighborhood (adjusted $R^2 = .17$). The low number of African American respondents in the sample (9 out of 491 respondents) may reduce the reliability of this measure.

The equation predicting respondents' sense of safety produced similar relationships. Again, homeownership status was associated with sense of safety, (significant at $p < .001$), but so were the community of residence (significant at $p < .001$) and whether the respondent was Black (significant at $p < .01$; adjusted $R^2 = .31$). Respondents from all four suburban communities reported higher feelings of safety than those in the Lyndale area. The data show that homeowners, suburban residents, and African American respondents feel safer in their neighborhood. Again, the low number of African American respondents may skew the results.

The multivariate analysis of neighborhood confidence showed that the number of years the respondent has lived in their current home/apartment (significant at $p < .01$), homeownership status (significant at $p < .01$), and the community of residence (significant at $p < .001$) were statistically correlated with the general feeling of confidence (adjusted $R^2 = .16$). Respondents from all four suburban communities reported higher levels of confidence than those respondents in the Lyndale area. Suburban residents, homeowners, and residents with a short term of residency reported the highest level of confidence about their neighborhood.

The regression analysis for respondents' sense of community shows that homeownership status (significant at $p = .05$), whether the respondent lives in Minnetonka (significant at $p < .05$) or Chaska (significant at $p < .001$), and the age of the respondent (significant at $p < .001$) are

statistically correlated with the sense of community index. Older residents, residents from Minnetonka and Chaska, and homeowners have the highest sense of community (adjusted $R^2 = .13$).

The social capital regression analysis reveals four variables that are statistically associated with higher levels of social capital: level of education (significant at $p < .001$), whether the respondent has children (significant at $p < .001$), age of the respondent (significant at $p < .001$), and homeownership (significant at $p < .01$). Respondents with higher education, families with children, older residents, and homeowners score higher on the social capital index (adjusted $R^2 = .20$).

Table 23 presents the correlation matrix for the five substantive dimensions of neighborhood attitudes examined in this report. There is a statistically significant correlation between most pairs of variables.

Summary

Two general findings are worth noting. The first is that homeownership is an important factor in determining the level of neighborhood satisfaction among residents of the replacement neighborhoods. It distinguishes between respondents on their overall degree of neighborhood satisfaction, sense of safety, neighborhood confidence, sense of community, and level of social capital. It is consistently important across all of the substantive items analyzed here. The second finding worth emphasizing is that, as in the bivariate analysis reported earlier, the distance a respondent resides from the replacement site makes little difference for any of the items studied. Those who live farther away from the replacement sites are no more or less satisfied than those who live closer to the sites, they feel no more or less safe, they are no more or less confident in the neighborhood, and they show no greater or lesser levels of sense of community and social capital.

These two findings provide important baseline information for comparative studies of the long-term effects of public housing replacement on suburban communities.

Table 23. Correlation between Five Substantive Measures for the Relocation Communities

	Social Capital	Sense of community	Neighborhood confidence	Sense of safety
Level of satisfaction	.12 *	.43 ***	.58 ***	.59 ***
Sense of safety	.09	.35 ***	.58 ***	
Neighborhood confidence	.03	.39 ***		
Sense of community	.33 ***			

* $p < .05$, *** $p < .001$

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