To the Graduate Council:

I am submitting herewith a dissertation written by Barbara Oakley Nieri entitled "Socio-Economic and Policy Aspects of Urban Homesteading." I recommend that it be accepted in partial fulfillment of the requirements for the degree of Doctor of Philosophy, with a major in Home Economics.

Robbie G. Blakemore, Major Professor

We have read this dissertation
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SOCIO-ECONOMIC AND POLICY ASPECTS OF URBAN HOMESTEADING

A Dissertation

Presented for the

Doctor of Philosophy

Degree

The University of Tennessee, Knoxville

Barbara Oakley Nieri

December 1977

1347051

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DEDICATION

To my family, especially my husband and daughter, without whose patience and cooperation this study would not have been possible.

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For their assistance in this research effort, the author is indebted to committee members: Dr. Robbie Blakemore (chairman), Dr. Abraham Farkas, Dr. Samuel Wallace, Professor Judith Stoloff, Professor Walter Moran, and Professor Joseph Falsetti. The author is grateful to Dr. Lewis Bower for his guidance and assistance in the early stages of the development of the research study. Appreciation is extended to the Department of Crafts, Interior Design and Housing and The University of Tennessee, Knoxville, for financial assistance.

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ABSTRACT

Urban homesteading is a program in which houses are sold for $1 in return for an agreement to rehabilitate the houses and to live in them for a specified period of time. Since 1973, urban homesteading programs have been instituted in many cities across the country.

Urban homesteading addresses the problems of abandonment and neighborhood decline and provides homeownership opportunities. It puts people in abandoned houses in an effort to improve inner city neighborhoods.

The purpose of this study is to explore the results of one program which supplies a supportive environment for urban homesteading, the Minneapolis Urban Homesteading Program. Particular emphasis is placed on change in family situation as a result of homesteading. Based on the findings of the study, the socio-economic and policy aspects of urban homesteading are discussed.

The data for this research were gathered through an investigation of urban homesteading literature, from the Minneapolis Urban Homesteading Program staff and records, and from questionnaires mailed to homesteaders and comparison group households which had purchased houses in Hennepin County during 1976. Information was also obtained from interviews with homesteaders and comparison group households, public records, neighborhood residents, realtors, contractors, and federal and local government officials.

Although the situation in Minneapolis may limit conclusions to the total population of urban homesteading programs, the study indicates

that urban homesteading can be effective as one of several programs directed toward increased economic vitality of inner city neighborhoods in early stages of decline. It also indicates that homesteaders can benefit from participation in an urban homesteading program. Over a twenty-year period, urban homesteading in a situation similar to that in Minneapolis, could result in extra disposable public funds even though initially each unit requires a subsidy. In such a case, the program should not be considered a subsidy program.

Based on the observations in this study, the negative aspects of homesteading are that it does not often help those most in need of housing assistance and in conjunction with other rehabilitation programs, it may displace those most in need of housing assistance from the neighborhoods which are being improved. It is concluded, however, that these negative aspects can be overcome by utilizing the extra public funds made available by urban homesteading to provide subsidies for low-income neighborhood residents to participate in the program.

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INTRODUCTION

Urban homesteading is a concept and government program which is becoming increasingly popular across the country. As more municipalities consider and implement urban homesteading programs, much controversy is being generated about whether or not urban homesteading can improve the situation of the American family and inner-city neighborhoods. The proponents of urban homesteading believe it can contribute to these goals by providing homeownership and improving the quality of life for those living in urban areas. Its opponents argue that homesteading is at best useless and at worst can be considered a cruel hoax for participants.

Urban homesteading as a program has been enacted and is operative at both federal and local levels. Basically, urban homesteading can be viewed as a type of rehabilitation program. Regulations and requirements of urban homesteading programs vary considerably. In general, however, a municipality acquires title to urban property through tax liens, from the Department of Housing and Urban Development's inventory of defaulted mortgages, and through other legal processes. Those properties deemed appropriate and available for urban homesteading are announced and homesteaders are selected by various methods from those applying in response to the announcements. Homesteaders acquire conditional title for a minimum fee, generally one dollar. In return, the homesteader agrees to rehabilitate the structure within a specified time period, generally between six and eighteen months, and to reside in the housing unit for a specified length of time, usually three to five years.

Upon completion of these requirements, the property is deeded absolutely to the homesteader.

This study was designed to examine one urban homesteading program, the Minneapolis Urban Homesteading Program in Minneapolis, Minnesota, in some depth in order to determine how it works and what the results have been. The emphasis is on measuring perceived changes in the homesteader family situation. Information was gathered from the program staff, program records, published material, neighborhood residents, contractors, realtors, the municipal staff, program participants, one program dropout, and other selected sources. The research consisted of three primary phases. In phase 1, program staff members were questioned about program characteristics such as who operates the program; its goals and objectives; how the program is funded; program costs; how properties are obtained; how properties are selected for homesteading; how homesteaders are selected; supportive services for the program; and results of the program. Questions were also asked about the relationship of program staff to homesteaders, other government entities, the Department of Housing and Urban Development, contractors, and financial institutions (Appendix A). Program records and other published material were also examined for information.

Phase 2 consisted of input from neighborhood residents and private operators such as realtors and contractors. Neighborhood residents were questioned about what they thought of urban homesteading. Realtors were questioned about property values in urban homesteading neighborhoods and any noticeable results of the Minneapolis Urban

Homesteading Program while contractors who had worked for homesteaders were asked about the advantages and disadvantages of such contracts.

The third phase consisted of a questionnaire administered both to homesteaders and a comparison group supplemented by a limited number of interviews. The questionnaire was designed to obtain indications of the success of the Minneapolis Urban Homesteading Program in terms of perceived change in family or household situation. Family or household situation was measured by subject perception of change in eight selected variables: convenience of the location of the house, family satisfaction, financial considerations, the house itself, neighborhood quality, safety considerations, health considerations, and social considerations (Appendix B).

CHAPTER I

THE STUDY

I. MOTIVATING FORCES FOR URBAN HOMESTEADING PROGRAMS

Opinions about the potential of urban homesteading are many. Not least among these is the belief that such programs can help reverse the trends of decline in many aging central city neighborhoods. Many of America's older urban neighborhoods contain a large number of deteriorated and/or abandoned houses. It is believed that as the housing stock in older urban neighborhoods ages, the more affluent families tend to move to the suburbs to new housing, leaving the older housing and neighborhoods for the less affluent who cannot afford the higher price of new housing. As the housing filters down to families with lower and lower incomes, the ability of the owners to maintain the structures decreases and the neighborhood generally becomes more and more blighted. Landlords often become more interested in high short-term profit than in maintenance. Banks, concerned for their investments, red-line the area leaving it without funds for refinancing and maintenance. This typical process can result in blighted areas abounding with deteriorated and abandoned structures. As confidence in the neighborhood diminishes, those who can often leave the area thus causing more abandonment. As this vicious cycle continues, municipalities lose tax revenue while needs for services such as police and fire protection and garbage pickup are increased.

One of the envisioned remedies for this process which produces blighted urban neighborhoods is the institution of programs directed toward neighborhood and housing rehabilitation. Urban homesteading is one such program which is primarily designed to encourage rehabilitation of neighborhoods and/or to provide increased housing and homeownership opportunities for families or households.

Urban homesteading seems to have appeared in response to a multiplicity of problems of which abandonment is critical. Among other reasons, one finds realization of the need for conservation of central cities; some understanding of the hard realities of housing markets in central cities; large housing inventories held by municipalities and the Department of Housing and Urban Development; the lack of federal urban and housing program success; and the widespread American belief in the benefits of homeownership. Urban homesteading programs have been initiated in most cases with particular emphasis on the possibility that something useful can be done with abandoned dwellings. Abandoned units present environmental hazards, detract from surrounding property values, represent a loss of municipal tax revenue, and collectively form large and costly housing inventories for the Department of Housing and Urban Development and many municipalities.

In terms of both global and national finite resources, the need for conservation of central cities is apparent. Many attempts have been made to conserve housing resources, but programs were often based on the now questionable assumption that moderate rental rates are sufficient to support an adequate rate of return for and maintenance

by owners.[1] Huge sums of money have been spent on programs which are generally considered failures. These programs have been the target of much criticism, and politicians and administrators in the federal government have become wary of making substantial outlays of money for programs which may develop into colossal failures. The concept of urban homesteading offers some hope of improving the urban and housing situation while apparently requiring comparatively meager financial support by the federal government.

In addition, another government issue is also involved. In a document prepared for the Department of Housing and Urban Development, Dr. Mary Berry states, "Democracy and individual liberty continue to be linked to widespread ownership of real property in the minds of most Americans."[2] She also states that urban homesteading differs from other Department of Housing and Urban Development (HUD) subsidized and support programs in housing by involving families who need or want homes more fully in the management of properties. It also differs in that it phases out the involvement of HUD after a limited number of years. She states:

> One of the potentially disastrous results of present HUD programs is the deep financial involvement of the federal government in urban property. Huge sums of money are tied up under existing programs--many of which have contributed

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[1]George Sternlieb, "The Myth and Potential Reality of Homesteading" (paper presented at the American Institute of Planners Conference, October 30, 1974, Denver, Colorado).

[2]Mary Berry, "Urban Homesteading Demonstration" (paper prepared for the Office of Policy Planning, the U. S. Department of Housing and Urban Development, January, 1973, Washington, D. C.), p. 6. (Mimeographed)

> to the spiral of decay in central city housing. This involvement needs to be limited and stated more precisely in the future. The growing costs of management of these properties must be distributed down to the local level if HUD is not to become a floundering giant in the urban housing scene. The need for new approaches--especially after the scandals involving the FHA and the subsidy programs--is critical. Urban homesteading is one way out.[3]

Others claim that urban homesteading programs could revitalize deteriorated neighborhoods, increasing their economic viability by making attractive homes and neighborhoods from unstable and declining ones; stabilize neighborhoods which are beginning to decay; help the poor to obtain both good quality housing and homeownership; eliminate the trend toward economic disinvestment in some urban neighborhoods by giving neighbors impetus to upgrade their properties; bring middle-income families back into central cities; convert tax liabilities into tax-producing units; reduce crime by ridding neighborhoods of vacant structures which can harbor criminals; promote economic and racial integration; create a new force in the community to demand and help pay for quality municipal services; provide low-income families with training in rehabilitation work leading to new job opportunities; and return vacant and abandoned housing to the housing inventory and thus improve the quality and quantity of the housing stock. Urban homesteading has been described as a way for the less privileged to find homes in strengthened communities.[4] Samuel Jackson states that turning central city property over to

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[3]Ibid.

[4]"Urban Homesteading," The New York Times, June 9, 1975, p. 30.

low-income families willing to invest sweat equity for its improvement would provide a unity of interest between those who occupy the city and those who own it and thus a keen interest in the maintenance of property.[5]

II. FOCI OF URBAN HOMESTEADING PROGRAMS

It would be quite impossible to emphasize all the above-mentioned goals in an urban homesteading program or in any program. The focuses of most urban homesteading programs have in general been evolving since urban homesteading's beginnings. Most urban homesteading programs were, in the beginning, instituted at least partially as programs to aid low- and moderate-income families. Urban homesteading programs have drawn much criticism with critics arguing that it is impossible for these programs to serve low-income families. William Grigsby and Louis Rosenburg, housing researchers, in Urban Housing Policy emphatically denounce urban homesteading. They point out that in Baltimore the cost of rehabilitating abandoned structures in the depressed inner-city market (over $15,000 on the average in 1975) was much higher than the post-rehab market value of these structures, which was rarely over $10,000. They state that even if families pay nothing for urban homesteads, they are making a bad investment.[6] If the hopes of present urban homesteading programs

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[5]"Former HUD Official Proposes New Urban Homestead Act for Low-Income Citizens," The American City, November, 1973, p. 12.

[6]William Grigsby and Louis Rosenburg, Urban Housing Policy (New Brunswick, New Jersey: Center for Urban Policy Research, 1975), p. 235.

serving low-income families were not dead earlier, Hughes and Bleakly laid them to rest with their studies of the cash flow necessary for families to rehabilitate homestead structures (Appendix C).[7]

As experience is gained and the concept of urban homesteading has evolved, changes can be perceived in administrators' expectations and goals for urban homesteading programs. This is true even in cases where the written goals and objectives for such programs show no change. Few administrators will now voice hope that urban homesteading can provide housing and homeownership for low-income families without substantial subsidies. In addition, programs which serve moderate-income families often define "moderate income" so that it overlaps with the definition of "middle income." It has also become more and more apparent that there may be some conflict between providing homeownership to low-income families on the one hand and attracting private investment for neighborhood improvement on the other. Most municipalities, therefore, realizing that they have limited resources, have chosen to focus on neighborhood improvement.

A neighborhood improvement focus, as opposed to a focus of housing for low-income families, should place an urban homesteading program as a part of a wider rehabilitation approach to revitalize selected neighborhoods. It is believed that concentrated efforts to revitalize neighborhoods could increase economic viability, among other things, and thus the value of houses. It is hoped that if a viable market can be restored, many benefits which supporters of urban homesteading have hoped for can be realized.

There are four major activities of neighborhood preservation

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[7]James W. Hughes and Kenneth D. Bleakly, Jr., Urban Homesteading

and improvement: housing rehabilitation, community housing services, physical improvements and municipal services, and social services. Any or all of these may support an urban homesteading program.

In addition to neighborhood preservation or improvement considerations, most municipalities hope that eventually homestead properties will be returned to the tax rolls. This would increase municipal revenue so that more dollars would be available for services and other purposes. Each individual program has its own supportive services and programs and its own peculiarities, but the basic foci of the different programs seem to be similar. Homeownership and neighborhood preservation or improvement are the larger goals to which most programs are directed.

In addition to the more or less typical programs, urban homesteading programs with completely different foci do exist. St. Louis, Missouri, for example, has a program which is primarily oriented toward selling abandoned structures to moderate-income families who are priced out of the homeownership market. The program attempts to get abandoned properties back on the tax rolls and provides no special supportive services to selected neighborhoods or to homesteaders. This approach is used partially because homestead structures are scattered throughout the city rather than limited to a few areas. In a similar program, Newark, New Jersey auctions abandoned structures and again the primary focus is getting abandoned properties back on the tax rolls. These programs are similar to other urban homesteading programs primarily in name and in providing a means of disposing of abandoned structures.

(New Brunswick, New Jersey: Center for Urban Policy Research, 1975), pp. 95, 116, 143, and 166.

New York City represents a rather unique situation. In New York, the Urban Homesteading Assistance Board (U-HAB) helps groups of low-income people buy abandoned multi-family buildings and find loans to finance materials costs and a minimum of licensed work. Homesteaders occupy and manage the structures as cooperatives. U-HAB is sponsored by the Cathedral of St. John the Divine and was initially directed by Ian Donald Turner, an associate professor of Urban Studies and Planning on leave from Massachusetts Institute of Technology. U-HAB offers free staff help and technical advice. New York City sells the abandoned buildings at a cost ranging from almost nothing to $1,000 and gives a ten-year tax abatement. Virtually all the labor is done by co-op members. Licensed workers usually provide only technical assistance and inspection.[8] The People's Development Corporation in the South Bronx is the best example of what is considered a successful group coordinating urban homesteading in New York. It also provides the first example of homesteading opportunities being extended to the poor and previously unskilled.[9] Work serves as a downpayment for homesteaders with equity accruing over time from labor. As of July, 1977, this group was associated with five buildings. Substantial headway had been made on one building.

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[8]W. T. Wagner, Jr., "The International Design Competition: What Lessons for the Developed World?" Architectural Record, CLIX (May, 1976), p. 13.

[9]William G. Conway, "People Fire in the Ghetto Ashes," Saturday Review, July 23, 1977, p. 16.

III. NEED FOR THE STUDY

While the literature about urban homesteading programs is proliferating, almost all of it has been written as publicity for the concept and for particular programs. Much of it is descriptive journalism. The typical newspaper or magazine article explains what urban homesteading is; offers one or more examples of where a program or programs are operating; depicts several problems it is hoped that urban homesteading can solve; makes an analogy between urban homesteading and historic homesteading in the United States; and occasionally gives a sketch of a family which has received or is about to receive a structure for homesteading.

In contrast to these typical pieces, a number of articles have appeared in newspapers and magazines critically analyzing the concept and operation of urban homesteading programs. Although pointing out some valid concerns, these articles are not generally based on research or systematically collected data but on opinions. In addition, references, both favorably and unfavorably inclined towards homesteading, are sometimes made to urban homesteading in newer books about housing programs and policy and in publications dealing with urban problems.

Two unpublished studies deal with more narrow aspects of urban homesteading. Nadine Winter, of the Washington, D. C. Urban Homesteading Program, has made a fairly extensive study of the failures and successes of historic homesteading.[10] She primarily defends

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[10]Nadine Winter, "A Communication," The Washington Post, October 20, 1973, Sec. F, p. 39.

urban homesteading by drawing analogies between facts about historic homesteading efforts and urban homesteading. These facts are discussed in Chapter II. Evidencing a different interest, Dr. Mary Berry has analyzed urban homesteading from the point of view of HUD.[11] She compares urban homesteading to previous programs which were federally funded and points out the advantages which HUD could obtain by funding an urban homesteading program. These advantages were discussed earlier in this chapter.

Covering many more areas related to urban homesteading are the unpublished proceedings of a conference on urban homesteading held May 13 and 14, 1974, in Washington, D. C. This conference was sponsored by the National Urban Coalition and the National Association of Housing and Redevelopment Officials. It included a discussion of the Washington, D. C. and Wilmington, Delaware programs. Broad issues such as viable neighborhoods, abandonment, and competition between central cities and the suburbs were discussed. In addition, property selection, homesteader selection, legal issues, financing, neighborhood, program administration, sweat equity, support programs, program requirements, and code requirements were discussed. The conference also included two special workshops, one on financing and one on counseling, training, and community involvement.[12]

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[11]Berry, pp. 1-80.

[12]National Urban Coalition and National Association of Housing and Redevelopment Officials, Proceedings of a Conference and Workshop on Urban Homesteading, May 13, 1974 (Washington, D. C.: U. S. Government Printing Office), pp. 1-87.

In addition to the literature discussed above, there is one major analytical publication about urban homesteading programs written by James Hughes and Kenneth Bleakly, Jr. and a somewhat less extensive research effort which is a Master's thesis presented to the Graduate School at Cornell University by Anita Dabney.

Anita Dabney's research effort is an examination of the Baltimore, Maryland; Wilmington, Delaware; Washington, D. C.: and Buffalo, New York urban homesteading programs. Essentially, it compares sources and locations of homestead properties, selection of homesteaders, conditions of title transfer, median costs of rehabilitation, available financial assistance and other homesteader assistance. The thesis includes a review of literature and a discussion of related issues to build the case for urban homesteading. It also includes a discussion of legislation and program activity. Contrasts and comparisons of programs are made by: origin and development of programs; goals and objectives of programs as set by the cities; administrative structures; mechanics and specifications of the programs; and the housing and economic conditions of the cities being examined.[13]

The book, Urban Homesteading, by Hughes and Bleakly is by far the most extensive analytical research effort published concerning urban homesteading.[14] The stated purpose of the study is to examine

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[13]Anita Dabney, "Urban Homesteading in Four Cities: Potential for Urban Neighborhood Rehabilitation" (unpublished Master's thesis, Cornell University, 1976).

[14]Hughes and Bleakly, pp. 1-276.

four urban homesteading programs located in Baltimore, Philadelphia, Wilmington, and Newark and to evaluate these programs in order to synthesize the most desirable elements and ultimately derive typologies of alternative homesteading procedures. Hughes and Bleakly attempt to identify configurations of agency features and supportive elements which contribute most to smooth-running homesteading operation. Nine facets are examined, the setting of the program and eight program elements. The program elements are institutional framework, parcel acquisition, evaluating the homestead, evaluating the homesteader, special tax considerations, special financial assistance, cost-revenue realities, and special services.

In addition, Hughes and Bleakly discuss the concept of urban homesteading in relation to urban problems such as neighborhood decline and abandonment and the policy context of urban homesteading. They examine in some depth historic homesteading including subsistence homesteads and related Greenbelt towns.

Nowhere in the literature, however, is there evidence that anyone has systematically examined homesteading from the homesteader's viewpoint. No research has directly involved obtaining the perceptions of the homesteaders about the program and how participation in the program has affected their families or households. The need for this information is critical in making any decisions about urban homesteading programs or any other government program. This viewpoint is often ignored or treated lightly in the evaluation of public programs.

Only one urban homesteading program was chosen for this study

due to limited funds and researcher time. After examining information from and about most of the urban homesteading programs operating in the United States, the Minneapolis Urban Homesteading Program in Minneapolis, Minnesota was chosen for the study since it appeared to offer more of the supportive elements deemed critical to the success of urban homesteading programs. In particular, the widespread availability of low-interest loans, both federal and local, to low- and moderate-income families in homestead neighborhoods and to homesteaders was one element which was missing in most cities. Therefore, if urban homesteading can benefit homesteaders, the homesteaders in Minneapolis should have felt they were gaining from participation, and cities similar to Minneapolis could use similar program elements. If homesteaders felt they were not gaining, the arguments of critics of urban homesteading would be reinforced. The Minneapolis Urban Homesteading Program itself was examined partially in order to provide the context within which to examine homesteading from the homesteader's viewpoint. It was assumed that the long-range success of the program could be significantly affected by whether the family situation of homesteaders was perceived by them to be improved or worsened after participation in the program.

IV. HYPOTHESES

It was hypothesized that there would be a significant difference in perceptions of change in family situation between the homesteaders in the Minneapolis Urban Homesteading Program and other Hennepin County, Minnesota residents who bought the houses through

realtors and who were living in them in 1976. It was hypothesized that homesteaders as a group would perceive themselves as benefiting more than the comparison group.

To examine this hypothesis, eight factors were examined. These factors are change in the convenience of the location of the house, family health considerations, family satisfaction, financial considerations, the house itself, neighborhood quality, safety considerations, and social considerations including relationships among family members and between family members and neighbors.

It was also hypothesized that there would be no significant differences in the following aspects of Minneapolis homestead families and other Hennepin County, Minnesota families who had bought homes through realtors in 1976: number of persons living in the home; number of adults and children living in the home; age of the head or heads of the household; occupation of the head or heads of the household; type of dwelling formerly occupied; type of tenure (ownership or rental) of former dwelling unit; continued residence in the same neighborhood; number of days absent from work in the past two months; and number of days absent from school in the past six months (for those families with school-age children). Finally, it was hypothesized that there would be significant differences between the following housing characteristics of Minneapolis homestead families and the other Hennepin County, Minnesota families who had bought homes from realtors during 1976: number of rooms in present and last house; number of bathrooms in present and last house; number of bedrooms in present and last house; change in number of rooms; change in number of bathrooms; and change in number of bedrooms.

V. CONCEPTUAL FRAMEWORK FOR THE STUDY

Figure 1 depicts a model which has a stationary center with both rings, "Factors Influencing Individual and Family Well-Being" and "Interrelated Human Needs," rotating to aid in viewing the complex interrelationships involved in individual and family well-being. Both human needs and other factors are viewed as affecting well-being. In this research, family well-being or family situation is the focus of attention. Selected aspects of the physical environment, socio-psychological factors, and economic factors are examined in relation to change in family situation as a result of the family's participation in the Minneapolis Urban Homesteading Program and the accompanying change in housing. Urban homesteading programs, in general, can be viewed as governmental factors influencing the housing and the environment of participating families and thus influencing individual and family well-being.

VI. QUESTIONS ASKED AND ASSUMPTIONS MADE IN UNDERTAKING THE STUDY

After examining the literature about urban homesteading, urban environments, housing, and rehabilitation, one is led to ask some broad and basic questions. The first question which arises is, "Should the United States attempt to salvage blighted cities or simply ignore them and construct new areas?" In order to properly examine this question, short- and long-term benefits and resources expended must be considered. If one assumes that the human costs are too great to withdraw public funds from blighted areas, then one is led to ask,

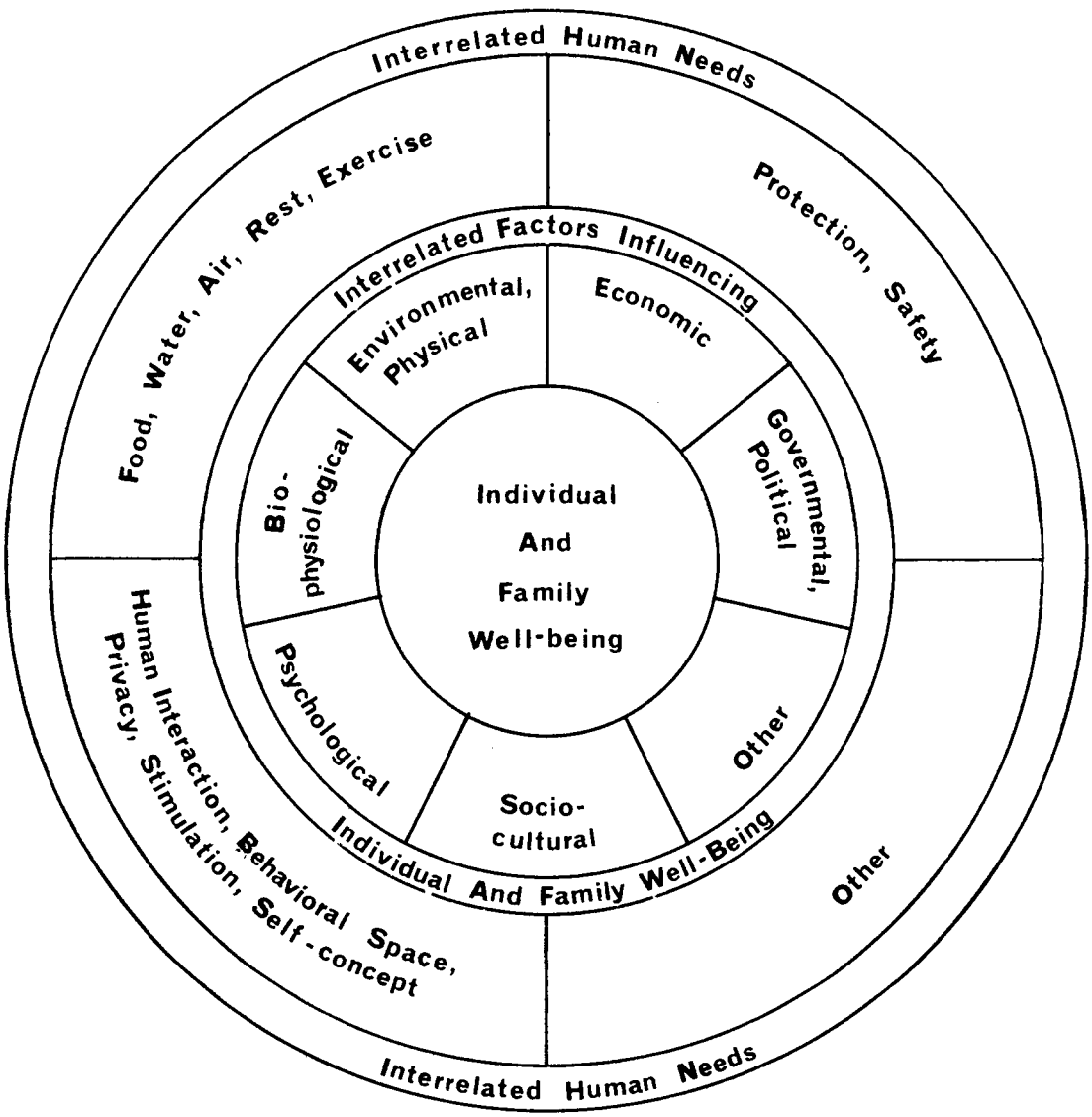

Figure 1. Conceptual framework for the study.

"Is housing rehabilitation compared to building new housing in blighted areas worthwhile in terms of resources expended and long-term benefits obtained?" If one assumes that both new building and rehabilitation are needed in attempts to salvage cities and neighborhoods, another question, particularly pertinent to this study, results: "Do urban homesteading programs have the potential to improve the urban environment and/or provide homeownership opportunities to families priced out of the homeownership market?" If again one assumes, as obviously the federal government and many municipalities have, that urban homesteading programs do have the potential to accomplish these goals, then the obvious question is, "Are they doing so?" This leads to the more specific questions which are central to this study: "What are urban Homesteading Programs accomplishing and how? What are the problems involved? What is happening to the homestead family as a result of participation in an urban homesteading program?"

Since there are at this time no definitive answers to the above questions, the following assumptions were made in designing and undertaking the study:

1. It is possible to salvage blighted city areas.
2. It is desirable to salvage blighted city areas.
3. It is worthwhile to expend resources for rehabilitation of housing as well as for construction of new housing.
4. Considering the fact that cultural values change very slowly, it is desirable to aid families to reach the widely held goal of homeownership.

5. Urban homesteading programs seem, under certain conditions, to have the potential for improving urban environments and/or providing homeownership opportunities to families priced out of the homeownership market.
6. Any government program, including urban homesteading, should be examined in respect to the people it is supposed to serve.

This research examines whether homesteaders perceive their family situations to be improved or worsened since participating in the Minneapolis Urban Homesteading Program. It also compares their perceptions to those of a comparison group of families which bought their houses through realtors during 1976.

VII. RESEARCH DESIGN

After requesting and examining published literature and other information from all those urban homesteading programs known to be operating in the United States, it appeared that the Minneapolis Urban Homesteading Program was operating in the most supportive environment. Minneapolis was providing the supportive elements for both homesteaders and for entire neighborhoods that were generally thought to be crucial to the continued success of urban homesteading programs. In particular, the widespread availability of low-interest rehabilitation loans to homesteaders and in urban homesteading neighborhoods was an element thought to be one of the most crucial for urban homesteading. Therefore, the homestead families should be placed in advantageous positions particularly in financial matters compared to

homesteaders in other programs. It was reasoned that if the homesteaders in Minneapolis did not perceive their family situations to be improved as much as did those buying houses from realtors in the same county, the long-term success potential of homesteading would be questionable at best. If, on the other hand, they perceived their family situations to be improved as much as did those buying houses from realtors in the same county, the success potential in terms of continued citizen interest in program participation should be good.

In addition to the question of the potential for success of individual programs, this study was designed to examine other major issues in urban homesteading. The entire concept of urban homesteading has been questioned with critics claiming that urban homesteading is a hoax and cannot benefit homesteaders or that it benefits the wrong segment of society. It was felt that if homesteaders in a supportive context such as those in the Minneapolis program were not benefiting from participation, this would lend support to the first supposition, which had never been systematically examined. If, on the other hand, these homesteaders felt they were gaining through their participation in the Minneapolis Urban Homesteading Program, the claims that homesteading cannot benefit participants would be at least partially refuted and cities similar to Minneapolis might be able to use the Minneapolis program as a pattern to achieve similar results. Other beneficiaries of the program were also considered in an attempt to ascertain who benefits from the operation of the program.

In conducting the study, information was collected from program

staff members, program records, published material, residents of neighborhoods where homesteading was occurring, realtors, contractors, municipal staff, one dropout from the program, and the homesteaders themselves. In addition, a questionnaire was developed, pretested, and administered in order to learn whether homesteaders, compared to comparison group subjects, perceived their family situations to be improved or worsened as a result of living in their newly-acquired housing (Appendix B).

Two groups were selected for the study. Each of the fifty-five homestead families occupying their homestead structures received a questionnaire. The comparison group was composed of a random sample of sixty-nine families who had bought homes in Hennepin County, the County in which Minneapolis, Minnesota is located, from real estate agencies during 1976. This number includes an additional 25 percent since the list of homesteaders was known to be correct at the time of the research and this was not necessarily true of the Residential Real Estate Reference Manual from which comparison group addresses were obtained. The questionnaire was mailed in May, 1977, five months after the list was compiled. This left five months for some of the comparison group sample to sell their houses and move elsewhere. In addition, it was realized that some residential real estate was bought for rental purposes.

A table of random numbers was used to obtain addresses of the comparison group from the 1976 Residential Real Estate Reference Manual compiled by the Greater Minneapolis Board of Realtors. The names of the purchasers of the houses at these addresses were then

obtained from the Hennepin County Finance Director's Office. This office lists property owners and those receiving tax billings alphabetically by address.

Homesteaders' answers were compared to those of other homeowners, who had purchased their homes in 1976 through realtors, to eliminate the confounding effects of moving. In addition, other confounding effects such as differences in socio-economic class and previous housing differences should be eliminated or minimized in this way.

The questionnaire was developed, pretested, and administered to measure perception of change in family situation for both homesteaders and comparison group families or households (Appendix B). The terms "families" and "households" are used interchangeably in this study and may refer to a single person household or to unrelated individuals sharing the same living quarters, as well as to the traditional nuclear family. The subjects were asked to rate separately the convenience of the location of the house; family satisfaction; financial considerations; family health; the house itself; neighborhood quality; safety considerations; and social considerations as "much better," "somewhat better," "about the same," "somewhat worse," or "much worse." The subjects were also asked to score each of the above factors as "extremely important," "somewhat important," "somewhat unimportant," or "extremely unimportant" if they were considering buying a house in the future. In addition, the questionnaire requests basic information about housing conditions and family characteristics.

Homesteaders were also asked eight questions which comparison

group subjects were not asked. These questions were designed to obtain specific information about the homesteaders participation in the Minneapolis Urban Homesteading Program. It was felt that this information together with that obtained from the program staff and others would provide a context for interpreting answers from the questionnaire.

Questionnaires were mailed to subjects along with a dollar and a cover letter requesting that they volunteer to complete the questionnaire (Appendix D). It was felt that the dollar would serve as an incentive to improve the return rate. Comparison group subjects were asked to return the questionnaire after checking the appropriate answer on an attached sheet if they were not living in a house they had bought in 1976 (Appendix D). Initially 73 percent of the homesteaders and 57 percent of the comparison group returned their questionnaires. After the fourth follow-up request for responses, fifty completed questionnaires were received from homesteaders and fifty-eight were received from comparison group subjects (Appendix D). The overall return rate was 91 percent for homesteaders and 84 percent for the comparison group. The effective return rate was lower, 71 percent, for the comparison group due to the aforementioned reasons.

Three homestead and three comparison group families or households were randomly chosen from among those receiving the questionnaire. These families were interviewed regardless of whether or not they had at that time completed the questionnaire. The researcher essentially repeated the major questions on the questionnaire and then probed for insights into the answers. In addition, subjects were

asked, "Why did you decide to apply for homesteading?" or "Why did you decide to buy a house?" These interviews were conducted primarily in order to gain insights into the homestead and buyer family situations in Minneapolis. This procedure also provided a reliability check for the questionnaire.

Program staff members were interviewed to clarify their perceptions of any change occurring in homesteader family situation. Each of the five members of the Minneapolis Urban Homesteading Program staff was questioned at length by the researcher using an interview guide (Appendix A). Information obtained from program staff members and program records included details about the neighborhood and municipal setting of the program; program components and requirements; organizational and management issues; funding of the program; staff and homesteader relationships; program goals; program results; problems; community response to the program; and the homesteaders' organization.

The formal interviews varied greatly in length and most staff members were interviewed more than once. In addition, many pertinent informal discussions took place between the researcher and staff members. An attempt was made to thoroughly explore any leads obtained during these interviews and discussions. Information about the value of structures, length of occupancy, funding for the program, administrative guidelines and procedures, advertisements, and legal forms and agreements were also obtained from program records and publications.

Residents of homestead neighborhoods were questioned in order

to provide insights into repercussions of homesteading and thus add to the total picture of homesteading in Minneapolis. Essentially residents were asked, "What do you think of homesteading in your neighborhood?" In addition, the researcher probed to find why the residents answered as they did.

VIII. DATA ANALYSIS

A variety of statistical techniques was employed in analyzing the data obtained with the questionnaire. Chi square analysis was used to determine whether significant differences existed between groups on the distribution of responses on such variables as number of people living in the structure; number of adult males, adult females, and children; age of the head and/or heads of the household; number of persons employed; and income. A rating scale with a range of five possible ratings was used to examine selected family situation variables. Chi square tests were used to compare ratings of the two groups for each of these variables.

Frequencies of ratings for six questions asked only to the homesteaders were examined using chi square tests to determine whether the answers differed significantly from distributions which might be expected by chance. The variables examined included rehabilitation costs, accuracy of estimates, amount of work done by the homesteader, amount of work contracted, success of the housing authority in helping with rehabilitation problems, and feelings about participating in the program.

Multivariate analyses of variance were used to determine whether

significant differences existed between groups when considering selected indications of change in family situation; the importance given the indications of change in family situation; number of rooms in dwelling units; family composition; crime; the ages of the head or heads of the household; and employment information.

A limited number of t-tests were used to determine whether significant differences existed between groups on the variables which could not be examined by a multivariate analysis of variance due to lack of comparable measurement units with other questions. These variables include income, occupation, type of previous dwelling unit, type of tenure of previous dwelling unit, and length of occupancy.

Simple correlation procedures were used for the total number of subjects in order to measure correlation between a rating for change in total family situation and measures of financial situation.

A multiple regression test was used to determine the beta weights for the predictor variables of change in family situation. This procedure was employed using the responses from the total number of subjects.

Finally, an index score was obtained for each group to measure change in family situation. Mean scores were computed for the ratings of importance on each change in family situation variable. These mean scores for each group were then used as multipliers for the mean ratings given each of the variables by each group. The results are eight scores for each group. These scores are then added in order to obtain an index score for each group for total change in family situation.

IX. ORGANIZATION OF THE STUDY

Chapter II deals in general with homesteading in the United States. The history of homesteading, the context and settings of urban homesteading programs, and specific program considerations are discussed. The third chapter is devoted to Minneapolis and the Greater Metropolitan Area while the fourth chapter consists of an analysis of the Minneapolis Urban Homesteading Program with the fifth chapter concentrating on the perspective of the homesteader using questionnaire answers. Statistical analyses of the data are included. The sixth chapter consists of a summary of the research findings and conclusions drawn from the research. Recommendations are also included.

CHAPTER II

URBAN HOMESTEADING IN THE UNITED STATES

I. HISTORY OF HOMESTEADING

Home or land ownership has been sought in America from colonial days. Jefferson and other founding fathers argued that land ownership was a basic element of democracy. This country was settled by persons and groups often enticed by the offer of free land. Later, with the offer of free land, population was redistributed to some extent to areas which were otherwise unable to attract large numbers of people.[1] The mechanism for this was known as homesteading. Both Arkansas and Indiana had established homesteading by 1830. Five years' residence was required and 160 acres were made available to homesteaders.[2] The concept was a popular one and more than fifteen homestead acts were passed between 1842 and 1875. In 1842, Congress offered free homesteads to settlers who would cultivate at least five acres and remain five years. The 1842 homesteading effort, although frequently romanticized, can be considered a near total failure since it could not attract enough participants even after the abolishment of the cultivation requirement.[3]

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[1]James W. Hughes and Kenneth D. Bleakly, Jr., Urban Homesteading (New Brunswick, New Jersey: Center for Urban Policy Research, 1975), pp. 36-37.

[2]Benjamin H. Hibbard, The History of the Public Land Policies (2nd ed.; Madison: University of Wisconsin Press, 1965), p. 352.

[3]Thomas Le Duc, "History and Appraisal of U. S. Land Policy to

The first federal western homestead act was signed by President Lincoln in 1862 allowing any settler to claim 160 acres of land for a claiming fee of twenty-six dollars and the agreement to live on and improve the land for five years. After residing on the property for a period of six months, the claimant could obtain full title by paying one dollar and twenty-five cents per acre.[4] A popular belief contends that homesteading provided land for the landless and an escape valve for immigrants overflowing the eastern cities. In actuality, homesteading was left to those with more resources since the poor lacked the means to provision themselves for the long migration and living the first few years.[5] In addition, many homesteaders sold their homesteads rather than continuing to live on them. From 1862 to 1880, much of the good farmland in the midwest was settled, but only 55 percent of the settlers finally received title to their lands. After 1880, homesteading became more a device for business interests to obtain vast tracts of land. Illustrating this is the comparison of final homestead entries and the number of farms with land being occupied and cultivated.

Of Idaho's 60,000 final entries, 40,000 were farms; of Colorado's 107,000 final entries, only 57,000 were farms; of Arizona's 20,000 final entries, only 9,000 were farms; and of Wyoming's 67,000

1962," Land Use Policy and Problems in the United States, ed. Howard Ottoson (2nd ed.; Lincoln: University of Nebraska Press, 1964), p. 18.

[4]Roy M. Robbins, Our Landed Heritage: The Public Domain 1776-1936 (3rd ed.; Lincoln: University of Nebraska Press, 1962), pp. 206-207.

[5]Fred A. Shannon, "The Homestead Act and the Labor Surplus," The Public Lands, ed. Vernon Corstensen (Madison: University of Wisconsin Press, 1963), p. 306.

final entries, only 15,000 were farms.[6] It is evident that the old homestead acts in terms of amount of land settled were insignificant compared with land development of private interests of the same period.

President Franklin D. Roosevelt's order in 1935 withdrawing 165,695,000 acres from claimable unfarmed lands virtually ended the public domain as a conduit for private ownership.[7] The few homesteads which were awarded after this time were mostly in Alaska.

Strangely enough, around the same time in the early 1930's, a different concept of homesteading, that of subsistence farming and subsistence homesteads, grew popular due to a world depression and widespread unemployment in the cities. Section 208 of Title 2 of the National Recovery Act passed in 1933 provided for loans to aid in the purchase of subsistence homesteads. Eventually, twenty-three industrial-type colonies were completed, some within commuting distance of employment centers. In retrospect, it can be said that those colonies providing the opportunity to earn a partial subsistence from the land and that those located near an employment center were more successful than either the decentralized industry-type colony or the purely rural colony.[8]

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[6]Paul W. Gates, "The Homestead Act: Free Land Policy in Operation, 1862-1935," Land Use Policy and Problems in the United States, ed. Howard Ottoson (2nd ed.; Lincoln: University of Nebraska Press, 1964), p. 42.

[7]Robbins, p. 422.

[8]Paul K. Conkin, Tomorrow a New World: The New Deal Community Program (Ithaca, New York: Cornell University Press, 1959), p. 106.

The community aspects of the program were heavily emphasized as were its education aspects. There was also an effort to provide a range of community services. In order to insure the success of the project, selection again tended to favor homesteaders who could financially meet the desired payments. The focus of the program, therefore, obviously evolved to be the creation of viable communities rather than direct aid to the poor.[9] Nevertheless, even in the most successful example of such communities, Roosevelt, New Jersey, the monetary cost of the community exceeded its actual value by at least a factor of three.[10]

Homesteading was revived and modified as a popular concept in the late 1960's and in the 1970's with the emergence of urban homesteading. The concept appeared at a time when the housing inventories of municipalities and the Department of Housing and Urban Development (HUD) were sizable and increasing and the urban residential abandonment problem was perceived as critical.

The Urban League has defined abandonment as:

> When a landlord no longer provides services to an occupied building and allows taxes and mortgages to go unpaid, it is clear that the building is uninhabitable by all but desperation standards. We consider such buildings to be finally abandoned. On the other hand, when a building is temporarily unoccupied or is to be demolished for another socially or economically useful purpose, it cannot be considered finally abandoned.[11]

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[9]Ibid., p. 125.

[10]Ibid., p. 275.

[11]The National Survey of Housing Abandonment (New York: National Urban League, 1971), p. 12.

One of the earliest proponents of the concept of urban homesteading was George Sternlieb. The concept seems to have grown out of research findings that homeownership is a positive factor in good property maintenance and out of the abandonment problem itself. George Sternlieb and Robert Burchell conclude in their study of residential abandonment in Newark, New Jersey that any measure which would increase owner-occupancy would retard abandonment.[12]

Faced with problems of abandonment, increasing housing inventories, urban blight, housing problems, and failure of many federal programs to eliminate urban problems, several cities began to consider implementing urban homesteading programs.

The first urban homesteading program was instituted by Wilmington, Delaware in May, 1973.[13] Philadelphia initiated its program shortly thereafter in July, 1973.[14] Both were municipally organized and controlled. In the following years, many other cities initiated municipal urban homesteading programs operated by municipal agencies or designated non-profit agencies. Properties in HUD's inventory were often purchased for use in these early programs through the Property Release Option Program.

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[12]George Sternlieb and Robert Burchell, Residential Abandonment: The Tenement Landlord Revisited (New Brunswick, New Jersey: Center for Urban Policy Research, 1973), p. 351.

[13]M. Jan Akre, "Urban Homesteading: Once More Down the Yellow Brick Road," Environmental Affairs, III, 3 (Summer, 1974), p. 580.

[14]Philadelphia Urban Homestead Board, 200 Years Later: The Pioneer Spirit in the Bicentennial City: Philadelphia's Urban Homesteading Program (Philadelphia: City of Philadelphia, 1976), p. 5.

Direct federal involvement in urban homesteading programs became possible with the Housing and Community Development Act of 1974 passed by Congress in August of 1974.[15] The act authorized HUD to establish a federal Urban Homestead Program. Section 810 of the act allowed HUD to transfer foreclosed HUD-owned, FHA-insured one- to four-family properties to local governments for urban homesteading. Section 810 appropriated funds to enable HUD to reimburse the FHA mortgage insurance fund for the value of properties transferred to local governments. Section 810 also outlined the requirements for an acceptable local program. In May, 1974, a national conference on urban homesteading was sponsored by the National Urban Coalition and the National Association of Housing and Redevelopment Office. In May, 1975, Carla Hill, the Secretary of HUD, announced HUD's official entry into the urban homesteading arena through the Urban Homesteading Demonstration Program. In late 1975 and early 1976, Urban Homesteading Demonstration Agreements were executed between HUD and twenty-three cities. Approximately $5 million worth of structurally sound houses and $5 million in rehabilitation loans were initially released to the twenty-three cities. Then in October, 1976, HUD added an extra $6.25 million worth of housing and $8 million more in loans to the Urban Homesteading Demonstration Program. Some $3.5 million in substantially sound federal housing and an extra $4.4 million in low-cost rehabilitation loans were allocated among the twenty-three cities

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[15]Housing and Community Development Act of 1974 § 810(a), 88 Stat. 734, 12 U.S.C. § 1706(e) (1974).

already participating in the Urban Homesteading Demonstration Program, leaving about $2.5 million in housing, 450 homes, and almost $3.6 million in loans for fifteen additional cities to join the experiment.[16] Thus, the federal commitment was boosted to $11.25 million in terms of property transfer value and $13 million in low-cost loans available for homesteading.[17] In addition, in HUD's budget submission, a supplemental request for $15 million for 1977 and an additional $15 million for 1978 were requested for the urban homesteading program.[18] Patricia Harris, the present Secretary of HUD, in outlining HUD's goals for fiscal year 1979, anticipates a need for another $15 million for urban homesteading.[19] By the end of 1976, HUD had conveyed some 900 properties to participating cities.

HUD has fostered a total approach by which it is hoped that the homesteader will be helped by counseling, rehabilitation services, and special assistance with individual problems as well as by increased services in homesteading neighborhoods. In addition, it was required that each municipal program meet certain requirements. It is required that in order to receive title, the homesteader must occupy the property three years; make the repairs for health and safety prior to

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[16]"Homesteading Program Expanded," HUD Newsletter, VIII, 22 (May 30, 1977), p. 2.

[17]"Urban Homesteaders: Today's Pioneers," Everybody's Money, XVII, 2 (Summer, 1977), p. 4.

[18]"HUD's 1978 Budget Submitted," HUD Newsletter, VIII, 5 (January 31, 1977), p. 2.

[19]"Secretary Outlines FY '79 Goals," HUD Newsletter, VIII, 23 (June 6, 1977), p. 2.

occupancy; meet local standards for decent, safe, and sanitary housing within eighteen months; and permit inspections at reasonable times. The Demonstration Program is clearly being undertaken to determine whether the provision and conveyance of positively-valued properties to homesteaders without any substantial payment will provide decent, safe and sanitary housing to families. It is also being undertaken to determine whether this combined with a coordinated approach toward neighborhood improvement will re-establish the viability of communities presently experiencing blight.[20] HUD is especially interested in assessing administrative structure and program management, neighborhood selection, financing, property disposition and marketing procedures, supportive programs, legal authorization, and homesteader selection.[21]

A preliminary HUD urban homesteading plan proposes two major thrusts:

> The underlying objectives in undertaking an urban homesteading demonstration are to encourage investment in urban neighborhoods and to better utilize the existing housing stock in order to preserve those neighborhoods. . . . The central thrust of this plan is the development of a demonstration project which will test the workability of the homesteading concept as a preservation and stabilization tool in a range of carefully chosen declining neighborhoods which are not severely blighted and have some potential of regaining their viability.[22]

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[20]U. S. Department of Housing and Urban Development, Office of Policy Development and Research, Request for Proposals, No. H-2401 (Washington, D. C.: Government Printing Office, January 12, 1976), p. 9.

[21]Ibid., pp. 9-13.

[22]"Background and Objectives of the Urban Homesteading Demonstration" (Washington, D. C.: U. S. Department of Housing and Urban Development, 1975), pp. 1-2. (Mimeographed)

While HUD has delineated the focus for the programs of municipalities participating in the Urban Homesteading Demonstration Program, ultimate responsibility for effectively using homesteading to stabilize neighborhoods lies with the individual cities.[23] Therefore, urban homesteading programs, even within the Demonstration projects, have both differing and common elements.

Hughes and Bleakly, in analyzing earlier homestead attempts, state that three common elements have been a strong emphasis on self-determination and self-help, advocacy of land for the landless, and population redistribution.[24] They emphasize the fact that many of the early attempts were in areas of growth where the potential and future habitability were almost insured by the major trends of their respective time periods and that these earlier attempts reflected images consistent with the desires of much of America at that time. Current urban homesteading programs, while also endeavoring to overcome disincentive pressures to a somewhat non-marketable location, may be at variance with the lifestyle preferences of Americans today. Attempted redistribution through urban homesteading seems to be against the direction of market forces.[25]

Nadine Winter, who has worked in administering the urban homesteading program in Washington, D. C., reflects that in the historic Nineteenth Century homestead acts:

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[23]Barbara Houg, "Homesteading: The Urban Frontier," HUD Challenge, VII (January, 1976), p. 27.

[24]Hughes and Bleakly, p. 36.

[25]Ibid., p. 37.

1. The primary objective was not to give land away but to put people on the land.
2. The old homestead acts compared with land development of private interests during the same period of time were not significant.
3. Comparing the number of homesteading entries with the number of final grants, the program could not be considered successful.[26]

Urban homesteading is, like historic homesteading, an attempt to put people back on the land. It can be argued, however, that the Nineteenth Century homesteader was offered at least a partial economic self-sufficiency rooted in agriculture, which was also found to some extent in the subsistence homesteads of the 1930's. The urban homesteading programs of today, however, are purely residential in nature and may be out of line with the dominant employment location trend. The earlier homesteading programs did not actually benefit the urban poor, and it does not seem likely that urban homesteading programs will do so either. Most urban homesteading programs attempt to attract self-sufficient and stable families to the central cities. It is hoped that these families can eventually stabilize urban neighborhoods and return abandoned properties to the tax rolls. If this is to be accomplished, it may be impossible to use these programs to improve the lot of the poor in any significant way.

Much more technical sophistication is required to rehabilitate a house today than was necessary to build and develop the historic homestead. In addition self-help is limited because certain construction tasks may only be undertaken by licensed craftsmen.

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[26]Nadine Winter, "A Communication," The Washington Post, October 20, 1973, Sec. F., p. 39.

These facts require of the urban homesteader substantial funds and/or access to many supplemental services. In the 1930's, cost overruns in homestead construction were borne by the government. Urban homesteaders must bear these costs themselves. The surrounding area also has more bearing on real estate values in today's market.

In short, the urban homesteading concept does share some elements with historic homesteading, but there are vital differences. Romanticized television and movie versions of historic homesteading have helped to stir interest in urban homesteading by the use of analogies. These analogies can slur distinctions between the two, however, and must be closely examined to clarify the differences. Both were originally intended to help the poor but in fact tended to be programs for those with more substantial incomes. Both were anchored in the belief that land and home ownership is a crucial element of well-being. Both were attempts to occupy land. Successes in historic homesteading were very limited and many suggest the same will be true in urban homesteading. Distinctions between the two forms of homesteading include the agricultural orientation of the earlier programs versus the urban commitment of the contemporary attempts and employment concerns of the former versus a basic residential provision of the latter.

II. CONTEXT AND SETTING

The long-range probability of the success or failure of urban homesteading depends to some extent upon the context or setting in which urban homesteading occurs. The geographic, socio-demographic, economic, physical, governmental and political setting is important

to any housing or urban program. These elements are all inextricably interwoven and, therefore, difficult to separate when examining program results.

In a society which is, according to some futuristic thinkers, rapidly becoming a "post-industrial" society, it is certainly legitimate for the policymaker to ask what the role and function of the central city should be.[27] This forms the framework within which all urban programs operate. Historically, in the United States, masses of people lived in cities because a labor market was needed for developing industry; cities were places where immigrants could adjust to a new country; large numbers of people living in close proximity could support cultural activities and education; and business headquarters of any size were located near industry in the cities. It is now questionable whether the city continues to perform these traditional functions, and for the first time people are questioning whether central cities can be and/or should be revived or preserved.

In examining homesteading and the plight of American cities, Hughes and Bleakly conclude, "All of the settings of our homesteading programs share one basic fact of life--as cities there is some reasonable doubt that they continue to serve a worthwhile function." They also conclude that, ". . . the large scale abandonment of residential parcels may be the terminal effect on the city of our national shift into post-industrialism, and the advent of homesteading

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[27]Daniel Bell, The Coming of Post Industrial Society (New York: Basic Books, Incorporated, 1973), pp. 1-489.

may be the last patchwork attempt to maintain an urban residential market."[28]

If one concludes that central cities should be rehabilitated, restored, or preserved, there is a question as to where municipalities should concentrate their resources. A growing number of planners, housing specialists and others concerned with urban problems have come to the conclusion that adequate resources do not exist to turn all declining neighborhoods around. Many persons such as proponents of the Triage Theory feel, therefore, that a municipality should essentially ignore the worst areas until property values fall so low that it is profitable for the private market to develop them. It is felt that a municipality should concentrate its resources in areas which are just beginning to decline so that private investment can be stimulated and decline reversed. The social costs of such a strategy make this objectionable to those who feel resources, both federal and municipal, should be used to help those who are most in need of help. The evolution of the urban homesteading concept to its present form means that urban homesteading programs fit more readily with the former strategies than with the latter. No matter which side of the controversy one takes, it is becoming increasingly apparent that, in order to turn any declining neighborhood around and preserve or rehabilitate it, urban homesteading should be used as only one tool in a larger effort. Housing rehabilitation, community housing services programs, social services, physical improvements, and municipal services are all

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[28]Hughes and Bleakly, p. 184.

important in a comprehensive neighborhood improvement or preservation strategy.

Social Aspects

No matter which side one takes in the municipal distribution of funds controversy, the effects of the urban homesteading program or any other program on the families affected must also be considered. Abandoned houses which are used for homesteading are often located in blighted areas of cities where many sociologists feel the social fabric of communities is disintegrating. The desirability and rationale of pitting individual households or families alone against such an environment is indeed questionable. Therefore, urban homesteading should be one among several programs aimed at improving the physical and social environment of declining neighborhoods. In an environment abounding with problems, physical improvements such as improved housing, even if successful, may have little effect on other factors such as mental health, family stability, juvenile delinquency, employment, levels of job skills, and levels of education.[29]

Economic Aspects

In addition to these social aspects, economic aspects of urban homesteading are important. Economic aspects of urban homesteading at this time can be considered from at least four different viewpoints. These are the federal viewpoint, the municipal viewpoint, the neighborhood viewpoint, and the viewpoint of the homestead family or household.

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[29]"From Plows to Pliers: Urban Homesteading in America," Fordham Urban Law Journal, II (November, 1975), p. 285.

The larger context of national growth policies is important to any housing mechanism employed on the urban scene. Economic viability in a regional context is related to the probability of success of urban homesteading and other housing programs. The location of jobs is important to consider when attempting to determine desirable locations for new or rehabilitated housing. As mentioned earlier, Hughes and Bleakly suggest that urban homesteading programs are attempting to redistribute population against the current of market forces.[30]

At the federal level, the large housing inventory held by HUD due to FHA-guaranteed mortgage foreclosures, presents a costly and embarrassing situation. HUD can encourage urban homesteading programs with comparatively meager federal costs which include the value of inventory dwellings of which it has not been able to dispose. This gift of dwellings to certain cities can be considered either as an offer of hope or a smoke screen on the urban scene, and it can at the same time reduce federal holding and management costs. D. Loomis in Architectural Record states, "As national housing programs go, it's (urban homesteading is) peanuts. . . ."[31] Presently, there are no state or regionally operated urban homesteading programs. Therefore, the next levels to consider are economic viewpoints of the municipality and the neighborhood. In cities like Philadelphia and Detroit estimates of abandoned single-family homes have approached 25,000 in

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[30]Hughes and Bleakly, p. 37.

[31]D. Loomis, "Human Settlements: World News Reports," Architectural Record, CLVIII (November, 1975), p. 38.

each city. Many other cities also hold large abandoned dwelling unit inventories of which they cannot profitably dispose. These inventories are made up primarily of structures which became municipal property due to abandonment and delinquent taxes. A large inventory reduces the municipal tax base and increases municipal expenses. An urban homesteading program promises a cost reduction for demolition and replacement expenses to the extent that these are borne by local government. In addition, some municipal cost analysts advocating urban homesteading expect a long-term cost reduction and a positive budgetary gain as homesteaders themselves infuse capital and labor into the central city, which should broaden the tax and human resource base.[32]

A situation which is virtually unexplored by analytical studies is the effect homesteading has on the economic or financial situation of the homestead family or household. As mentioned earlier, in a study of Baltimore's housing problems, Grigsby and Rosenburg contend that because of rehabilitation costs and market value in the inner city, the homesteader is making a bad investment.[33] The market value depends to a large extent on the surroundings and may be affected by net population loss or gain, the viability of surrounding areas, the number of abandoned dwellings within an area, and the provision of services in the area. Therefore, it is doubtful that improving only scattered dwelling units would be successful in enhancing market

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[32]Akre, p. 566.

[33]William Grigsby and Louis Rosenburg, Urban Housing Policy (New Brunswick, New Jersey: Center for Urban Policy Research, 1975), p. 235.

potential of the area or the financial situation of families rehabilitating houses in such an area. If homesteaders are placing themselves in a worse financial situation by participation in such programs, it is doubtful whether, in the long run, such programs can succeed.

Other Aspects

In addition, the workability of an urban homesteading program depends at least in part upon other unique aspects existing in each city. One example is the suitability of structures and their availability for homesteading. The stage of neighborhood decline and abandonment has been an important consideration for the implementation of urban homesteading programs. Neighborhoods can be described as either healthy and viable, experiencing incipient decline, experiencing clear decline, experiencing heavy decline, or unhealthy and nonviable (Appendix F).

Abandonment can also be considered an index of an obsolete housing type that may not be directly associated with a neighborhood's level of decline. Homesteading can in a sense be considered a public policy response to residential abandonment. Abandonment challenges the traditional idea that there will always be people to live in the inner city and that it will be profitable to house them. It is generally felt that homesteading appears to have the greatest potential for maximum success in stage two and three neighborhoods, those experiencing some decline but not heavy decline (Appendix F). Homesteading, combined with other efforts, may have the potential through rehabilitating abandoned structures to attack some secondary effects of abandonment such as fire, crime, loss of revenue to municipalities,

loss of basic housing resources, loss of finances by financial institutions and owners, and redlining.

Limitations

Although urban homesteading may have the potential to affect some of these secondary effects of abandonment, it certainly cannot by itself be the total solution to all urban housing ills. From the perspective of neighborhood preservation, urban homesteading is only one of the many mechanisms available to improve and maintain the housing stock. Urban homesteading is appropriate only for properties which are in disrepair and abandoned and for which rehabilitation appears economically feasible. It cannot aid those who already own their own homes. In this sense urban homesteading does not directly attack the root causes of abandonment. Significantly, urban homesteading cannot solve housing shortages due to increasing population because it does not add new units. Nor does urban homesteading, as it exists, supply housing for low-income families. Other problems with urban homesteading programs are that isolated homesteads in deteriorated neighborhoods can do little to encourage participation by families concerned for their safety, and that homesteading concentrations in blocks can lead to resentment from the surrounding neighborhood.[34] Finally, urban homesteading does not address the problem of housing shortages for those who prefer to rent, those without a steady income, or those not capable of handling the problems that homeownership entails.[35]

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[34]"From Plows to Pliers," p. 288.

[35]U. S. Congress, House, Committee on Banking and Currency,

Urban homesteading is, of course, one way of conserving the housing stock, and there is obviously a need for conservation. However, disagreement persists about the best way or ways to meet housing shortages. Stability-producing mechanisms such as homesteading, other rehabilitation, code enforcement, and new housing production can be considered rivals if both housing and neighborhood viability are not considered as part of a complete system.[36] The supporters of new housing construction programs believe that new units will last longer and be cheaper in the long run. The proponents of rehabilitation programs and the proponents of maintenance programs believe that it is wiser to make use of the existing housing stock since it best utilizes resources. Neither of these strategies, however, attacks the underlying causes of physical deterioration, abandonment, and social problems such as crime, disintegrating family relationships, and loss of neighborhood ties.

Urban homesteading as a form of rehabilitation has the potential of attacking only a portion of the rehabilitation needed, using only abandoned structures. It is not directed toward current owners of property in need of rehabilitation. Urban homesteading programs can do nothing directly which will aid in providing new units or which will aid in solving nonphysical problems leading to physical problems

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Subcommittee on Home Financing Practices and Procedures, Financing of Inner City Housing, Hearing, 91st Congress, 1st Session, June 2, 3, 5, and 9, 1969 (Washington, D. C.: Government Printing Office, 1969), pp. 66-72.

[36]Hughes and Bleakly, p. 61.

and housing shortages.[37] It remains to be seen whether urban homesteading can indirectly attack both housing needs and urban blight.

In general, urban homesteading has not been widely used in rehabilitating large multi-family structures. In order to accomplish this, urban homesteading needs to be refashioned to incorporate the two models which exist for the legal structure, the condominium model or the cooperative ownership model.

III. MORAL AND POLITICAL FACTORS

In considering the limitations and/or the potential of any program, it would be negligent to omit political and moral factors. Congress, in recognition of the problems of the inner cities, has in the past enacted several massive federal programs such as urban renewal and welfare programs to curtail housing decay and to attack problems such as poverty, which were at various times felt to be the root causes of urban problems. While showing concern, these solutions have at best had mixed success and many central city areas have continued to decline.

There has been much unfavorable publicity about and criticism of past urban programs. M. Jan Akre states that existing federal programs to rehabilitate urban centers are clearly a collective disaster.[38] Going a step further, a commentary in the New York Times reads, ". . . existing Federal policies have done much to encourage

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[37]Roy Lubove, The Progressives and the Slums: Tenement House Reform in New York City, 1890-1917 (Pittsburgh: University of Pittsburgh Press, 1962).

[38]Akre, p. 587.

blight and disinvestment . . . by subsidizing suburban sprawl and ghettoizing public housing."[39] James H. Davis, an observer of national housing policy, states that even the successful federal housing programs such as Sections 231, 233, and 236 with emphasis on rehabilitating old, inner-city homes and new suburban production, abetted housing abandonment.[40] In addition, HUD has become the largest owner of single-family houses in a number of cities.[41]

It is, therefore, quite possible that the federal urban homesteading program may have been instituted in large part because it offered HUD a chance to dump titles and mortgages on abandoned or repossessed houses which were acquired through mortgage payment defaults. In addition, associations made between romanticized movie versions of historic homesteading and urban homesteading programs readily publicize an image which suggests the latter as the answer to all urban problems. Therefore, from the perspective of Congress and HUD, the urban homesteading program appears attractive. The favorable publicity makes it seem that something innovative is being done to solve urban problems while HUD's monetary involvement, which includes the costs of the housing of which HUD often wishes to rid itself has been relatively small.

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[39]"Urban Homesteading," The New York Times, June 9, 1975, p. 30.

[40]James H. Davis, "A Second Look at the Urban Homestead," Landscape, January, 1975, p. 24.

[41]Michael A. Stegman, "Low-Income Ownership: Exploitation and Opportunity," Journal of Urban Law, L, 371 (February, 1973), p. 375.

On the municipal level, urban homesteading captures the imagination of many people, helps cities rid themselves of abandoned property, and increases the tax base. While this may be politically expedient, it does raise some moral questions.

Whenever the issue of morality and public programs arises, one likely question emerges: "Is it moral to take from some people and give to others?" or "Is it moral not to take from some people and give to others?" This leads one to consider broad political issues: Should there be a completely free market? Should incomes among all people be equalized? Should money be taken from some groups in a society in order to take care of the less fortunate? Can the latter be achieved in the context of a relatively free market? Our policy-makers have opted to redistribute wealth to some extent while attempting to maintain a form of free market. This course lends itself to wide disagreements, however, since it must be determined how much is taken from which people and what amount is to be distributed to different segments of society.

Ideally, each person and industry pays a fair share in taxes which is then to be used for public purposes. This leads to an ancient question which is still disputed: "What is a public purpose?" In considering whether a public purpose is being served, there is disagreement about which segments of a society should receive benefits. The seemingly obvious answer is to help those who cannot purchase the necessary goods and services for themselves. It has become increasingly apparent that urban homesteading does not serve low-income families and cannot successfully do so without large subsidies; these have not

been forthcoming. The most that one could say is that urban homesteading programs serve moderate- and middle-income families who have been priced out of the homeownership market. Although homeownership and ownership of land has long been considered desirable and has commonly been thought of as promoting civic virtues, it could hardly be said that homeownership is necessary. In this framework, one questions then the morality of taking from some people in order to provide homeownership and, in some cases, tax abatements to others who are not those most in need of housing assistance.

If one contends, however, that urban homesteading programs improve neighborhoods and that this serves a public purpose, most urban homesteading programs are attempts to do so. Nevertheless, another pertinent question can arise, "Does the innovative taking, which many program administrators think is necessary for a successful program, outweigh the private right given in the due process clause of the Fourteenth Amendment?"[42]

Another issue is whether the improvement of neighborhoods may in itself be blocking the upward mobility of those people emerging from core areas. This is possible since prices tend to remain high or increase with improvement. This raises the question of whose purposes are to be served. Even if one is more concerned with the homesteaders' purposes and benefits rather than with those attempting to emerge from crises or core areas, there are still other issues. First, urban homesteading critics argue that to permit the occupancy

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[42]"Text of the Constitution of the United States," Encyclopedia Americana (1976), VII, p. 670.

of substandard buildings which is necessary during rehabilitation establishes double property standards. The second issue is whether encouraging families to place all their hope and their money into rehabilitating a vacant house, considering the time allotted to them and rehabilitation requirements, may be immoral and unjust and serve little purpose.

Another issue involves the comparative rights of lending institutions and their shareholders. If a structure is abandoned, is the lender's equity also voided? After making a high-risk loan, is it fair to request that financial organizations throw good money after bad with little or no possibility of recapture?[43]

It is also necessary to consider the importance of urban homesteading goals in relation to other urban housing and welfare goals. Because of different values and assumptions, different persons define problems and their causes differently. They thus promote different policies and programs to reach different ends for different groups of people. This suggests a multiplicity of public purposes.

Finally, pessimists about urban homesteading argue that the urban homesteading program is simply a dumping effort on the part of HUD covered by favorable publicity. They feel that there are strong indications that the concept is being used primarily for its media value to show the public that the government is taking action on the national problem of housing abandonment while homesteaders are

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[43]Benjamin Ronis, "A Wilmington Experiment: Abandoned Homes Given for Promises to Renovate," Washington Post, September 22, 1973, Sec. E, p. 18.

not being financed, trained, or protected. They also feel that the collective results of all urban homesteading programs are negligible in comparison with the scale of the abandonment problem.[44]

IV. LEGISLATION AND LEGALITY

Federal enabling legislation for an urban homesteading program is found in Title VIII, Section 810 of the Housing and Community Development Act of 1974.[45] In this act, HUD is authorized to transfer properties with positive value for use in approved local urban homesteading programs. These transfers are made without cost to the local programs. Five million dollars for 1975 and $5 million for 1976 were authorized to reimburse FHA funds for homestead transfers of foreclosed property. The act required that essentially the following provisions be met in order for municipalities to be eligible to receive federal properties for urban homesteading programs:

1. The conditional conveyance of unoccupied residential property to an individual or family without substantial consideration.
2. An equitable procedure for selecting recipients of the property.
3. An agreement under which the recipient agrees to occupy the property for a minimum of three years, make necessary repairs and permit periodic inspections.
4. An agreement of revocation of conveyance upon any material breach of the agreement and full conveyance upon compliance.
5. A coordinated approach toward neighborhood improvement and the upgrading of community facilities.[46]

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[44]Davis, p. 26.

[45]Housing and Community Development Act of 1974 § 810(a), 88 Stat. 734 (1974), 12 U.S.C. § 1706(e) (1974).

[46]Ibid., p. 734.

Section 312 of the Housing Act of 1964 makes federal loans available at 3 percent interest on funds up to ten thousand dollars per dwelling unit. Twenty year terms are available. These rehabilitation loans are available to owners and tenants of urban renewal or code enforcement areas. The extension and incorporation of Section 312 in the Housing and Community Development Act of 1974 have provided an additional financial mechanism for urban homesteading.[47]

There are few states and municipalities where constitutional provisions, statutes, charters, and/or ordinances do not cast doubt on the power of a local unit of government to convey properties to homesteaders without auction, competitive bidding, or similar processes incompatible with the urban homesteading concept. In some states, state law requires that government-held property either be sold to the highest bidder or remain unsold with all bids being rejected. The provision of properties free of prior obligations, taxes, and liens also usually requires major changes in state, county, and city laws.[48] In some states, a delinquent taxpayer can reclaim his house up to two years after foreclosing.[49] These legal barriers may also cast doubt on the power of municipalities to aid homesteaders in the financing of rehabilitation.

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[47]Ibid., p. 683.

[48]David Robinson, Jr. and Jerome I. Weinstein, "Urban Homesteading: Hope or Hoax?" Journal of Housing, XXX (August-September, 1973), p. 396.

[49]Gail Bronson, "The Old Homestead: Abandoned Houses Given Free to People Willing to Restore Them," The Wall Street Journal, September 21, 1973, p. 1.

Most homesteading ordinances require that the urban homesteader occupy his homestead while at least a portion of the rehabilitation work is being completed. This poses other legal problems. Double property standards permitting occupancy of substandard structures by homesteaders is of questionable legality.[50] Another problem arises with the conditional deed given to most homesteaders. Conventional financing of the required rehabilitation work is difficult at best with such a deed.

Other legal restrictions are thorny problems for urban homesteading programs. Laws have caused waiting problems in acquiring properties. The longer a unit stands empty, the more deterioration is apt to take place and the more apt the unit is to be vandalized.

V. ADMINISTRATIVE POSITIONING

It is then apparent that the successful operation of an urban homesteading program depends at least in part upon the interrelationships between a complex number of governmental regulations, state and federal support systems, and municipal financial commitments and programs. Whether an urban homesteading program is located in an existing agency or is established as an independent operation could have important implications for the outcome of a program. The ability to obtain cooperation from various other municipal agencies can be influenced a great deal by the administrative position of a program. The legislative authority and powers granted and the allocation of

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[50]Robinson and Weinstein, p. 396.

funds and personnel to the agency are also important. There does not appear to be one best way to set up an agency. Each particular situation may call for a slightly different solution.

Hughes and Bleakly conclude that consolidating all of the various city functions under one umbrella agency is the best framework, among the four programs they studied, since it fosters cooperation and effectiveness. They also mention that the best possible approach may well be one which has not yet been tried, a separate and independent homesteading agency internalizing all the activities necessary to carry out program functions.[51]

VI. PROGRAM ELEMENTS AND ADMINISTRATION

In addition to administrative position, the roles of program administration or program management are important. There are essentially four roles of program administration: policy making; property acquisition and transfer; operation of homesteading; and administrative support. These functions may be spread over a number of agencies or combined in a single agency. Although policy making may be largely out of the hands of the program staff, property selection, acquisition, and transfer are important parts of the day-to-day management of the program.

Selection and Acquisition of Properties

In order to select structures suitable for homesteading, type and condition of both the structure and the neighborhood should be

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[51]Hughes and Bleakly, pp. 189-190.

considered. In selecting a neighborhood or neighborhoods for urban homesteading, factors such as existing neighborhood and preservation programs, character and appeal of the neighborhood, number of HUD and municipally owned properties, the number and types of neighborhood organizations, and condition of the neighborhood should be considered. One of the primary criteria for selecting structures for homesteading is whether the market value of the structure after rehabilitation will be as much or more than the cost of rehabilitating it. Whether the structure is frame or masonry and single-family or multi-family will also affect rehabilitation costs as well as the after-rehabilitation value. The degree of deterioration of the structure will obviously determine to a large extent the cost of rehabilitation. The structures must be deteriorated enough to require rehabilitation, sound enough to allow homesteaders to succeed, and attractive enough to attract homesteaders. Therefore, an accurate assessment of both the structure and neighborhood in costs and future market value is crucial if the homesteader ever hopes to recover his investment. HUD describes the Urban Homesteading Demonstration Program as a preservation and stabilization tool in a range of carefully chosen declining neighborhoods that are not severely blighted and have some potential of regaining viability.[52] The end product of the homestead evaluation procedure should be the identification of a unit which is both

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[52]U. S. Department of Housing and Urban Development, Preliminary Design of the Time Schedule for an Urban Homesteading Program Pursuant to Section 810 of the Housing and Community Development Act of 1974 (Washington, D. C.: Government Printing Office, May 2, 1975), p. 1.

physically and fiscally suited to rehabilitation and which is situated in an environment that will permit the homesteader to break the cycle of abandonment which engulfed the owner before him.[53]

Property selection directly affects four important aspects of a local homesteading program. These are the timing of other program elements; the types of homesteaders the selected properties will attract; the financing mechanisms designed to rehabilitate the selected properties; and the relationship between homestead properties and other rehabilitation efforts in the neighborhood.

Structures owned by HUD, tax delinquent properties owned by municipalities, urban renewal structures, and structures which are privately donated are often sources of homestead properties. Since urban homesteading is essentially a response to abandonment, understanding the potential disposition flow of abandoned housing is important to urban homesteading. Hughes and Bleakly have constructed a flow chart for the abandonment response process (Appendix G).[54]

Systems to identify and monitor abandoned units are important to any urban homesteading program. The more rapidly an abandoned structure can be acquired and homesteaded, the better condition the structure is apt to be in since during extended periods of time housing can continue to deteriorate and vandalism often takes place. An accelerated taking procedure is considered desirable in order to get structures in the best condition possible for homesteading. Fast-taking procedures shorten

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[53]Hughes and Bleakly, pp. 193-194.

[54]Ibid., p. 62.

periods before a building can be declared tax delinquent and shorten the redemption period between the declaration of delinquency and the disposal of the property. Besides these undertakings, under a municipality's taxing power, it is possible to use nuisance laws and police power to obtain abandoned dwellings due to the concept that abandoned buildings are hazardous to human life, health, and safety and have a harmful effect on the community's living environment.[55] Negotiated purchases for small sums or deeding in lieu of foreclosure have also been suggested as means to acquire abandoned properties rapidly. It has also been suggested that nonprofit corporations be set up to administer urban homesteading programs. In this case, the owner of an abandoned dwelling could contribute the property for tax benefits. Thus alternative remedies to acquisition problems have been suggested and in some cases implemented.

Selection of Homesteaders

Once abandoned properties have been identified, selected for homesteading, and acquired, the homestead family must be chosen. One of the major emphases of any urban homesteading program is determining who will make the best homesteaders. Before this is accomplished, however, objective choice criteria must be determined. Need and capacity are often key considerations. Formal requirements often involve age, financial capacity, self-help capability, social behavior, and residency. Eligibility criteria for homesteader selection is

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[55]Hughes and Bleakly, p. 73.

generally used to insure that homesteaders will be serious individuals with the necessary legal powers to enter into a homesteading agreement and that they have the capacity to rehabilitate the structure. Hughes and Bleakly have provided four examples of the cash flow required to properly homestead a unit in four different programs (Appendix C). These examples show the annual operating costs necessary and include such costs as loan repayment, taxes, fuel, and utilities. These costs could help determine the minimum income desirable for homesteaders considering the fact that 25 percent of after-tax income is frequently cited as the most desirable ratio between household income and shelter expenses. In addition to this, however, tradeoffs between money as equity and skills and sweat as partial equity may be made. Sweat equity or self-help as a partial substitute for financial resources seems to be working in one of two ways. In one alternative, the head of the household works and saves for a stage of rehabilitation, quits his job to work on his homestead until resources run out, and then returns to work. A second alternative allows the secondary household members to serve as the principal means of economic support until rehabilitation is completed. These alternatives point out the desirability of flexible homesteader selection criteria. In some cases, the most desirable applicant is chosen for a particular property while in most programs all eligible applicants' names for a particular property are compiled and a lottery is held to choose the recipient of a particular property. Selection procedures typically select a qualified group of applicants through random selection processes involving drawings or lotteries or through the exercise of judgment of appointed review boards.

It is concluded that the focus in selecting homesteaders should be to encourage financially and socially stable families to risk urban homeownership and to insure that they have a fighting chance for economic survival. Common elements of all types of homesteader selection processes usually include publicity and marketing; criteria for selection; judgmental screening of applicants to determine eligibility; and techniques to match homesteaders with properties.

Property Conveyance

Once the homesteader is selected, the property must be conveyed to the homesteader. The two basic frameworks for the homestead contract are the lease-purchase agreement and the conditional deed. With the lease-purchase agreement, programs accept liability for the property and can protect the homesteader temporarily from property taxes. The lease-purchase agreement also makes control and revocation easier.

Rehabilitation

Once the homesteader has acquired the property through one of the above-mentioned mechanisms, there are certain rehabilitation requirements he must meet. In deciding what is to be done, estimates ordinarily are made considering what repairs are necessary to meet minimum rehabilitation standards and what additional work is advisable and/or desired by the homesteader.

In addition to compliance with local housing codes, which only apply to major repairs, many programs have imposed more stringent standards to insure the durability of the property and to upgrade the housing stock of the neighborhood. Rehabilitation staffs of urban

homesteading programs have often relied on their own assessments of minimum rehabilitation standards since housing codes do not generally provide definitive standards on which to base rehabilitation plans. Middle-class standards are, therefore, prevalent since staff members are usually drawn from this segment of society. Rehabilitation standards may also be influenced by the lender who is concerned that the repairs enhance the value of the property. When homesteaders are financed through FHA-insured mortgage loans, the rehabilitation requirements must reflect FHA Minimum Design Standards.

Ways of fulfilling rehabilitation requirements are influenced by program objectives such as homesteader satisfaction with and attachment to the property; control of costs to increase the homesteader's ability to obtain financing and to meet the costs of homeownership; rapid completion of work to remove blighting influences and to permit occupancy; and achievement of high rehabilitation standards to insure that the property will remain attractive with routine maintenance.

Involved in the fulfillment of rehabilitation requirements are ways in which the work writeups are developed; how the work is assigned to contractors and homesteaders; the scheduling or timing of rehabilitation; and assuring the quality of work through monitoring and inspecting the repair work. Specification of work includes inspection of the property, the identification of required repairs and repairs specified by the homesteader, and the preparation of a detailed work writeup. The writeup is then used as a guide for contracting repairs and planning self-help work, if self-help is required or allowed.

Local officials are often wary of heavy reliance on self-help or sweat equity but are willing to allow it under controlled conditions. According to observers of the HUD Urban Homesteading Demonstration Program, program approaches to self-help rehabilitation range from no self-help allowed through self-help limited to cosmetic items and self-help including medium scale rehabilitation to significant or heavy reliance on self-help. Most programs do not rely heavily on self-help. Self-help is discussed at greater length in Chapter IV.

Whether or not a program involves self-help, almost all properties require at least some work by a contractor. Plumbing and electrical work, in particular, must ordinarily be performed by licensed plumbers and electricians. The method for selecting contractors is, therefore, an important part of the rehabilitation process. In a few instances, the homesteader prepares the writeup, solicits bids, negotiates contracts, and is responsible for the signing of contracts. In most programs, however, this process involves interaction between program staff and homesteaders.

After the writeup, assignment, and contracting of work, the rehabilitation work must be scheduled and procedures must be devised to insure the scheduling and the quality of work. Monitoring involves periodic inspections and inspections when certifications of designated portions of the work are required. Unforeseen delays in homesteader selection, property conveyance, and financing have sometimes made it necessary to extend deadlines.

Assistance to Homesteaders

To avoid problems of deviations from schedules and departures from required rehabilitation standards, some urban homesteading programs provide rehabilitation assistance to homesteaders. Examples of such assistance are clean-up and securing of the parcel before the homesteader moves in, legal aid, work writeups, lists of approved contractors, evaluation of bids, loan processing; financial counseling, family counseling; supervision of rehabilitation work, access to city rehabilitation specialists, workshops for self-help, and tool-lending pools. A few cities have homesteader organizations which facilitate discussion of work methods and occasionally work exchanges among members. Individual counseling by rehabilitation specialists, however, appears to be the dominant type of assistance in self-help rehabilitation.

These efforts reflect a growing awareness that programs cannot effectively send naive participants unaided into a setting where, due to the high degree of specialization, few resources are available to a homeowner solely for the costs of labor; regulations impose standards of performance and standardization of products; and the environment is in many ways hostile.

Another possible form of assistance to the homesteader is tax abatement. In most cities, the improvement of a residential unit leads to an increased assessment and thus increased taxes. Therefore, a property owner is essentially penalized for investing in his home. Some cities grant tax abatements to aid the homesteader during the expensive rehabilitation phase. In addition, tax abatements can be

granted for other rehabilitation efforts in the homestead area. This, of course, aids the homesteader indirectly, but many municipalities cannot afford abatements on a wide scale. In addition, there is a question as to whether it is fair to grant rehabilitation abatements to a selected few while other municipal residents, who are already overburdened in comparison to their suburban counterparts, must carry a heavier tax burden.

Perhaps the most important form of assistance to homesteaders is the provision of or aid in obtaining financing since one of the major obstacles to neighborhood viability in central cities is thought to be the withdrawal of financing by lending institutions.[56] Sources of funding can be private lending institutions, municipal loan funds, federal loan funds, state loan funds, grants, homesteader self-financing, interest subsidies, tax abatements or exemptions, or a mixture of these. Developing a mechanism for financing rehabilitation is a key component of an urban homesteading program. Even when sweat equity or self-help work is to be used, this must be supplemented by funding.[57] For a successful urban homesteading program, adequate financing must be made available to overcome the homesteaders' difficulty in acquiring rehabilitation loans and to demonstrate faith in the neighborhoods in which homesteads are usually located.

Despite the thorny problems presented by conditional deeds or lease-purchase agreements, it is important to provide long-term

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[56]Ibid., pp. 74-75.

[57]"Urban Homesteading," The New York Times, June 9, 1975, p. 30.

mortgages and loans to homesteaders at low interest rates if there is to be success in rehabilitating a structure where the previous owners have failed. Under existing conditions, local lending institutions cannot realistically be expected to provide these loans alone. At best, they usually make a few loans on choice parcels as a gesture of goodwill. In addition, private lending may modify the objectives of urban homesteading programs.

Some proposed lenders for urban homesteading programs, therefore, are state agencies such as the state housing authorities, municipalities, the federal government, and non-profit institutions. Bond issues at any level of government can be used to make direct loans, to form a fund to back government guarantee of loans, or to use as leverage for more mortgage funds. Innovative mortgages have also been proposed in which short-term mortgages involve little amortization. The mortgage principal can be refinanced in five years, for example. Financial packaging is varied, and the financial aid available to the homesteader is determined at least partially at the local level since the particular conditions in each municipality and in each neighborhood vary.

It is essential that any homesteading program provide some form of financial assistance that at a minimum insures that rehabilitation money will be available at terms low enough to attract sufficient households into the program. It is important also that the ceiling on loans not be set so low as to prevent any substantial rehabilitation.

Upgrading of city services to the homestead area is also important if the individual homesteader is not to be overwhelmed by

the forces around him. Services such as clearing of unrehabilitatable structures, improved trash and garbage disposal, improved access to public transportation, improved recreational facilities, sidewalk improvements, improved street lighting, and paving are often needed in areas where homesteading is occurring. Incentives to owners of nearby structures to maintain and/or rehabilitate their structures may also be used. Adopting a special assessment procedure could encourage homeowners to improve their properties by lowering their assessment in proportion to the value of their improvements. This would detract from a city's cost-revenue posture but Hughes and Bleakly believe that, even if the city must face a substantial revenue loss for the first few years, the long-range benefits of urban neighborhood stabilization might forestall or halt its eventual demise and the loss of even more revenues.[58]

Hughes and Bleakly also conclude, after studying four urban homesteading programs, that supportive services both to upgrade conditions for the homesteader and to emphasize neighborhood preservation by demonstrating the cities' commitment to the area makes it one of the factors with the greatest potential for improvement.[59] Most homesteading jurisdictions have realized the need for special services as their programs have evolved.

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[58]Hughes and Bleakly, p. 74.

[59]Ibid., p. 208.

Take-Out Mechanisms

During the rehabilitation period the homesteader not only needs supportive services and assistance, he may have a situation arise in which he must make a breach of contract. In most urban homesteading programs, such a condition results in the homesteader's loss of his total investment. Perhaps even more ominous though is the situation where the homesteader meets the obligations of his contract but cannot recoup his investment and equity. A take-out mechanism is needed for this purpose if homesteading is to be successful in the long run. Any successful program depending upon individual investment must make market sense to succeed. The homesteader must then have a reasonable chance of making a profit or at least of recovering his investment through resale or remortgaging.

Publicity

In addition to rehabilitation requirements and the process of meeting these requirements, publicity is an important component of any urban homesteading program. Much of the urban homesteading literature consists of public relations releases and analogies between urban homesteading and historic homesteading. This may be a response to a need for a hard sell approach for programs, emphasizing their potential for a wide range of results. If described as experimental, programs may never become funded.[60] Therefore, a certain amount of this type of publicity may have been necessary for urban homesteading to

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[60]Ibid., p. 82.

materialize. It is quite possible, however, for urban homesteading to fall victim to the typical American excessive expectations and rapid disillusionment and cynicism. Urban homesteading could lose support because of the gap between practical requirements and the publicized promises of immediate delivery of impressive results.

Scale

Also important to homesteading per se is the scale of homesteading efforts. The number of units which have been homesteaded nationwide is very small compared to the anticipated results of urban homesteading programs. A couple of cities with rather unusual programs, notably Newark and St. Louis, have several hundred homestead units each. These programs are much like real estate disposal or auction programs with only the name similar to other urban homesteading programs. Most cities that are operating urban homesteading programs have only ten to fifty or sixty units at this time. In addition, it must be remembered that comparatively few cities have urban homesteading programs at all. A liberal national estimate including the programs operating as real estate disposal efforts is 25,000 units homesteaded nationwide.[61] Therefore, the total number of homestead units is actually insignificant compared to the abandonment problem. Some feel that urban homesteading has the potential to increase tremendously in scale, however, with substantial federal involvement. Others such as some city planning experts doubt that sufficient numbers of

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[61]William G. Conway, "People Fire in the Ghetto Ashes," Saturday Review, July 23, 1977, p. 16.

homesteaders can be enticed into rehabilitating houses to make a dent in urban blight.[62] Initial publicity has resulted in substantial interest. There are, however, many dropouts at each stage of the homesteading process and interest itself is far from successful completion of rehabilitation of a homestead structure. Furthermore, even if one assumes that there will be enough potentially successful homesteaders available, all the basic problems in urban homesteading programs are far from solved. In addition to the problems and issues previously discussed, one can expect the problems of urban homesteading programs to be multiplied when and if they are geared up to large-scale operations.

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[62]Bronson, p. 1.

CHAPTER III

MINNEAPOLIS AND THE MINNESOTA TWIN CITIES METROPOLITAN AREA AS A SETTING FOR URBAN HOMESTEADING

In examining any public program, it is difficult to separate program results from the context in which the program was developed and in which it is operating. Furthermore, if the program is an urban program, as urban homesteading is, it is important that it be viewed in relation to both the city and the region in which it is operating. The social, economic, and physical status of the city in the region are particularly important in examining the results of any housing program. The situation in the Minnesota Twin Cities Metropolitan Area and in Minneapolis forms the setting in which the Minneapolis Urban Homesteading Program takes place. Therefore, some facts and observations about the city of Minneapolis and the region are pertinent to understanding any apparent results of the Minneapolis Urban Homesteading Program. Any generalizations from the study can be made only to cities with similar socio-demographic, geographic, and economic situations to those in Minneapolis and the surrounding region.

I. SOCIO-DEMOGRAPHIC FACTORS

The Twin Cities Metropolitan Area is a seven-county region which has developed around Minneapolis and St. Paul, Minnesota. The area covers 3,000 square miles, of which 400 square miles are urbanized and

the remainder is open or used in farming.[1] The area contains approximately 300 lakes covering 170 square miles.[2] A large number of local units of government operate in the area. There are 52 townships, 137 cities, and 7 counties. Of the 137 cities, 36 have fewer than 1,000 residents while 24 have populations greater than 20,000.[3] The adjoining cities of Minneapolis and St. Paul form the cultural and economic center of the large area.

In Minneapolis, as in many cities in the United States, one can find indications of the typical problems of outmigration of middle-income, productive-age families; the movement of business, industry, and jobs to the suburbs; the lack of maintenance and replacement of older housing; and the city as the home for those who are forced to live there. In Minneapolis, however, these national problems have never reached a scale which indicated they were beyond solution. According to extensive data gathering efforts in recent years, Minneapolis seems to be holding its own.[4]

The Twin Cities Metropolitan Area is the nation's fifteenth

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[1]State of the Region: Twin Cities Metropolitan Area (St. Paul, Minnesota: Metropolitan Council of the Twin Cities Area, 1977), p. 3. (Hereafter referred to as State of the Region.)

[2]Metro Profile (Minneapolis, Minnesota: Office of Economic and Industrial Development for the Twin Cities Metropolitan Area, 1975), p. 2.

[3]Ibid., p. 19.

[4]State of the City 1976, Vol. I (Minneapolis, Minnesota: Minneapolis Planning Department, 1976), p. vii. (Hereafter referred to as State of the City 1976-I.)

largest urban area with two million people.[5] The population of Minneapolis is an estimated 380,867.[6] The area is growing faster than the East Coast but slower than the South or West. Despite this overall pattern of growth, however, the Twin Cities Metropolitan Area experienced the first net outmigration in the region's history in 1975.[7] In addition, the Metropolitan Council, a planning body for the Twin Cities Area, forecasts that the populations of Minneapolis, St. Paul, and several inner-ring suburbs will decline substantially from their 1970 levels by 1980.[8] The central cities and inner-ring suburbs from 1970 to 1976 reached only one-half their predicted population growth.[9] A sharp drop in the birth rate; a delay in marriage age; a higher marriage dissolution rate; more independent living by young adults; and the migration of single, young adults to the city have combined to produce smaller families in Minneapolis. These factors led to a recent overall population loss for Minneapolis.[10] The population trends in Minneapolis could affect the results of the urban homesteading program.

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[5]State of the Region, p. 3.

[6]State of the City 1977, Vol. I (Minneapolis, Minnesota: Minneapolis Planning Department, 1977), p. 18. (Hereafter referred to as State of the City 1977-I.)

[7]State of the Region, p. 8.

[8]Brenda Ingersoll, "Twin Cities Forecast Sees Population Loss," The Minneapolis Star, April 21, 1977, Sec. A., p. 1.

[9]State of the Region, p. 8.

[10]State of the City 1977-I, pp. 7-8.

Minority populations are increasing in Minneapolis. The 1975 estimated minority population of 39,505 represents a 41 percent increase over that recorded in the 1970 census.[11] From 1970 to 1975, the proportion of minority students in Minneapolis schools also increased from 13.1 percent of all students to 21 percent. Of the 21 percent, 13.7 percent were Black Americans; 5.1 percent were Indian-Americans; 1.1 percent were Asian Americans; and 1.1 percent were Spanish-surnamed Americans.[12] The percentage and composition of the city's minority population could be reflected in results of the Minneapolis Urban Homesteading Program.

The number of households as well as household size and composition could also have a bearing on the results obtained in the program. In the Twin Cities Metropolitan Area, the number of households has been increasing while the average household size has been decreasing.[13] In the city of Minneapolis the loss of population is associated primarily with decreasing family size, not with the number of households.[14] According to the 1970 census, there were 161,141 households in Minneapolis. This number is estimated to have decreased approximately 3.5 percent between 1970 and 1974 and then to have increased between 1974 and 1975.[15] The average household size, however, dropped from 2.7 in

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[11]Ibid., p. 29.

[12]State of the City 1976-I, p. 6.

[13]Ibid., p. 7.

[14]Ibid., p. vii.

[15]Ibid., p. 8.

1970 to an estimated 2.37 in 1974.[16] This indicates continued demand for housing units.

The population of the region as a whole is a youthful one with more than one-half the population under thirty years of age, while the population of Minneapolis is somewhat older.[17] Although there are beginning signs of a decrease in the large number of senior-citizen households in Minneapolis, the proportion of senior citizens is double that of the metropolitan area.[18]

Both education and income are high for the metropolitan area. Minnesotans in general place a high priority on educational attainment and excellence in education. As a group, the population of the Twin Cities Metropolitan Area is well-educated.[19]

The median income for the area is above most metropolitan areas with comparatively few people below the poverty level.[20] The median family income for the area in 1975 was $16,200.[21] For the same year, the median reported income of families in Minneapolis was $13,734, somewhat lower.[22] The average reported income of Minneapolis families

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[16]Ibid., p. 9.

[17]State of the Region, p. 8.

[18]State of the City 1976-I, p. 112.

[19]State of the Region, p. 3.

[20]Ibid.

[21]Ibid., p. 47.

[22]State of the City 1977-I, p. 38.

filing 1975 Minnesota Individual Income Tax Returns, as distinguished from the median reported income, was $15,015.[23]

The real income for the metropolitan area increased about 5 percent from 1971 to 1975, but housing costs increased more than income after 1972.[24] In 1960, the median family income was 83 percent of that needed for the monthly payment for medium priced new homes while in 1976, it was only 57 percent of that needed.[25] A less well-educated population or one with a lower or higher median income could react to program elements in a completely different manner.

II. HOUSING FACTORS

The development density, amount of housing construction, types of units available, age of housing, rehabilitation activity, residential vacancy rates, and the housing market situation also have a direct bearing upon which types of housing programs are appropriate for any specific city as well as for the results obtained in an urban homesteading program. The development density of the Twin Cities Metropolitan Area is very low. As of January 1976, it was estimated that there were 695,606 housing units in the area.[26] Of these, 165,233 were located in Minneapolis.[27] The newer suburbs in the metropolitan area

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[23]Ibid.

[24]State of the Region, p. 7.

[25]Ibid., p. 9.

[26]Ibid., p. 43.

[27]State of the City 1977-I, p. 120.

experienced more new housing construction between 1970 and 1975, while Minneapolis and St. Paul experienced relatively more housing growth per se in 1975 than did outlying communities.[28] In 1976, for the first time since 1973, new housing units built in Minneapolis slightly exceeded housing units lost through normal attrition of the housing stock.[29]

In 1975 more than 80 percent of the residential structures in the outer one-half of Minneapolis were single-family structures.[30] In 1975, single-family units comprised somewhat less than one-half the total of housing units in the city.[31] Around one-half of the rental units in Minneapolis are in small structures of nine or fewer units. Most of these are owned by landlords holding no more than one or two small buildings.[32] The number of public and assisted housing units in Minneapolis was approximately 12,000. The city limits the addition of subsidized housing to its "fair share" of 17 percent of the allocation of subsidized units to the metropolitan area.[33]

The disparities between the age of housing in the central cities of the metropolitan area and the suburbs are great and similar to that

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[28]State of the Region, p. 116.

[29]State of the City 1977-I, p. 7.

[30]State of the City 1976-I, p. 94.

[31]City Watch: Single Family Home Improvement Activity 1973-1975, State of the City Program, No. 2 (Minneapolis, Minnesota: Minneapolis Planning and Development Department, 1977), p. 1. (Hereafter referred to as City Watch.)

[32]State of the City 1976-I, p. 104.

[33]State of the City 1977-I, p. 170.

of other metropolitan areas. Approximately 66 percent of all single-family housing in Minneapolis is over fifty years old.[34] Many of the multi-family units in Minneapolis were built around the turn of the century.[35] Since obsolescence and the need for maintenance increase dramatically after fifty years, the need for maintenance of residential units was beginning to be a major problem for Minneapolis. It was estimated that at the time of the study approximately 30,000 dwelling units in Minneapolis were in need of substantial repairs and as many as one-half the city's dwelling units needed some repair work to make them safe and habitable.[36] The housing stock in general, however, can be salvaged with less than 1 percent of the housing units rated in poor condition and possibly too deteriorated to repair.[37] This amount is considered normal for a city of the age of Minneapolis. As in other cities, the housing structures in below normal condition are more concentrated near downtown.

Rehabilitation activity is extremely important to housing stock of the age of that found in Minneapolis. The majority of recorded home improvements in Minneapolis have been nonsubsidized. Since subsidy programs were directed primarily toward the major rehabilitation of structures, however, they account for approximately 40 percent of all

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[34]Ibid., p. 126.

[35]State of the City 1976-I, p. 99.

[36]Based on a cover letter by Richard A. Brustad, Executive Director of the Minneapolis Housing and Redevelopment Authority, for "Housing Resources Program," n.d. (Mimeographed)

[37]State of the City 1976-I, p. 103.

reported dollars invested in rehabilitation.[38] The total value of home improvement permits in 1975 was approximately $22 million.[39] The percentage of single-family structures with recorded improvement activities is spread fairly evenly across the city with most census tracts showing 16 to 19 percent with recorded improvements.[40] Overall, home improvement rates in Minneapolis have risen since 1973 with the sharpest rise in 1976.[41] Almost all areas of the city with large numbers of deteriorating housing structures are already under some form of concentrated neighborhood rehabilitation and improvement effort.

Tight area housing markets have resulted in increased competitiveness of central-city housing. In the metropolitan area, the cost of previously occupied housing has jumped even more rapidly than new housing in recent years making rehabilitation more attractive financially. The lower priced core area appears to be shrinking as more central-city neighborhoods and several inner-ring suburbs are moving into the higher price ranges.[42] The average sales price of homes sold during 1976 was $41,409 in the metropolitan area as compared to $32,858 in Minneapolis. Although the difference is substantial, these prices represent an increase for the year of 8.7 percent in the

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[38]City Watch, p. 2.

[39]Ibid., p. 3.

[40]Ibid., p. 9.

[41]State of the City 1977-I, p. 7.

[42]State of the Region, p. 138.

metropolitan area as compared to an 11.4 percent increase in Minneapolis.[43]

Residential vacancy rates also provide a measure of increased housing market viability in Minneapolis. Housing vacancy rates have declined more than 20 percent since 1973.[44] This fact plus a significant drop in the number of long-term vacant units over several years indicates that abandonment of central-city housing in Minneapolis is little threat.[45] The 1976 adjusted Minneapolis housing vacancy rate was 3.8 percent including a 1.3 percent rate in single-family units; a 4.1 percent rate in duplexes and triplexes; and a 7.9 percent rate within apartments. The single family and duplex/triplex vacancy rates remained virtually the same from 1975 to 1976 while the apartment vacancy rate reflected a 9 percent decline.[46]

III. ECONOMIC FACTORS

The economic picture of the city and the metropolitan area indicates the viability of an area, which is crucial to housing market viability and to the results of any housing program operating in the area. The number of jobs influences the amount of housing needed while the types of employment or unemployment can influence the type and value

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[43] State of the City 1977-I, p. 139.

[44] Ibid., p. 159.

[45] Ibid., p. 7.

[46] Minneapolis Housing and Vacancy Turnover: 1976 Summary, V, 4 (Minneapolis, Minnesota: Minneapolis Planning Department, 1976), p. 2.

of the housing demanded. The Twin Cities Metropolitan Area, which is set apart from major industrialized regions of the country, is the economic and cultural center of a vast agricultural area. In early years, railroads, milling and lumbering, livestock and meat packing, trade and finance were important parts of the regional economy. Since 1970, the relative importance of agriculture has decreased and manufacturing and service industries have become more important. Minneapolis in particular developed as a manufacturing center.[47] The metropolitan area still has a strong diversified economy, but the problems which have plagued other cities and regions in recent years are also evident. The rate of growth in non-durable goods is not as great in the metropolitan area as in the nation.[48] Minneapolis had a decline in manufacturing beginning in 1960 which reversed in 1971 and has risen modestly, but steadily, each year. The continued strength of the central business district is evident in increasing employment and rising property values and tax generation.[49]

In the fifteen largest metropolitan areas of the United States, the central cities' share of metropolitan jobs dropped from 63 percent in 1960 to less than 50 percent in 1977.[50] In the Twin Cities Metropolitan Area, the number of jobs has not kept up with the growth of the

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[47]Metro Profile, p. 5.

[48]State of the Region, p. 68.

[49]State of the City 1976-I, p. viii.

[50]"Secretary Stresses Commitment to Cities," HUD Newsletter, VIII, 28 (July 11, 1977), p. 3.

regional labor force. The labor force increased 15 percent between 1970 and 1975 while jobs increased only 12 percent.[51] In addition, trends indicate an apparent lowering of Minneapolis' share of total area employment.[52] Even though Minneapolis has averaged over 400 new jobs a year from 1972 to 1975, it has averaged only 16 percent of the metropolitan area job growth from new and expanding industry.[53]

The 1975 unemployment rate of 6.8 percent in the metropolitan area was lower than that of the nation.[54] Nevertheless, even though the first few months of 1976 brought somewhat reduced unemployment rates from 1975, the number and proportion of unemployment in Minneapolis contrasts unfavorably with 1970 figures.

Between 1970 and 1974, Minneapolis experienced an increase in the proportion of residents with managerial and technical jobs and also those in the laborer category while the proportion of those in the sales occupations decreased.[55] Although it accounts for 62 percent of all Hennepin County general assistance cases, Minneapolis experienced a 1 percent decline in the caseload of public assistance cases in 1976.[56]

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[51] State of the Region, p. 6.

[52] State of the City 1976-I, p. 37.

[53] Ibid., p. viii.

[54] State of the Region, p. 68.

[55] State of the City 1976-I, p. viii.

[56] State of the City 1977-I, p. 56.

IV. PUBLIC SERVICES AND PROGRAMS

The amount and types of public services available in a city or neighborhood influence how satisfied families are with their housing. These could influence considerably how homesteaders in programs similar to the Minneapolis Urban Homesteading Program feel about their housing. The major public service deliverers for Minneapolis are the city, city agencies, and Hennepin County. Many state and federal programs funnel through these bodies. Minneapolis receives between $15 million and $19 million in Community Development Block Grant (CDBG) funds each year.[57] The city originally established a forty-seven member citizens advisory committee on community development in the first program year. Acting upon the advice of that committee, the City Council established a network of ten planning district citizens advisory committees that fed into a City-Wide Citizens Advisory Committee for the second year of CDBG funds. For the fourth program year, the city designated three priorities for CDBG funds: elimination of blight and housing rehabilitation, neighborhood development through public facilities and capital improvements, and economic and job base development through physical programs. A minimum percentage of CDBG funds was consigned to each priority area. The fourth year CDBG citizen participation process is a multi-tiered system of several citizen advisory groups.[58]

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[57] State of the City 1977, Vol. II (Minneapolis, Minnesota: Minneapolis Planning Department, 1977), p. 30. (Hereafter referred to as State of the City 1977-II.)

[58] Ibid., pp. 30-31.

The rehabilitation of housing and neighborhoods is a major program priority for Minneapolis. Administration of these programs is the responsibility of the Minneapolis Housing and Redevelopment Authority (MHRA), an independent city agency subject to funding and policy approval by the City Council. The federal government and the Minnesota Housing Finance Agency (MHFA) also provide substantial support, which is most frequently provided through mortgage assistance programs.

Urban homesteading in Minneapolis is a relatively small portion of the emphasis on housing rehabilitation and neighborhood improvement. Federal CDBG funds are used for intensive neighborhood rehabilitation in concentrated improvement areas in the same areas where urban homesteading is operating. Included is some spot renewal, the New Housing Program, with acquisition and demolition of structures too blighted for repair. After acquisition and demolition, the MHRA sells the lots and helps finance new single-family construction. Primary emphasis, however, is on the rehabilitation of housing and improvement of neighborhood facilities and environmental conditions. The objective in concentrated improvement areas is to bring essentially all housing in a specified area up to a better quality within a specific time period, which would with other neighborhood improvements restore attractiveness and confidence to homeowners to ensure that the area is maintained in the future by private efforts.

The overall expenditures in Minneapolis have not changed significantly from 1975 to 1976. The budget for operating programs in 1976 was approximately $697 million plus around $90 million for

capital improvements. Housing programs including capital improvement allocations received $59 million in 1976.[59] The bulk of these allocations has been designated for conservation and rehabilitation to maintain the housing stock.[60]

Rehabilitation is accomplished through loans and grants to homeowners, the Department of Housing and Urban Development (HUD) Section 312 low-interest loans to homeowners, and MHRA purchase of deteriorated property for rehabilitation, write-down, and resale to new owners. Public improvements include street paving, sanitary storm sewer separation, and sometimes new facilities such as parks, schools, and community centers.

In 1974 Minneapolis established the Local Loan and Grant Program to promote city-wide home improvement activities. This program is administered by the MHRA and is considered the key to getting the Minneapolis Urban Homesteading Program started.[61] These loans and grants are used by homesteaders as well as their neighbors and other city residents. The Loan and Grant Program is funded through general obligation bond issues, $8.5 million as of the first quarter of 1977, with MHRA using these funds as leverage to borrow $8.5 million from

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[59] State of the City 1976, Vol. II (Minneapolis, Minnesota: Minneapolis Planning Department, 1976), p. 3. (Hereafter referred to as State of the City 1976-II.)

[60] Ibid., p. 17.

[61] Statement by Warren Ditch, personal interview, April 18, 1977.

twenty-eight banks. The city maintains an escrowed default reserve of $400,000.[62]

At the time of this study, there had been three credit agreements with groups of local banks since 1974. By lending directly to the city, the banks could take advantage of the tax exemption of interest income available for loans to municipalities. By applying all rehabilitation loan payments to the reduction of bank loans, the term of the bank note was reduced from twenty to twelve years. There are current plans to sell the remaining $1.5 million of the $10 million authorized in 1974. With this, the city will have exhausted its bonding authority and participating banks will have reached the limit of their tax exempt portfolios. This use of credit agreements provides a means of leveraging public money and incurring reasonable interest costs while the MHRA retains control of basic lending decisions. The average interest rate to the city on bond and bank funds has been around 5.5 percent and average loans to homeowners have been made at 6 percent interest. The program has not, therefore, required interest subsidization. The loans are serviced for the MHRA by a savings and loan association for sixty cents per loan per month. The MHRA takes as security interest in the borrowers property for all loans over $1,000 and assigns this interest to the banks.

The Loan and Grant Program funds the rehabilitation of structures with less than nine units at 4, 6, or 8 percent interest

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[62]Statement by Donald Snyder, personal interview, April 18, 1977.

depending upon the income and family size of the owner. Grants of up to $6,000 per unit and loan-grant combinations are also available to eligible owners. Grants must be used to correct code deficiencies in assisted structures.[63]

Interest rates for loans are calculated by multiplying gross family income by 0.005 and rounding to either 4, 6, or 8 percent. The maximum annual income for a borrower is $19,250. The homesteader or other homeowner can borrow as much as 100 percent of the after-rehabilitation value of the structure for a period of twenty years. The funds may be used for code items whether or not a code deficiency exists. General improvements can be made using 30 percent of the cost of code work.

Federal Section 312 loans and Section 115 loans and grants for rehabilitation of housing are also available in urban homesteading areas and other project areas. Section 115 loans and grants have been largely replaced by CDBG and state or local sources in Minneapolis. Modest amounts are still received and used almost exclusively in concentrated improvement areas. Section 115 grants are limited to low-income homeowners who have limited assets to pay for repairs or who pay more than one quarter of their income for housing costs. Grants are limited to $3,500 for correction of code deficiencies and meeting rehabilitation standards. These grants, although not used by homesteaders, are available in homestead neighborhoods and provide one means of rehabilitating housing in these neighborhoods.

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[63]State of the City 1977-II, p. 50.

The Section 312 program provides loans up to the amount of $17,000 at 3 percent interest for eligible owner-occupants of structures of less than five units which need rehabilitation. Loans can be used to correct code deficiencies, to bring properties up to rehabilitation standards, and to make other general property improvements. These loan repayment periods can total twenty years or three-fourths of the remaining life of the structure.[64] The federal government has provided a limited number of Section 312 loans earmarked for urban homesteading in one targeted Urban Homesteading Demonstration Project area in Minneapolis.

Other loans and grants for rehabilitation city-wide are those made available by the MHFA and funded through state bond issues. The MHFA Title I home improvement loans are limited to use for structures which have less than seven units and which are twelve years of age or older.[65] The loans require that the structures must need correction of items hazardous to health and safety or need energy-conservation improvements.[66]

The Title I Home Improvement Loan Program loans are originated by the city and sold to the MHFA. Interest rates range from 1 to 8 percent depending upon the homeowner's income. The maximum income level is $16,000 annually. The maximum loan amount is $10,000 with a maximum repayment period of twelve years. These loans may be used to

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[64]Ibid., p. 51.

[65]Ibid.

[66]Ibid., p. 50.

make basic and necessary improvements, general permanent improvements that increase the market value of the property, energy-conserving repairs, and code deficiency corrections. Grants may also be used for these purposes with the exception of general permanent improvements to increase the market value of the property. The highest priority for grants is given to improvements to conserve home heating energy and to owners over sixty-two years of age.[67]

In addition to the availability of these loans in homestead neighborhoods, the MHFA Title I loans can be useful to the Minneapolis Urban Homesteading Program in two ways. The most direct way these loans can be useful is that homesteaders can bring their homestead structures up to code standards and finish the required repairs using a local loan and perhaps grant funds. Then after title is obtained, a Title I loan can be used to make other desired improvements. These loans cannot be used before homesteaders obtain title to their property since they require that the owner hold title. These loans could, however, be used for rehabilitation in another program, Operation Renovation, which is operating under the Minneapolis Urban Homesteading Program. This program was developed in order to use the city's Section 312 funds which had to be committed before July of 1977 in order to retain them.[68] Unless earmarked for urban homesteading, Section 312 funds cannot be used for homesteading due to a requirement

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[67]Ibid.

[68]Statement by Warren Ditch, personal interview, April 25, 1977.

that the borrower hold title to the property. The essential difference in the Minneapolis Urban Homesteading Program and Operation Renovation is that in the latter the owner takes title immediately.[69]

The program requirements also differ slightly in that for Operation Renovation, the rehabilitation must be completed within one year of the date of the purchase agreement. The title to the property may revert to the MHRA if the residency requirement is not met. Any person who has demonstrated ability to finance the rehabilitation of the property may apply. The applicant selection process and the assistance available to the lottery winner is the same as that in urban homesteading.[70]

Another program working in conjunction with the Minneapolis Urban Homesteading Program and Operation Renovation is the Homeownership Program, which is operating city wide. In the Homeownership Program, the MHRA, the Greater Minneapolis Metropolitan Housing Corporation (GMMHC), and other nonprofit corporations work together to acquire deteriorated residential structures, rehabilitate them, write-down rehabilitation costs, and sell them on the open market. In concentrated improvement areas, the MHRA usually acquires a structure and sells it to a nonprofit corporation which in turn carries out the rehabilitation and resale of the property. In other areas, a nonprofit corporation buys the structure with MHRA approval. In either case, a revolving fund established from several public and

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[69]Ibid.

[70]"Operation Renovation" (Minneapolis, Minnesota: Minneapolis Urban Homesteading Office, 1977), p. 1. (Mimeographed)

private sources absorbs the cost of the write-down of the difference between the rehabilitation cost and the FHA loan value. In the past, primary support for the program came from local bonds and private contributions, but at the time of the study, CDBG funds were the primary sources of support. Approximately $1,022,000 of CDBG funds had been allotted to GMMHC through the MHRA for the Homeownership Program to make necessary write-downs. Efforts are underway to back private loans for the nonprofit corporation work with CDBG guarantees and absorption of write-down costs.[71]

The Homeownership Program is quite active in the areas where urban homesteading is taking place. In addition, GMMHC is important to urban homesteading since it can buy houses in which the MHRA is interested and write these houses down to $1.00 for sale to the Minneapolis Urban Homesteading Program.[72]

In addition to these programs, in a concentrated comprehensive approach to neighborhood improvement, the homestead areas received most of the city's neighborhood preservation funds. Over $8 million has been allocated for storm sewer improvement and paving in the Willard-Homewood area located in the Northside.. The entire Willard-Homewood area should be repaved by 1978. Two redevelopment project improvements such as new parks and upgrading of existing parks, and recreational facilities are being funded in the Willard-Homewood Area through bond-issue funds. A new high school was finished in this area

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[71]State of the City 1977-II, pp. 22, 51.

[72]Statement by Warren Ditch, personal interview, April 18, 1977.

in 1973 and a number of new elementary schools have been built. A community center was recently built to serve all Northside residents. Housing counseling and social services can be obtained through the Pilot City Regional Center. Municipal services are not differentially provided to any neighborhood. The city is attempting to provide quality services to all areas of the city.

The housing inspection and control functions in Minneapolis are the primary responsibility of the Minneapolis Building Inspection Department. This department issues licenses to certain skilled tradesmen for certain types of construction and enforces laws and ordinances relating to the construction, maintenance, and alteration of housing and other buildings.[73]

Any major housing improvement activity requires an issuance of a building permit with a required inspection upon completion of the project. Codes are not differentially enforced with the exception that a windshield survey has been coordinated with street paving. No code enforcement is operating in any special connection with urban homesteading except that advice may be given to homesteaders along with inspections of permit work.

Inspection of existing housing occurs primarily in response to complaints. Nonconformance with code requirements can result in a variety of actions ranging from warnings to fines to orders that structures be demolished. In addition, Operation Cleansweep is an annual spring exterior inspection of residential areas for violations

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[73]State of the City 1977-II, p. 53.

of the exterior sections of the Minneapolis Housing Maintenance Code. Violations relate to trash, outside storage, and other environmental conditions. Warnings have dropped from 14,734 in 1974 to 5,189 in 1977.[74]

Other services available in Minneapolis can directly benefit the homesteader as well as other Minneapolis homeowners. One such service is the availability of aerial photographs of the city taken at night when the temperature was 20° F or less. These photographs show areas of heat loss in buildings. One of the rehabilitation specialists employed by the Minneapolis Urban Homesteading Program attended training courses for energy conservation. It is anticipated that he will use both the photographs and other information about energy savings to help homesteaders plan for energy conservation.

In addition to this service, the Community Design Center in Minneapolis has helped a limited number of homesteaders with planning the rehabilitation of their homesteads. Although few homesteaders have used the design services offered, they are available to homesteaders and other homeowners in homestead areas.

Neighborhood and citizen participation organizations have, on the other hand, had extensive input into and influence upon the Minneapolis Urban Homesteading Program and other housing rehabilitation and neighborhood improvement programs. Neighborhood and citizen participation organizations have traditionally been effective in influencing public expenditures in Minneapolis, and their influence is

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[74]State of the City 1977-I, p. 13.

felt in programs currently operating there. The "Urban Homesteading Administrative Guidelines" were developed with the assistance and approval of a steering committee composed of public officials, private citizens, and community representatives from urban homesteading neighborhoods. Neighborhood organizations, elected groups, have worked with the MHRA voicing their sentiments regarding the desirable disposition or use of properties. Even though the final authority remains with the MHRA, the authority works with neighborhood organizations during the process of acquiring properties and determining their use in the Urban Homesteading Program or in other programs.

In addition, the "Urban Homesteading Administrative Guidelines" provide for neighborhood participation, which had not taken place at the time of this study. There are provisions for neighborhood organizations to act as advocates on behalf of applicants, to meet with applicants to assist the MHRA in familiarizing applicants with the program requirements, and to pledge sweat equity to applicants.[75]

V. SUMMARY

In summary, in order to examine and understand housing rehabilitation programs such as urban homesteading, information is needed about the housing stock, market and other economic and demographic conditions, and trends in housing construction and rehabilitation affecting the housing stock and housing choices in the area. In both the metropolitan

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[75]Urban Homesteading in Minneapolis (Minneapolis, Minnesota: Minneapolis Housing and Redevelopment Authority, n.d.), p. 5.

area and in Minneapolis, there has been a decline in population; but with the decrease in family size and the increase in the number of households, a need is indicated for construction of additional housing units and conservation of the existing housing stock. Urban homesteading and other housing rehabilitation programs are in this sense, therefore, in line with housing needs for the region and the area. Minneapolis has experienced an increase in its percentage of minority residents and has an older population than the region. The fact that these groups ordinarily have lower incomes probably has some bearing on the fact that the median income for Minneapolis is less than that for the region. This points to a somewhat greater need in Minneapolis for public assistance for maintenance and rehabilitation of the housing stock. Again, the Urban Homesteading Program and other housing rehabilitation programs in the city appear to be in line with the need indicated.

The age and condition of the housing stock in Minneapolis also points to the need for emphasis on housing rehabilitation programs. Urban homesteading, one such program, is suitable only for abandoned single-family or duplex unit rehabilitation. Single-family units comprise somewhat less than one-half the dwelling units in Minneapolis. Considering this and the fact that the abandonment problem appears to be insignificant in the tight Minneapolis housing market, the supply of structures for urban homesteading and other single-family housing rehabilitation programs appears to be limited.

These conditions and the fact that old central city housing is increasing in value faster than housing in the suburbs, although

central city properties are of lesser value than those in the suburbs, on the other hand, indicate that one of the goals of the Urban Homesteading Program, that of neighborhood improvement, is feasible. Also increasing the feasibility of such an effort is the fact that almost all areas of Minneapolis with large numbers of deteriorating housing structures are under some form of concentrated neighborhood rehabilitation and improvement effort. The situation in Minneapolis appears to be close to ideal for urban homesteading and other housing rehabilitation programs to achieve desired results, especially that of improving neighborhoods.

The indications of economic health for Minneapolis and the metropolitan area are mixed even though both the region and the city continue to have a fairly strong, diversified economy with a lower unemployment rate than the nation. The question of whether there will continue to be sufficient resources to continue to make significant progress in solving housing and environmental problems in Minneapolis is an important issue.

CHAPTER IV

THE MINNEAPOLIS URBAN HOMESTEADING PROGRAM

I. HISTORY

During the 1974 session of the Minnesota Legislature, amendments to the Minnesota Housing and Redevelopment Act were passed which made possible the creation of an urban homesteading program in Minneapolis.[1] Power to acquire real property by gift, grant, purchase, or the exercise of eminent domain; to acquire property without the adoption of an urban renewal plan; and to demolish, remove or rehabilitate properties, or to use them in an urban homesteading program was given to municipal housing and redevelopment authorities. The amendment allows the City of Minneapolis to sell abandoned homes or open land which it has acquired to persons or families of low- or moderate income for less than fair market value. No local action to authorize the MHRA to implement an urban homesteading program was required.

Minneapolis began the development of its Urban Homesteading Program in August 1974, and the program was initiated in November 1974. The program functioned from late 1974 until early 1976 as a local effort, purchasing twelve properties from the Department of Housing and Urban Development (HUD) under the Property Release Option Program and

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[1]"Minneapolis Urban Homesteading Administrative Guidelines" (Minneapolis, Minnesota: Minneapolis Housing and Redevelopment Authority, 1974), p. 2. (Mimeographed) (Hereafter referred to as "Administrative Guidelines.")

transferring these to homesteaders. Homesteaders were provided with local rehabilitation loans. The homesteading program since 1976 has been a relatively low-production effort to rehabilitate fifty to seventy homes each year (Appendix H). The Minneapolis Housing and Redevelopment Authority (MHRA) has had the substantial backing and commitment of the Mayor's Office behind urban homesteading and a major commitment of funds from local sources and from Community Development Block Grant (CDBG) funds.

Through application for participation in the federal Urban Homesteading Demonstration Project, the MHRA proposed to continue the mechanisms, procedures, and policy guidelines of the local program with only a few minor adjustments such as maximum time for rehabilitation and specification of a target area, the Northside Area, for homesteading of HUD-transferred properties. In 1976, through Section 8, the MHRA received HUD-owned properties in the target area and a limited amount of Section 312 loan funds for homesteaders.

As of April 1977, sixty-seven homesteaders had been selected with fifty-five homesteaders living in their houses. Twenty-four of the sixty-seven houses were obtained through the local program and the remainder through Section 810.

II. FOCUS

The official goals for the Minneapolis Urban Homesteading Program are to help:

1. Offer a homeownership opportunity for those who could not otherwise afford it.

2. Stimulate housing rehabilitation where it would not otherwise occur.
3. Increase the tax productivity of residential properties.
4. Revitalize neighborhoods by increasing their economic vitality.
5. Reduce hazards created by vacant structures.

According to staff members, these goals have not changed and the program has not changed direction since the formulation of these goals. Staff members also indicate that there are no unwritten goals which they have for the program. When considering these program goals, the coordinator of the Urban Homesteading Program gives homeownership opportunity top priority and the revitalization of neighborhoods second priority. He ranks the stimulation of housing rehabilitation as the third priority with increasing the tax productivity of neighborhoods and reducing hazards created by vacant structures ranked fourth and fifth, respectively. Other staff members rank the same goals in slightly different order.

III. ADMINISTRATION

The policy-making body in which the final authority for the Minneapolis Urban Homesteading Program rests is the MHRA Board of Commissioners. The homestead coordinator, who has the operating responsibility for the Urban Homesteading Program, also became the director of housing production for the MHRA in early 1977. As such, he has the responsibility for the Homeownership Program, the New Housing Program, and the Scattered Site Public Housing Program as well as for the Urban Homesteading and Operation Renovation Programs. In addition to the

coordinator, there is an administrative assistant/secretary who is assigned full-time to the Urban Homesteading Program. Another secretary, who is assigned to the coordinator, occasionally helps with urban homesteading.

Three full-time rehabilitation specialists who are field-type construction coordinators and counselors inspect houses, list items needing repair, estimate costs of repairs, talk with prospective homesteaders about houses, work with homesteaders in deciding a loan application amount, work with homesteaders in requesting bids from contractors, pay contractors after obtaining homesteaders' releases and contractors' signatures, and help homesteaders with rehabilitation problems. In addition to these Urban Homesteading Program staff members, two loan processing staff members in the MHRA spend approximately 10 percent of their time on homesteading. These staff members do not report to the coordinator. There is some indication from homesteader questionnaire responses that communication between departments in the MHRA should be improved.

The Urban Homesteading Program staff members are quite enthusiastic about the program and, on the whole, the relationship between staff members and homesteaders seems to be good. Although there have been a few individual problems and homesteaders have suggested that the program obtain more feedback from individual homesteaders, the homesteaders in general feel staff members are cooperative and helpful.

IV. FUNDING

Essential to this and any other program is adequate funding. Appendix H, Table 1 shows new revenue sources needed. The revenue for supporting the Minneapolis Urban Homesteading Program during 1975 was $438,500 to initiate the program and distribute twelve units. During 1976, the revenue was $440,300 to distribute fifty homestead units. The revenue allocated for support of the program during 1977 is $1,184,000 with the anticipation that seventy units will be distributed during 1977. The anticipated revenue needed for achieving the program goal of sixty units in 1978 is $820,500 while $850,000 is needed for each of the two following years in order to distribute sixty units each year. As of 1977, the revenue needed had been supplied by CDBG funds; the MHRA; the HUD Urban Homesteading Demonstration Project; and the HUD Urban Renewal Project budgets.[2]

The amounts in the top portion of Table 1 (Appendix H) do not include the amount of loan financing required with the exception of federal Section 312 loan funds. The amount of loan financing required is found in the bottom portion of Table 1. In addition to these amounts in 1976, $156,000 from CDBG funds were used for forgivable incentive loans to homesteaders. In 1977, it was anticipated that forgivable incentive loans to homesteaders would total $138,000 from CDBG funds.[3]

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[2]"Housing Resources Program: Five Year Plan" (Minneapolis, Minnesota: Minneapolis Housing and Redevelopment Authority, 1977), p. 23. (Mimeographed)

[3]Ibid., pp. 24-25.

All public costs are not included in Appendix H (Table I), since it is difficult to obtain costs such as relocation and write-downs by various organizations which use public funds. The total listed revenue needed for the program for 1975 through 1980, exclusive of rehabilitation loans other than Section 312 loans, however, totals $4,583,300 and the number of units totals 312. If $210,000 in Section 312 loans is subtracted from the total revenue needed, an approximate public cost of at least $14,000 per unit can be assumed. In addition to the public cost, approximately $18,200 is estimated by fifty homesteaders returning questionnaires to be the mean amount they plan to spend in rehabilitating their homestead structures. This figure must be considered with caution, however, since some homesteaders may have included forgivable incentive loans in the amount they reported.

One of the most important considerations in the operation of the Minneapolis Urban Homesteading Program is the provision of rehabilitation loans for homesteaders and their neighbors. The question of whether funding for these loans or a substitute for these loans will continue to be available is also one of the key considerations for the future of the program. The urban homesteading coordinator feels that as of 1977 the funding both for the program and for homesteaders has been adequate with federal and local loan and grant funds available.

The bulk of homestead rehabilitation to date has been financed through the local loan and grant program with sixty of sixty-seven homesteaders being financed through this program. The coordinator and other staff members speak of the local loan and grant program as the key to getting the Urban Homesteading Program started. Doubts about

future funding of this program and other rehabilitation programs now exist, however, for several reasons. Each year Minneapolis' allocation of federal CDBG funds decreases. If a new formula giving increased funding for the city is not forthcoming, some planners feel that the city's rehabilitation programs could be adversely affected.[4] In addition, unless the next mayor of Minneapolis places a high priority on the rehabilitation of housing, the coordinator of the Urban Homesteading Program thinks the local loan and grant program is destined to be phased out. He is hopeful, however, that federal Section 312 funds will be expanded and become available for use in specified demonstration areas. At the time of the study, the amount of Section 312 funds available for homesteading was not sufficient. The urban homesteading coordinator feels that the continued operation of urban homesteading programs calls for more federal funds to be made available for loans and grants.

One other source of loan funds is judged by the researcher to have some potential for use in the Urban Homesteading Program. This is the Title I Home Improvement Loan Program administered by the Minneapolis Housing Finance Agency (MHFA). It is possible that MHFA loans and grants could be used in several ways. They could be used after a minimum of required rehabilitation is completed and after homesteaders have obtained title or in Operation Renovation, discussed later in this Chapter, which could be increased in scale under the Minneapolis Urban Homesteading Program. They could also be used in the Urban Homesteading Program if the program were modified so that the homesteader received

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[4]Statement by Bruce Nelson, personal interview, May 3, 1977.

title to property immediately or in the Urban Homesteading Program as it exists if the MHFA requirements were modified so that the possession of title were not required for homesteaders.

In addition to the loan and grant problem, the City Council did not act upon the City-wide Citizens Advisory Committee's advice to fund several neighborhood rehabilitation programs in 1978. Instead, the City Council funded several paving projects and more city-wide rehabilitation. This will adversely affect urban homesteading neighborhoods since many area rehabilitation projects which were previously funded are not funded for 1978.

V. PROPERTIES

In addition to funding, an adequate supply of houses and property identification, selection, and acquisition are important components of an urban homesteading program. A description of seven properties offered in one 1976 lottery can be found in Figure 2. Photographs of these properties before rehabilitation can be found in Appendix I. If suitable properties cannot be identified and obtained for use in urban homesteading programs, it would be impossible for urban homesteading programs to operate. The categorical land inventories within which properties are potentially available for use in the Minneapolis Urban Homesteading Program are: city-owned property, Hennepin County-owned property, state-owned property, HUD-repossessed property, Veterans Administration-repossessed property, MHRA-owned property, and privately-owned property.[5] Reports of vacant and/or abandoned housing

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[5]"Administrative Guidelines," p. 2.

1220 22nd Avenue North

A single family house with a full basement. The 1st floor contains a living room, dining room, kitchen and a foyer. The 2nd floor contains a full bath, three bedrooms and a sewing room. Required work if done by a contractor would cost approximately $13,045. Desirable work if done by a contractor would cost approximately $8,290. Total cost estimate with a 10 percent contingency added would cost approximately $23,468.

3022 Fremont Avenue North

A single family house with a full basement and a detached one-car garage. The 1st floor contains a living room, dining room, with a built-in buffet, kitchen, pantry, den and an enclosed porch. The 2nd floor has three bedrooms, a full bath and an enclosed porch. Required work if done by a contractor would cost approximately $13,585. Desirable work if completed by a contractor would cost approximately $4,210. The total cost estimate with a 10% contingency added would cost approximately $19,574.

818 Newton Avenue North

A single family house with a full basement. The 1st floor contains a living room, dining room with a built-in buffet, kitchen, an enclosed front porch and an enclosed rear porch. The 2nd floor has 2 bedrooms, a full bath, and an open rug porch. Required work if completed by a contractor would cost approximately $6,935. Desirable work if completed by a contractor would cost approximately $9,315. Total cost estimates with a 10% contingency would cost approximately $17,875.

3326 Oakland Avenue South

A single family house with a full basement and a one-car detached garage. The 1st floor contains a living room, kitchen, dining room with a built-in buffet, foyer, pantry and an open porch. The 2nd floor has three bedrooms, a full bath and a sewing room. Required work if completed by a contractor would cost approximately $11,880. Desirable work if completed by a contractor would cost approximately $4,960. Total cost estimate with a 10% contingency would cost approximately $18,524.

1911 Thomas Avenue North

A single family house with a full basement and a detached two-car garage. The first floor contains a living room, dining room, kitchen, 2 bedrooms and a full bath. The 2nd floor has 2 bedrooms. Required work if completed by a contractor would cost approximately $10,380. Desirable work if completed by a contractor would cost approximately $9,315. Total cost estimate with a 10% contingency added would cost approximately $21,664.

1310 Thomas Avenue North

A single family house with a full basement and a detached two-car garage. The 1st floor has a living room, dining room with a built-in buffet, kitchen, sun room and a screened porch. The 2nd floor has 2 bedrooms and a full bath. Required work if completed by a contractor would cost approximately $13,240. Total cost estimate with a 10% contingency added would cost approximately $21,021.

1651 Sheridan Avenue North

A single family house with a full basement and a detached one-car garage. The first floor has a living room, kitchen, dining room with a built-in buffet, a full bath, 2 bedrooms and a foyer. Required work if completed by a contractor would cost approximately $8,915. Desirable work if completed by a contractor would cost approximately $4,745. Total cost estimate with a 10% contingency added would cost approximately $15,026.

Figure 2. Property descriptions of seven houses offered in September, 1976 lottery.

in homestead neighborhoods are often made to Urban Homesteading Program staff by neighborhood committees such as the Willard Homewood Organization's Vacant Housing Task Force or by area offices of the MHRA. If the program operated using only these properties, however, it would be difficult to maintain acceptance for the program since these properties are ordinarily worth much less than FHA-owned properties.[6]

A list of FHA-repossessed, HUD-owned properties which are potentially available is received by the MHRA periodically. MHRA reviews the properties added to the HUD inventory lists every five to six weeks. Once properties potentially available for homesteading are identified, the urban homesteading program staff is responsible for selecting those properties which are suitable for urban homesteading. The property selection phase begins when MHRA is notified one way or another that a given property is available for use in the program and concludes when the MHRA staff or Board of Commissioners either rejects or approves the purchase of the property for homesteading.

Events involved in the property selection phase are: the assignment of a rehabilitation specialist to the property; a walk-through inspection; a rehabilitation analysis including a repair cost estimate; an after rehabilitation fair-market value appraisal; the presentation of a staff recommendation to the coordinator and the neighborhood organization; preparation of a report to the Board of Commissioners of MHRA if repair cost estimates and after-rehabilitation fair market

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[6]Statement by Warren Ditch, personal interview, April 18, 1977.

value appraisal suggest proceeding; the presentation of the report to the Board of Commissioners; and the purchase of the property if the Board approves the purchase.[7] In order to be selected for use in the Minneapolis Urban Homesteading Program, properties must not be considered politically unfeasible. A mansion with a large swimming pool, for example, would be a property which is considered politically unfeasible. Since the winters in Minneapolis are severe, a property must also have a basement to provide an insulating air space under the structure. The structure must also be financially and structurally feasible to rehabilitate. Only single-family structures or duplexes are used. Use must be permitted under the Minneapolis Zoning Ordinance and under the urban renewal plan or development district plan if the structure is located in such an area.[8]

The transfer value of HUD Urban Homesteading Demonstration Project properties transferred to the Minneapolis Urban Homesteading Program has ranged from $1 to $14,575 with the average transfer value of properties as of April 1977 being $6,650. At that time the MHRA had received fifty-eight units from HUD with a total transfer value of $385,696. Since there are few tax-foreclosed properties and the abandonment problem is insignificant in Minneapolis, the program is largely dependent on HUD-owned, FHA-foreclosed properties and the direct purchase of structures. There is some doubt that sufficient

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[7]"Procedures Manual for Urban Homesteading Program" (Minneapolis, Minnesota: Minneapolis Housing and Redevelopment Authority, 1975), p. 4. (Mimeographed) (Hereafter referred to as "Procedures Manual.")

[8]"Administrative Guidelines," pp. 2-3.

numbers of FHA-foreclosed properties will continue to be available in neighborhoods where concentrated improvement efforts are taking place because values are rising in these areas making housing easier to sell. Another problem in obtaining properties for urban homesteading is that funding for the direct purchase of properties on the open market has been difficult to obtain. Considering these facts, the supply of houses which can be obtained for urban homesteading may become more and more limited as the urban homesteading program moves toward accomplishing neighborhood improvement and related goals.

VI. LOCATION

The bulk of the properties selected for urban homesteading has been in two areas--the Northside or the Near North Area and the Powderhorn Area of the city. The target area selected for the Urban Homesteading Demonstration Project, the Northside or Near North Area, includes the Willard-Homewood, Jordan, Hawthorne, and Near North neighborhoods. The HUD-owned properties transferred directly to the Urban Homesteading Program are, therefore, limited to these neighborhoods. The majority of HUD properties are located in one neighborhood, Willard Homewood. In selecting an area from the ten areas in the city for the HUD Urban Homesteading Demonstration Project, there was no screened neighborhood selection on the basis of stated criteria applied equally to all areas, nor was neighborhood advice obtained. The Northside, which existed administratively prior to the Urban Homesteading Demonstration Project, was selected primarily because this area contained the major concentration of HUD-owned properties in the

city. Another contributing factor was the fact that this area was the recipient of the largest proportion of CDBG funds in the city. The area was also chosen considering the fact that viable, sound neighborhoods were located at area boundaries.

The Northside and Powderhorn areas were two of the city's ten areas with the largest minority student populations.[9] This gives some indication of total minority population. According to reported incomes, 68.5 percent of Northside residents and 72 percent of Powderhorn residents had incomes under $10,000 as compared to 62 percent of all city residents.[10] Median reported incomes of residents of both areas were well below the city average. Approximately 65 percent of both the city's public assistance and medical assistance caseloads are also accounted for by residents of these two areas plus one other city area.[11] In recent years the Northside and Powderhorn areas have experienced the city's second and third highest population decline rates, respectively.[12] These two areas are among four areas with concentrations of multi-family units rated in fair condition and needing repairs.[13] About one-third of the city's housing rated in poor condition

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[9]State of the City 1977, Vol. I (Minneapolis, Minnesota: Minneapolis Planning Department, 1977), p. 30. (Hereafter referred to as State of the City 1977-I.)

[10]Minneapolis Housing and Vacancy Turnover: 1976 Summary, V, 4 (Minneapolis, Minnesota: Minneapolis Planning Department, 1976), pp. 20-26. (Hereafter referred to as Housing and Vacancy Turnover.)

[11]State of the City 1977-I, p. 54.

[12]State of the City 1976, Vol. I (Minneapolis, Minnesota: Minneapolis Planning Department, 1976), p. 3.

[13]Ibid., p. 99.

and possibly too deteriorated to repair is found in the Powderhorn Area.[14] These areas where homestead structures are concentrated also have the second and third highest adjusted housing vacancy rate of the ten areas of the city.[15] These areas which provide the bulk of homesteading properties, are then areas where incomes are comparatively low, minority populations are concentrated, a concentration of public assistance caseloads exists, population is declining, vacancy rates are comparatively high, and housing is in need of rehabilitation.

Minneapolis is making a concentrated effort to rehabilitate housing and to improve these two homestead areas.[16] Although there is little evidence to document any change in the homestead areas which can be directly tied to homesteading itself, homesteaders should benefit from the concentrated public efforts in such areas. Paint-up and fix-up as well as major structural rehabilitation are taking place. The issuance of permits for home improvement and rehabilitation loans as well as housing condition studies and increased value of structures offer evidence of improvement in these areas. The neighborhood environment as well as the type and condition of structures selected for homesteading greatly affects the homesteaders who are selected. The environment and the market will affect the final outcome of homesteading as much as or more than the physical structure with which the homesteader is working.

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[14]Ibid., p. 103.

[15]Housing and Vacancy Turnover, p. 4.

[16]City Watch: Single Family Home Improvement Activity 1973-1975, State of the City Program, No. 2 (Minneapolis, Minnesota: Minneapolis Planning and Development Department, 1977), p. 4.

VII. SELECTION OF HOMESTEADERS

Selection of homesteaders is another facet which must be dealt with in urban homesteading. In the Minneapolis Urban Homesteading Program, the homesteader selection phase begins with property marketing and ends with the selection of a homesteader in the final lottery.[17] Minneapolis has a double lottery system for selecting homesteaders. The process involves advertising, open houses and media events, applications, a screening of applicants according to reported income, the first lottery, a meeting night for those chosen in the first lottery, loan applications, and open houses and neighborhood bus tours. The process concludes with a final lottery, a public hearing before the MHRA Board of Commissioners, and Board approval for executing the lease and purchase agreement. These procedures are used to process approximately six properties every six weeks. This maintains the visibility of the program in the city and provides a fairly regular workload for staff members. Both property advertisement and homesteader selection are managed by the MHRA staff.

Advertisement is more or less a continuous marketing effort. In 1976, approximately $38,000 was spent in advertising. Advertisements are placed in city newspapers, neighborhood newspapers, minority newspapers, radio, and television. They usually include a description of what a homesteader does, who is eligible, how the homestead can be financed, addresses and descriptions of properties, and time of open

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[17]"Procedures Manual," pp. 4-5.

houses for the properties being offered (Appendix H). A mailing list is compiled, and brochures about the Urban Homesteading Program and a property fact sheet for each lottery are distributed upon request (Appendix H).

Advertisements for a group of properties run for three weeks, an open house is held, and the application deadline falls in the fifth week. As applications are received, they are filed according to the current residence of the applicant. Index cards are then sorted according to the applicant's desires regarding specific homes. The MHRA had received an average of 115 applications for each homestead structure offered as of April 1977.

Eligible applicants must be at least 18 years of age. Eligibility is not limited to traditional nuclear families. Although the houses must be awarded either to married couples or to a single individual, program criteria do not forbid the occupancy of the house by unrelated individuals. This permits, for instance, houses to be occupied by groups of students or other unrelated persons or by two cohabiting individuals, either of opposite sexes or of the same sex.

The combined household income cannot exceed $16,850 for a one or two person household up to $19,250 for a ten person or larger household.[18] The range of maximum gross annual income for different family sizes is reported in Appendix H (Table 2). These income limits

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[18]Urban Homesteading in Minneapolis (Minneapolis, Minnesota: Minneapolis Housing and Redevelopment Authority), p. 3, n.d. (Hereafter referred to as Urban Homesteading in Minneapolis.)

are above the median 1975 Minneapolis income of $13,734.[19] Some homesteaders have suggested in questionnaire responses that the maximum income limit be raised. Still others have suggested that some houses requiring less costly repairs be reserved for those with incomes below the present eligibility requirements since some homestead houses cost less to repair than others. Presently, homesteaders are awarded houses regardless of the repair costs.

As a general rule, the monthly housing-related expenses after the completion of the rehabilitation work should not exceed 25 percent of the applicant's combined household monthly income. According to MHRA loan officers this implies a minimum combined yearly income per household of approximately $7,000 even though a minimum income as such is not required. Loan officers must be convinced that a family has adequate resources to rehabilitate the property and to maintain it over a period of years. Ability to obtain a loan commitment is of primary importance since it determines the bottom level of income for applicants unless they have savings or other resources. Self-help is ordinarily not a factor in determining financial eligibility. The only case in which self-help expertise could make a difference in eligibility for a family is when its income is borderline in qualifying for a loan.

Family size and composition may also have a bearing on a family's eligibility for a particular structure. To avoid an overcrowded situation, the MHRA determines that the family size is not too large for the number of bedrooms a structure contains. The criteria are reported in

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[19] State of the City 1977-I, p. 39.

Appendix H, Table 3. The determination also takes the ages and sexes of children in the applicant's family into consideration. Structures containing four or more bedrooms are available only to families. Responses to the questionnaire indicate that some homesteaders feel that larger families should receive the larger houses. There is no matching of houses and families at this time other than the above-mentioned eligibility criteria.

Some urban homesteading programs require that the family applying for homesteading cannot have previously dropped out of the program and/or that families meet certain social behavior standards such as having no record of crime convictions, alcoholism, or drug addiction. Although the presence of such requirements could conceivably increase the chances of homesteader success, this would require an increase in program costs in terms of staff time and salaries.

Prior to the first lottery, 20 to 30 percent of applicants, those who obviously cannot afford homeownership costs, are generally eliminated.[20] At this time applications are also checked to certify that family size is appropriate for the structure in the sense that the combination does not violate the above-mentioned requirements relating to family size and composition and number of bedrooms.

In the first lottery a maximum of seven applicants were originally selected for each of four predetermined categories. These categories are residents of Minneapolis, residents of the general community in

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[20]Statement by Donald Snyder, personal interview, April 25, 1977.

which the property being offered is located, residents of Minneapolis public housing, and all other applicants. In September 1975, the Administrative Guidelines of the Minneapolis Urban Homesteading Program were amended to eliminate the requirement that homesteaders be Minneapolis residents and fourteen applicants are selected in the "all other applicants" category. In addition, special efforts, primarily brochures, to encourage residents of public housing to apply for homesteading have been dropped due to the fact that such applications have ordinarily been eliminated due to lack of required financial resources. As of April 1977, only one public housing resident had participated in the homesteading program.[21] The Urban Homesteading Administrative Guidelines state that efforts should also be made to afford those displaced by public action homesteading opportunities. At the time of the study no special efforts had been made and no families displaced by public action had become homesteaders.

Those selected in the first lottery are notified and informed of scheduled group meetings. Group meetings are held in order to explain dates, steps of the homesteading process, and program requirements. They also provide an opportunity for questions to be answered and open house dates to be established. According to some homesteaders, the time between the first and second lotteries is a trying one for potential homesteaders. It seems that potential homesteaders may become emotionally attached to the house for which they are eligible, and

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[21]Statement by Warren Ditch, personal interview, April 25, 1977.

disappointment, if they are not awarded the house, may cause a stressful situation.

During this period through 1976, applicants were screened to determine whether they did indeed qualify for the necessary loan. Applicants ordinarily completed a loan application and submitted a loan request letter. These were reviewed by a finance counselor who checked on applicant income, assets, employment, and credit. Applicants approved by the loan officer were included in the final lottery. A mean number of nine households of twenty-one drawn in the first lottery had been eligible for each house in the second lottery as of December 31, 1976. The process was modified in 1977 so that each person selected in the first lottery who returns a loan application remains for the second lottery. Only after selection in the second lottery is the loan application processed. As of April 1977, this process has resulted in a mean number of sixteen households for each house remaining in the second lottery.

In the second and final lottery, a principal homesteader and alternates are chosen. The alternates are chosen in case of dropouts or the possibility that one homesteader may conceivably have a choice of properties.

The lottery system has drawn some criticism because it has not resulted in the selection of substantial percentages of minority applicants for homesteading in areas which contain large numbers of minority residents. The urban homesteading coordinator contends, however, that while the city's minority population composes approximately 15 percent of the total population, minority households form 22 percent

of homesteader households.[22] The staff members encourage minority families to repeatedly apply for participation in the urban homesteading program. The anticipated result is a relatively high percentage of minority families participating in the program. Staff members tend to feel that the lottery system is the most efficient and equitable way of selecting homesteaders.

After homesteaders are selected in the final lottery and before leasing, they are provided with a copy of a lease and purchase agreement and other related documents. A date is established for a public hearing before the Board. This date is advertised to accommodate any opposition to or protest of the agreement or agreements. At the public hearing, Board approval is obtained for the executive director to enter into the loan and purchase agreements.

VIII. PROPERTY CONVEYANCE

After approval for the loan and purchase agreement is obtained, both the executive director and the homesteader sign the lease. The homesteader then signs a promissory note for the loan, and an escrow account is established. The "Homesteaders Agreement" sets forth the terms and conditions of occupancy and title conveyance. Actually, during the period prior to being granted title, the homesteader is essentially renting the property from the MHRA for the fee of $1. The title to the property is granted to the homesteader after completion of the specified rehabilitation work according to a schedule agreed to by the homesteader and the authority. The agreement calls for reasonable

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[22] Ibid.

periodic inspections. In addition, the homesteader agrees not to convey, assign transfer, encumber, mortgage, or pledge his interest in the property.

The "Minneapolis Urban Homesteading Administrative Guidelines" state that in most cases, the cost to the homesteader will be the same as MHRA's cost to acquire that property. In the event that MHRA is able to absorb a difference in the cost of the property and sale to the homesteader, a price will be set that in the MHRA's judgment provides sufficient incentives for low- and moderate-income persons or families to apply.[23] In reality, at the time of the study the purchase price for all properties had been set at $1 regardless of the assessed value of the structure, which has ranged from a negative value to several thousand dollars. This is questionable at best in terms of wise use of tax dollars. This means that a family with the highest allowable income could receive a house valued at several thousand dollars while a family with the minimum allowable income could receive a house with a negative value. Although forgivable incentive loans of $6,000 are given to homesteaders whose estimated rehabilitation costs exceed 90 percent of the estimated value of the structure after rehabilitation. Initially the value of the house each homestead family receives is left entirely to chance.

The execution of the lease and purchase agreement and the signing of the promissory note begin the rehabilitation period. In the

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[23]"Spotlight," The Urban Homesteader (April, 1977), p. 2. (Mimeographed)

"Homesteaders Agreement," the homesteader agrees to begin work within thirty days of the agreement and to complete rehabilitation within six to eighteen months after occupancy of the property. Major code items such as plumbing, heating, and electrical repairs must be completed within ninety days of work commencement.[24]

The agreement also contains a provision for a Certificate of Occupancy to be issued upon the completion of repairs to all major code items, which the rehabilitation specialists have determined are necessary to make the unit habitable and safe. In the agreement, the city rejects liability for accidents due to sub-code conditions. Also included in the agreement is a statement that except for pre-occupancy repairs, the homesteader is exempt from the Minneapolis Housing Maintenance Code for eighteen months after the certificate of occupancy. After completion of the required rehabilitation work, the homesteader is granted title to the property subject only to the completion of a residency requirement and maintenance of the unit to satisfy the city's Housing Maintenance Code.

IX. SKETCHES OF HOMESTEADERS

Homesteaders are a heterogenous group. Some 31 percent of homesteaders responding to the occupation item on questionnaires can be classified as professionals. Homesteaders include among their number such professionals as professors, stockbrokers, and attorneys.

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[24]"Spotlight," The Urban Homesteader (February, 1977), p. 2. (Mimeographed.)

Approximately 7 percent are students. The Urban Homesteader, a newsletter published by the homesteaders organization, often includes "Spotlight," sketches of homesteaders and the frustrations and successes they encounter in rehabilitating their houses. The four following sketches provide insights into the rehabilitation process as well as the types of people who have become homesteaders.

1. "I'm not an electrician or a plumber," said Mike Mahaffey, "I'm a homesteader." A real do-it-yourselfer, Mike "read some books, talked to some friends," and proceeded accordingly to rewire his house and garage, do his own kitchen plumbing, side his garage and re-roof his house. And finally Mike sees an end in sight to his homestead project at 624 Oliver Ave. No.

Mike contracted his bathroom plumbing, heating system and storm windows, but has done the rest almost single-handedly. He appreciated the help from his Mom and Dad who came up from Ill. last year. But otherwise he has solicited little help; "I'd rather do it myself--I don't like to feel like I'm leeching." One weekend, he invited a group of friends to help on his roof. "I bought beer and fried chicken for everyone. By the end of the day we had stripped and reshingled about a quarter of the roof. For the amount it cost me just to have them help, it wasn't worth it . . . not only that but they were afraid to get up on the roof."

Mike has done some remodeling, including enlarging his kitchen by knocking out the pantry. He is building sliding clothes racks and built-in chests of drawers into the bedroom closets. And he put up a mahogany panelled ceiling in the dining room. His foyer is now a panelled office. And he saved his kitchen cabinets by refinishing the doors and re-covering the cabinet fronts.

Mike cites his impatience as a drawback, "but I imagine everyone has that problem." Within the first two months of moving in, Mike's house was broken into twice. Deciding he needed a security system, Mike was dissatisfied with estimates he received for $1,000. So he bought the parts for $300 and built it himself.

Mike has had mixed feelings about the inspections department. He has been frustrated with the knit-pickiness of some inspectors, while he has found others to be sincerely helpful and free with advice.

Mike, a truck mechanic, shares his house with an 8 year old St. Bernard named Thadeus. Formerly of Pennsylvania, Florida, West Virginia, Ohio, California, New York and Illinois, Mike foresees staying in Minneapolis indefinitely.[25]

2. On this past rainy Wednesday night, Bob Grant and Carol Watson, homesteaders at 2951 Aldrich Ave. No., discovered that not only was their roof still leaking, but that their basement was taking on water. Yet, Grant & Watson remain cheerful and undaunted.

"Our main problem," Bob analyzed, "is knowing exactly what we're going to do and when we're going to do it." This problem became graphically evident when early on as homesteaders they rushed out to Knox for a sale on acoustical ceiling tile for their kitchen. In their enthusiasm, they had overlooked the fact that "before we could do the ceiling, we had to do the walls; before we could do the walls, we had to do the floor . . . and before that the plumbing. . . ."

So Bob and Carol have spent the past few weeks doing their own inside plumbing. "I'm feeling pretty competent at it now," said Bob, a novice plumber.

Carol, a Chicagoan, grew up in an 18 room house designed by Frank Lloyd Wright, where her father did all their own home repairs. She works in the Student Loan Servicing Center at First Minneapolis and is completing her Masters in Theater at the U. Bob who was born in Detroit and has lived virtually all over the midwest, works in the photography lab on the St. Paul campus of the U. The couple share their homestead with seven cats, "the kids," as Carol fondly referred to them.

Grant & Watson contracted their outside (street) plumbing and the heating work, but they hope to do the rest themselves. Both contracted jobs were adequate, but they encountered some minor yet frustrating difficulties with both. They felt that there was some carelessness due to their not being there to supervise when the work was being done.

This summer they will have the house reroofed and Bob is considering altering the line of the roof in order to accommodate thicker insulation. With the fuel shortage and rising heating costs, Grant & Watson place a high priority on

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[25]"Spotlight," The Urban Homesteader (October, 1976), p. 2. (Mimeographed)

insulation for their presently uninsulated home.

Bob and Carol almost wish it hadn't been so easy to move in to 2951 Aldrich Ave. No., so that they would have been forced to get more completed. They appreciate the "mutual encouragement" of the Steaders and conclude: "If we can do it . . . anyone can do it."[26]

3. Bill and Colleen Gass didn't win a house in the Urban Homestead lottery. After being selected 5th alternate for 1312 Sheridan Ave. No., they went home and forgot about the lottery and the program. One day, four months later, the house was theirs.

The previous homesteaders left the house partially gutted. When the Gasses took over, they completed gutting it. They wanted to start from scratch--new wiring, new plumbing, extensive insulating, etc. Now the Gasses look forward to moving in within the month.

The Gasses live in St. Paul and commute 12 miles to their homestead. Bill is a pre-vet student at the U. and Colleen works a flexible schedule at Snyder Bros. Drug Store on Spelling Ave. "We were always awfully busy--never enough hours in the day," said Bill referring to the time before they became homesteaders. Now Bill notes that the project drastically reduces his study time. Colleen expressed concern over not being able to devote as much time to Jeff, their one-year-old, leaving him to play alone a lot. But Jeff, who recently learned to walk, seems to feel that the experience has been a good one. Said his father, "It's good for him--and he's very well adjusted."

Bill and Colleen have been well received by their neighbors. After they had started work on the house, they realized that the front door had been unbolted right along. Yet there had been no vandalism or entry. The Gasses feel that it is important to let the neighbors know what you're doing and meet their curiosity with openness. "If you're uncomfortable, they can sense it." Herman, an old man who sits on the corner of Plymouth and Sheridan all day in an old folding chair, watches all the comings and goings in Gasses neighborhood. "Herman watches out for us," said Colleen.

Bill Gass, one of the two homesteaders elected as Willard Homewood Organization (WHO) district representatives, said of

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[26]"Spotlight," The Urban Homesteader (March, 1977), p. 2. (Mimeographed)

WHO, "without it, we wouldn't have a house." One of the organization's purposes has been to dispose of vacant houses. "The neighbors don't like empty houses," explained Bill. As a result, there are more homesteads in the WH area than in any other project area in Mpls.

As district rep, Bill's job will involve relaying the interests of his neighbors to the PAC (Project Area Committee) group.

In spite of sacrificing all spare time to their project, Bill, Colleen and Jeff are enthusiastic homesteaders. At the very least, homesteading provides "a place to have instead of rent receipts."27

4. Steven Pesavento's homestead experience has at times been nightmarish. One night, while Steve was ceramic tiling his upstairs bathroom, he heard fluttering and clattering in a nearby bedroom where he had been storing supplies. Believing he was alone, Steve ventured down the dark hallway to investigate, only to be met by . . . a bat.

Since then, nine bats have haunted Steve's homestead project. Now, after a visit from the exterminator, Steve hopes that the ghoulish pests have been ridded. "I hear the slightest noise and I jump," Steve said.

A music teacher and director of the band program at Shakopee High School, Steve has contracted the electrical, plumbing, roof work, and major structural changes on his homestead at 3836 3rd Ave. So., as well as his cabinets. With the addition of 8x22 feet to the back of the house, he was able to reroute the stairwells, and enlarge the upstairs bathroom, providing more convenient and attractive living space.

Originally of Joliet, Ill., Steve has welcomed the aid of his dad who was able to spend about a month at Christmas time helping Steve to sheetrock and tape most of the walls and build a bathroom off the downstairs bedroom.

Steve found working with contractors to be generally satisfactory but felt at a disadvantage being unable to supervise while away at work. Steve was aggravated by contractors' failure to clean up debris, and disregard for special instructions and requests. This was not the case while his father was on hand to oversee the work.

27"Administrative Guidelines," p. 6.

Steve has had friendly contacts with his neighbors. One neighbor whose brother had at one time owned the house had coffee with Steve one day and recalled the bats only too well. Steve related, "Every now and then I'd catch him looking over his shoulder for them."

Steve, who intends to complete the rest of the project himself, stated an oft heard homestead plea that he only regrets "not seeing things done as quickly" as he had envisioned.[28]

X. REQUIREMENTS

The homesteader is encouraged to occupy the property for three years after it is initially occupied. For three years, the homesteader is not permitted to vacate the property and retain ownership for the purpose of producing income.

If the homesteader vacates the property before obtaining title, the MHRA may either remarket the property through urban homesteading or complete rehabilitation work and remarket the property, repaying the balance of the original rehabilitation loan. In the event that the homesteader decides to discontinue participation in the program and vacates the property within three years but after obtaining title, the title either reverts to MHRA or the property may be sold and a percentage of the increased value paid to MHRA depending upon whether the property was obtained through local funds or through the HUD Urban Homesteading Demonstration Project. If Section 810 HUD Urban Homesteading Demonstration Project properties are used, the title simply reverts to the MHRA. The authority then remarkets the unit through

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[28]Urban Homesteading in Minneapolis, p. 2.

urban homesteading with the new homesteader assuming the initial rehabilitation loan or remarketing the property with new mortgage financing including repayment of the balance of the initial rehabilitation loan. The initial homesteader receives no repayment for equity invested. If the property was not a Section 810 property, the homesteader who vacates after obtaining title but before satisfying the three year residency requirement can sell his property but he must pay a percentage of any increased value received to the MHRA. The increased value is determined by subtracting the principal of the loan plus any marketing expenses incurred from the price at which the property was sold. If the homesteader sells within the first year after obtaining title, 90 percent of the increased value must be paid to the MHRA. If the property is sold during the second year, 60 percent must be paid, and if the homesteader sells within the third year, 30 percent must be paid.[29] At the time of this study, rehabilitation in the Minneapolis Urban Homesteading Program had not yet reached the stage where such an occurrence was possible. Only one homestead family had received title to property. Nevertheless, the potential for quick rehabilitation and profit exists, albeit a reduced profit.

At the time of the study only two homesteaders who had begun rehabilitation work had decided to discontinue their participation in the program. One homesteader had not occupied the structure but had begun the rehabilitation work and had some equity in the structure. An agreement was worked out so that when the property was awarded to

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[29]"Administrative Guidelines," p. 5.

another homesteader, the new homesteader assumed part of the original homesteader's equity. According to a program staff member, the original homesteader suffered a financial loss of approximately $250.[30]

The second homesteader who had decided to discontinue participation in the program had occupied his homestead unit for approximately six months but had not completed all the required rehabilitation work. Although he decided to discontinue participation in the program, this homesteader feels the program is basically a good program. His criticisms of homesteading in general centered around neighborhood conditions and the problems he as an unmarried student encountered. Distance from the university, the time required for rehabilitation work, and problems in coordinating the work of friends living in the structure in exchange for rehabilitation work were mentioned as major problems. At the time of the study, the decision on monetary reimbursement for the homesteader was still pending.

The homesteader is required to permit periodic inspections by the City Inspector and the MHRA rehabilitation specialists to determine the progress and quality of the work. If, during the rehabilitation period, an inspection reveals the homesteader's inability or unwillingness to complete the required work, the homesteader can be required to contract the work or to vacate the property. At the time of the study, no Minneapolis homesteaders had been required to vacate their

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[30]Statement by Jane Prince, personal interview, April 21, 1977.

homesteads, and only one homesteader had been asked to contract necessary work due to organization problems of self-help rehabilitation.

During the rehabilitation period, the MHRA maintains "all-peril" insurance on the homestead property.[31] After receiving title, however, the homesteader is required to carry adequate liability and fire insurance on the structure.[32] The homesteader is also required to pay all property taxes, assessments, utilities, and other charges such as filing costs, closing costs, and title insurance. Another requirement calls for owners of property to sell the previous dwelling unit after occupation of the homestead property. At least one homesteader feels this property ownership should be treated no differently than a savings account. The stated purpose of this requirement is that it would relieve the homesteader of the potential burden of owning and maintaining both properties.[33] This requirement definitely relates, however, to the Minneapolis Urban Homesteading Program goal of providing homeownership opportunities for those who could not otherwise afford it.

Having met these requirements, homesteaders must comply with equal opportunity/affirmative action regulations and any other reasonable terms the MHRA designates to insure that the rehabilitation of the property is successfully completed.

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[31]"Administrative Guidelines," p. 5.

[32]Urban Homesteading in Minneapolis, p. 3.

[33]"Administrative Guidelines," p. 6.

XI. THE REHABILITATION PROCESS

Beyond the legal requirements, homesteading itself requires tremendous amounts of energy and time, especially if self-help is involved. Most young couples who have never been involved in rehabilitation work find that it consumes almost all their spare time and energy and requires some organizational skills.

There are two major steps in producing work write-ups and estimates for any homestead property. These are the preliminary and the final work write-ups and estimates. The preliminary work write-up and estimate occur before the lottery process. These are produced by the rehabilitation specialists after the code write-up by a city code inspector and after an inspection of the property. The work write-up consists of two types of items needing repair: those items which are required and those which are suggested (Appendix H). Required work is that which is needed to meet the city's Housing Maintenance Code and that which the rehabilitation specialists feel will provide a home free of major maintenance items for a period of five years. Suggested work is geared toward general improvement. Repairs are meant to enhance the value, appearance, and general liveability of the home.[34]

The rehabilitation specialists discuss the items needing repair at an open house before the first lottery. Any questions that interested persons have are also answered at this time.

In the final work write-up and estimates, another component is involved, repairs or improvements wanted by the homesteaders which

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[34]"Procedures Manual," p. 4.

are not listed as required or suggested repairs. Therefore, after the final lottery, a rehabilitation specialist works with each homesteader to develop a plan of work, specifications, and the contractor selection process. The MHRA has the final decision as to what work is required for the certificate of occupancy, what work will be contracted, and through the loan amounts generally what optional rehabilitation work will be undertaken. Homesteaders in general have undertaken those repairs listed as desirable plus many other repairs. Most homesteaders are using the $5,000 in loan funds allowed for repairs other than code-required rehabilitation. Recently the MHRA has begun to encourage homesteaders to borrow only for necessary repairs and to take advantage of low-interst MHFA Title I, FHA-insured home improvement loans after they obtain title.[35]

Estimates of rehabilitation costs have been rated from "a little low" to "a good bit too low" by the rehabilitation specialists responsible for the estimates. Surprisingly enough, the majority of homesteaders rate the estimates as "about right." A majority, 58 percent of fifty homesteaders returning questionnaires, felt the estimate had been "about right" while 33 percent felt they were somewhat too low. Some 4 percent felt they were much too low, and 4 percent felt they were much too high. The mean score of 2.63 of a possible five points places the estimates between "about right" and "somewhat too low."

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[35]Statement by Donald Snyder, personal interview, April 18, 1977.

The problems in estimating the cost of rehabilitation work result largely from price increases and homesteaders' wishes, according to the rehabilitation specialists. Two years of rehabilitation work are required, and it is very difficult to estimate costs that far ahead. For example, building materials have risen in price more rapidly than anticipated. It is probable that in the future a certain amount of materials escalation costs will be taken into consideration when estimating rehabilitation costs.[36]

In addition to rising prices, it is felt that some problem exists with homesteaders not initially determining exactly what they wish to do with their structures. If this could be corrected, a more complete job package could be produced in the beginning. Another factor is that homesteaders often "gut" the structures, which is not included in estimates. In addition 40 percent of the fifty homesteaders returning questionnaires have contracted more work than they originally intended (Appendix B). All these factors affect total rehabilitation costs.

After the work write-up and the estimates are completed, the question of who is to perform the work is addressed. The amount of self-help or sweat equity versus the amount of contracting to be used must be decided. The lottery system used in Minneapolis gives no preference in homesteader selection based on amount of self-help to be performed. The one instance in which extensive experience in renovation could make a difference in eligibility is if the income of an applicant

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[36]Statement by Lee Heikkila, personal interview, April 21, 1977.

were borderline. The Minneapolis Urban Homesteading Program permits a medium amount of self-help allowing minor rehabilitation which is more than cosmetic but short of major rehabilitation. With extensive construction knowledge, a homesteader could undertake a significant amount of self-help work. Rehabilitation specialists feel that there have been some problems with homesteaders making an unrealistic estimate of the self-help work they can complete. Homesteaders often think they can do much more work themselves than they are able or have the time to do. Several homesteaders have indicated that finding enough time to do the rehabilitation work was one of the major problems they had with homesteading. The majority of problems mentioned in the fifty questionnaires returned by homesteaders dealt with difficulties involved in attempting the rehabilitation work themselves. Homesteaders listed the following problems: trying to do too much at once, a sporadic work pace, constant pressure causing a strain on family relationships, lack of work and idea exchange, estimating the difficulty of repairs, and discouragement when progress is not evident. Staff members, having become aware of some of these problems, were at the time of the study encouraging new homesteaders to plan to contract at least 90 percent of the necessary rehabilitation work. They feel that planning to use self-help for no more than 10 percent of the work is more realistic.

Regardless of the amount of self-help homesteaders plan, much of the rehabilitation work must be contracted. Minneapolis has a thriving rehabilitation industry with stiff competition for the approximately $10 million in rehabilitation work annually. This indicates that

experienced rehabilitation contractors are available despite the "red tape" involved. It also means that contractors benefit from the operation of the program. There are not, however, quite as many rehabilitation contractors as needed for immediate service.[37]

The rehabilitation specialists work closely with the homesteader to develop contracts for all aspects of the work which will not be performed by the homesteader. Bids are then solicited by the homesteader. Staff members do not recommend contractors but must review and approve all contracts. Although none of the questionnaire responses indicated any collusion between staff members and contractors and no hint of such an occurrence was found by the researcher, this requirement could conceivably be abused.

From the staff's point of view, there have been some problems in attempting to get bids in quickly and in trying to upgrade the quality of some contractors' work. Several homesteaders indicated in the fifty returned questionnaires that some of their biggest problems were contractor related. In attempting to protect the homesteaders, the program requires contractors to be licensed by the city, to be insured, and to have a $2,000 bond. This can present problems, however, since some contractors whose work is good and prices reasonable do not meet these criteria. Contractors, when questioned about working for homesteaders list the certainty of payment as a positive factor and regard the following as negative factors: red tape and confusion, an expensive bid bond for small jobs, and waiting for homesteaders to

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[37]Statement by Arnie Bjelland, personal interview, April 18, 1977.

complete self-help tasks so that contractors can finish their jobs.

Once the questions of what work is to be done, and by whom, are settled, the rehabilitation work must be scheduled. The program has several progress deadlines which have not always been strictly enforced. Work must commence within thirty days of the execution of the homesteaders' agreement. The maximum time allowed before occupancy of the structure is three months. Before occupancy, the city Inspections Department and the MHRA rehabilitation specialists must certify that the property is habitable.[38] This occupancy requirement presents problems for some homesteaders who object to living in an unfinished, messy house.

In addition to the occupancy requirement, plumbing, heating, and electrical work must be completed within ninety days of work commencement. All rehabilitation work must be completed within 180 days of the execution of the homesteader agreement if all the work is contracted. The original program requirement was two years but was changed to be consistent with the HUD Urban Homesteading Demonstration Project requirements.[39] A maximum of eighteen months from the date of occupancy is allowed if some self-help work is involved. At the time of the study, according to staff members, there had been no major problems with timing. It is, however, quite early to attempt to discern these problems. As completion dates approach, some homesteaders

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[38]"Procedures Manual," p. 8.

[39]Statement by Donald Snyder, personal interview, April 18, 1977.

may have to contract more work than they had anticipated. From the homesteader's point of view, there is concern about organization and timing of rehabilitation work, especially self-performed tasks. More assistance in developing a plan of action is desired by some homesteaders. A timetable for various common tasks has been suggested. One homesteader has suggested that the program require code work to be done first, then desirable repairs, and lastly luxuries. Other concerns relate to the deadlines with one homesteader questioning the commencement of the time period before the loan is approved. Other homesteaders have suggested that more time be allowed under certain circumstances. No homesteaders, however, had been required to vacate the property at the time of the study.

Rehabilitation specialists monitor rehabilitation work at the request of the homesteaders or informally if requests are not made. This is an attempt to assure the timeliness and quality of the work. In self-help work, rehabilitation specialists many times help homesteaders to begin and tell them to call when they have problems. For both self-help and contract work, the staff must approve costs and expenditures. Rehabilitation specialists pay all costs from the loan and are responsible for the necessary recordkeeping. Contract payments cannot be made without the homesteader's approval and the contractor's signature. After the signed request is received in the program office, one to two weeks are required for payment depending upon the day the request is received. One process payment to contractors is permitted when the job is at the 80 percent completion point.

When asked for suggestions for change in the Minneapolis Urban

Homesteading Program, homesteaders suggested that some sum of money should be advanced to homesteaders from which they could draw. Then upon presentation of proper receipts, the funds could be reimbursed. This suggestion has merit in that it would allow more freedom for homesteaders to purchase materials on sale and could cut paperwork for the rehabilitation specialists giving them more time for counseling. Other homesteader suggestions point to a perceived need for a smaller workload for rehabilitation specialists. The need for evening or weekend hours is also noted. It is during this monitoring period that much of the interaction between homesteaders and staff members takes place.

XII. ASSISTANCE TO HOMESTEADERS

Homesteaders in this program do receive other assistance both before and during the rehabilitation process. Perhaps the most important is financial assistance of various types. Each homesteader has the option to apply for a low-interest rehabilitation loan through either a federal or a local program. At the time of this study, five of the sixty-seven homesteaders were financed with federal Section 312 funds, two homesteaders with private funds, and the remainder with the Minneapolis Loan and Grant Program.[40] The mean loan amount had been $16,100 including forgivable incentive loans as of December 31, 1976.

The local loan and grant program has, therefore, been very important in providing rehabilitation assistance to homesteaders as

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[40]"Section 810 Federal Urban Homestead Demonstration Project Data" (Minneapolis, Minnesota: Minneapolis Housing and Redevelopment Authority, 1977), pp. 1-3. (Mimeographed)

well as to others in homestead neighborhoods. These loans, which are described in detail in Chapter III, are available to homesteaders for use in correcting code deficiencies plus $5,000 for other improvements. Signature notes comprise all local loans for homesteaders. At the time the homesteader receives title to the property, the city takes a mortgage interest in the property for the amount of the balance on the loan. Loans may be prepaid without penalty at any time.

Grants to homesteaders are in the form of forgivable incentive loans, which are noninterest housing loans in the amount of $6,000. If the homesteader meets all requirements, the loan is forgiven. These loans are, therefore, essentially grants. They are available only in the Northside and Powderhorn areas and only to homesteaders where the rehabilitation costs are estimated to be 90 percent or more of the after-rehabilitation market value. These forgivable incentive loans are issued regardless of the income of the homesteader. As of December 31, 1976, twenty-six of sixty-two homesteaders had been given forgivable incentive loans. Approximately six additional homesteaders received these in the first four months of 1977.[41]

Because of participation in the HUD Urban Homesteading Demonstration Project, the Minneapolis program received an allocation of Section 312 loans earmarked for homesteading along with HUD properties. The first lottery of HUD properties used the total allocation of $60,000 of the Section 312 loan allocation. In addition, a Section 312 allocation of $150,000 was received in December 1976.[42]

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[41]Statement by Jane Prince, personal interview, April 21, 1977.

[42]Ibid.

Another source of financial assistance comes from a neighborhood association in Minneapolis which has chosen to use some of its CDBG allocation to provide $12,000 in "up-front money" in order to make certain potential urban homestead units feasible to offer for homesteading. The MHRA completes $12,000 worth of repairs before the homesteader takes over.

Other financial assistance which can sometimes be offered to urban homesteaders is a tax abatement. Originally it was thought that in Minneapolis the city retention of the title to the homestead property during the rehabilitation period would relieve the homesteader of tax liability until title was received. Shortly before the time of this study, however, a ruling was received which held that the homestead properties must be returned to the tax roles as soon as they are leased. Homesteaders received the news with some disappointment. The taxes are, nevertheless, based on the value of the property when leased, which is a minimum value or a negative value. If the property has a negative value, there would, of course, be no taxes.[43] In addition to taxes, some cities provide financial assistance to homesteaders in the form of payment of insurance premiums during the rehabilitation period. The city of Minneapolis pays fire and general property insurance premiums on homestead properties during the rehabilitation period since the city retains title to the homestead property.

Perhaps the most common type of assistance to homesteaders in different urban homesteading programs is some sort of rehabilitation

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[43]Statement by Warren Ditch, personal interview, April 25, 1977.

counseling. The Minneapolis Urban Homesteading Program provides fairly close one-to-one rehabilitation counseling. A rehabilitation specialist is present at the open house of each property. He explains to interested persons the rehabilitation required for the property. After the first lottery, a rehabilitation specialist meets with each chosen applicant and discusses various program requirements and rehabilitation requirements. After the final homesteader is selected, the MHRA assigns a rehabilitation specialist to each homesteader. The rehabilitation specialist is consulted by the potential homesteader during the process of determining the amount of the loan needed. The rehabilitation specialist and the homesteader together develop specifications and a plan of procedure to rehabilitate the structure. The services of the rehabilitation specialist are available upon request from the homesteader. The specialists advise homesteaders regarding materials, installation techniques, and the contractor selection process. One of the rehabilitation specialists also often writes a "how-to" article in the newsletter circulated to homesteaders. In questionnaire responses, homesteaders have suggested that information also be provided to all homesteaders about the free professional help available in the city, since some homesteaders are not aware of the variety of services available. It was also noted that workshops on the organization of rehabilitation would be helpful to homesteaders.

Technical advice and detailed explanations of applicable sections of the city's Housing Maintenance Code can be obtained from the Minneapolis Housing Inspections Department. Although homesteaders may find this assistance helpful, several of the fifty homesteaders

returning questionnaires list local inspectors as problems they have encountered in homesteading. One homesteader lists indecisiveness of inspectors specifically as a problem.

An organization of the homesteaders themselves has provided limited services to homesteaders. The Steaders' Organization, the homesteaders' association, was organized in March 1976. Each lottery group of four to six families elects one representative to serve on the steering committee for this organization. The Steaders' Organization has provided limited opportunities for homesteaders to get acquainted and exchange experiences and solutions to problems. There is a social gathering each month.

The Steaders' Organization began publishing a monthly newsletter, The Urban Homesteader, in May 1976. As mentioned previously, these publications sometimes offer tips on specific rehabilitation topics by rehabilitation specialists. Staff members feel the organization has helped increase communication between the staff and homesteaders. In addition, the Steaders' Organization has sponsored three do-it-yourself workshops, each consisting of two topics. A tool crib, a list of tools each homesteader is willing to lend, has been compiled and the group is working on a "Where Do I Begin" seminar for new homesteaders and a Steaders' Manual on how to organize the rehabilitation process. In addition, a work cooperative has been established in which a homesteader donates as much time to any homesteader or homesteaders who need his help and expertise as he has received or intends to receive from various other homesteaders. In a few instances work exchanges have taken place. The cooperative effort was inactive during the harsh

winter months of 1976-1977, but some homesteaders feel activity will increase with warmer weather.

Another service to some homesteaders is provided by a neighborhood organization. In the Powderhorn Area, Projects for Pride in Living lends tools to homesteaders and other neighborhood residents for use in rehabilitation efforts.

XIII. RESULTS

The types and extent of homesteader assistance, program requirements, and the setting have a direct bearing upon the results of urban homesteading programs. Staff members and politicians view the Minneapolis Urban Homesteading Program as very worthwhile in terms of resources expended and results obtained, and 96 percent of homesteaders returning questionnaires indicated that they were happy they participated in the program. The problems experienced by homesteaders and desirable program changes have been previously indicated in this chapter. When staff members were questioned about desirable changes or additions to the program, some of them indicated that acceleration of the program would be desirable if suitable structures could be made available. Other changes suggested were reducing the required red tape, more communication between staff members and homesteaders, and more activity of the Steaders' Organization.

In order to evaluate any program, one must consider the goals of the program in order to examine whether the program is in fact meeting the intended goals and, at the same time, consider any unintended results of the program. The Minneapolis Urban Homesteading

Program is oriented toward reaching five stated goals.

The first of these goals is to offer a homeownership opportunity for those who could not otherwise afford it. Although the scale of urban homesteading has been small compared to some other programs in Minneapolis, sixty-seven families were participating in the program at the time of this study. Fifty-five of these families were occupying their homestead structures with one family having completed the required rehabilitation work. The coordinator of the Urban Homesteading Program believes fifteen homesteaders will complete required rehabilitation work during 1977. Of the fifty homesteaders returning questionnaires, 88 percent had previously rented and 2 percent had some arrangement other than owning or renting. Therefore, if one assumes that all renters wish to own houses but cannot afford homeownership, 90 percent of these homesteaders who had not previously owned the structures they occupied were aided in homeownership.

Without this assumption, one cannot draw conclusions about the numbers of homesteaders aided in homeownership when they could not have otherwise afforded it. One can conclude with certainty, however, that the 10 percent of homesteaders who already owned their housing units obviously could afford homeownership. Allowing families or households who already own their housing to participate in the program is clearly counterproductive to the program goal of offering a homeownership opportunity for those who could not otherwise afford it.

The second goal of the Minneapolis Urban Homesteading Program is to stimulate housing rehabilitation where it would not otherwise occur. Substantial rehabilitation is taking place in homestead

neighborhoods. Although the public investment in rehabilitation in these neighborhoods is greater in number of dollars spent than private investment, permits for private rehabilitation outnumber the units affected by public rehabilitation in these areas.[44] Although no conclusive evidence exists, it is likely that public rehabilitation, of which homesteading is a small part, is stimulating private rehabilitation. Owners tend to feel they could better recover investments in maintenance and rehabilitation as the area is upgraded.

The third goal of this program is to increase the tax productivity of residential properties. This is being accomplished directly by putting Homestead properties back on the tax rolls as soon as they are occupied. Some of these properties have negative values, however, and do not increase tax productivity at all while others are assessed at low values and add little to tax productivity. As the years pass and properties are improved and reassessed, nevertheless, homestead properties will produce more taxes. In addition, to the extent that urban homesteading can be said to have stimulated private rehabilitation and thus increased tax assessments, urban homesteading may indirectly contribute to increasing the tax productivity of residential properties.

The fourth goal is to reduce hazards created by vacant structures. To the extent that homestead structures were vacant originally, homesteading has contributed to getting vacant housing occupied and thus reducing the hazards of fire and crime. At the time of this study, fifty-five homesteads were occupied.

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[44]State of the City 1977, Vol. II (Minneapolis, Minnesota: Minneapolis Planning Department, 1977), p. 52.

The fifth goal is to revitalize neighborhoods by increasing their economic vitality. Again, it is impossible to separate changes resulting from the Urban Homesteading Program and those resulting from other housing and neighborhood improvement programs operating in the same areas. It is, however, possible to conclude that with massive public investment, the homestead neighborhoods have improved physically and in economic viability. Neighborhood residents who were questioned by the researcher and knew about the program expressed approval of urban homesteading, mentioning neighborhood improvement and occupancy of vacant houses as positive factors.

This improvement brings with it the possibility of social change which may or may not have been intended. Physical and economic changes invariably lead to some degree of social change. Again, any possible changes cannot be attributed to homesteading alone but to public improvement efforts in homestead areas. In general, the Urban Homesteading Program and other public programs in homestead neighborhoods are bringing young middle-class families into declining neighborhoods with large proportions of older residents. A goal implicit in this and any other urban homesteading program is to put people into vacant houses. Many consider this a desirable change, helping to stabilize inner city neighborhoods by bringing in families who will be able to maintain the structures and otherwise improve the areas and the city. Others feel the dream of a stable community is itself an artificial middle-class vision. One MHRA employee represents this view. He feels that this dream involves bringing more whites into the city from the suburbs and the result is that the "low-income, minority, black, single-parent,

female heads of household" families are losing. He feels that an existing community which established itself in the Northside Area when whites left in the 1960's is being disturbed. In his opinion, richer people bid for the rehabilitated houses since no priority exists for inner-city residents while crowding is a serious problem in some sections of the community.[45] Complaints by neighborhood residents that too few families living in the area are given houses lend support to the view that an existing community is being disturbed.

These opinions bring to mind the entire controversy of whether, when areas are improved physically and in economic vitality, property values and thus living expenses increase with the result that the poor can no longer afford to live in these areas. The scale of homesteading in Minneapolis has not yet been large enough to create such a problem. It is clear, nevertheless, that urban homesteading in conjunction with other public programs has brought a number of outside families into the homestead areas. In addition, property values and taxes have increased in these areas. One must also bear in mind the fact that as more structures are homesteaded, the possibility of such unintended results of the program increases.

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[45]"620 East Franklin," Metropolis, May 3, 1977, pp. 23-26.

CHAPTER V

THE HOMESTEADERS: FAMILY SITUATION AND HOUSING

Government programs are often examined and evaluated with little analysis of perhaps the most important aspect--the effect of the program on program participants. Thus far, this study has been concerned with a history of homesteading, the potential of urban homesteading, and elements of urban homesteading as well as descriptions of the Minneapolis Urban Homesteading Program and the context in which this program is operating. Chapter V is devoted to a systematic examination of homesteading from the homesteader's point of view (Appendix B). The Minneapolis Urban Homesteading Program, like other government programs, cannot long continue its operation if participants do not feel they and their families are benefiting from the program. In addition to this primary consideration, the entire concept of urban homesteading has been questioned by critics who claim that urban homesteading is a cruel hoax and cannot benefit homesteaders or that it benefits the segment of society which does not need help.

Minneapolis had from the beginning provided program participants with supportive elements, discussed in Chapter IV, thought to be most crucial for a successful program. If it were possible for homesteaders to benefit from participation in such a program, it would seem likely that those in Minneapolis would have been doing so. Thus questions pertaining to the extent of benefits for participants in an urban homesteading program could be answered and some insights could be

provided into which segments of society were benefiting from the program. In addition, it was felt that if homesteaders were gaining from such participation, cities similar to Minneapolis might be able to use the Minneapolis Program Elements to obtain similar results.

Therefore, in April 1977, questionnaires were mailed to fifty-five homesteaders occupying their houses and to a comparison group of sixty-nine households randomly chosen from 1976 purchasers of residential property in Hennepin County, the county in which Minneapolis is located (Appendix B). Residential properties purchased were listed by the Greater Minneapolis Board of Realtors. This chapter analyzes the responses in fifty completed questionnaires from homesteaders and forty-nine from the comparison group.

The questionnaires sought, in part, to determine whether significant socio-demographic differences and differences in previous housing existed between the two groups. It was thought that these could affect change in family situation variables. The variables examined were household size and composition, ages of the head or heads of the household, number of persons in the household employed, type of occupation, income, type of dwelling unit previously occupied, tenure of previous dwelling unit, and length of occupancy of present dwelling unit.

I. CHARACTERISTICS OF RESPONDENTS

In terms of family size and composition, no significant differences were found between groups. The mean number of persons per household (Appendix J, Table 4) was three for homesteaders and three for comparison group families. For homesteaders, the mean number of

adult males per household was one; adult females was one; and children was one. For the comparison families, the mean number of adult males per household was one; adult females was one; and children was one. A multivariate analysis of variance of these variables (Appendix J, Table 5) shows no significant differences at the .05 level between Minneapolis homesteaders and the comparison group in the number of persons per household, the number of adult males per household, the number of adult females per household, and the number of children per household. The distributions of family size and composition for both groups (Appendix J, Table VI) show relatively few households consist of one person while the largest percentage of households in both groups contains two persons. Independent samples chi square tests for each of the family size and composition variables show no significant differences at the .05 level.

Since the age of the family could also affect changes in family situation, this variable was also examined for both groups. It was felt that the ages of the head or heads of the household would give some indication of the family age in general. The mean age (Appendix J, Table 7) for male heads of households was thirty-three for homesteaders and thirty-three for the comparison group, while the mean age for female heads of households was twenty-nine for homesteaders and thirty-one for the comparison group. A multivariate analysis of variance (Appendix J, Table 8) shows no significant differences at the .05 level existed between the two groups in either male or female heads of household age. Independent samples chi square tests showed the age distributions of the two groups were not significantly

different at the .05 level (Appendix J, Tables 9 and 10).

Employment differences could also indicate differences in the two groups. The number of persons per household who were employed was, therefore, investigated. The mean scores for the number of employed persons per household (Appendix J, Table 11) show the mean number of full-time employed persons per household was one for homesteader households and one for comparison group households, while the mean number of persons per household employed part-time was less than one for homesteader households and less than one for comparison group households. The results of a multivariate analysis of variance (Appendix J, Table 12) show no significant differences between groups at the .05 level for either number of persons employed full-time or number employed part-time. The distributions of number of employed persons per household (Appendix J, Table 13) indicate that over 60 percent of the households in both groups included only one person who was employed full-time, while over 30 percent reported two persons employed full-time. Over 75 percent of the households in both groups did not report any persons employed part-time. Independent samples chi square tests show no significant differences at the .05 level between homesteaders and the comparison group in the distribution of numbers of household members employed full-time and part-time.

The first variable on which the two groups differed significantly was gross family income. The mean category for income for homesteaders (Appendix J, Table 14) was the $10,000 to $19,999 yearly category and that for the comparison group was the $15,000 to $24,999 yearly category. According to program records as of December 31, 1977, the mean homesteader income was $12,595 annually. An independent samples t-test shows the

gross income of the comparison group was significantly greater at the .05 level. Using an independent samples chi square test (Appendix J, Table 15), a significant difference at the .05 level was also found in the income distribution of the two groups. A comparatively greater percentage of homestead family incomes fell into the income categories under $20,000 yearly and a smaller percentage fell into the $20,000 and over category.

A significant difference at the .05 level was also found, using an independent samples chi square test (Appendix J, Table 16) between the homesteader and comparison groups in the distribution of the type of previous dwelling unit reported. A greater percentage of the comparison group had last lived in a single family residence than had homesteaders. A greater percentage of homesteaders had last lived in duplexes, apartment buildings, and other types of dwellings than had comparison group families.

According to an independent samples chi square test, the type of occupancy (Appendix J, Table 17) of the last dwelling unit differed significantly at the .05 level for the two groups. A smaller percentage of homesteaders owned their last dwelling unit than did comparison group families, while a larger percentage of homesteaders rented their previous dwelling units. The greater percentage of buyers formerly living in a single family residence could affect the perceptions of family situation recorded on the questionnaire.

It was also believed that if a significant difference existed between the two groups in the length of occupancy of the dwelling units at the time of the study, this could at least partially account for responses to the questionnaire. This, however, was not the case.

An independent samples t-test (Appendix J, Table 18) indicates no significant difference at the .05 level between the two groups and shows August, 1976 as the mean month of initial occupancy for both groups. An independent samples chi square test (Appendix J, Table 19) also shows no significant difference at the .05 level between the distribution of the initial occupancy of dwelling units between homesteaders and the comparison groups.

In addition to the previous aspects, subjects were asked to list the occupations of both male and female heads of households. The responses were then coded as either white-collar occupations, blue-collar occupations, students, unemployed, and retired. It should be noted that only those responding with "unemployed" and "retired" were placed in these categories. It is probable that some persons who were unemployed or retired listed their principal occupations rather than categorizing themselves in this way since these two categories do not actually represent occupations per se. The distribution of occupations (Appendix J, Table 20) indicates that over 60 percent of respondents in each of the groups fell into the classification of white-collar occupations. The distributions of the five categories were not found to be significantly different at the .05 level according to an independent samples chi square test.

In short, homesteaders and comparison group families did not differ significantly in household size or composition, ages of the heads of households, number of persons in households employed full-time and part-time, type of occupations of the heads of households, or length of occupancy of dwelling units at the time of the study. Significant

differences were found between the two groups in terms of family income categories, type of previous dwelling unit, and type of occupancy of previous dwelling unit. Homesteaders had incomes which were significantly lower than those of comparison group families. Also fewer homesteaders had previously lived in single family residences and fewer homesteaders had owned their previous dwelling unit.

These differences between the homesteader and comparison families could have affected the responses to some or all questionnaire items. The existing differences in income and housing choices can suggest some alternative interpretations. A significant difference in income could have in itself influenced the previous type of dwelling and type of tenure for the homestead group, who had lower incomes. Lower incomes could have dictated previous housing choices, leaving income as the major difference between groups. This alternative is supported by written reasons for rating responses on the questionnaire and interviews with a limited number of homesteaders. A frequently occurring statement was that homesteading gave homesteaders the opportunity to own a house, when they could not otherwise afford homeownership.

On the other hand, the possibility exists that differences in income and differences in previous housing choices between the two groups could be indicators of major socio-economic and other variations which could influence responses to other questionnaire items. It is quite possible, in fact, that homesteaders as a group are more adventuresome than the comparison group or possess some distinctive quality which led them to apply for participation in the urban homesteading program in the first place.

Since there are no definitive answers to this issue, any comparisons drawn between groups in changes in family situation must be made with this in mind. In addition, although it was assumed a randomly selected comparison group would minimize the possibility of differential outside influences such as salary increase, the possibility always exists that the number and intensity of such occurrences may have been unequal for the two groups and could have influenced the responses to questionnaire items. Therefore, one must interpret with caution the analyses of the effects of method of acquiring housing on family situation.

An investigation of the effect of method of purchasing housing, homesteading or buying, on change in total family situation is supplemented with the investigation of a selected number of other variables believed to have some bearing on change in total family situation.

II. CHANGES IN FAMILY SITUATION

The responses to a direct question about change in total family situation are measured by a rating scale ranging from one to five with five being the most desirable score and one being the least desirable. The mean score of 4.09 for homesteaders places it between the ratings of "somewhat better here" and "much better here," while the mean score of 3.84 for the comparison group falls between "about the same" and "somewhat better here" (Appendix J, Table 21). A multivariate analysis of variance (Appendix J, Table 22) shows no significant difference at the .05 level between homesteaders and the comparison group. Similar information was also requested by asking both groups to rate their

previous moves. The scores could range from one, the lowest possible score, to three, the highest possible score. The results of these ratings (Appendix J, Table 21) place both the homesteader score of 2.80 and the comparison group score of 2.69 between the ratings of "okay" and "very good." The results of a multivariate analysis of variance (Appendix J, Table 22) again show no significant difference at the .05 level between groups. In addition, the distributions of responses to the two dependent variables of change in family situation and rating of last move (Appendix J, Tables 23 and 24) were not found to be significantly different at the .05 level according to independent samples chi square tests. Over 63 percent of comparison group families and over 53 percent of homestead families rated their family situations as better. Not one respondent in either group rated his move as very bad.

These tests, as indications of change in total family situation, were supplemented by an index score for each group (Appendix J, Table 25). The index score was computed for each group by multiplying the mean score for convenience, health, satisfaction, financial situation, house, neighborhood, safety, and interpersonal relationships by the mean importance rating given each of these variables in future purchasing decisions. The index score for each group then should reflect the relative importance each group gave to each variable as well as the rating of each variable. The results of an independent samples t-test (Appendix J, Table 26) show no significant differences at the .05 level between the two groups in their index scores for change in family situation.

One additional question pertaining to change in total family situation was asked of homesteaders. It was requested that homesteaders rate their feelings about participation in the urban homesteading program. The distributions of these ratings (Appendix J, Table 27) show that 96 percent of the homestead group indicated they were happy they had participated in the program with 4 percent responding in the "don't know" category and none of the homesteaders responding that they wished they had not participated in the program. The distribution of responses differs significantly at the .05 level from that which would be expected by chance.

Therefore, homesteaders report overwhelmingly as a group that they are happy they participated in the program. A significant difference cannot be found between homesteaders and the comparison group in any of the selected variables indicating change in total family situation. This in part refutes the argument by critics of homesteading that urban homesteading is a cruel hoax for participants, who gain nothing from such a program. In responses to questionnaire items, the homesteaders themselves, in at least this one program, felt that their total family situation had improved since participation in the program. From the statistical analyses, one can conclude that homesteaders, as a group, felt their family situations had improved at least as much as did those who had purchased houses on their own in the same county during a similar time period.

Since any change in housing also affects many other areas of family life, both groups were also asked to respond to eight selected variables believed to be related to change in the total family situation

of families who have moved. These variables are change in convenience of the location of the house, family health considerations, family satisfaction, financial considerations, the house itself, neighborhood quality, safety considerations, and interpersonal relationships. The multiple regression equation for ratings of these variables and change in total family situation is found in Figure 3. The model is a significant one at the .05 level (Appendix J, Table 28).

The results of a multivariate analysis of variance applied to these eight variables plus change in total family situation (Appendix J, Table 29) show no significant differences between homesteaders and the comparison group in change in total family situation and six of the eight variable responses. A significant difference was found, however, for two of the variable responses. Only one variable showed a significant difference between the distributions of responses for the two groups and none of the importance ratings for each of the variables differed significantly.

Change in family health was the first of the eight variables examined. Out of a possible five points, the mean score for homesteaders was 3.29 and for comparison group families was 3.17 with both groups scoring between the "about the same" and "somewhat better here" ratings. A multivariate analysis of variance (Appendix J, Table 29) shows no significant difference at the .05 level in the mean scores of the two groups. Similarly, the results of an independent samples chi square test (Appendix J, Table 30) show no significant difference at the .05 level in the distribution of responses to the change in family health item. Comparatively few families rated family health as

$$Y^1 = 1.37 + .00\ X_1 + .16\ X_2 + .03\ X_3 + .05\ X_4 + .05\ X_5 + .01\ X_6 + .34\ X_7 + .27\ X_8$$

Key:

Y^1 = Change in Total Family Situation

X_1 = Change in House

X_2 = Change in Financial Situation

X_3 = Change in Satisfaction

X_4 = Change in Safety

X_5 = Change in Convenience

X_6 = Change in Neighborhood

X_7 = Change in Interpersonal Relationships

X_8 = Change in Health

Figure 3. Multiple regression equation for eight selected variables thought to affect change in total family situation.

improved. Only 25 percent of homestead families and 17 percent of comparison group families rated this variable as improved. The mean rating for the importance of family health in future housing purchase decisions was 3.44 out of a possible four points for homesteaders and 3.41 for the comparison group. A multivariate analysis of variance (Appendix J, Table 31) shows no significant difference between groups existed at the .05 level in the importance ratings for family health.

Responses to two additional indicators of family health--work and school absences--were also requested in the questionnaire. The results (Appendix J, Table 32) show the mean number of reported days of work absence per family in the two months previous to the study was less than one day's absence per family for each group. School absences were counted only for families which reported school age children. The mean number of reported days' absence from school for these families was two for homesteaders and three for comparison group families. Using independent samples t-tests, no significant differences at the .05 level were found between the two groups in either days of absence from work or days of absence from school. In short, no significant differences were found between homesteaders and comparison group families in their scores for change in family health; ratings of the importance of health considerations in the future purchase of housing; or in work and school absences, which are considered indicators of health.

The second variable considered was change in the house itself. Although this variable does not appear to be an important indicator of total change in family situation, facts about changes in housing are

necessary for understanding the effects of any housing program. The homesteader mean score for change in housing conditions was 4.52 of a possible five points and the comparison group mean was 4.53 with both scores falling between the "somewhat better here" and "much better here" ratings. The results of a multivariate analysis of variance (Appendix J, Table 29) indicate no significant difference at the .05 level between the scores of the two groups. The distribution of the scores for reported change in the house itself (Appendix J, Table 33) indicates no significant difference at the .05 level between groups.

Over 70 percent of homestead families and 75 percent of comparison group families rated their houses as improved. An independent samples chi square test shows no significant difference at the .05 level between the two distributions. The mean rating for the importance of the house itself in future housing purchase decisions was 3.67 of a possible four points for homesteaders and 3.75 for comparison group families. Both these ratings fall between the "somewhat important" and "extremely important" categories. A multivariate analysis of variance (Appendix J, Table 31) shows no significant difference at the .05 level between groups in the importance ratings of the house itself.

Several other indicators of change in housing were also examined in order to provide additional information. The number of rooms, bedrooms, and bathrooms in both the previous dwelling unit and the dwelling unit at the time of the study were analyzed. In previous dwelling units, the mean number of rooms for homesteaders was five and

for comparison group families was five, while the mean number of rooms per dwelling unit at the time of the study was seven for homesteaders and six for comparison group families (Appendix J, Table 34). Both groups gained in the mean number of rooms as a result of moves with homesteaders gaining a mean number of two rooms per family and the comparison group gaining a mean number of only one room per family. A multivariate analysis of variance (Appendix J, Table 35) shows no significant difference at the .05 level between the mean number of rooms for both groups in previous dwelling units. Significant differences at the .05 level were found between groups, however, in both the number of rooms per family at the time of the study and in the per family gain in number of rooms with homesteaders having and gaining a significantly greater number of rooms per family than comparison group families.

In previous dwelling units, the mean number of bedrooms for homesteaders was two and for comparison group families was two while the mean number of bedrooms per unit at the time of the study was three for homesteaders and three for the comparison group (Appendix J, Table 36). Again both groups gained in number of bedrooms per unit as a result of their moves with both groups gaining a mean number of one bedroom. The results of a multivariate analysis of variance (Appendix J, Table 37) show no significant differences at the .05 level between groups either in number of bedrooms in previous dwelling units, number of bedrooms in the dwelling unit at the time of the study, or gain in number of bedrooms.

The last selected indicator of changes in the house itself is

the number of bathrooms per dwelling unit for each group. The mean number of bathrooms (Appendix J, Table 38) was one for homesteaders and one for the comparison group for previous dwelling units and one and one-half bathrooms for both homesteaders and the comparison group for the dwelling unit at the time of the study. Both groups gained in the mean number of bathrooms per dwelling unit. A multivariate analysis of variance (Appendix J, Table 39) shows no significant differences at the .05 level between groups in either the number of bathrooms per unit in previous dwelling units, the number of bathrooms per unit at the time of the study, or gain in the number of bathrooms.

There were, in short, no significant differences between homesteaders and the comparison group in mean scores for change in housing or in the distributions of scores. Nor was there a significant difference in the rating of importance of the house itself in future housing purchase decisions by each group. Responses to number of previous rooms, bedrooms, and bathrooms per dwelling unit, number of bedrooms and bathrooms per dwelling unit at the time of the study, or gain in the number of bedrooms and bathrooms per dwelling unit did not indicate significant differences between groups. The two indicators which did show significant differences showed that homesteaders had a larger number of rooms per dwelling unit at the time of the study and that they had gained more rooms per unit than the comparison group.

The third major variable examined for the two groups was change in interpersonal relationships. Out of a possible five points, homesteaders scored this variable as 3.54 and comparison group families scored it as 3.68, which puts both groups between the "about the same"

and "somewhat better here" ratings. A multivariate analysis of variance (Appendix J, Table 29) shows these scores are not significantly different at the .05 level. Nor were the distributions of these scores (Appendix J, Table 40) found to be significantly different at the .05 level using an independent samples chi square test. Over 44 percent of comparison group families and over 52 percent of homestead families rated interpersonal relationships as about the same or worse.

The mean rating for the importance of interpersonal relationships in future housing purchase decisions out of a possible four points for homesteaders was 3.33 and 3.09 for the comparison group. Both these ratings fall between the "somewhat important" and "extremely important" categories. A multivariate analysis of variance (Appendix J, Table 31) shows no significant difference at the .05 level existed between groups in the importance ratings for interpersonal relationships. Homesteaders and comparison group families do not, therefore, differ significantly on scores of change in interpersonal relationships, the distribution of interpersonal relationship scores, or the ratings of importance for interpersonal relationships in future housing purchase decisions.

The fourth major variable examined for homesteaders and the comparison group was change in family satisfaction. Out of a possible five points, the mean score for homesteaders was 4.45 and for the comparison group was 4.31 with both scores falling between the "somewhat better here" and "much better here" categories. The results of a multivariate analysis of variance (Appendix J, Table 29) show no

significant difference at the .05 level in the scores of the two groups. Nor do the distributions (Appendix J, Table 40) show a significant difference at the .05 level between the two groups using an independent samples chi square test. No families in either group reported they were much less satisfied while the largest percentage in both groups reported they were much more satisfied. The mean rating for the importance of family satisfaction in future housing purchase decisions was 3.85 of a possible four points for homesteaders and 3.83 for comparison group families. Both these scores fall between the "somewhat important" and "extremely important" categories. The results of a multivariate analysis of variance (Appendix J, Table 31) show no significant difference at the .05 level between homesteaders and the comparison group in the ratings of the importance of satisfaction in future housing purchase decisions. In short, no significant differences were found between the two groups in satisfaction scores or in the importance ratings given satisfaction in future housing purchase decisions.

The fifth major variable examined for the two groups and the first variable showing a significant difference between homesteaders and the comparison group was change in convenience of housing location. Although responses are fairly evenly distributed and the distribution of the scores (Appendix J, Table 41) do not show a significant difference at the .05 level according to an independent samples chi square test, a multivariate analysis of variance (Appendix J, Table 29) shows a significant difference at the .05 level between the mean scores of 3.15 of a possible five points for homesteaders and 3.58 for

the comparison group. Both these scores fall between the "about the same" and "somewhat better here" categories. The importance of convenience in future housing purchase decisions was rated 3.35 out of a possible four points by homesteaders and 3.56 by the comparison group. These scores both fall between the "somewhat important" and "extremely important" categories. The results of a multivariate analysis of variance (Appendix J, Table 31) indicates no significant differences between the importance ratings for convenience in future housing purchase decisions for homesteaders and the comparison group.

The difference found between groups in mean scores for change in convenience suggests several alternatives. The first of these is that the comparison group families may have deliberately purchased houses which were convenient for them since they had the freedom to shop on the open market, and homesteaders were limited to the houses offered to them. Another alternative could be that homesteaders previously lived in housing which was more convenient than that of the comparison group and, therefore, did not experience as great an improvement in convenience of the location of housing. The latter alternative is supported by the fact that a greater percentage of homesteaders than comparison group families previously lived in apartments. Apartment units are often more conveniently located to shopping, transportation, and other facilities than single-family housing.

The sixth major variable examined for homesteaders and the comparison group was change in neighborhood, comparing the neighborhoods where respondents had previously lived to those where they were living at the time of the study. Of a possible score of five points,

the homesteader mean score was 3.13 and the comparison group mean score was 3.81. Both these scores fall between the "about the same here" and "somewhat better here" categories. The results of a multivariate analysis of variance (Appendix J, Table 29), however, show the comparison group score to be significantly higher at the .05 level than the homesteader score. An independent samples chi square test (Appendix J, Table 33) also shows a significant difference in the distribution of scores with homesteaders having a comparatively smaller percentage of scores indicating an improvement in neighborhood and a larger percentage indicating worsening or approximately the same quality of neighborhood. The groups do not differ significantly at the .05 level, nevertheless, on ratings of the importance of neighborhood quality in future housing purchase decisions according to a multivariate analysis of variance (Appendix J, Table 31). The homesteaders scored this variable as 3.43 of a possible four points while comparison group families scored it as 3.67. Both these scores fall between the "somewhat important" and "extremely important" categories.

It was originally anticipated that the two groups might have unequal numbers of families acquiring housing in the same neighborhood where they had previously lived. Such an occurrence could influence the results of the change in neighborhood variable. A question was, therefore, included to check for this possibility. The responses to this question (Appendix J, Table 42), however, show that homesteaders and comparison group families reported exactly the same numbers and percentages of families continuing residence in the same neighborhood. It was, therefore, concluded that this factor did not impact the

change in neighborhood ratings. It can be concluded that, although both groups reported improvement in neighborhood, comparison group families rated the change in neighborhood as more improved than did homesteaders.

The seventh major variable examined is one which is commonly thought to be of considerable importance in middle-class family decisions of whether or not to purchase housing in inner-city neighborhoods. This variable is change in safety, comparing present safety in the place where respondents previously lived to those where they were living at the time of the study. The results of a multivariate analysis of variance (Appendix J, Table 29) show no significant difference at the .05 level between the groups in their scores for change in safety even though the mean score of 2.98 of a possible five points for homesteaders was slightly below the "about the same" rating while the mean score of 3.27 was slightly higher than this rating. The distributions of these scores (Appendix J, Table 33) also show no significant difference at the .05 level between the two groups when analyzed using an independent samples chi square test. The results of a multivariate analysis of variance (Appendix J, Table 31) show no significant difference at the .05 level in the ratings of the two groups of the importance of safety considerations in future housing purchase decisions. Of a possible four points, the mean score for homesteaders was 3.42 while the mean score for the comparison group was 3.60. The mean scores for both groups fall between the "somewhat important" and the "extremely important" categories.

Robbery, vandalism, and other crime experienced by families in

their neighborhoods were also examined as indicators of the actual safety of persons and the security of belongings. Another variable which was not included in the study is theft or burglary. Since this variable was not included, respondents could have interpreted theft or burglary as fitting into the "robbery or vandalism" or "other crime" categories. Caution should, therefore, be used in interpreting the "robbery or vandalism" and "other crime" data. The distribution of responses to these variables and the results of independent samples chi square tests (Appendix J, Table 43) show 24 percent of the comparison group families compared to 40 percent of the homestead families had experienced robbery or vandalism in their neighborhoods while 2 percent of the comparison group families and 6 percent of the homestead families had experienced crime other than robbery or vandalism in their neighborhoods. No significant difference at the .05 level was found between the two groups in the distributions of those families experiencing robbery or vandalism or crime other than robbery or vandalism in their neighborhoods. Therefore, no significant differences were found in either homesteader and comparison group scores of change in family safety, in the importance of safety considerations in future housing purchase decisions, in numbers of families experiencing robbery or vandalism, or in numbers of families experiencing crime other than robbery or vandalism.

The eighth major variable examined is change in the financial situation of the two groups. This aspect of urban homesteading is most often criticized with critics arguing that homesteaders stand to lose financially. However, no previous systematic investigation

of homesteaders' perceptions concerning this has been attempted. This study, in fact, shows that homesteaders do not feel they are losing financially. Out of a possible five points, homesteaders rated change in financial situation as 3.78 while the comparison group rated it as 3.38. These scores place both group means between the "about the same" and "somewhat better" categories. The results of a multivariate analysis of variance (Appendix J, Table 29) show no significant difference at the .05 level between the two groups in these ratings. The results of an independent samples chi square test (Appendix J, Table 41) also show no significant difference at the .05 level between the distributions of these responses. Less than 9 percent of homestead families and less than 18 percent of comparison group families report their financial situations to be somewhat worse while no respondents in either group reported their financial situations to be much worse. A multivariate analysis of variance (Appendix J, Table 31) also shows no significant difference between the ratings of the two groups in the importance of financial considerations in future housing purchase decisions. Out of a possible four points, the homesteader rating was 3.69 and the comparison group rating was 3.83 for the importance of financial considerations. These mean scores fall between the "somewhat important" and "extremely important" categories.

Although the results of a multivariate analysis of variance (Appendix J, Table 29) show no significant differences at the .05 level between homesteaders and the comparison group in the responses to change in financial situation, the actual probability of .07 is close

to .05. The same responses to change in financial situation when analyzed by the same test, a multivariate analysis of variance, in conjunction with a different set of selected variables show a significant difference between groups at the .05 level. These results (Appendix J, Table 44) show the homesteader mean rating of 3.78 to be significantly higher than the comparison group rating of 3.38. This difference in results is possible due to the mechanics of adjustments inherent in multivariate analyses of variance. Since the probability in the test showing no significant difference between the two groups is very close to the .05 level of significance and the second test shows a significant difference between groups, it is concluded that a significant difference between the two groups most probably does exist at the .05 level.

In addition to these scores, two other variables were examined as indicators of change in financial situation. These variables are change in housing-related expenses and expectations of profit or loss if the dwelling unit were sold five years in the future. The mean scores for the two groups on both of these variables (Appendix J, Table 45) show that of a possible five points, change in housing-related expenses was scored by homesteaders as 2.73 and by comparison group families as 1.96. The homesteader mean score falls between the "somewhat more expensive now" and the "about the same" categories while the comparison group mean score falls between the "much more expensive now" and the "somewhat more expensive now" categories. The results of a multivariate analysis of variance (Appendix J, Table 44) show that the homesteaders rated their housing-related expenses as

significantly less at the .05 level at the time of the study than did the comparison group. Similarly, the results of an independent samples chi square test (Appendix J, Table 46) show a significant difference at the .05 level in the distribution of the ratings of the two groups with a smaller percentage of homesteaders in the more expensive classifications and a greater percentage in the about the same and less expensive classifications. Some 80 percent of those purchasing housing on their own reported housing-related expenses as increasing compared to 51 percent of homesteaders.

When asked to rate expectations of profit or loss if they were to sell their house in five years, responses indicate that over 90 percent of both homesteaders and the comparison group expected to obtain a profit (Appendix J, Table 47). No respondents from either group expected to suffer a financial loss. The results of a multivariate analysis of variance (Appendix J, Table 44) show no significant difference at the .05 level between the scores of the two groups on expectations of profit or loss.

A correlation matrix (Appendix J, Table 48) indicates that reported change in total financial situation correlates negatively at the .05 level of significance with changes in housing-related expenses, the higher the score for the change in total financial situation, the lower the housing-related expenses. No significant correlation at the .05 level exists between change in total financial situation scores and expectations of profit scores.

Considering all the variables indicating change in financial situation, significant differences exist between groups on all except

expectations of profit and the ratings of the importance of financial considerations in making future housing purchase decisions. Homesteaders report a significantly greater improvement than the comparison group in change in total financial situation and in housing-related expenses. The evidence, therefore, from the viewpoint of participants in part refutes the arguments by critics of urban homesteading and supports the opinions of program staff members who unanimously agree that homesteaders are gaining financially as a result of their participation in the Minneapolis Urban Homesteading Program.

III. HOMESTEADERS AND REHABILITATION

Three additional variables were examined for homesteaders only (Appendix J, Tables 49-52). These variables are the success of the Minneapolis Housing and Redevelopment Authority (MHRA) in assisting homesteaders with problems encountered in rehabilitation, accuracy of program staff rehabilitation cost estimates, relative amount of work homesteaders had completed or planned to complete, and amount of work contracted compared to the amount of work homesteaders originally intended to contract. According to the results of chi square tests, each of these distributions differs significantly at the .05 level from those which might be expected by chance. Some 66 percent of homestead families rated the MHRA as very successful in helping with problems encountered in rehabilitation while an additional 32 percent rated MHRA as moderately successful (Appendix J, Table 49). Only one family, 2 percent, rated the MHRA as very unsuccessful in this respect.

Of a possible four points, the mean score was 3.62, which falls between the "moderately successful" and "very successful categories."

The distribution of homesteader ratings of program staff rehabilitation cost estimates (Appendix J, Table 50) also differs significantly at the .05 level from that which might be expected by chance according to a chi square test. Some 58 percent of respondents indicated that estimates had been approximately correct but some 37 percent, a substantial proportion, indicated estimates had been too low. Of a possible five points, the mean score for estimates was 2.63, which falls between the "somewhat too low" and "about right" categories. As discussed in Chapter IV, some staff members felt that estimates had been low, at least partially, because homesteaders had decided to contract more work than they had originally intended. This argument is supported by a chi square test of the distribution of responses (Appendix J, Table 51). The responses do differ significantly at the .05 level from the distribution which might be expected by chance with some 40 percent of respondents indicating they had indeed contracted more work than they had originally intended. The mean score was 2.74 of a possible five points, falling between the "somewhat more than that originally intended" and "about the same amount as originally intended" categories.

Since time and effort expended could also be a factor in rating changes in total family situation, homesteaders were asked the amount of the rehabilitation work they had completed or planned to complete. The distribution of the responses (Appendix J, Table 52) again differs significantly at the .05 level from that which might be expected by

chance with only 4 percent of homestead families responding to each of the categories of "all of the work" and "none of the work." Some 33 percent of homestead families responded to "much of the work" while 58 percent responded to "only a little of the work." Of a possible four points, the mean score of 2.04 falls between the "much of the work" and "only a little of the work" categories. Although there are no comparison group responses for the preceding four variables, these responses and the responses found in Chapter IV to questions about problems encountered in and changes recommended for the program depict a program which has minor problems but consists of enthusiastic participants and staff members on the whole who in general feel the program is positive.

IV. SUMMARY

In conclusion, homesteader and comparison groups did not differ significantly in their responses to change in total family situation, health, the house itself, interpersonal relationships, satisfaction, and safety. The comparison group responses to change in convenience and neighborhood were significantly higher than those of homesteaders while homesteaders rated change in total financial situation, housing related expenses, number of rooms in the dwelling unit at the time of the study, and gain in number of rooms significantly higher than did the comparison group. The ratings of importance for each of the eight major variables examined did not differ significantly for homesteaders and comparison group families. In addition, the index score computed

by weighing each of the eight selected major variables did not show a significant difference between groups.

CHAPTER VI

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

I. SUMMARY

This study has examined urban homesteading in a general sense and in depth by focusing on the Minneapolis Urban Homesteading Program. Both in-depth systematic examination and an overall perspective are necessary for understanding the potential, feasibility, and desirability of urban homesteading as a program in Minneapolis and in other cities.

The State of Urban Homesteading in the United States

Urban homesteading as a program began in 1973 in Wilmington, Delaware. Since that time programs have been instituted in many cities across the country. Many have received properties from the federal Urban Homesteading Demonstration Project, which began operation in 1975.

The results of urban homesteading programs on a national level have been negligible considering the amount of favorable publicity generated. A liberal estimate of the number of homesteaded structures nationwide is 25,000 while some cities alone contain that many abandoned structures.[1]

There appears to be little similarity between urban homesteading and the romanticized television and movie versions of Nineteenth Century Homesteading, although similarities do exist between urban homesteading

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[1]William G. Conway, "People Fire in the Ghetto Ashes," Saturday Review, July 23, 1977, p. 16.

and the reality of historic homesteading. Both can be considered attempts to populate areas which were relatively unattractive and both have tended to serve moderate-and middle-income households rather than the poor.

The focus of most urban homesteading programs is neighborhood improvement. Such programs are attempts to do something useful with vacant and abandoned housing and to reverse trends of physical and social deterioration in inner city neighborhoods.

Most urban homesteading programs are centrally administered. John Turner and Robert Fichter, having studied self-help programs in developing countries, conclude that centrally administered programs primarily aid large suppliers or distributors and the program staff members.[2] These programs provide work for staff members and help shape their self-concepts or identities, but many times do not produce housing as efficiently as unsupervised self-help efforts.[3]

Although the centralized administration of urban homesteading and other programs has advantages such as ease of working with large well-organized groups, disadvantages also exist. The clientele of urban homesteading programs are not members of large well-organized groups, with which staff members are usually best equipped to deal. Such problems appear to be inherent in central administration of a program like urban homesteading. Staff viewpoints generally indicate that it is easier to serve moderate- and middle-income, well educated clientele than it is

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[2]John F. C. Turner and Robert Fichter, Freedom to Build (New York: Macmillan Company, 1972), p. 242.

[3]Ibid.

to serve the poor. Communication is easier with clientele in the former category, and the moderate- or middle-income homesteader is more apt to contract most of the rehabilitation work, making it easier for staff members to coordinate.

History of the Minneapolis Urban Homesteading Program

The Minneapolis Urban Homesteading Program, a centrally administered program, was municipally initiated in November 1974. From late 1974 to early 1976, the program was entirely a local effort. After early 1976, it continued with essentially the same program elements even though it began participating in the Urban Homesteading Demonstration Project of the Department of Housing and Urban Development (HUD). Participation in the federal program primarily provided a new source of property. As of April 1977, sixty-seven homesteaders had been selected, with fifty-five of these living in their houses. Only twenty-four of these properties were obtained through the local program and the remainder were received from HUD through the federal program.

From the beginning, the Minneapolis Urban Homesteading Program has had the backing of the mayor's office and has received a major commitment of funds from Community Development Block Grants and local sources. The administrative location of the program in the Minneapolis Housing and Redevelopment Authority (MHRA) tends to foster cooperation within the MHRA and with other government agencies since networks for communication and interaction already exist. The MHRA Board of Commissioners is the final policy-making authority in the Minneapolis program.

Program Effects

The five stated goals of the Minneapolis Urban Homesteading program are:

1. To offer a homeownership opportunity for those who could not otherwise afford it.
2. To stimulate housing rehabilitation where it would not otherwise occur.
3. To increase the tax productivity of residential properties.
4. To reduce hazards created by vacant structures.
5. To revitalize neighborhoods by increasing their economic vitality.

It is felt that these goals can be accomplished by putting families or households into vacant houses.

In addition to these goals, through urban homesteading, HUD hopes to partially rid itself of large and embarrassing housing inventories, which are expensive to maintain. Municipalities such as Minneapolis can also use urban homesteading as a means of constructively utilizing empty houses which are owned by the city.

In examining the goals of any program, the changes the program is bringing about should be analyzed. This analysis includes both desired and unanticipated changes. To some extent, the Minneapolis Urban Homesteading Program in conjunction with other larger programs appears to be accomplishing program goals. To offer homeownership to those who cannot otherwise afford it is the program's first objective. This goal also broadly defines the intended clientele

of the program. Although the number of families or households aided in this regard is limited by the program's low-production goals, sixty-seven families have become homeowners. According to questionnaire returns, some 90 percent of homesteaders at most have been aided in achieving homeownership when they could not have otherwise afforded it. Since homesteaders have a mean income which is just below the median income of the area however, it is likely that a number of homesteaders could have afforded homeownership. This indicates that the clientele may not be those originally intended to benefit from the program. In addition, the 10 percent of homesteaders who reported previously owning their housing obviously do not meet the criteria for this goal. With maximum income eligibility criteria for homesteaders set above the median Minneapolis income, the achievement appears to be putting people in empty houses rather than aiding those who could not otherwise afford homeownership. Another factor relating to the clientele of the program which must be considered is that 15 percent of the homesteaders reported they were living alone. Using fairly large dwellings to house one person suggests a poor distribution of housing resources.

Based on the number of rehabilitation permits issued, the second program goal of stimulating housing rehabilitation has also been aided. The city's investment in deteriorating neighborhoods, which has been advertised through the highly visible urban homesteading program, demonstrates confidence in homestead areas. There are indications that the image of these areas is gradually being restored since permits for rehabilitation indicate homeowners are more willing to

invest in rehabilitating their houses. On the other hand, homesteader ratings of their neighborhoods reveal that an improved image is questionable.

There is some evidence that at least one existing community in Minneapolis is being disturbed as the poor are being displaced by rehabilitation programs and increased costs of housing. One must exercise caution, however, in attributing success or blame to urban homesteading since its scale is very small compared to other rehabilitation programs operating in Minneapolis. While urban homesteading is at this time a minor factor in a concentrated rehabilitation effort, an expansion of its scale could result in undesirable displacement effects.

The third goal, and perhaps the most difficult to accomplish, is that of revitalization of neighborhoods by increasing their economic vitality. This goal is related to the rehabilitation goal. Two of Minneapolis's ten areas contain homesteading neighborhoods. It is impossible to clearly distinguish changes resulting from urban homesteading from those brought about by other housing and neighborhood improvement programs in these areas and those stemming from tight housing markets in the suburbs. It has been observed, however, that with massive public investment, homestead areas have improved physically and in economic vitality. Evidence of progress in these areas includes permits issued for home improvement, rehabilitation loans issued, housing condition studies, and an increased selling price of houses. The percentage of selling price increase has risen faster in homestead neighborhoods than in other residential areas of the city although prices

have not yet reached those in other areas. While the scale of homesteading is quite small compared to other housing rehabilitation programs, its visibility has drawn attention to neighborhoods where homesteading and other programs are operating simultaneously and thus indirectly advertises for them. With improvement of economic vitality, however, the earlier discussed problems arising from rehabilitation reappear.

The extent to which urban homesteading has influenced the fourth goal of increased tax productivity of residential properties can be assessed directly by considering the fifty-five houses which have been returned to the tax roles. Tax productivity is relatively low at this time since many homestead houses have been assessed at negative or low values. As homestead properties are reassessed at higher values in the future, however, they should have an increased effect on tax productivity. Any indirect increase due to urban homesteading would result from influence the program has had in stimulating other rehabilitation efforts and thus increased assessed values and taxes. Such indirect effects are impossible to measure precisely.

The fifth goal of the Minneapolis Urban Homesteading Program is to reduce the hazards created by vacant structures. As of April 1977, fifty-five vacant structures were occupied through urban homesteading. Therefore, any reduction in hazards such as fire or crime occurring in vacant buildings may be attributed to occupancy of these structures. Queried residents of homestead neighborhoods expressed approval of urban homesteading primarily because it was converting vacant housing to occupied units and improving their neighborhoods.

In addition to these stated goals, the reduction of HUD's housing inventory and of the number of houses held by the city of Minneapolis had together been reduced by sixty-seven units as of April 1977. This reduction in inventory had resulted in fifty-five vacant units being occupied.

Relative Program Costs

Since one of the issues raised in this study concerns which income level should be served by urban homesteading programs, the depth of the subsidy to recipients of the Minneapolis Urban Homesteading Program, moderate- and middle-income families, is compared to that of occupants of public housing in Minneapolis, low-income families. Both initial and long-term government subsidy costs and housing related costs for recipients are estimated for a period of twenty years (Appendix K, Tables 53 and 54). A narrow model is used for estimates. If a broader model were used, consideration could be given to such factors as state income tax subsidies; subsidies to purchasers of municipal bonds; adjustments in income tax subsidies for homesteaders who would have received income tax subsidies regardless of participation in the program; alternative uses for inventory properties and the effect on inventory holding time and taxes; projected neighborhood costs due to fire and vandalism; and future changes in rates for property taxes, income tax calculations, inventory holding costs, estimated property values, utility and maintenance costs, and public housing rents and operating costs.

At first glance, the initial cost per homestead unit seems relatively high. The government subsidy for the program is calculated using

budgeted costs for the program including federal Section 312 loans and the estimated income tax subsidy. The budgeted costs are calculated from the five-year plan for the program (Appendix H, Table 1). The loans and grants from the Local Loan and Grant Program are not included in the subsidy costs since this program requires no subsidy. Bond and bank funds used in this program are covered by the average 6 percent interest paid by borrowers. The average interest rate paid by homesteaders for their rehabilitation loans is also 6 percent, and it is assumed that this interest rate also covers the interest paid by the federal government for the Section 312 funds included in program costs.[4]

The mean income tax subsidy is also included. Since the mean income of homesteaders was $12,595 annually, the subsidy is calculated using Henry J. Aaron's annual income category of $10,000 to $15,000.[5] The subsidy for homeowners in this income category is listed as $1,986 annually. This amount over a twenty-year period totals $39,720.

The estimated twenty-year subsidy cost per unit of $54,410 per homestead unit can be compared to $56,583 per public housing unit. The public housing subsidy cost was derived from the amortization and interest of the loan needed to produce an average unit of public housing during 1976 and from the average monthly rent subsidy for public housing. The difference between the average Minneapolis public housing unit operating cost of $106 monthly and the $51 average per unit payment

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[4]Statement by Jane Prince, April 21, 1977.

[5]Henry J. Aaron, Shelter and Subsidies: Who Benefits from Federal Housing Policies? (Washington, D.C.: Brookings Institution, 1972), p. 162.

received is $55.[6] This average monthly subsidy totals $13,200 per unit when calculated for twenty years.

The construction of public housing is now funded by floating loans which carry 4 percent interest and are refinanced every six years.[7] The amortization and interest of a twenty-year loan financed in this way on an average cost unit of $29,830 totals $43,383.[8] The use of the 4 percent interest figure for the duration of the twenty years should make this an extremely conservative estimate. These calculations do not include the income tax subsidy to all purchasers of municipal bonds.

Although the initial subsidy for a public housing and urban homesteading unit is similar in cost, outlays for public housing do not result in a comparable public revenue estimate, since public housing units are exempted from regular taxes. The 1977 HUD housing holding costs per unit are $7.66 per day.[9] If it is assumed that the homestead unit would remain vacant and in inventory for twenty years, a total of $55,458 would have to be spent. This calculation assumes no cost increases over the years and is, in this sense, a conservative estimate. The calculations are made over twenty years on the assumption that an indefinite holding of properties would be necessary if urban homesteading or similar programs were not occurring and, more

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[6]Statement by Paul Fuchs, personal interview, November 1, 1977.

[7]Statement by Greg Theissen, personal interview, November 1, 1977.

[8]Statement by Irma Lopez, personal interview, November 1, 1977.

[9]Statement by William Broome, personal interview, November 1, 1977.

importantly, advertising for homestead neighborhoods. This estimated savings could be considered a public gain in funds. If a unit were demolished, the holding costs would decrease but the demolition and holding costs for the land would remain.

Taxes can also be considered a public gain. Using a conservative estimate of an after-rehabilitation value of $18,200 per unit and a conservative estimate of annual market value increase of 10 percent over eighteen years, assuming two years of no taxes while rehabilitation is occurring, over twenty years, the community tax gain should total approximately $36,521.[10]

In twenty years, the homestead unit could result in a public gain of $91,979 while the subsidy required was $54,410. Therefore, in the final analysis, based on the assumptions mentioned earlier, the program could be considered a non-subsidy program resulting in a public gain per unit of $37,559. This figure does not take into account the resources that moderate- and middle-income families bring into inner city areas. Nor does it include the loss of community resources if efforts such as urban homesteading are not used to check the momentum of neighborhood decline and abandonment.

Limitations of Urban Homesteading Programs

The claims made for urban homesteading, as well as for most social welfare programs, are set at levels higher than any program could be realistically expected to attain. Few programs, including

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[10]Statement by Russell Kallstrom, personal interview, November 1, 1977.

urban homesteading, have received the financial support that stated expectations demand. Even with the necessary support, potential urban homesteading accomplishments are limited. Urban homesteading is appropriate only for properties which are abandoned and in disrepair and for which rehabilitation appears economically feasible. Urban homesteading is not appropriate for those who already own their own homes, nor can it solve housing shortages due to increasing population since it does not add new units. In the absence of large subsidies, urban homesteading cannot aid low-income families or those without steady incomes. It cannot aid those who prefer to rent or those not capable of handling the problems of homeownership. Isolated instances of urban homesteading cannot increase safety in inner-city neighborhoods while concentrated homesteading may lead to resentment in the surrounding neighborhood. Perhaps the most important limitation, however, is that neither urban homesteading nor other housing rehabilitation programs can attack the underlying causes of physical deterioration, abandonment, and social problems in inner cities.

Factors Affecting Continued Operation of the Minneapolis Urban Homesteading Program

The continued operation of the Minneapolis Urban Homesteading Program appears to hinge upon three key concerns: availability of suitable properties, access to rehabilitation loans and grants by homesteaders and their neighbors, and continued demand for homestead structures. First, since there are few tax-foreclosed properties in Minneapolis, the program will necessarily remain largely dependent upon FHA-foreclosed, HUD-owned properties and the direct purchase of

structures. HUD-owned properties are more readily accepted by potential homesteaders since, as a rule, these properties have more value than tax-foreclosed properties.

There is some doubt, however, that sufficient numbers of FHA-foreclosed properties will continue to be available in Minneapolis if property values escalate further in homestead neighborhoods. As property values increase, foreclosed properties are more easily sold by HUD or property owners can sell properties themselves making foreclosure unnecessary. Properties, therefore, become more limited when the urban homesteading program and other housing rehabilitation programs move toward accomplishing their goals, particularly the goal of increased economic vitality in certain neighborhoods. On the other hand, funding for the direct purchase of structures on the open market has been difficult to obtain. It appears then that the continued availability of suitable property for homesteading in Minneapolis is questionable. This could be interpreted in a positive way as indicating that urban homesteading and other rehabilitation programs have stimulated economic vitality in specified neighborhoods which they have served and are, therefore, no longer needed.

The second key for continuation of the Minneapolis Urban Homesteading Program, and a problem more likely to be confronted in the immediate future, concerns the probable availability of rehabilitation loans and grants to both homesteaders and their neighbors. Many urban homesteading programs have run into serious problems finding rehabilitation loan funds for their homesteaders. Few cities have loans which are readily available to property owners for rehabilitation in inner-

city neighborhoods. The Minneapolis program thus far has been fortunate in this regard since the city has placed a high priority on housing rehabilitation. Rehabilitation loans and grants are available to property owners in homesteading neighborhoods, encouraging private rehabilitation as well as government sponsored rehabilitation. Due to this, homesteading efforts tend to be less isolated individual attempts at housing improvement in deteriorating surroundings than is the case in many cities.

Some sixty-two of sixty-seven homesteaders had been funded through the local loan and grant program which will probably be phased out. This program is crucial to the future of the Minneapolis Urban Homesteading Program unless it becomes possible to use the Minnesota Housing and Redevelopment Authority's Title 1 Loans or unless federal Section 312 loan funds are expanded for use in homesteading and in homestead neighborhoods. Realization of either of these alternatives is a possibility for the future.

The third major issue is the continued supply of potential homesteaders. The homesteaders' viewpoint being a major focus of this research provides one important indication of a continued supply of potential homesteaders and an indication of whether homesteaders can benefit from participation in such a program. If homesteaders feel they are not benefiting from participation in the program, the reputation of the program would be apt to suffer. This could limit the number of potential homesteaders in the city.

It was found in general that homesteaders rated their total family or household situations as improved over their previous residences.

It was also observed that homesteaders did not differ significantly in these ratings from a comparison group of families or households who bought their houses from realtors in the same county at approximately the same time. Nor was there a significant difference between the two groups in their ratings of the more specific variables of change in the house itself, health, interpersonal relationships, satisfaction, or safety. It can be concluded, therefore, that homesteaders felt they gained as much, but not more, in these areas as did purchasers of housing in the same county. Other indicators of change in the housing and health of both groups also support these conclusions and, in addition, show that homesteaders gained more rooms per family than did purchasers. This evidence plus homesteader ratings of housing-related expenses as significantly lower and total financial situation as significantly better than the comparison group refutes one of the arguments by critics of urban homesteading. Indications are that homesteaders can benefit from participation in an urban homesteading program.

Not surprising is the fact that since homesteaders received a substantial amount of financial assistance, they rated their total financial situation better than the comparison group. The question which arises, however, is why, with extensive support and aid, homesteaders did not indicate they had gained more on the whole than the comparison group. Perhaps the answer lies in the possibility that homesteaders, whose incomes can be above the median Minneapolis income, have previously had housing which was adequate. This suggests that the program is primarily serving those who do not need housing assistance.

Another finding was that two of the eight selected variables, change in neighborhood and change in convenience, were rated significantly lower by homesteaders than by the comparison households. Since the two groups differed significantly in previous dwelling type, the fact that a comparatively larger percentage of homesteaders previously lived in apartments may have influenced the ratings of change in convenience. This is supported by the tendency for apartments to be more centrally located than residential areas composed of single-family dwellings. That comparison households could choose the location of their housing for their convenience should also have some bearing on these findings. That homesteaders rated their neighborhoods significantly lower than did the comparison group could indicate that the city's rehabilitation efforts in homestead neighborhoods have not been sufficient to overcome the image that these are "bad neighborhoods." It could also mean that improved housing or other physical improvements in an area do not necessarily improve social and other factors.

II. CONCLUSIONS

Although elements of the Minneapolis Urban Homesteading Program could be used in similar cities to obtain similar results, caution should be used in generalizing from the specific results of the program. Minneapolis, the greater metropolitan area, and some aspects of the Minneapolis Urban Homesteading Program have peculiarities not found in all areas. The economic trends in Minneapolis, discussed in Chapter III, for example, appear more positive than those in some cities.

Since Minneapolis has allocated large portions of its expenditures to rehabilitation and neighborhood improvement programs, its situation is close to ideal for achieving success in these programs including the urban homesteading program.

In addition, the people of Minneapolis and the greater metropolitan area are noted for their emphasis on education and social programs. If differences exist in population characteristics, that which works in Minneapolis may not necessarily work in other cities. Economic vitality in a regional context and job location are also strongly related to the probability of success of urban homesteading and other housing programs. Indications of the economic health of Minneapolis and the greater metropolitan area are mixed even though both have a fairly strong, diversified economy with a lower unemployment rate than the national average. Cities and areas which find themselves in a different economic position may not be able to apply the elements of the Minneapolis Urban Homesteading Program to obtain similar results. Given these limitations, however, some broad conclusions about urban homesteading can be made.

Program Effects

First, urban homesteading cannot solve every housing problem and certainly is not in itself a panacea for all our urban problems. Urban homesteading is a housing assistance and neighborhood improvement effort which can directly affect only a limited number of clientele and is restricted to vacant or abandoned structures. It cannot directly serve those who own their homes or those who prefer to rent or add new units to the housing stock.

With these limitations in mind, it is reasonable to conclude that urban homesteading can play a part in reversing the trends of decline in specified areas and that it can benefit participants. In addition to that which homesteading can directly accomplish, it fires the imagination and is easily publicized. An important aspect of the program is that it serves as an advertisement for the neighborhoods in which it is occurring.

In evaluating whether the specific goals of urban homesteading and the changes brought about by the Minneapolis Program have merit, it can be useful to view the goals as purely economic, purely socio-psychological, or as a combination of the two. Those goals which appear upon first inspection to be purely economic in nature include reducing the government holding costs of vacant houses, increasing the tax productivity of residential properties, and increasing the economic vitality of specified neighborhoods. From the data collected, it is concluded that urban homesteading can reduce housing inventory costs by a substantial amount and at the same time increase the tax productivity of vacant residential properties, which otherwise would produce no taxes. In Minneapolis the combined benefit of these two factors to the community and the federal government has been estimated to be $91,979 per unit over twenty years' time (Appendix K, Table 53). If the subsidy for a homestead unit is subtracted from this amount, it can be argued that each homestead unit over twenty years' time should benefit the public by providing or freeing $37,559 which can be spent in other ways. These funds could be spent for social services or for aiding low-income families. These two goals then have a

socio-psychological component as well as an economic component.

According to the data gathered in this study, the economic vitality of homestead neighborhoods in Minneapolis has also improved. Although it is difficult to distinguish the contribution of the urban homesteading program from that of other programs, it can be concluded that urban homesteading can contribute to improving the economic vitality of neighborhoods. This economic goal, like the other two, also has a socio-psychological component. As prices of houses increase in areas where there are abandoned units and as an area's economy is improved, more taxes are paid. These funds can be used to accomplish the previously discussed socio-psychological goals. In addition to the extent that moderate- and middle-income families are brought into the community, the community gains in resources. Such resources should indirectly affect jobs available and the economy of the community.

The related goal of stimulating housing rehabilitation where it would not otherwise occur also has both socio-psychological and economic implications. The rehabilitation of housing should provide a better environment for neighborhood residents while, after property reassessment, increasing tax productivity.

The accomplishment of rehabilitation and neighborhood improvement goals may in themselves create serious problems, however, when the poor residents of a neighborhood cannot afford the rehabilitated housing and when those who can afford the housing are mostly from outside the area. There is some indication that this may be happening in Minneapolis. This must be balanced, however, against the possible results of not attempting to rehabilitate an area which is declining. In areas such

as the South Bronx, for example, as abandonment and deterioration have taken their toll, some neighborhoods have become virtually unoccupied and buildings are vandalized, stripped, and burned as other crime becomes rampant. Therefore, as the abandonment process reaches its last stages, virtually all income groups who can find shelter elsewhere are forced from the area.

To the extent that it helps prevent this process from occurring or accelerating, urban homesteading serves a valuable function. By putting people in vacant houses, homesteading certainly decreases the hazards of fire and crime resulting from the existence of abandoned dwellings. Since fire and crime can affect both the economic situation and general living environment of an area, the goal of reducing hazards created by vacant dwellings can be considered both economic and psycho-sociological.

Clearly, the objective of offering a homeownership opportunity for those who could not otherwise afford it is socio-psychological in nature and cannot be examined solely in terms of dollars and cents. This goal has two components, that of homeownership being offered and that of defining the segment of society which is to be served directly by the program.

This goal is based on the assumption that homeownership is a desirable and worthwhile objective. This assumption can be questioned with exorbitant and still climbing purchase prices of structures and the slowing of homeowners' mobility. Whether government programs such as urban homesteading should promote the American dream of owning a single family detached dwelling is a legitimate question, but one which

cannot be given a definitive answer. There is little doubt, however, that homeownership is a highly valued goal in the United States and some social scientists argue that homeownership has become a need rather than a want.[11]

The second component of the goal of providing homeownership for those who cannot otherwise afford it implies the program is to serve those well below the median income. As discussed previously this, in fact, is not usually the case. The $12,595 mean income of Minneapolis homesteaders, for example, falls only slightly below the median Minneapolis income of $13,734. An income of approximately $7,000 is needed in order to qualify for the necessary rehabilitation loan. This income is well above the government defined poverty line for a family of four of $5,500 annually. It is concluded, therefore, that to the extent the program was designed to serve low-income households, it is a failure since it is serving moderate- and middle-income households. These households report that they are benefiting from participation in the program.

An issue which must be examined in relation to urban homesteading, however, is whether the beneficiaries of the program are those who should benefit. The direct beneficiaries have been identified as moderate- and middle-income households, program staff, contractors, and those neighborhood residents who can afford to remain in the community. The issue of who should receive housing assistance is hotly

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[11]Rene DuBois, "Our Buildings Shape Us," Housing Perspectives: Individuals and Families, Carol S. Wedin and L. Gertrude Nygren (eds.) (Minneapolis, Minnesota: Burgess Publishing Co., 1976), p. 9.

debated. Obviously moderate- and middle-income households are not those most in need of housing assistance. On the other hand, the arguments for aiding moderate- and middle-income families to occupy vacant inner city housing have merit. These arguments focus on that which can be accomplished in deteriorating inner city neighborhoods by aiding families to rehabilitate abandoned houses and live in them. It is concluded that urban homesteading programs can help stop or reverse trends of decline which might otherwise result in neighborhoods that are virtually abandoned and unlivable by all except desperation standards. It is assumed that viable neighborhoods are more inclined to foster a sense of belonging and pride and in helping residents forge a sense of identity as well as in decreasing crime and fear in an area. These benefits certainly have merit and appear worthy of government subsidy. In addition, to the extent that the Minneapolis program is an example, urban homesteading, when considered over a period of twenty years, could contribute more to disposable public funds than it requires (Appendix K, Table 53). Urban homesteading, in this sense, would not be considered a subsidy program.

If the extra funds provided by homesteading were used for subsidizing low-income families, the program could eventually serve a number of low-income families as well as moderate- and middle-income households. Using such subsidies for low-income residents of homestead neighborhoods could partially alleviate the problem of the poor being pushed out of the area due to increasing housing prices. If it is assumed that the average low-income family can afford only that which is paid for public housing, an additional subsidy of more than $70,000

per unit would be needed over twenty years in order to allow that family to participate in the urban homesteading program (Appendix K, Table 54).

While alternative programs, such as government repair and sell programs, can accomplish most of the goals of urban homesteading, it is concluded that urban homesteading is preferable to these socio-psychologically since it allows a moderate amount of participant control over the shaping of the immediate environment. The former do not offer this advantage. Urban homesteading also has an additional benefit. It readily focuses public attention on homestead areas thus indirectly advertising for areas where neighborhood improvement efforts are concentrated.

In short, it is concluded that urban homesteading programs can aid in reversing trends of neighborhood decline while offering home-ownership opportunities and some control over the shaping of the home-steader's environment. In addition, urban homesteading can, in the long run, bring revenue into communities and can reduce housing inventory holding costs, which must be paid by public funds. The additional disposable public funds which could conceivably be provided by moderate- and middle-income homesteaders could be used to aid low-income families and those neighborhood residents who would otherwise be priced out of neighborhoods by the success of rehabilitation and neighborhood improvement efforts. It is, therefore, concluded that homesteading programs can be worthwhile and desirable.

Continued Operation of the Minneapolis Urban Homesteading Program

Three aspects relating to the future of the Minneapolis Urban Homesteading Program were summarized earlier in this chapter. They are continued demand for homestead structures, continued availability of loans and grants, and the continued availability of structures suitable for homesteading.

In drawing conclusions about the first of these aspects, continued demand for homestead structures, it should be noted that homesteader and comparison groups used for the analysis did not differ significantly in most socio-demographic characteristics. As discussed in Chapter V, the groups did differ, however, in total income, type of previous dwelling unit, and type of tenure with more homesteaders having lower incomes, living in apartments, and renting rather than owning.

It can be concluded, from the large number of applications received for each homestead unit offered that the Minneapolis Urban Homesteading Program is a popular one. It can also be concluded that continued demand for homestead structures is probable due to homesteaders' perceptions that they are benefiting from participation in the program, tight area housing markets, and positive economic trends in the area.

On the other hand, loans to support homesteading may not continue to be widely available. Since the success of the program hinges upon these loans, it is concluded that the program may not successfully continue in their absence.

The third factor, continued availability of properties, is

also questionable. As discussed earlier, the success of rehabilitation programs such as urban homesteading in improving the economic vitality of an area should result in increased marketability of properties thus limiting the number of properties available for homesteading. At the point where abandoned properties no longer exist in an area, urban homesteading is no longer needed and public dollars could be better spent in other ways.

All things considered, it is concluded that the Minneapolis Urban Homesteading Program will eventually be phased out because it and other programs have been successful and it is no longer needed. It is possible, however, that before that time the lack of funds could become a problem.

III. RECOMMENDATIONS

Based on the research findings discussed earlier in this chapter, it has been concluded that urban homesteading can be both worthwhile and valuable to a community and that homesteaders can benefit from participation in such a program. It is, therefore, recommended that federal and local urban homesteading programs be instituted or continued in situations similar to that in Minneapolis. Recommendations for cities experiencing rampant abandonment must await the results of further research, but urban homesteading also appears to have potential for aiding these cities.

Since limited numbers of properties can be directly improved through urban homesteading, it is recommended that programs be used in specified neighborhoods in conjunction with other neighborhood

improvement programs, rehabilitation programs, and reduced interest loan programs. Reduced interest loan programs appear to be one of the keys to neighborhood improvement.

It is also strongly recommended that homesteading programs be supplemented by housing assistance programs serving low-income families and that subsidies be provided to enable a number of low income families to participate in the homesteading program. These subsidies could be provided with the public funds which might be saved or provided by homesteading. Extension of the rehabilitation time limit of most homesteading programs is also recommended so that more self-help could be employed as a substitute for monetary resources.

Homesteading should also include multi-family buildings using the condominium or cooperative ownership model. In this way, urban homesteading could have an increased effect on urban environments.

Specific Minneapolis Urban Homesteading Program Recommendations

Although the Minneapolis Urban Homesteading Program can be judged successful, some problems with the program itself were detected in the questionnaire responses. One specific problem, which might be corrected rather easily, is the time-consuming and inconvenient manner in which payments are made from each homesteader's loan fund. Payments are generally made one or two weeks from the presentation of the contractor's and the homesteader's signatures or presentation of a receipt or proper proof of purchase of materials for self-help work, no matter how small these payments might be. This paperwork requires much of the rehabilitation specialist's time while homesteaders, without a substantial sum of disposable income, cannot take advantage of sales

on building materials. In addition, rehabilitation work sometimes stops until homesteaders can afford to purchase certain materials. The situation might be improved somewhat by giving each homesteader some sum of money, $300 to $500 for example, and letting the homesteaders pay for some purchases or small contractors' fees. Homesteaders could collect these receipts for a period of time before presenting them to the rehabilitation specialists for reimbursement from the loan fund. Explicit written instructions to define allowable items would, of course, be necessary. In this way, paperwork for the rehabilitation specialists could be cut somewhat and homesteaders could have more freedom to shop for bargains in materials even though their own personal funds might be low. In addition, some weekend or evening hours for rehabilitation specialists would make them more accessible to homesteaders.

Another area of concern could later develop into a major problem. The program has already been criticized by some residents of the city because it has selected under 25 percent of minority households in homestead neighborhoods which contain 20 percent to 50 percent minority residents.[12] This could lead to widespread neighborhood resentment as more units are homesteaded. Perhaps the problem can be alleviated somewhat by choosing one-half neighborhood or area residents initially for the first lottery. This percentage tends to equalize chances for both neighborhood residents and applicants living outside

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[12]State of the City 1977, Vol. I (Minneapolis, Minnesota: Minneapolis Planning Department, 1977), p. 29.

the neighborhood to be selected to homestead any particular house while increasing the percentage of minority participants. It might also lower the average income of homesteaders somewhat if houses with lower rehabilitation costs were reserved for those families with a lower income than that which is now required. Deeper subsidies allowing a number of low-income households to participate in the program are also recommended, while the awarding of houses to single-person households should be avoided in order to more fully utilize the housing stock in a tight market. In order to more fully meet program goals, houses should not be awarded to those who already own houses.

The scale of the Minneapolis Urban Homesteading Program is severely limited by the limited availability of single-family properties. The inclusion of multi-family dwellings in the program, however, could escalate the scale and thus the effects of the program.

Implications for Research

Although this study provides insights into desirable housing strategies, it could be expanded in several ways. Broader generalizations could be made if a comparison group were drawn both from the city and the areas surrounding the city rather than being limited to one county. In addition, the types of crime experienced by homesteaders and comparison households could be more accurately determined if questions in the survey instrument more clearly defined categories of crime.

Further research is needed to examine urban homesteading

programs. Urban homesteading should be studied in situations different from those existing in Minneapolis in order to draw broader conclusions. Research is especially needed in cities where abandonment is more extensive and the municipal economic situation is worse than it is in Minneapolis. Such studies should examine, as this study did, the effects of such a program on participants and others. A modified cost-benefit or cost-revenue analysis with a broader model than the one employed in this study could be helpful in analyzing urban homesteading programs and policy alternatives such as municipal repair-and-sell programs or other rehabilitation or homeownership programs.

Since the results of this research do not permit conclusions about the cost effectiveness of centrally administered urban homesteading programs versus those not centrally administered, an alternative modification of urban homesteading is suggested. It is recommended that two groups of homesteaders be given houses in the same neighborhoods. One group of homesteaders would be given their houses outright with no central administration other than a lottery while the other group of homesteaders would be subject to program requirements and supervision. If both groups were surveyed before homesteading and after the deadline for completion of rehabilitation for the supervised group, the cost effectiveness of the two methods could be analyzed.

Further research is also suggested by the image of urban homesteading and the relationship between the image of a neighborhood and urban homesteading. The image of homesteading as offering participant

involvement in government and in housing may help explain the widespread interest in urban homesteading. A comparison of the image of urban homesteading and the reality of urban homesteading is needed. Research of the relationship between physical changes in an area and changes, if any, in the image of that area would also be useful since images of an area may not necessarily change with improved housing and other physical changes.

An unexpected finding of the study was that homesteader and comparison group ratings of the house itself did not indicate ratings of change in total family situation as did the other selected housing related variables. On the basis of the data collected in this study, no reason for this can be determined. It remains for future research to explore whether this is true of other groups who have recently purchased housing. If this finding is replicated, reasons for the findings should be explored since this could provide relevant information to policymakers and others involved in various ways in the study and in the provision of housing.

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APPENDICES

APPENDIX A

PROGRAM STAFF INTERVIEW GUIDE

Questions to Begin Probing:

1. Could you tell me exactly what the different components of the program are? (What is being done?)

2. What are the primary goals and objectives of the program?

3. What are secondary goals and objectives?

4. Exactly who is supposed to benefit from the program?

5. Are there aspects of this particular program which are different from other urban homesteading programs?

6. What are the legal constraints on the program?

7. What technical assistance, financial assistance, and services are offered to aid homesteaders directly or indirectly?

8. When did the program begin?

9. How many homestead units do you have? When were they homesteaded?

10. How many units are occupied? How long have they been occupied?

11. Do you feel the program has been generally successful or unsuccessful? Why or why not?

12. Exactly what has resulted from the operation of the program?

13. Have there been unintended results? (e.g., increased rents in the homestead neighborhoods).

14. What have been the problems with the program?

15. What is the economic base of the city? Is it expanding or decreasing?

16. What is the housing market situation in the city?

17. How did the market situation in homesteading neighborhoods compare with other parts of the city before the existence of an urban homesteading program? How does it compare now?

18. Prior to offering structures for homesteading, are estimates made of the expense required to bring structures up to code standards? If so, how correct have they been?

19. Could you give me the total cost of the program?

20. Are all costs charged to the program directly? If not, which departments, etc., are responsible for costs related to the program? Do you have any idea of the total of these costs?

21. Could you give me a program cost per homestead unit?

22. Do you have information on the private cost per unit?

23. What have you done as far as data collection and evaluation are concerned?

24. Do you feel that the homesteader gains or looses financially as a result of his participation in the program?

25. How would you classify the relationship of program staff to homesteaders?

26. What is your agency's relationship to the mayor's office?

27. What is your agency's relationship to HUD?

28. What is your agency's relationship to contractors?

29. What is your agency's relationship to financial institutions?

30. To whom is your agency responsible?

31. Who in your agency makes important decisions? What were the decisions? What have been the results of the decisions?

32. Have others tried to influence important decisions? Have they been successful?

33. Do you feel urban homesteading programs are worthwhile in terms of resources expended and results obtained?

34. Would you like to see things happening in this program which are not now happening? If so, what specifically?

APPENDIX B

HOMESTEADER AND COMPARISON GROUP QUESTIONNAIRES

PLEASE ANSWER THE FOLLOWING QUESTIONS: **Homesteader Questionnaire**

1. How many rooms do you have? (Do not count areas that are not separated by walls or floor to ceiling partitions. Do not count halls, bathrooms, porches or entranceways.)
_____ Rooms in Your Present House
_____ Rooms in the Place You Last Lived

2. How many bathrooms do you have?
_____ Complete Bathrooms in Your Present House
_____ Half Baths in Your Present House (With Neither Shower or Bathtub)
_____ Complete Bathrooms in the Place You Last Lived
_____ Half Baths in the Place You Last Lived

3. How many bedrooms do you have?
_____ Bedrooms in Your Present House
_____ Bedrooms in the Place You Last Lived

4. How would you rate your present house compared to the place you last lived? Would you say in general that your home is:
_____ Much Worse Here
_____ Somewhat Worse Here
_____ About the Same
_____ Somewhat Better Here
_____ Much Better Here

5. Why? _____

_____

6. Which of the following best describes the place you last lived?
_____ A Separate House for One Family Only
_____ A Duplex or House with Two Sections for Two Families
_____ A Townhouse
_____ An Apartment Building of Three Stories in Height or Less
_____ A High-Rise Apartment Building
_____ A Condominium
_____ A Mobile Home
_____ Other _____Specify

7. Did your family own or rent the place you last lived?
_____ Owned
_____ Rented
_____ Lived with Parents
_____ Other _____Specify

8. Is this the first home (house, apartment, etc.) for which you have been responsible?
_____ No
_____ Yes

9. What was the month and year you moved into your present house?
_____ Month _____Year

10. Is your present house located in the same neighborhood as the place you last lived?
_____ No
_____ Yes

11. How do your total housing-related expenses here compare with the place you last lived? Are your housing-related expenses:
_____ Much More Expensive Now
_____ Somewhat More Expensive Now
_____ About the Same
_____ Somewhat Less Expensive Now
_____ Much Less Expensive Now

12. Why? _____

_____

13. If you sold your house in the next five years, do you feel you would receive:
_____ A Profit
_____ About the Same Amount as Invested
_____ A Loss

14. How do you feel your family's total financial situation rates here compared to what it was where you last lived? Would you rate your family's total financial situation in general as:
_____ Much Better Here
_____ Somewhat Better Here
_____ About the Same
_____ Somewhat Worse Here
_____ Much Worse Here

15. Could you estimate the total amount of money you plan to spend and/or have spent in rehabilitating your present house?
$_____

16. How accurate do you feel the estimates of expenses on your present house given you by the urban homesteading staff have been? Have the estimates been:
_____ Much Too High
_____ Somewhat Too High
_____ About Right
_____ Somewhat Too Low
_____ Much Too Low

17. How much work do you and your family plan to do or have you and your family completed in rehabilitating your present house?
_____ All the Work
_____ Much of the Work
_____ Only a Little of the Work
_____ None of the Work

18. Since you started work on your house, have you made changes in the amount of work you had intended to contract? Has the amount of work you have actually contracted or the amount of work you are going to contract been:
_____ Much More Than That Originally Intended
_____ Somewhat More Than That Originally Intended
_____ About the Same Amount As Originally Intended
_____ Somewhat Less Than That Originally Intended
_____ Much Less Than That Originally Intended

19. How do you feel about your participation in this program?
_____ Happy That You Participated
_____ Wish You Had Not Participated
_____ Don't Know

20. What do you feel are the biggest problems you have encountered as a participant in the Urban Homesteading Program?

_____

_____

21. How successful would you rate the Housing Authority in helping you with the problems you have encountered in rehabilitating your present house?
_____ Very Successful
_____ Moderately Successful
_____ Moderately Unsuccessful
_____ Very Unsuccessful

22. If you were the director of the Urban Homesteading Program here, what changes would you recommend?

_____

_____

23. How would you rate your family's satisfaction with living here compared to the place you last lived? Would you say in general that your family is:
_____ Much Less Satisfied Here
_____ Somewhat Less Satisfied Here
_____ About as Satisfied Here as Before
_____ Somewhat More Satisfied Here
_____ Much More Satisfied Here

24. Why? _____

_____

25. How would you rate the safety of your family here compared to their safety in the place you last lived? Would you say you and your family are in general:
_____ Much Safer Here
_____ Somewhat Safer Here
_____ About as Safe Here as Before
_____ Somewhat Less Safe Here
_____ Much Less Safe Here

26. Why? _____

_____

27. Has your family experienced any robbery or vandalism in this neighborhood?
_____ No
_____ Yes

28. Has any member of your family been the victim of any other crime in this neighborhood?
_____ Yes
_____ No

29. How would you rate this move for your family?
_____ Very Bad
_____ Okay
_____ Very Good

30. Why? _____

_____

31. How would you classify the convenience of this location compared to the location of the place you last lived? Do you find the location in general to be:
_____ Much More Convenient Here
_____ Somewhat More Convenient Here
_____ About the Same Convenience
_____ Somewhat Less Convenient Here
_____ Much Less Convenient Here

32. Why? _____

_____

33. How does the neighborhood here compare to the neighborhood where you last lived? Would you say that the neighborhood in general is:
_____ Much Better Here
_____ Somewhat Better Here
_____ About the Same
_____ Somewhat Worse Here
_____ Much Worse Here

34. Why? _____

_____

35. How would you rate your relationships with others here compared to the place you last lived? Would you say in general that relationships among family members and between family members and neighbors are:
_____ Much Worse Here
_____ Somewhat Worse Here
_____ About the Same
_____ Somewhat Better Here
_____ Much Better Here

36. Why? _____

_____

37. How would you rate the health of your family here compared to the place you last lived? Would you say in general that your health and the health of your family is:

_____ Much Worse Here
_____ Somewhat Worse Here
_____ About the Same
_____ Somewhat Better Here
_____ Much Better Here

38. Why? _____

_____

39. How many total days have members of your family been absent from work or school in the past two months?

_____ Days Absent from Work in the Past Two Months
_____ Days Absent from School in the Past Two Months _____ No School Age Children

40. How would you rate your total family situation here compared to the place you last lived? Would you say in general that your total family situation is:

_____ Much Worse Here
_____ Somewhat Worse Here
_____ About the Same
_____ Somewhat Better Here
_____ Much Better Here

41. Why? _____

_____

42. If you were considering buying a different house, how important would you rate the following things in making a decision of whether or not to buy? Check one rating for each. How would you rate:

	EXTREMELY IMPORTANT	SOMEWHAT IMPORTANT	SOMEWHAT UNIMPORTANT	EXTREMELY UNIMPORTANT
Convenience of the Location of the House				
Family Health Considerations				
Family Satisfaction				
Financial Considerations				
The House Itself				
Neighborhood Quality				
Safety Considerations				
Social Considerations Including Relationships Among Family Members and Between Family Members and Neighbors				

NOW, TO HELP CLASSIFY YOUR ANSWERS STATISTICALLY, WE WOULD LIKE TO ASK YOU A FEW FEW QUESTIONS ABOUT YOUR FAMILY.

43. How many people live here?

_____

44. That number includes how many:

_____ Adult Males (18 or Older)
_____ Adult Females (18 or Older)
_____ Children (Under 18)

45. What is the age of the head or heads of the household as of his and/or her last birthday?

_____ Male
_____ Female

46. What is the occupation of the head or heads of the household?

_____ Male

_____ Female

47. How many persons living in your home are employed?

_____ Number Employed Full Time
_____ Number Employed Part Time

48. Into which income classification does your total family income before taxes fall?

_____ Less than $5,000 Yearly
_____ Between $5,000 and $9,999 Yearly
_____ Between $10,000 and $14,999 Yearly
_____ Between $15,000 and $19,999 Yearly
_____ Between $20,000 and $24,999 Yearly
_____ $25,000 or More Yearly

THANK YOU VERY MUCH ! !

PLEASE ANSWER THE FOLLOWING QUESTIONS: **Comparison Group Questionnaire**

1. How many rooms do you have? (Do not count areas that are not separated by walls or floor to ceiling partitions. Do not count halls, bathrooms, porches or entranceways.)

_____ Rooms in Your Present House
_____ Rooms in the Place You Last Lived

2. How many bathrooms do you have?

_____ Complete Bathrooms in Your Present House
_____ Half Baths in Your Present House (With Neither Shower or Bathtub)
_____ Complete Bathrooms in the Place You Last Lived
_____ Half Baths in the Place You Last Lived

3. How many bedrooms do you have?

_____ Bedrooms in Your Present House
_____ Bedrooms in the Place You Last Lived

4. How would you rate your present house compared to the place you last lived? Would you say in general that your home is:

_____ Much Worse Here
_____ Somewhat Worse Here
_____ About the Same
_____ Somewhat Better Here
_____ Much Better Here

5. Why? _____

_____

6. Which of the following best describes the place you last lived?

_____ A Separate House for One Family Only
_____ A Duplex or House with Two Sections for Two Families
_____ A Townhouse
_____ An Apartment Building of Three Stories in Height or Less
_____ A High-Rise Apartment Building
_____ A Condominium
_____ A Mobile Home
_____ Other _____Specify

7. Did your family own or rent the place you last lived?

_____ Owned
_____ Rented
_____ Lived With Parents
_____ Other _____Specify

8. Is this the first home (house, apartment, etc.) for which you have been responsible?

_____ No
_____ Yes

9. What was the month and year you moved into your present house?

_____ Month _____Year

10. Is your present house located in the same neighborhood as the place you last lived?

_____ No
_____ Yes

11. How do your total housing-related expenses here compare with the place you last lived? Are your housing-related expenses:

_____ Much More Expensive Now
_____ Somewhat More Expensive Now
_____ About the Same
_____ Somewhat Less Expensive Now
_____ Much Less Expensive Now

12. Why? _____

_____

13. If you sold your house in the next five years, do you feel you would receive:

_____ A Profit
_____ About the Same Amount as Invested
_____ A Loss

14. How do you feel your family's total financial situation rates here compared to what it was where you last lived? Would you rate your family's total financial situation in general as:

_____ Much Better Here
_____ Somewhat Better Here
_____ About the Same
_____ Somewhat Worse Here
_____ Much Worse Here

15. How would you rate your family's satisfaction with living here compared to the place you last lived? Would you say in general that your family is:

_____ Much Less Satisfied Here
_____ Somewhat Less Satisfied Here
_____ About as Satisfied Here as Before
_____ Somewhat More Satisfied Here
_____ Much More Satisfied Here

16. Why? _____

_____

17. How would you rate the safety of your family here compared to their safety in the place you last lived? Would you say you and your family are in general:

_____ Much Safer Here
_____ Somewhat Safer Here
_____ About as Safe Here as Before
_____ Somewhat Less Safe Here
_____ Much Less Safe Here

18. Why? _____

_____

19. Has your family experienced any robbery or vandalism in this neighborhood?

_____ No
_____ Yes

20. Has any member of your family been the victim of any other crime in this neighborhood?

_____ Yes
_____ No

21. How would you rate this move for your family?
_____ Very Bad
_____ Okay
_____ Very Good

22. Why? _____

_____

23. How would you classify the convenience of this location compared to the location of the place you last lived? Do you find the location in general to be:
_____ Much More Convenient Here
_____ Somewhat More Convenient Here
_____ About the Same Convenience
_____ Somewhat Less Convenient Here
_____ Much Less Convenient Here

24. Why? _____

_____

25. How does the neighborhood here compare to the neighborhood where you last lived? Would you say that the neighborhood in general is:
_____ Much Better Here
_____ Somewhat Better Here
_____ About the Same
_____ Somewhat Worse Here
_____ Much Worse Here

26. Why? _____

_____

27. How would you rate your relationships with others here compared to the place you last lived? Would you say in general that relationships among family members and between family members and neignbors are:
_____ Much Worse Here
_____ Somewhat Worse Here
_____ About the Same
_____ Somewhat Better Here
_____ Much Better Here

28. Why? _____

_____

29. How would you rate the health of your family here compared to the place you last lived? Would you say in general that your health and the health of your family is:
_____ Much Worse Here
_____ Somewhat Worse Here
_____ About the Same
_____ Somewhat Better Here
_____ Much Better Here

30. Why? _____

_____

31. How many <u>total</u> <u>days</u> have members of your family been absent from work or school in the past two months?
_____ Days Absent from Work in the Past Two Months
_____ Days Absent from School in the Past Two Months _____No School Age Children

32. How would you rate your total family situation here compared to the place you last lived? Would you say in general that your total family situation is:
_____ Much Worse Here
_____ Somewhat Worse Here
_____ About the Same
_____ Somewhat Better Here
_____ Much Better Here

33. Why? _____

_____

34. If you were considering buying a different house, how important would you rate the following things in making a decision of whether or not to buy? Check one rating for each. How would you rate:

	EXTREMELY IMPORTANT	SOMEWHAT IMPORTANT	SOMEWHAT UNIMPORTANT	EXTREMELY UNIMPORTANT
Convenience of the Location of the House				
Family Health Considerations				
Family Satisfaction				
Financial Considerations				
The House Itself				
Neighborhood Quality				
Safety Considerations				
Social Considerations Including Relationships Among Family Members and Between Family Members and Neighbors				

NOW, TO HELP US CLASSIFY YOUR ANSWERS STATISTICALLY, WE WOULD LIKE TO ASK YOU A FEW QUESTIONS ABOUT YOUR FAMILY.

35. How many people live here?

_____

36. That number includes how many:
_____ Adult Males (18 or Older)
_____ Adult Females (18 or Older)
_____ Children (Under 18)

37. What is the age of the head or heads of the household as of his and/or her last birthday?
_____ Male
_____ Female

38. What is the occupation of the head or heads of the household?

_____ Male

_____ Female

39. How many persons living in your home are employed?
_____ Number Employed Full Time
_____ Number Employed Part Time

40. Into which income classification does your total family income before taxes fall?
_____ Less than $5,000 Yearly
_____ Between $5,000 and $9,999 Yearly
_____ Between $10,000 and $14,999 Yearly
_____ Between $15,000 and $19,999 Yearly
_____ Between $20,000 and $24,999 Yearly
_____ $25,000 or More Yearly

THANK YOU VERY MUCH ! !

APPENDIX C

TYPICAL ANNUAL COSTS INCURRED BY HOMESTEADERS IN FOUR CITIES

TYPICAL ANNUAL COSTS INCURRED BY BALTIMORE HOMESTEADERS

Expense	*Cost*
Taxes[1]	$ 292.32
Loan Payment[2]	1,046.16
Utilities & Fuel[3]	640.00
Insurance[3]	40.00
Miscellaneous[3]	400.00
TOTAL	$2,418.48

1. This is an average for the first 5 years based on an $8,000.00 assessment at a city tax rate of $6.09/$100 of assessed valuation including the first 2 years in which $ 0 per year are paid under the special reassessment deferment. (See Special Tax Considerations section in text.)
2. This is the annual cost of a $12,000 loan at 6 percent for 20 years, the average loan issued through early 1975. The annual cost was determined as follows:

$$R = P\frac{i(1+i)^n}{(1+i)^n - 1} = \$12{,}000\ \frac{.06(1+.06)^{20}}{(1+.06)^{20} - 1} = \$12{,}000(.08718)$$

$$R = \$1{,}046.16$$

where i represents an interest rate per interest period
n represents a number of interest periods
P represents a present sum of money (total mortgage)
R represents the end-of-period payment in a uniform series continuing for the coming n periods

See: Eugene L. Grant and W. Grant Ireson, *Principles of Engineering Economy* (New York: The Ronald Press Company, 1964), p. 43 and p. 550.

3. Average estimate based on rehabilitated units in the Northeast. See George Sternlieb, James W. Hughes, and Lawrence Burrows, *Housing in Newark* (New Brunswick, New Jersey: Center for Urban Policy Research, Rutgers University, 1974), and Robert W. Burchell, James W. Hughes and George Sternlieb, *Housing Costs and Housing Restraints: The Realities of Inner City Housing Costs* (New York: Life Insurance Association of America, 1970).
Other estimates of occupancy costs are presented in George Sternlieb, *The Urban Housing Dilemma: The Dynamics of New York City's Rent Controlled Housing* (New York: Housing and Development Administration, 1972), George Sternlieb, *The Tenement Landlord* (New Brunswick, New Jersey: Rutgers University Press, 1969), and David Listokin, *The Dynamics of Housing Rehabilitation: Macro and Micro Analyses* (New Brunswick, New Jersey: Center for Urban Policy Research, 1973).

TYPICAL ANNUAL COSTS INCURRED BY WILMINGTON HOMESTEADERS

Expense	*Cost*
Taxes[1]	$ 60.00
Loan Payment[2]	907.00
Utilities & Fuel[3]	540.00
Insurance[3]	40.00
Miscellaneous[3]	419.00
TOTAL	$1,966.00

1. This is the tax paid on an initial assessment of $12,120 from which 150% of the total cost of rehabilitation, assumed at $7,000, is subtracted. Thus property taxes = .03727 ($12,120 - 10,500) = $60.00.

2. This is the annual cost of a $7,000 loan at 9.75 percent for 15 years, the average loan issued through early 1975. The annual cost was determined as follows:

$$R = p\frac{i(1+1)^n}{(1+i)^n - 1} = \$7{,}000\,\frac{.0975(1+.0975)^{15}}{(1+.0975)^{15} - 1} = \$7{,}000(.12964)$$

R = $907.00

where i represents an interest rate per interest period
n represents a number of interest periods
P represents a present sum of money (total mortgage)
R represents the end-of-period payment in a uniform series continuing for the coming n periods

See: Eugene L. Grant and W. Grant Ireson, *Principles of Engineering Economy* (New York: The Ronald Press Company, 1964), p. 43 and p. 553.

3. Average estimate based on rehabilitated units in the Northeast. See: George Sternlieb, James W. Hughes, and Lawrence Burrows, *Housing in Newark*, mimeograph (New Brunswick, New Jersey: Center for Urban Policy Research, Rutgers University, 1974) and Robert W. Burchell, James W. Hughes and George Sternlieb, *Housing Costs and Housing Restraints: The Realities of Inner City Housing Costs* (New York: Life Insurance Association of America, 1970).
Other estimates of occupancy costs are presented in George Sternlieb, *The Urban Housing Dilemma: The Dynamics of New York City's Rent Controlled Housing* (New York: Housing and Development Administration, 1972), George Sternlieb, *The Tenement Landlord* (New Brunswick, New Jersey: Rutgers University Press, 1969), and David Listokin, *The Dynamics of Housing Rehabilitation: Macro and Micro Analyses* (New Brunswick, New Jersey: Center for Urban Policy Research, 1973).

TYPICAL ANNUAL COSTS INCURRED BY PHILADELPHIA HOMESTEADERS

Expense	*Cost*
Taxes[1]	$ 238.60
Loan Payment[2]	520.98
Utilities & Fuel[3]	540.00
Insurance[3]	40.00
Miscellaneous[3]	400.00
TOTAL	$1,739.58

1. This is the average amount of taxes paid over the first five years of ownership under the special assessment procedure equal to a value of $5,000.00. (See Exhibit 6-4 for explanation of the increasing special assessment procedure.) Thus property taxes = .04775 ($5,000) = $238.60.
2. This is the annual cost of a $6,000 loan at 3.25 percent for 15 years, the average loan issued through early 1975. The annual cost was determined as follows:

$$R = P\frac{i(1+i)^n}{(1+i)^n - 1} = \$6{,}000\ \frac{.0325\ (1+.0325)^{15}}{(1+.0325)^{15} - 1} = \$6{,}000(.08683) = \$520.98$$

where i represents an interest rate per interest period
n represents a number of interest periods
P represents a present sum of money (total mortgage)
R represents the end-of-period payment in a uniform series continuing for the coming n periods.

See: Eugene L. Grant and W. Grant Ireson, *Principles of Engineering Economy* (New York: The Ronald Press Company, 1964), p. 43 and p. 545.

3. Average estimate based on rehabilitated units in the Northeast. See: George Sternlieb, James W. Hughes, and Lawrence Burrows, *Housing in Newark*, mimeograph (New Brunswick, New Jersey: Center for Urban Policy Research, Rutgers University, 1974) and Robert W. Burchell, James W. Hughes and George Sternlieb, *Housing Costs and Housing Restraints: The Realities of Inner City Housing Costs* (New York: Life Insurance Association of America, 1970).

Other estimates of occupancy and operating costs are presented in George Sternlieb, *The Urban Housing Dilemma: The Dynamics of New York City's Rent Controlled Housing* (New York: Housing and Development Administration, 1972), George Sternlieb, *The Tenement Landlord* (New Brunswick, New Jersey: Rutgers University Press, 1969), and David Listokin, *The Dynamics of Housing Rehabilitation: Macro and Micro Analyses* (New Brunswick, New Jersey: Center for Urban Policy Research, 1973).

TYPICAL ANNUAL COSTS INCURRED BY NEWARK HOMESTEADERS

Expense	*Cost*
Taxes[1]	$ 697.48
Loan Payment[2]	1,664.46
Utilities & Fuel[3]	476.00
Insurance[3]	40.00
Miscellaneous[3]	400.00
TOTAL	$3,277.94

1. This is the tax paid on an initial assessment of $10,536. Thus property taxes = .0662 ($10.536) = $697.48.
2. This is the annual cost of a $6,000 loan at 12 percent for 5 years, the hypothesized rehabilitation cost. The annual cost was determined as follows:

$$R = P\frac{i(1+i)^n}{(1+i)^n - 1} = \$6{,}000\ \frac{.12(1+.12)^5}{(1+.12)^5 - 1} = \$6{,}000\,(.27741)$$

$$R = \$1{,}664.46$$

where i represents an interest rate per interest period
n represents a number of interest periods
P represents a present sum of money (total mortagage)
R represents the end-of-period payment in a uniform series continuing for the coming n periods.

See: Eugene L. Grant and W. Grant Ireson, *Principles of Engineering Economy* (New York: The Ronald Press Company, 1964), p. 43 and p. 553.

3. Average estimates based on rehabilitated units in the Northeast. See: George Sternlieb, James W. Hughes, and Lawrence Burrows, *Housing in Newark*, mimeograph (New Brunswick, New Jersey: Center for Urban Policy Research, Rutgers University, 1974) and Robert W. Burchell, James W. Hughes and George Sternlieb, *Housing Costs and Housing Restraints: The Realities of Inner City Housing Costs* (New York: Life Insurance Association of America, 1970).

Other estimates of occupancy and operating costs are presented in George Sternlieb, *The Urban Housing Dilemma: The Dynamics of New York City's Rent Controlled Housing* (New York: Housing and Development Administration, 1972), and George Sternlieb, *The Tenement Landlord* (New Brunswick, New Jersey: Rutgers University Press, 1969) and David Listokin, *The Dynamics of Housing Rehabilitation: Macro and Micro Analyses* (New Brunswick, New Jersey: Center for Urban Policy Research, 1973).

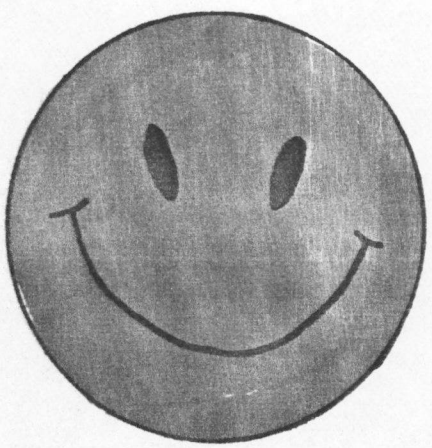
Source: James H. Hughes and Kenneth D. Bleakly, Jr., Urban Homesteading (New Brunswick, New Jersey: Center for Urban Policy Research, 1975), pp. 95, 116, 143, 166.

APPENDIX D

INFORMATION MAILED WITH QUESTIONNAIRES

(one dollar bill)
(Information mailed to both groups)

PLEASE GIVE THIS DOLLAR BILL TO THE FIRST KID YOU SEE ON THE STREET, AND LOOK AT THE HAPPY EXPRESSION ON HIS OR HER FACE . . . . . THEN YOU'LL KNOW HOW HAPPY WE WILL BE IF YOU COMPLETE THIS QUESTIONNAIRE AND RETURN IT TO US IN THE ENCLOSED SELF-ADDRESSED, STAMPED ENVELOPE.



Information mailed only to homesteaders.

Department of Crafts, Interior Design and Housing
The University of Tennessee
Knoxville, TN 37916
April 25, 1977

Dear Minneapolis Resident:

I need your help! In order to complete my graduate degree, I am studying changes in the family situation of families that have moved recently. You have been selected from the list of participants in the Minneapolis Urban Homesteading Program. Information from you is important in that it can be used in the future to assist families who are acquiring new housing. The information obtained will be used in my dissertation. No individual answers will be used, and only summary data will be reported.

A questionnaire is enclosed. I am not sending many questionnaires and it is important that I receive your answers. I would appreciate very much your completing the enclosed questionnaire and returning it within the next three or four days in the enclosed self-addressed envelope. You are, of course, not obligated to participate and you will not be paid. If you will help, you will not be identified either on the enclosed form or on anything which might be published. Code numbers are being used on the questionnaire and only the researcher will see the list of names assigned to these numbers, which will be destroyed within three months.

Although it is hoped that you will complete all the questions, you are free not to answer any question and should you decide later that you do not wish me to include in my dissertation the answers which you submitted, you may write:

Barbara Nieri
Department of Crafts, Interior Design and Housing
The University of Tennessee
Knoxville, TN 37916

Three families will be randomly selected and I will be requesting that they discuss the questionnaire with me. I will be in Minneapolis for the next week and can be reached at 644-1772 (Address: 1316 N Cleveland, St. Paul, Minnesota 55108). I will be happy to answer any questions you might have concerning the research. Will you help me?

Sincerely,

Barbara Nieri

Barbara Nieri

Form mailed only to the comparison group.

If you do not own the house in which you are living, please check the following blank and return the blank questionnaire in the enclosed self-addressed, stamped envelope.

_____ I do not own the house in which I am living.

Department of Crafts, Interior Design and Housing
The University of Tennessee
Knoxville, TN 37916
April 25, 1977

Dear Minneapolis Resident:

I need your help! In order to complete my graduate degree, I am studying changes in the family situation of families that have moved recently. You have been selected from the Minneapolis Board of Realtors' list of residential properties sold during 1976. Information from you is important in that it can be used in the future to assist families who are acquiring new housing. The information obtained will be used in my dissertation. No individual answers will be used, and only summary data will be reported.

A questionnaire is enclosed. I am not sending many questionnaires and it is important that I receive your answers. I would appreciate very much your completing the enclosed questionnaire and returning it within the next three or four days in the enclosed self-addressed envelope. You are, of course, not obligated to participate and you will not be paid. If you will help, you will not be identified either on the enclosed form or on anything which might be published. Code numbers are being used on the questionnaire and only the researcher will see the list of names assigned to these numbers, which will be destroyed within three months.

Although it is hoped that you will complete all the questions, you are free not to answer any question and should you decide later that you do not wish me to include in my dissertation the answers which you submitted, you may write:

Barbara Nieri
Department of Crafts, Interior Design and Housing
The University of Tennessee
Knoxville, TN 37916

Three families will be randomly selected and I will be requesting that they discuss the questionnaire with me. I will be in Minneapolis for the next week and can be reached at 644-1772 (Address: 1316 N Cleveland, St. Paul, Minnesota 55108). I will be happy to answer any questions you might have concerning the research. Will you help me?

Sincerely,

Barbara Nieri

Barbara Nieri

APPENDIX E

FOLLOW-UP REQUESTS

Department of Crafts, Interior
Design and Housing
University of Tennessee
Knoxville, Tennessee 37916
May 23, 1977

Dear Homesteader:

I need your response in order to conclude the data collecting phase of my study of change in the family situation of those who have participated in the Minneapolis Urban Homesteading Program. As of this date, I have not received a completed questionnaire from you and am eagerly awaiting its return. It is important that I receive your answers.

I believe this to be an extremely valuable study in that the results can be used in the future to improve existing urban homesteading programs and to assist those who are organizing new programs. If you have any questions or desire clarification on any aspect of the study, please write:

Barbara Nieri
Department of Crafts, Interior
Design and Housing
University of Tennessee
Knoxville, Tennessee 37916

Thank you for your time and cooperation!

Sincerely,

Barbara Nieri

Department of Crafts, Interior
Design and Housing
University of Tennessee
Knoxville, Tennessee 37916
May 22, 1977

Dear Homeowner:

I need your response in order to conclude the data collection phase of my study of change in the family situation of those Minneapolis families who have recently bought houses on their own and those who have been helped to purchase houses through special government programs. As of this date, I have not received a completed questionnaire from you and am eagerly awaiting its return. It is important that I receive your answers.

I believe this to be an extremely valuable study in that the results can be used in the future to assist families in acquiring housing. If you have any questions or desire clarification on any aspect of the study, please write:

Barbara Nieri
Department of Crafts, Interior
Design and Housing
University of Tennessee
Knoxville, Tennessee 37916

Thank you for your time and cooperation!

Sincerely,

Barbara Nieri

Barbara Nieri

Dept. of Crafts, Interior
Design and Housing
University of Tennessee
Knoxville, TN 37916
June 7, 1977

Dear Friend,

I need your help! As you may recall from my letter of May 22, 1977, I am a graduate student at the University of Tennessee and am conducting a study of change in the family situation of those Minneapolis families who are participating in the Urban Homesteading Program.

Since situations may differ greatly, and since it is important that the results of the study be as accurate as possible, I cannot overemphasize the importance of receiving your completed questionnaire. I am sending you another questionnaire and a self-addressed, stamped envelope as I am very anxious to hear from you. I know from my visits with several homesteaders that homesteaders are extremely busy, but I feel that the study is important and hope that you can take a few minutes to complete the enclosed questionnaire.

It was necessary for me to return to Tennessee and therefore I cannot be in Minneapolis to answer questions. I am in no way connected to the Housing Authority or to any organization except the University of Tennessee, where I am a graduate student. If you have not completed the questionnaire because you object to some of the questions or do not see their relevance, please feel free to leave these questions blank. If you have any further questions, please feel free to write:

Barbara Nieri
Dept. of Crafts, Interior
Design and Housing
University of Tennessee
Knoxville, TN 37916

or call me collect at (615) 573-8119. I am most anxious to receive your completed questionnaire. Please, would you help me?

Sincerely,

Barbara Nieri

Barbara Nieri

Dept. of Crafts, Interior
Design and Housing
University of Tennessee
Knoxville, TN 37916
June 7, 1977

Dear Friend,

I need your help! As you may recall from my letter of May 22, 1977, I am a graduate student at the University of Tennessee and am conducting a study of change in the family situation of those Minneapolis families who have recently bought houses on their own and those who have been helped to purchase houses through special government programs.

Since situations may differ greatly, and since it is important that the results of the study be as accurate as possible, I cannot overemphasize the importance of receiving your completed questionnaire. I am sending you another questionnaire and self-addressed stamped envelope as I am very anxious to hear from you. I am certain that you are busy, but I feel the study is important and hope that you can take a few minutes to complete the enclosed questionnaire.

It was necessary that I return to Tennessee and therefore cannot be in Minneapolis to answer questions. If you feel the questionnaire does not apply to you for any reason, I would be most grateful if you would write me a note explaining the situation. The study includes those families who have purchased the houses in which they live within the past two years. If you have not completed the questionnaire because you object to certain questions or do not see their relevance, please feel free to leave these questions blank. If you have any further questions, please feel free to write:

Barbara Nieri
Dept. of Crafts, Interior
Design and Housing
University of Tennessee
Knoxville, TN 37916

or call me collect at (615) 573-8119. I am most anxious to receive your completed questionnaire. Please, would you help me?

Sincerely,

Barbara Nieri

Barbara Nieri

June 17, 1977

Dear . . . . . ,

You are a part of a very select sample who received the questionnaire on urban homesteading and family situation. Your response is vital to the project. Please take time to complete and return the questionnaire you received several days ago. Thank you for your help!

Barbara Klein
University of Iowa.

June 17, 1977

Dear . . . . . ,

You are a part of a very select sample who received the questionnaire on housing and family situation. Your response is vital to the project. Please take time to complete and return the questionnaire you received several days ago. Thank you for your help!

Barbara Klein
University of Iowa.

Department of Crafts, Interior
Design and Housing
The University of Tennessee
Knoxville, Tennessee 37916
June 30, 1977

I am hoping to conclude within two weeks the data collection phase of my study on change in family situation of families participating in the Minneapolis Urban Homesteading Program. As of this date, I have not yet received a completed questionnaire from you. I have enclosed one last form for your convenience and urge you to complete and return it since your response is very important to the study.

I cannot be sure that I have an accurate picture of urban homesteading from the homesteaders' point of view without your answers. I have at this date received 48 of the 55 questionnaires sent and I need your responses in order to complete the study. Urban homesteading programs need confidential and honest feedback from participants to improve existing programs and to provide information for programs beginning to be organized. Please take a few minutes from your already busy schedule to help. If you have any questions about the study, please write:

Barbara Nieri
Department of Crafts, Interior
Design and Housing
The University of Tennessee
Knoxville, Tennessee 37916

or call me collect at (615) 573-8119. I would be very happy to answer any questions. Thank you for your help!

Sincerely,

Barbara Nieri

Barbara Nieri

Department of Crafts, Interior
Design and Housing
The University of Tennessee
Knoxville, Tennessee 37916
June 30, 1977

I am hoping to conclude within two weeks the data collection phase of my study on change in the family situation of families who bought houses on their own as opposed to those helped by government programs. As of this date, I have not yet received a completed questionnaire from you. I have enclosed one last form for your convenience and urge you to complete and return it since your response is very important to the study.

I cannot be sure that I have an accurate picture of families buying housing on their own recently without your answers. I need only seven more answers from families buying housing recently on their own in order to complete my study. Please take a few minutes from your already busy schedule to help. If you have any questions about the study, please write:

Barbara Nieri
Department of Crafts, Interior
Design and Housing
The University of Tennessee
Knoxville, Tennessee 37916

or call me collect at (615) 573-8119. I would be very happy to answer any questions. Thank you for your help!

Sincerely,

Barbara Nieri

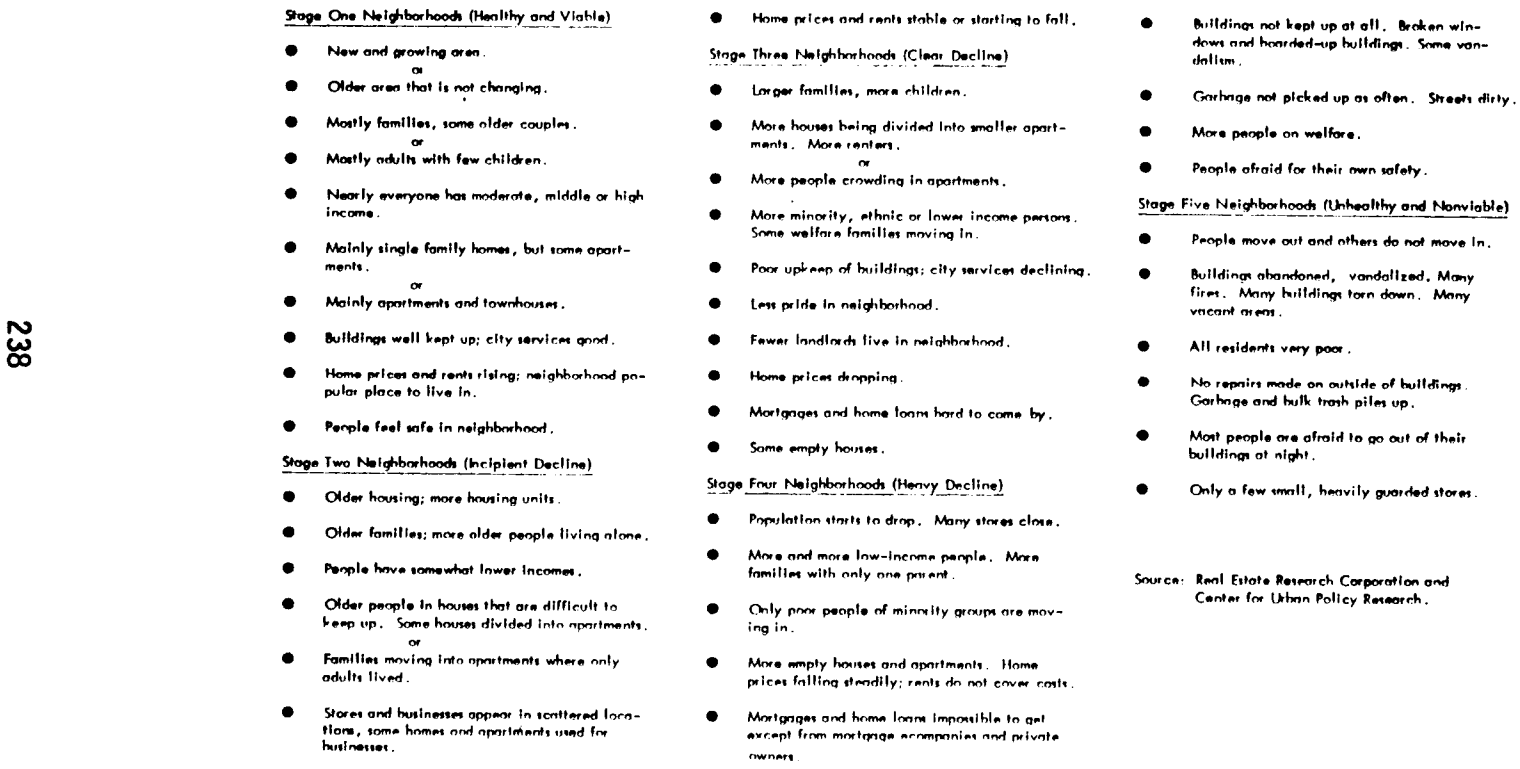
Barbara Nieri

A NOTE ON CONFIDENTIALITY

A vital concern of the University of Tennessee and of this researcher is confidentiality in research. You will notice a code number on your questionnaire. Only the researcher will have the list of names and addresses which match these code numbers. The code numbers will only be used to facilitate follow-up techniques so that those completing the questionnaire need not receive bothersome reminder letters. At no time will your questionnaire or answers be identified with your name and at no time will any person other than the researcher have access to the names or your questionnaire.

APPENDIX F

NEIGHBORHOOD CLASSIFICATION



Stage One Neighborhoods (Healthy and Viable)

- New and growing area.
  or
- Older area that is not changing.
- Mostly families, some older couples.
  or
- Mostly adults with few children.
- Nearly everyone has moderate, middle or high income.
- Mainly single family homes, but some apartments.
  or
- Mainly apartments and townhouses.
- Buildings well kept up; city services good.
- Home prices and rents rising; neighborhood popular place to live in.
- People feel safe in neighborhood.

Stage Two Neighborhoods (Incipient Decline)

- Older housing; more housing units.
- Older families; more older people living alone.
- People have somewhat lower incomes.
- Older people in houses that are difficult to keep up. Some houses divided into apartments.
  or
- Families moving into apartments where only adults lived.
- Stores and businesses appear in scattered locations, some homes and apartments used for businesses.
- Home prices and rents stable or starting to fall.

Stage Three Neighborhoods (Clear Decline)

- Larger families, more children.
- More houses being divided into smaller apartments. More renters.
  or
- More people crowding in apartments.
- More minority, ethnic or lower income persons. Some welfare families moving in.
- Poor upkeep of buildings; city services declining.
- Less pride in neighborhood.
- Fewer landlords live in neighborhood.
- Home prices dropping.
- Mortgages and home loans hard to come by.
- Some empty houses.

Stage Four Neighborhoods (Heavy Decline)

- Population starts to drop. Many stores close.
- More and more low-income people. More families with only one parent.
- Only poor people of minority groups are moving in.
- More empty houses and apartments. Home prices falling steadily; rents do not cover costs.
- Mortgages and home loans impossible to get except from mortgage companies and private owners.
- Buildings not kept up at all. Broken windows and boarded-up buildings. Some vandalism.
- Garbage not picked up as often. Streets dirty.
- More people on welfare.
- People afraid for their own safety.

Stage Five Neighborhoods (Unhealthy and Nonviable)

- People move out and others do not move in.
- Buildings abandoned, vandalized. Many fires. Many buildings torn down. Many vacant areas.
- All residents very poor.
- No repairs made on outside of buildings. Garbage and bulk trash piles up.
- Most people are afraid to go out of their buildings at night.
- Only a few small, heavily guarded stores.

Source: Real Estate Research Corporation and Center for Urban Policy Research.

Source: U. S. Department of Housing and Urban Development, Office of Policy Development and Research, Neighborhood Preservation: A Catalog of Local Programs (Washington, D. C.: U. S. Department of Housing and Urban Development, 1975), p. 268.

APPENDIX G

ABANDONMENT RESPONSE PROCESS: POTENTIAL DISPOSITION FLOW OF ABANDONED HOUSING

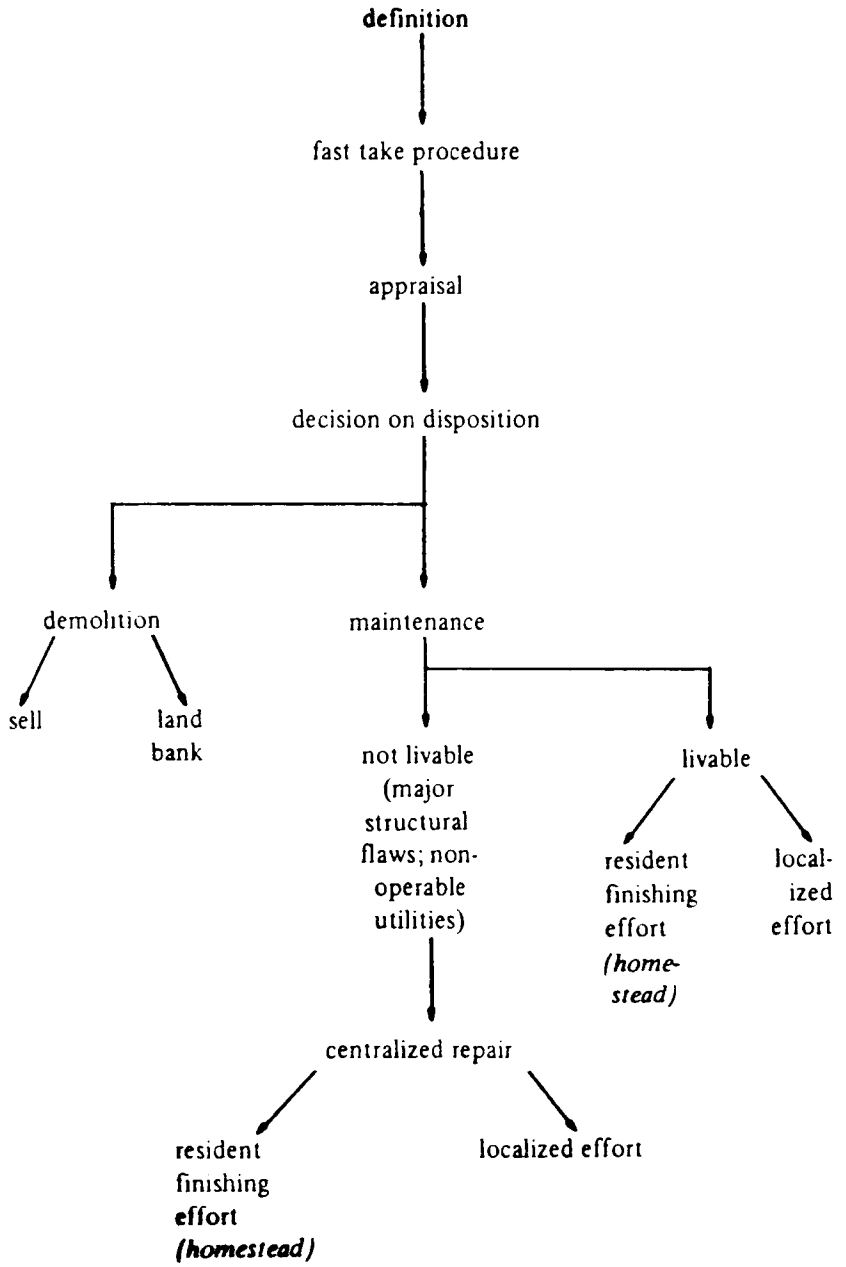


Figure 4. Possible responses to abandonment. Source: James W. Hughes and Kenneth D. Bleakly, Jr., Urban Homesteading (New Brunswick, New Jersey: Center for Urban Policy Research, 1975), p. 62.

APPENDIX H

MINNEAPOLIS URBAN HOMESTEADING PROGRAM CONSIDERATIONS

Table 1. Housing Resources Program: Five Year Plan.[a]

URBAN HOMESTEADING PROGRAM	THRU 1975	1976	1977	1978	1979	1980	TOTAL THRU 1980
New Revenue Source							
City General Obligation Bonds	$ -0-	$ -0-	$ -0-	$ -0-			
Federal Grant: General Revenue Sharing	-0-	-0-	-0-	-0-			
Federal Grant: Community Development Revenue Sharing	229,500	329,000	527,000	820,500			
Federal Grant: Demonstration Project	172,000	100,000	500,000	-0-			
Federal Grant: Urban Renewal Project Budget	7,000	3,500	7,000	-0-			
Minneapolis Housing & Redevelopment Authority	30,000	7,000	150,000	-0-			
TOTAL NEW REVENUE	$ 438,500	$ 440,300	$1,184,000	$ 820,500	$ 850,000	$ 850,000	$4,583,300
Rollover from Previous Year	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL	$ 438,500	$ 440,300	$1,184,000	$ 820,500	$ 850,000	$ 850,000	n/a
PRODUCTION	12	50	70	60	60	60	312

[a]Comments

(1) With the exception of the funds indicated for the Urban Homesteading Demonstration Project, these "Total New Revenue" figures do not include the amount of rehabilitation loan financing required. These required loan monies can best be summarized as follows:

Program Year	Loan Amounts	Loan Funds Sources
1975	$173,550	City of Minneapolis Loan Program
1976	737,100	Federal, State or City Programs
1977	878,100	Federal, State or City Programs
1978 thru 1980	881,500	Federal, State or City Programs

(2) Funds indicated in this Community Development Revenue Sharing (C.D.R.S.) line represent monies requested in specific project area budgets that are used in support of urban homesteading in their specific projects. No funds are specifically earmarked in the C.D.R.S. program for urban homesteading as a separate project.

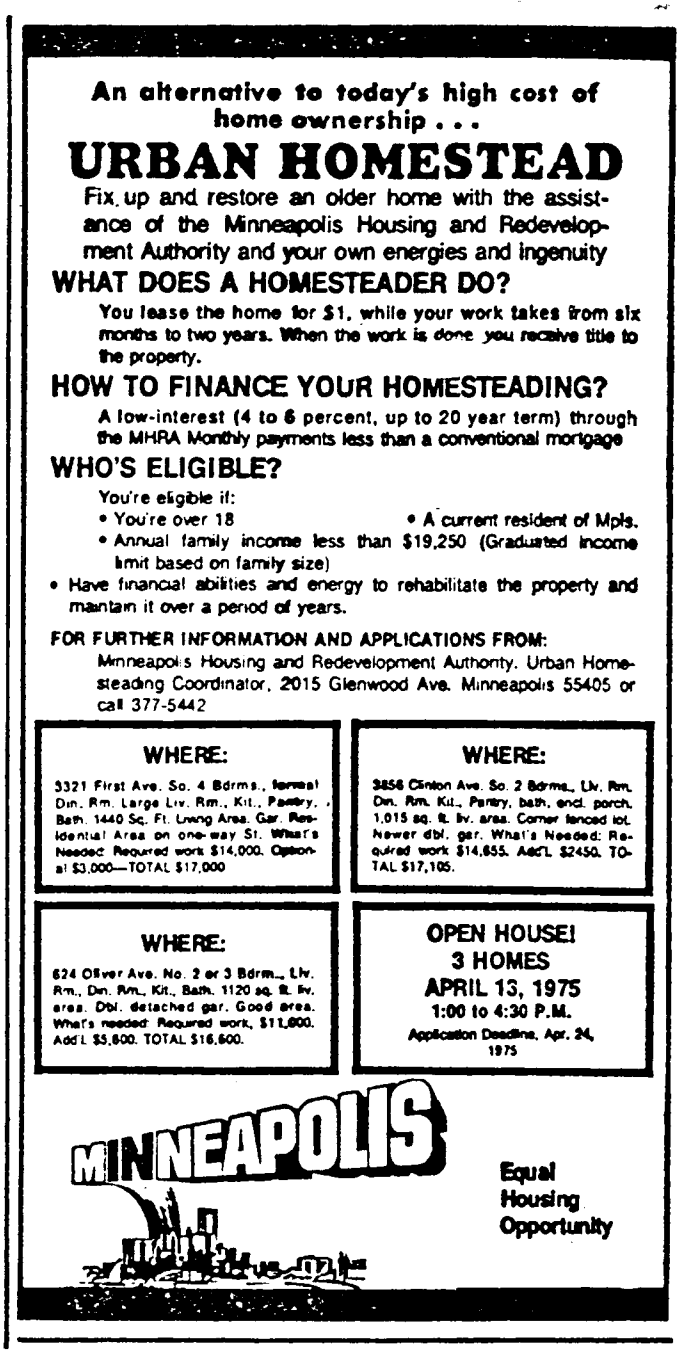
Table 2. Maximum Allowable Gross Annual Income by Family Size.

Family Size	Maximum Gross Annual Income
1 person	$16,850
2 persons	16,850
3 persons	17,150
4 persons	17,450
5 persons	17,750
6 persons	18,050
7 persons	18,350
8 persons	18,650
9 persons	18,950
10 persons (or more)	19,250

Table 3. Criteria for Preventing an Overcrowded Situation.

Family Size	Structure Shall Contain at Least "X" Bedrooms
1-4 persons	2 BR
5-6 persons	3 BR
7-8 persons	4 BR
9 or more persons	5 BR

Sample of Advertisement



An alternative to today's high cost of home ownership . . .

URBAN HOMESTEAD

Fix up and restore an older home with the assistance of the Minneapolis Housing and Redevelopment Authority and your own energies and ingenuity

WHAT DOES A HOMESTEADER DO?

You lease the home for $1, while your work takes from six months to two years. When the work is done you receive title to the property.

HOW TO FINANCE YOUR HOMESTEADING?

A low-interest (4 to 6 percent, up to 20 year term) through the MHRA Monthly payments less than a conventional mortgage

WHO'S ELIGIBLE?

You're eligible if:

- You're over 18
- A current resident of Mpls.
- Annual family income less than $19,250 (Graduated income limit based on family size)
- Have financial abilities and energy to rehabilitate the property and maintain it over a period of years.

FOR FURTHER INFORMATION AND APPLICATIONS FROM:

Minneapolis Housing and Redevelopment Authority, Urban Homesteading Coordinator, 2015 Glenwood Ave. Minneapolis 55405 or call 377-5442

WHERE:

3321 First Ave. So. 4 Bdrms., formal Din. Rm. Large Liv. Rm., Kit., Pantry, 1 Bath. 1440 Sq. Ft. Living Area. Gar. Residential Area on one-way St. What's Needed: Required work $14,000. Optional $3,000—TOTAL $17,000

WHERE:

3856 Clinton Ave. So. 2 Bdrms., Liv. Rm. Din. Rm. Kit., Pantry, bath, encl. porch. 1,015 sq. ft. liv. area. Corner fenced lot. Newer dbl. gar. What's Needed: Required work $14,655. Add'L $2450. TOTAL $17,105.

WHERE:

624 Oliver Ave. No. 2 or 3 Bdrm., Liv. Rm., Din. Rm., Kit., Bath. 1120 sq. ft. liv. area. Dbl. detached gar. Good area. What's needed: Required work, $11,600. Add'L $5,600. TOTAL $16,600.

OPEN HOUSE!
3 HOMES
APRIL 13, 1975
1:00 to 4:30 P.M.
Application Deadline, Apr. 24, 1975

MINNEAPOLIS

Equal Housing Opportunity

Source: The Minneapolis Star, April 10, 1975, p. 6.

Urban Homesteading

Brochure and Property Fact Sheet

An application for a home through the Urban Homestead Program is enclosed. The application is preaddressed. After you have fully completed the form, fold and staple or tape it shut, put on a 13c stamp, and mail it to us. This application is very basic and requests only essential data about applicants. Applicants who are selected in the first lottery (see below) will be requested to submit additional information.

PROGRAM REQUIREMENTS

1. The homesteader must agree to complete rehabilitation within a specified period of time. In some cases this period may be six months, but in no cases shall it be 18 months after the property is occupied by the homesteader.
2. Rehabilitation work must commence within 30 days after the selected homesteader agrees in writing to purchase the property.
3. Major code items such as plumbing, heating, and electrical must be completed within 90 days from the date of work commencement.
4. The homesteader must agree to permit periodic inspections by City Inspectors and or Authority Rehabilitation Counselors to determine the quality and progress of the work.
5. The homesteader shall be required to occupy the property for a period of 3 years after the property is initially occupied by the homesteader.
6. After completion of the work, the homesteader shall be issued a certificate of completion and granted title to the property.
7. In the event the homesteader has received title to the property but is not able to satisfy the 3-year residency requirement, title to the property shall revert to the Authority.
8. Once title is obtained, the homesteader may not vacate the property and retain ownership of it for the purpose of producing income.
9. The homesteader must agree to maintain the dwelling after completion of rehabilitation to satisfy the City's Housing Maintenance Code.
10. The homesteader must agree to carry adequate fire and liability insurance on the dwelling.

ELIGIBLE APPLICANTS

1. At least 18 years of age.
2. A person or family of low or moderate income. The following figures indicate the maximum combined household annual gross income. At the present time, applicants with an income in excess of these figures shall not be considered.

Family Size	Maximum Gross Annual Income
1 person	$16,850
2 persons	16,850
3 persons	17,150
4 persons	17,450
5 persons	17,750
6 persons	18,050
7 persons	18,350
8 persons	18,650
9 persons	18,950
10 persons (or more)	19,250

3. All applications shall be considered without regard to the applicant's race, creed, color, age, religion, sex or national origin.

APPLICANT SELECTION

1. The Authority receives a large number of applications for each home being offered through this program. In order to ensure that applications can be processed in a timely, efficient and courteous manner, a double lottery system shall be carried out.
2. This double lottery system will function as follows:
   a. In the first lottery a maximum of 28 applicants' names shall be drawn from all the applications submitted. These 28 names shall include: 7 who are current residents of Minneapolis public housing, 7 who currently reside in the general community in which the property being offered is located, 7 who are residents of Minneapolis and 7 who are non-Minneapolis residents.
   b. The Authority staff will then consider the applicants to determine those who could qualify for the property.
   c. In the event that there is more than one of the 28 applicants who could qualify, a second lottery shall be held to select the principal homesteader.
3. As a guideline, the monthly housing-related expenses after completion of the rehabilitation work shall not exceed 25% of the applicant's combined household monthly income.
4. Applicants must be able to demonstrate adequate abilities and or financial resources to undertake the rehabilitation of the property and to maintain it over a period of years.

Assistance to the Homesteader

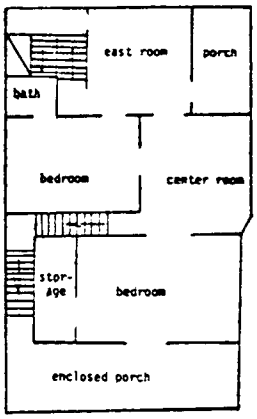
1. The selected homesteader for the property shall have the option to apply for a low-interest rehabilitation loan through either a Federal or local program to provide the financial assistance necessary to achieve the repairs to the property.
2. To reduce the amount of financing which will be needed, each homesteader shall be encouraged to perform some of the work.
3. If you have an alternative means of financing the rehabilitation of the homestead property (savings, sale of property, etc.) and you will not need or wish to be considered for the MHRA loan, state this alternative in your application.

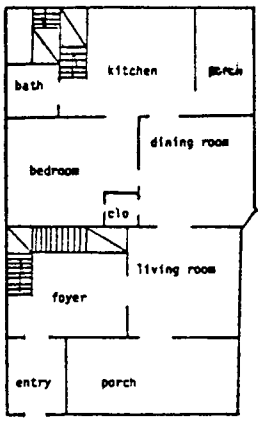


PROPERTY CONVEYANCE

1. During the period prior to being granted title, the homesteader shall be renting the property from the Authority for a fee of $1.00.
2. As mentioned earlier, title to the property shall be granted to the homesteader after completion of all the rehabilitation work according to a schedule agreed to by the homesteader and the Authority.

Open House: Apr. 24, 1-4 pm

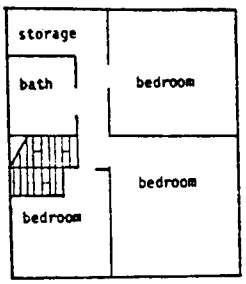


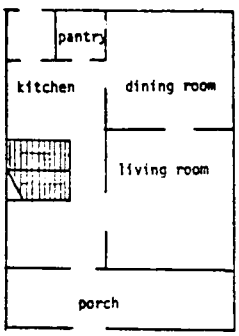


Code (Required) Work.....$39,265
Recommended Work..... .....$ 1,265

TOTAL (+ 10% contingency).....$44,583

2409 - Eleventh Ave. So.

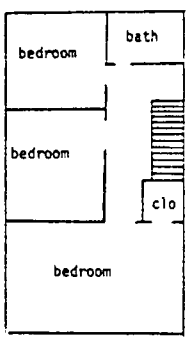


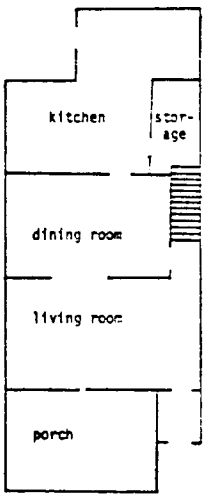


Code Work.....$21,396
Recommended Work...$ 4,240

TOTAL(+10% cont.)..$28,196

3215 Oakland Ave. So.





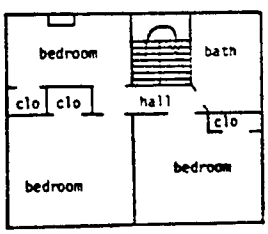
Code Work...$22,115
Rec. Work...$ 3,230

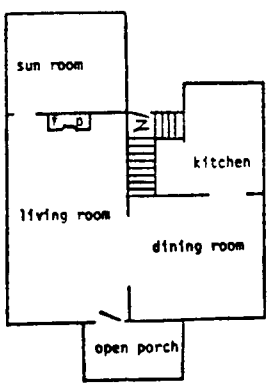
TOTAL
(+10% cont.)$27,879

1023 East 28th St.

Code Work.....$16,820
Recommended Work.....$10,710

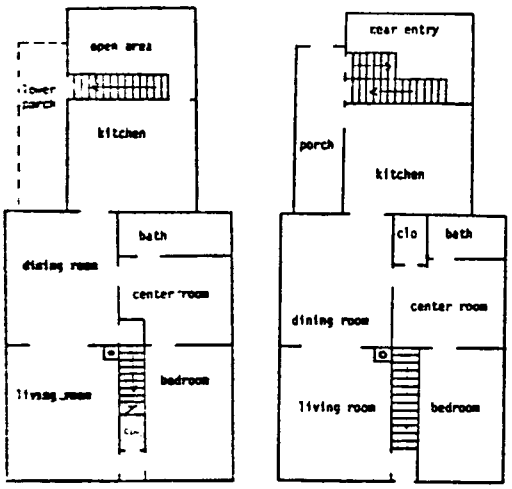
TOTAL (+10% cont.).....$30,283





3217 - Fifth Ave. So.

(OVER)



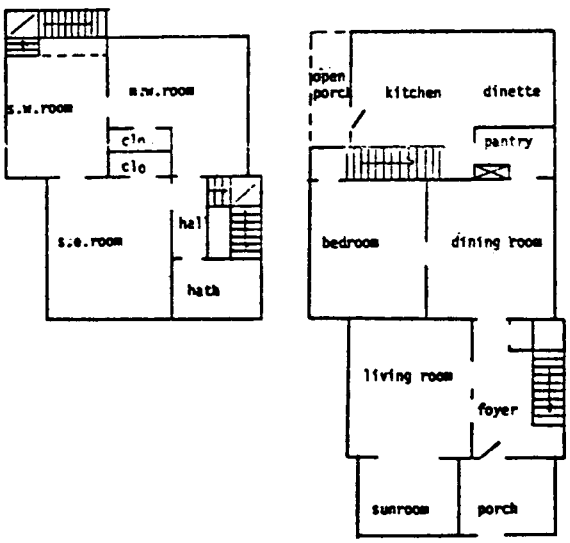
Code Work.....$21,885
Recommended Work.....$11,775

TOTAL (+10% cont.).....$37,026

3900 - Fourth Ave. So.

Code Work.....$28,420
Recommended Work.....$11,035

TOTAL (+10% cont.).....$43,400



2506 Stevens Ave. So.

Code Work is that which you would be required to complete in order to comply with City Codes.

10% Contingency is added to each estimate to cover unforeseen expenses.

All estimates stated here are contractor's estimates.

Property Write-Up

THE HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF MINNEAPOLIS
217 SOUTH THIRD ST., MINNEAPOLIS, MINNESOTA 55401

MEMO TO: Warren Ditch, Scattered Site Production Manager

FROM: Bill Huston, Rehab Specialist

DATE: May 8, 1975

SUBJECT: Property at 806 Queen Ave. No.

The subject property is a one story single family dwelling. The exterior finish is stucco. There is a screened porch across the front of the dwelling. The basement is full with poured foundation walls. The heat is furnished by a gravity air conversion system. The electrical service is inadequate. The first floor consists of a kitchen, dining room, living room, foyer, two bedrooms and full bath. The second floor is a large unfinished area with adequate headroom for future conversion into two bedrooms with closets. All floors, other than the kitchen and bath, are hardwood. The house appears plumb and solid, other than the front porch. There is no garage. The houses in the nearby area are in keeping with the style and price range of the subject property and show good to fair maintenance.

The major items in need of repair are:

1. Replacement of water service from the street and connecting supply piping to all fixtures.
2. Replacement of present heating system with forced air system.
3. Installation of a new 100 amp electrical system and code wiring of the basement and necessary placement of receptacles.
4. Replacement of the kitchen floor covering, counter top, sink and repairs to the existing cabinets.
5. Complete redecorating throughout, much of which has been caused by vandalism and pilferage, especially the windows.
6. Complete remodeling of bathroom with replacement of obsolete fixtures and floor.
7. Remodeling of center hallway and bathroom to facilitate the installation of a closet for the rear bedroom.
8. Removal or repairs to the sagging front porch.
9. Repairs to the sagging rafter tails and replacement of the roof shingles.
10. Painting of all exterior trim and exposed metal and stucco.
11. Replacement of cracked and heaved sidewalks and stoops.

The estimated rehab costs are as follows:

Code work	$ 9,450	
Desirable Rehab	8,355	
	$17,805	
Plus 5% Cont.	890	
	$18,695	(say $18,700)

The FHA appraisal on this property, approximately one year ago, was $17,500 in a repaired condition using their work write up as a guide. Our own write up made one year later, and reflecting today's prices is approximately $1700 higher than those used by FHA. It is our intention to obtain a more current appraisal by a private fee appraiser to ascertain the economic feasibility of this property. We would estimate a capable homesteader could possibly do some $8750 worth of the estimated rehab. If this be the case, he would then have some $9950 invested in the property.

806 Queen Ave. No.	Code	Des
BASEMENT		
1. Install concrete plinth blocks under 4 wood column posts.		200
2. Remove existing partitions.		60
3. Remove piece of plywood on ceiling.	—	—
4. Repair basement units to be operable and weathertight.	40	
5. Provide cover for meter pit.	15	
6. Wire brush and paint foundation walls.		200
7. Scrape and paint basement units and post and beams.		50
8. Replace water service from stop box in street to house.		500
9. Replace water supply pipes from meter to all fixtures.	100	200
10. Replace laundry tubs.		160
11. Replace water heater with one of 40 gallon capacity.	40	120
12. Make all drains and vents operable and open.	40	
13. Repair or replace heating ducts. Recommend replacing gravity air furnace with forced air gas system.	300	1200
14. Commercially clean all ducts and registers.		50
15. Install 100 amp electrical service with circuit breaker cabinet.	500	
16. Wire basement to minimum code.	200	
17. Broom sweep ceiling.		15
18. Patch foundation wall as necessary.	50	
19. Patch concrete floor and wash remainder of floor.	50	
20. Remove gas line with cast iron fittings by laundry tubs.	20	
21. Replace clean out cover at base of main stack.	10	
22. Replace floor drain cover.	10	
BASEMENT STAIRS		
1. Replace treads, risers and stringers.	160	
2. Install handrails on both sides of open stairway.	40	
3. Rehang passage door.		5
4. Replace passage door lockset.		20
5. Renail loose door stop.		5
6. Install 12 rubber stair treads.		30
7. Patch walls and ceiling.	50	
8. Paint walls, ceiling, new steps and finish handrails.		80
KITCHEN		
1. Repair all broken window glass.	10	
2. Make all windows operable and weathertight.		5
3. Replace rear door complete with new threshold, weatherstrip and dead bolt lockset.		125
4. Replace storm door with self storing aluminum comb. door.	80	
5. Make all doors and drawers operable and replace all missing hardware.		25
6. Install upper storage cabinets over range area.		150
7. Strip ceiling and sheetrock or install ceiling tile or equal.		160
8. Wash all woodwork and walls.	—	—
9. Patch walls and paint.	50	130
10. Replace existing sink with double compartment sink complete with drain system and new faucets.		160
11. Install gas piping for range.		50
12. Replace linoleum with vinyl sheet goods over ¼" underlayment.	210	
13. Replace counter top with formica complete with full backsplash.	130	
14. Replace ceiling light fixture and install 3-way switches.	20	60
15. Install light fixture over sink area controlled by wall switch.		60
16. Replace existing outlet with grounded type.	10	
17. Install duplex appliance outlet.	40	
	2175	3820

DINING ROOM	Code	Des.
1. Replace missing buffet drawer.		20
2. Make all doors and drawers operable and replace all missing hardware.	20	
3. Make all windows operable and weathertight.	15	
4. Strip ceiling and sheetrock or install ceiling tile or equivalent.	215	
5. Remove old worn and soiled carpeting.	15	
6. Repair base molding after installation of new heating system.		15
7. Wash all woodwork.	--	--
8. Remove wallpaper and patch walls.	80	
9. Paint walls and ceiling if sheetrocked.		130
10. Stain varnish woodwork.	--	--
11. Sand and seal hardwood flooring and finish with approved material.		60
12. Patch flooring where cold air register was.		15
13. Replace ceiling light fixture.	30	
14. Replace all devices and cover plates.		20
15. Install one duplex receptacle on north and south walls.	70	
16. Remove or replace brass sockets on buffet.	10	
LIVING ROOM		
1. Repair all broken window glass.	20	
2. Make all windows operable and weathertight.	15	
3. Strip ceiling and sheetrock or install ceiling tile or equivalent.	50	180
4. Remove old soiled carpeting.	20	
5. Repair damaged door trim at front entry door.	40	
6. Repair base molding after installation of new heating system.		15
7. Repair broken glass in entry door.	10	
8. Install self storing aluminum comb. door.	80	
9. Wash all woodwork.	--	--
10. Patch wall and paint including ceiling if sheetrocked.	25	110
11. Stain varnish woodwork.	--	--
12. Patch flooring where cold air return was.		15
13. Sand and seal hardwood flooring and finish with approved material.		60
14. Install one duplex outlet in SW corner and check existing outlet.	40	
15. Replace missing sash on south wall and ruined piece of oak sill molding.	60	
PARLOR		
1. Replace one pair sash cords.	15	
2. Make all double hung windows operable and weathertight.	10	
3. Remove old worn and soiled carpeting.	10	
4. Repair base molding after heating installation.		15
5. Strip ceiling and sheetrock or install ceiling tile or equivalent.		135
6. Wash all walls and woodwork.	--	--
7. Patch walls and apint including ceiling if sheetrocked.		100
8. Stain varnish woodwork.	--	--
9. Patch flooring where cold air return was.		15
10. Sand and seal hardwood flooring and finish with approved material.		35
11. Replace pull chain fixture in closet or remove if insufficient clearance.	10	
12. Install one duplex outlet on NE wall and check existing outlet.	40	
	900	940

NW BEDROOM	Code	Des.
1. Either sheetrock ceiling or install ceiling tile or equivalent.	40	130
2. Patch walls, and paint along with woodwork and ceiling.		115
3. Cut off closet door.		5
4. Make double hung window operative and replace all missing hardware.		5
5. Sand and seal hardwood flooring and finish with approved material.	45	
6. Replace ceiling light fixture.	20	
7. Remove high receptacle and install one each on north & west walls.	40	
BATHROOM		
1. Install privacy lockset.	20	
2. Replace 1 pair of sash cords.	15	
3. Repair broken window glass and make window operable.	15	
4. Remove existing plastic tile, patch walls and install either ceramic tile or appropriate wall board.		250
5. Repair heaved and buckled floor.	50	
6. Install vinyl sheetgoods over ¼" underlayment.	80	
7. Patch wall where old medicine cabinet was.	15	
8. Install one window shade.	5	
9. Remove wallpaper, patch walls and ceiling and paint top half, including woodwork.	30	80
10. Replace all 3 bath fixtures and relocate closet bowl to facilitate the construction of a closet for the rear bedroom.	250	350
11. Replace all lead wastes and vents.		125
12. Remove illegal cord wiring.	5	
13. Install an illuminated medicine cabinet controlled by a wall switch.	20	40
HALLWAY		
1. Relocate (or offset) partition between front bedroom and hallway and cut opening into dining room to provide access to bathroom		400
2. Remove doorway into rear bedroom and erect a closet, which will have to encroach into the bathroom some, for the rear bedroom.	--	--
3. Refinish hardwood flooring.	5	
4. Paint all walls, ceiling and woodwork.		100
NE BEDROOM		
1. Repair broken window glass.	10	
2. Replace passage door lockset.	20	
3. Remove wallpaper, patch and paint walls, ceiling, woodwork and new closet.	140	
4. Install shelf and rod in closet.		15
5. Install door on closet.	35	
6. Sand and seal hardwood flooring and finish in an approved material	45	
7. Replace ceiling light fixture.	20	
8. Remove high receptacle on east wall.	--	--
9. Install on duplex outlet on west and east walls.	80	
	1005	1615

STAIRS TO ATTIC	Code	Des.
1. Replace 8 broken stair treads.	80	
2. Install handrail.	20	
3. Install passage door.	35	
4. Insulate trap door.		10
5. Patch walls and paint.	20	30
6. Stain varnish treads and risers.	--	--
ATTIC		
1. Install double header in dormer area to support long span of 2x4 rafters.		60
2. Install knee walls in other areas of attic to support sagging 2x4 rafters.		150
3. Repair broken window glass and replace missing sash.	100	
4. Replace missing floor boards and renail loose boards.	50	
5. Remove old wood storm windows.	10	
6. Replace broken window stops and sash cords.	15	
7. Wire attic to minimum code.	70	
8. Install light fixture controlled by a wall switch at the bottom of stairs.	50	
EXTERIOR		
1. Correct sag to rafter tails on north and south side of house.	500	
2. Remove old screens and door on front porch.	30	
3. Replace rotted deck boards on front porch entry area.	100	
4. Replace rotted cornice boards.	150	
5. Replace roofing and any rotted or missing roof sheathing boards.	1600	
6. Install code footings and handrail on existing wood rear stoop or replace with concrete.	150	
7. Install code footings under front porch and tuckpoint block.	600	
8. Replace front steps with concrete.	350	
9. Install handrail.	--	--
10. Putty and paint all window sash.	--	--
11. Scrape, wire brush and paint all exterior trim and exposed metal.	600	
12. Paint stucco.		500
13. Stain varnish porch ceiling.	--	--
14. Replace wood storm windows with aluminum self storing windows.	100	300
15. Replace basement unit storm windows with aluminum gliders.	20	80
16. Install gutters and downspouts including dormers.		400
17. Rebuild chimney.	250	
18. Check front entry outside fixture.	10	
19. Replace front porch fixture.	20	
SITE		
1. Replace sidewalk from front steps to grade steps.	100	
2. Replace sidewalk from front steps to rear steps.	340	
3. Remove scrub pine at boulevard.		10
4. Brush out along south side of dwelling.		30
5. Remove 2 saplings in center of rear yard.		30
6. Trim and brush out south lot line in rear.		30
7. Trim large elm tree overhanging dwelling.		100
8. Trim and brush along alley.		20
9. Trim and brush along north lot line		30
10. Provide off street parking pad.		200
	5370	1980

It is suggested to remove the front porch which will be most costly to repair properly. The settling of the porch has caused the roof to sag severely and in addition has caused the attic floors to heave to the point where it would be difficult to utilize this space for future expansion.

Total Code	$ 9,450	
Total Des.	8,355	
	$17,805	
Plus 5% Cont.	890	
	$18,695	(say $18,700)
	$18,700	(homesteader)
	- 8,750	
	$ 9,950	

APPENDIX I

PHOTOGRAPHS OF HOUSES OFFERED FOR HOMESTEADING



A. 1220 22nd Avenue North

Figure 5. Unrehabilitated homestead houses.



B. 3022 Fremont Avenue North



C. 818 Newton Avenue North

Figure 5 (continued)

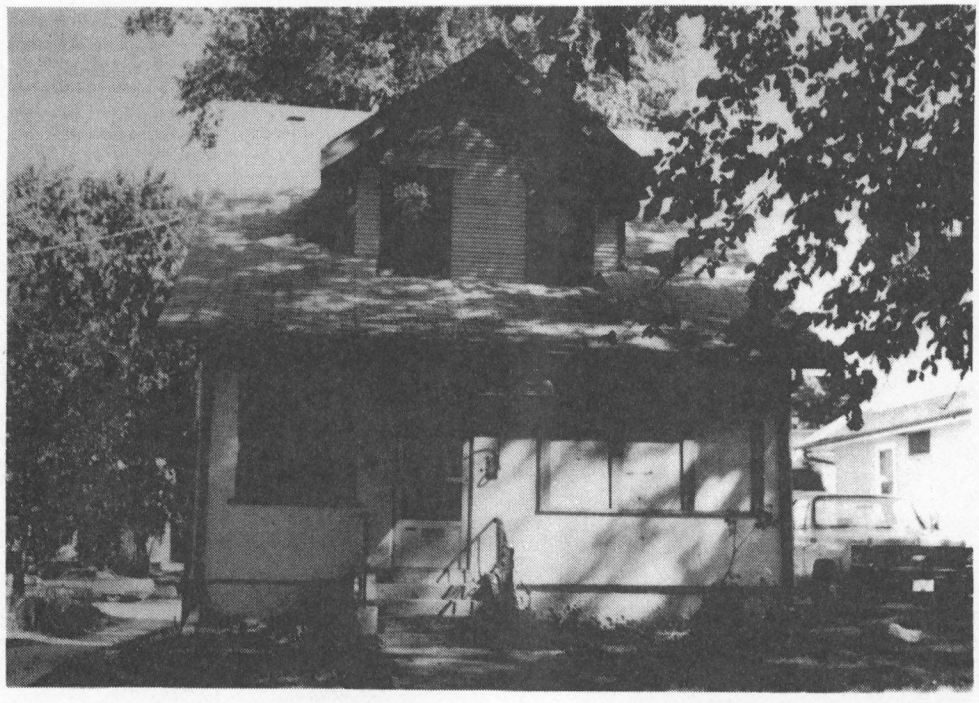


D. 3326 Oakland Avenue South



E. 1911 Thomas Avenue North

Figure 5 (continued)



F. 1310 Thomas Avenue North



G. 1651 Sheridan Avenue North

Figure 5 (continued)

APPENDIX J

TABULATED RESULTS OF STATISTICAL ANALYSES

Table 4. Independent Samples t-Tests for Number of Persons in Household for Homesteader and Comparison Groups.

Method of Acquiring Housing	M	SD	t
Total			
Purchase	2.94	1.11	1.49
Homesteading	2.58	1.23	
Adult Males			
Purchase	1.19	.40	.79
Homesteading	1.13	.34	
Adult Females			
Purchase	1.10	.38	1.40
Homesteading	1.00	.24	
Children			
Purchase	.87	.97	.61
Homesteading	.75	1.10	

Table 5. MANOVA Summary Table for Number of Persons in Household for Homesteader and Comparison Groups.

Source	df	SS	MS	F
Total				
Between Groups	1	1.36	1.36	1.10
Within Groups	70	86.58	1.24	
Total	71	87.94		
Adult Males				
Between Groups	1	.05	.05	1.84
Within Groups	70	1.89	.03	
Total	71	1.94		
Adult Females				
Between Groups	1	.33	.33	3.48
Within Groups	70	6.55	.09	
Total	71	6.88		
Children				
Between Groups	1	1.62	1.62	1.67
Within Groups	70	67.66	.97	
Total	71	69.28		

Table 6. Independent Samples Chi Square Contingency Table for Number of Persons in Household for Homesteader and Comparison Groups.

Method of Acquiring Housing	0	1	2	3	4 or More
Total					
Purchase					
Number		3	17	14	15
Percent		6.12	34.69	28.57	30.61
Homesteading					
Number		7	22	8	11
Percent		14.58	45.83	16.67	22.92
Adult Males					
Purchase					
Number		38	9		
Percent		80.85	19.15		
Homesteading					
Number		40	6		
Percent		86.96	13.04		
Adult Females					
Purchase					
Number		36	2	1	
Percent		92.31	5.13	2.56	
Homesteading					
Number	1	34	1		
Percent	2.78	94.44	2.78		
Children					
Purchase					
Number	22	15	8	4	
Percent	44.90	30.61	16.33	8.16	
Homesteading					
Number	29	7	9	1	2
Percent	60.42	14.58	18.75	2.08	4.17

Table 7. Independent Samples t-Tests for Ages of Heads of Households for Homesteader and Comparison Groups.

Method of Acquiring Housing	M	SD	t
Male			
Purchase	33.27	11.97	.25
Homesteading	32.71	9.20	
Female			
Purchase	31.49	11.86	.90
Homesteading	29.40	8.68	

Table 8. MANOVA Summary Table for Ages of Heads of Households for Homesteader and Comparison Groups.

Source	df	SS	MS	F
Male				
Between Groups	1	9.77	9.77	.08
Within Groups	73	9363.21	128.26	
Total	74	9372.99		
Female				
Between Groups	1	81.46	81.46	.70
Within Groups	73	8444.54	115.68	
Total	74	8526.00		

Table 9. Independent Samples Chi Square Contingency Table for Age of Male Head of Household for Homesteader and Comparison Groups.

Method of Acquiring Housing	22-25	26-27	28-29	30-33	34-40	41 or Over
Purchase						
Number	8	10	10	7	5	8
Percent	16.67	20.83	20.83	14.58	10.42	16.67
Homesteading						
Number	7	9	7	7	7	8
Percent	15.56	20.00	15.56	15.56	15.56	17.78

Table 10. Independent Samples Chi Square Contingency Table for Age of Female Head of Household for Homesteader and Comparison Groups.

Method of Acquiring Housing	20-24	25-26	27	28-30	31 or Over
Purchase					
Number	11	3	10	9	10
Percent	25.58	6.98	23.26	20.93	23.26
Homesteading					
Number	8	9	3	7	8
Percent	22.86	25.71	8.57	20.00	22.86

Table 11. Independent Samples t-Tests for Number of Persons in Household Employed for Homesteader and Comparison Groups.

Method of Acquiring Housing	M	SD	t
Full-time			
Purchase	1.38	.49	.82
Homesteading	1.29	.50	
Part-time			
Purchase	.31	.62	.31
Homesteading	.27	.49	

Table 12. MANOVA Summary Table for Number of Persons in Household Employed for Homesteader and Comparison Groups.

Source	df	SS	MS	F
Full-time				
Between Groups	1	.23	.23	.94
Within Groups	93	22.65	.24	
Total	94	22.88		
Part-time				
Between Groups	1	.03	.03	.10
Within Groups	93	29.72	.32	
Total	94	29.75		

Table 13. Independent Samples Chi Square Contingency Table for Number of Persons in Household Employed for Homesteader and Comparison Groups.

Method of Acquiring Housing	0	1	2
Full-time			
Purchase			
Number		30	18
Percent		62.50	37.50
Homesteading			
Number		32	15
Percent		68.09	31.91
Part-time			
Purchase			
Number	38	7	4
Percent	77.55	14.29	8.16
Homesteading			
Number	36	11	1
Percent	75.00	22.92	2.08

Table 14. Independent Samples t-Test for Categories of Annual Total Family Income Before Taxes for Homesteader and Comparison Groups.

Method of Acquiring Housing	M	SD	t
Purchase	4.02	1.34	2.31*
Homesteading	3.45	1.04	

*P < .05.

Key to Numerical Classifications:
1. Less than $5,000 annually.
2. Between $5,000 and $9,999 annually.
3. Between $10,000 and $14,999 annually.
4. Between $15,000 and $19,999 annually.
5. Between $20,000 and $24,999 annually.
6. $25,000 or more annually.

Table 15. Independent Samples Chi Square Contingency Table for Categories of Annual Total Family Income Before Taxes for Homesteader and Comparison Groups.

Method of Acquiring Housing	$5,000-$9,999	$10,000-$14,999	$15,000-$19,999	$20,000 or More
Purchase				
Number	8	8	11	18
Percent	17.78	17.78	24.44	40.00
Homesteading				
Number	9	16	16	6
Percent	19.15	34.04	34.04	12.77

$x^2 = 9.61$, $P < .05$.

Table 16. Independent Samples Chi Square Contingency Table for Type of Previous Dwelling Unit for Homesteader and Comparison Groups.

Method of Acquiring Housing	A Single Family Residence	A Duplex	An Apartment Building of Three Stories Height or Less	Other
Purchase				
Number	20	12	4	13
Percent	40.82	24.49	8.16	26.53
Homesteading				
Number	7	21	6	16
Percent	14.00	42.00	12.00	32.00

$x^2 = 9.42$, $P < .05$.

Table 17. Independent Samples Chi Square Contingency Table for Type of Tenure of Previous Dwelling Unit for Homesteader and Comparison Groups.

Method of Acquiring Housing	Owner	Renter
Purchase		
Number	14	33
Percent	29.79	70.21
Homesteading		
Number	5	44
Percent	10.20	89.80

$x^2 = 5.80$, $P < .05$.

Table 18. Independent Samples t-Test for Categories of Time of Initial Occupancy of Dwelling Unit for Homesteader and Comparison Groups.

Method of Acquiring Housing	M	SD	t
Purchase	20.90	3.11	.79
Homesteading	20.18	5.53	

Key to Numerical Classifications:

1. January, 1975
2. February, 1975
3. March, 1975
4. April, 1975
5. May, 1975
6. June, 1975
7. July, 1975
8. August, 1975
9. September, 1975
10. October, 1975
11. November, 1975
12. December, 1975
13. January, 1976
14. February, 1976
15. March, 1976
16. April, 1976
17. May, 1976
18. June, 1976
19. July, 1976
20. August, 1976
21. September, 1976
22. October, 1976
23. November, 1976
24. December, 1976
25. January, 1977
26. February, 1977
27. March, 1977
28. April, 1977
29. May, 1977

Table 19. Independent Samples Chi Square Contingency Table for Categories of Time of Initial Occupancy of Dwelling Unit for Homesteader and Comparison Groups.

Method of Acquiring Housing	April 1975-March 1976	April 1976-June 1976	July 1976-August 1976	September 1976-October 1976	November 1976	December 1976-April 1977
Purchase						
Number	3	9	10	7	11	9
Percent	6.12	18.37	20.41	14.29	22.45	18.37
Homesteading						
Number	8	5	5	12	7	12
Percent	16.33	10.20	10.20	24.49	14.29	24.49

Table 20. Independent Samples Chi Square Contingency Table for Categories of Occupations of Heads of Households for Homesteader and Comparison Groups.

Method of Acquiring Housing	White Collar	Blue Collar	Student	Unemployed	Retired
Purchase					
Number	50	23	2		4
Percent	63.29	29.11	2.53		5.06
Homesteading					
Number	48	17	5	3	
Percent	65.75	23.29	6.85	4.11	

Table 21. Independent Samples t-Tests for Ratings of Change in Total Family Situation and Last Move for Homesteader and Comparison Groups.

Method of Acquiring Housing	M	SD	t
Total Family Situation			
Purchase	3.84	.75	-1.57
Homesteading	4.09	.80	
Last Move			
Purchase	2.69	.47	-1.15
Homesteading	2.80	.41	

Key to Numerical Classifications:
Total Family Situation
1. Much Worse Here
2. Somewhat Worse Here
3. About the Same
4. Somewhat Better Here
5. Much Better Here

Last Move
1. Very Bad
2. Okay
3. Very Good

Table 22. MANOVA Summary Table for Ratings of Change in Total Family Situation and Last Move for Homesteader and Comparison Groups.

Source	df	SS	MS	F
Total Family Situation				
Between Groups	1	1.48	1.48	2.47
Within Groups	94	56.35	.60	
Total	95	57.83		
Last Move				
Between Groups	1	.32	.32	1.68
Within Groups	94	17.68	.19	
Total	95	18.00		

Key to Numerical Classifications:

Total Family Situation
1. Much Worse Here
2. Somewhat Worse Here
3. About the Same
4. Somewhat Better Here
5. Much Better Here

Last Move
1. Very Bad
2. Okay
3. Very Good

Table 23. Independent Samples Chi Square Contingency Table for Ratings of Change in Total Family Situation for Homesteader and Comparison Groups.

Method of Acquiring Housing	About the Same or Worse Here	Better Here
Purchase		
Number	18	31
Percent	36.73	63.27
Homesteading		
Number	11	36
Percent	23.40	53.73

Table 24. Independent Samples Chi Square Contingency Table for Ratings of Last Move for Homesteader and Comparison Groups.

Method of Acquiring Housing	Okay	Very Good
Purchase		
Number	15	34
Percent	30.61	69.39
Homesteading		
Number	10	39
Percent	20.41	79.59

Table 25. Index Scores of Change in Total Family Situation for Homesteader and Comparison Groups.

Variable	Mean Rating of Change	Mean Rating of Importance	Total
Comparison Group			
Convenience	3.58	3.56	12.74
Health	3.17	3.41	10.81
Satisfaction	4.31	3.83	16.51
Financial	3.38	3.83	12.95
House	4.53	3.75	16.99
Neighborhood	3.81	3.67	13.98
Safety	3.27	3.60	11.77
Interpersonal Relationships	3.68	3.09	11.37
			107.12
Homesteaders			
Convenience	3.15	3.35	10.55
Health	3.29	3.44	11.32
Satisfaction	4.45	3.85	17.13
Financial	3.78	3.69	13.95
House	4.52	3.67	16.59
Neighborhood	3.13	3.43	10.74
Safety	2.98	3.42	10.19
Interpersonal Relationships	3.54	3.33	11.79
			102.26

Key to Mean Ratings:

Change
1. Much Worse Here
2. Somewhat Worse Here
3. About the Same
4. Somewhat Better Here
5. Much Better Here

Importance
1. Extremely Unimportant
2. Somewhat Unimportant
3. Somewhat Important
4. Extremely Important

Table 26. Independent Samples t-Test for Index Scores of Change in Total Family Situation for Homesteader and Comparison Groups.

Method of Acquiring Housing	M	SD	t
Purchase	13.39	2.30	.48
Homesteading	12.78	2.77	

Table 27. Independent Samples Chi Square Contingency Table for Homesteader Feelings about Participation in the Program.

Method of Acquiring Housing	Don't Know	Happy Have Participated
Homesteading		
Number	2	46
Percent	4	96

$x^2 = 84.5$, $P < .05$.

Table 28. Multiple Regression Summary Table for Ratings of Change in Total Family Situation and Eight Selected Variables for Both Homesteader and Comparison Groups.

Source	df	SS	MS	F
Between Groups	8	14.55	1.82	3.75*
Within Groups	75	36.34	.48	
Total	83	50.89		

*P < .05.

Table 29. MANOVA Summary Table for Ratings of Change in Total Family Situation and Eight Selected Variables for Homesteader and Comparison Groups.

Source	df	SS	MS	F
Total Family Situation				
Between Groups	1	1.42	1.42	2.36
Within Groups	82	49.47	.60	
Total	83	50.89		
Health				
Between Groups	1	.14	.14	.41
Within Groups	82	28.56	.35	
Total	83	28.70		
House				
Between Groups	1	.04	.04	.05
Within Groups	82	68.85	.84	
Total	83	68.89		
Interpersonal Relationships				
Between Groups	1	.09	.09	.11
Within Groups	82	65.20	.80	
Total	83	65.29		
Satisfaction				
Between Groups	1	.73	.73	.89
Within Groups	82	67.69	.83	
Total	83	68.42		
Convenience				
Between Groups	1	7.04	7.04	4.66*
Within Groups	82	123.95	1.51	
Total	83	130.99		
Neighborhood				
Between Groups	1	10.02	10.02	7.82*
Within Groups	82	104.98	1.28	
Total	83	115.00		
Safety				
Between Groups	1	3.74	3.74	3.63
Within Groups	82	84.55	1.03	
Total	83	88.29		

Table 29 (continued)

Source	df	SS	MS	F
Financial Situation				
Between Groups	1	3.13	3.13	3.43
Within Groups	82	74.90	.91	
Total	83	78.04		

*P < .05.

Key to Numerical Classifications:
1. Much Worse Here
2. Somewhat Worse Here
3. About the Same
4. Somewhat Better Here
5. Much Better Here

Table 30. Independent Samples Chi Square Contingency Table for Change in Health for Homesteader and Comparison Groups

Method of Acquiring Housing	About the Same or Worse Here	Better Here
Purchase		
Number	40	8
Percent	83.33	16.67
Homesteading		
Number	36	12
Percent	75.00	25.00

Table 31. MANOVA Summary Table for Ratings of Importance in Future Housing Purchase Decisions of Eight Selected Variables for Homesteader and Comparison Groups.

Source	df	SS	MS	F
Health				
Between Groups	1	.05	.05	.08
Within Groups	82	50.19	.61	
Total	83	50.24		
House				
Between Groups	1	.01	.01	.06
Within Groups	82	16.69	.20	
Total	83	16.70		
Interpersonal Relationships				
Between Groups	1	1.71	1.71	3.86
Within Groups	82	36.43	.44	
Total	83	38.14		
Satisfaction				
Between Groups	1	.11	.11	.81
Within Groups	82	10.88	.13	
Total	83	10.99		
Convenience				
Between Groups	1	.96	.96	3.61
Within Groups	82	21.93	.27	
Total	83	22.89		
Neighborhood				
Between Groups	1	1.19	1.19	3.32
Within Groups	82	29.38	.36	
Total	83	30.57		
Safety				
Between Groups	1	.76	.76	2.82
Within Groups	82	22.19	.27	
Total	83	22.95		
Financial Situation				
Between Groups	1	.43	.43	2.37
Within Groups	82	14.81	.18	
Total	83	15.24		

Key to Numerical Classifications:
1. Extremely Unimportant
2. Somewhat Unimportant
3. Somewhat Important
4. Extremely Important

Table 32. Independent Samples t-Tests for Number of Days Absences from Work and School for Homesteader and Comparison Groups.

Method of Acquiring Housing	M	SD	t
Work			
Purchase	.98	1.76	1.17
Homesteading	.61	1.18	
School			
Purchase	2.79	5.13	.53
Homesteading	2.00	1.86	

Table 33. Independent Samples Chi Square Contingency Table for Change in House, Neighborhood, and Safety for Homesteader and Comparison Groups.

Method of Acquiring Housing	Worse Here	About the Same	Better Here
House			
Purchase			
Number	7	5	37
Percent	14.29	10.20	75.51
Homesteading			
Number	6	9	35
Percent	12.00	18.00	70.00
Neighborhood*			
Purchase			
Number	7	12	29
Percent	14.58	25.00	60.42
Homesteading			
Number	14	18	16
Percent	29.17	37.50	33.33
Safety			
Purchase			
Number	11	20	17
Percent	22.92	41.67	35.42
Homesteading			
Number	17	22	10
Percent	34.69	44.90	20.41

*$x^2 = 7.29$, $P < .05$.

Table 34. Independent Samples t-Tests for Number of Rooms in Dwelling Unit for Homesteader and Comparison Groups.

Method of Acquiring Housing	M	SD	t
Previous			
Purchase	4.79	1.53	.52
Homesteading	4.62	1.65	
Present			
Purchase	6.14	1.62	-2.18*
Homesteading	6.76	1.17	
Change			
Purchase	1.34	1.81	-2.08*
Homesteading	2.14	1.96	

*P < .05.

Table 35. MANOVA Summary Table for Number of Rooms in Dwelling Unit for Homesteader and Comparison Groups.

Source	df	SS	MS	F
Previous				
Between Groups	1	.68	.68	.27
Within Groups	95	241.65	2.54	
Total	96	242.33		
Present				
Between Groups	1	9.69	9.69	4.78*
Within Groups	95	192.35	2.02	
Total	96	202.04		
Change				
Between Groups	1	15.49	15.49	4.35*
Within Groups	95	338.57	3.56	
Total	96	354.06		

*P < .05.

Table 36. Independent Samples t-Tests for Number of Bedrooms in Dwelling Unit for Homesteader and Comparison Groups.

Method of Acquiring Housing	M	SD	t
Previous			
Purchase	2.19	.82	.91
Homesteading	2.02	1.02	
Present			
Purchase	2.87	.97	-.93
Homesteading	3.04	.81	
Change			
Purchase	.68	1.14	-1.34
Homesteading	1.02	1.33	

Table 37. MANOVA Summary Table for Number of Bedrooms in Dwelling Unit for Homesteader and Comparison Groups.

Source	df	SS	MS	F
Previous				
Between Groups	1	.71	.71	.82
Within Groups	95	82.26	.87	
Total	96	82.97		
Present				
Between Groups	1	.68	.68	.86
Within Groups	95	75.15	.79	
Total	96	75.84		
Change				
Between Groups	1	2.79	2.79	1.80
Within Groups	95	147.19	1.55	
Total	96	149.98		

Table 38. Independent Samples t-Tests for Number of Bathrooms in Dwelling Unit for Homesteader and Comparison Groups.

Method of Acquiring Housing	M	SD	t
Previous			
Purchase	1.28	.66	1.95
Homesteading	1.08	.29	
Present			
Purchase	1.44	.71	.63
Homesteading	1.36	.46	
Change			
Purchase	.16	.62	-.98
Homesteading	.29	.60	

Table 39. MANOVA Summary Table for Number of Bathrooms in Dwelling Unit for Homesteader and Comparison Groups.

Source	df	SS	MS	F
Previous				
Between Groups	1	.96	.96	3.79
Within Groups	93	23.50	.25	
Total	94	24.46		
Present				
Between Groups	1	.15	.15	.40
Within Groups	93	33.50	.36	
Total	94	33.65		
Change				
Between Groups	1	.36	.36	.96
Within Groups	93	34.53	.37	
Total	94	34.88		

Table 40. Independent Samples Chi Square Contingency Table for Change in Interpersonal Relationships and Satisfaction for Homesteader and Comparison Groups.

Method of Acquiring Housing	About the Same or Worse Here	Somewhat Better Here	Much Better Here
Interpersonal Relationships			
Purchase			
Number	21	17	9
Percent	44.68	36.17	19.15
Homesteading			
Number	24	14	8
Percent	52.17	30.43	17.39
Satisfaction			
Purchase			
Number	9	11	29
Percent	18.37	22.45	59.18
Homesteading			
Number	6	11	30
Percent	12.77	23.40	63.83

Table 41. Independent Samples Chi Square Contingency Table for Change in Convenience and Financial Situation for Homesteader and Comparison Groups.

Method of Acquiring Housing	Worse Here	About the Same	Somewhat Better Here	Much Better Here
Convenience				
Purchase				
Number	8	17	8	15
Percent	16.67	35.42	16.67	31.25
Homesteading				
Number	12	21	6	9
Percent	25.00	43.75	12.50	18.75
Financial Situation				
Purchase				
Number	8	19	14	6
Percent	17.02	40.43	29.79	12.77
Homesteading				
Number	4	17	14	14
Percent	8.16	34.69	28.57	28.57

Table 42. Independent Samples Chi Square Contingency Table for Dwelling Unit in the Same Neighborhood as Previous Dwelling Unit for Homesteader and Comparison Groups.

Method of Acquiring Housing	Same	Different
Purchase		
Number	9	40
Percent	18.37	81.63
Homesteading		
Number	9	40
Percent	18.37	81.63

Table 43. Independent Samples Chi Square Contingency Table for Families Experiencing Crime in Their Neighborhoods for Homesteader and Comparison Groups.

Method of Acquiring Housing	Have	Have Not
Robbery or Vandalism		
Purchase		
Number	12	37
Percent	24.49	75.51
Homesteading		
Number	20	30
Percent	40.00	60.00
Other		
Purchase		
Number	1	48
Percent	2.04	97.96
Homesteading		
Number	3	47
Percent	6.00	94.00

Table 44. MANOVA Summary Table for Change in Financial Aspects for Homesteader and Comparison Groups.

Source	df	SS	MS	F
Total Financial Situation				
Between Groups	1	3.97	3.97	4.44*
Within Groups	93	83.02	.89	
Total	94	86.99		
Housing Related Expenses				
Between Groups	1	12.64	12.64	10.23*
Within Groups	93	114.90	1.24	
Total	94	127.54		
Expectations of Profit or Loss				
Between Groups	1	.01	.01	.17
Within Groups	93	6.47	.07	
Total	94	6.48		

*P < .05.

Key to Numerical Classifications:

Total Financial Situation
1. Much Worse Here
2. Somewhat Worse Here
3. About the Same
4. Somewhat Better Here
5. Much Better Here

Housing Related Expenses
1. Much More Expensive Here
2. Somewhat More Expensive Here
3. About the Same
4. Somewhat Less Expensive Here
5. Much Less Expensive Here

Expectations of Profit or Loss
1. A Loss
2. About the Same Amount As Invested
3. A Profit

Table 45. Independent Samples t-Tests for Change in Financial Aspects for Homesteader and Comparison Groups.

Method of Acquiring Housing	M	SD	t
Housing Related Expenses			
Purchase	1.96	.93	-3.47*
Homesteading	2.73	1.25	
Expectations of Profit or Loss			
Purchase	2.92	.28	-.42
Homesteading	2.94	.24	

*P < .05.

Key to Numerical Classifications:
Housing Related Expenses
1. Much More Expensive Now
2. Somewhat More Expensive Now
3. About the Same
4. Somewhat Less Expensive Now
5. Much Less Expensive Now

Expectations of Profit or Loss
1. A Loss
2. About the Same Amount As Invested
3. A Profit

Table 46. Independent Samples Chi Square Contingency Table for Change in Housing Related Expenses for Homesteader and Comparison Groups.

Method of Acquiring Housing	More Expensive Now	About the Same	Less Expensive Now
Purchase			
Number	39	5	5
Percent	79.59	10.20	10.20
Homesteading			
Number	25	9	15
Percent	51.02	18.37	30.61

$x^2 = 9.21$, $P < .05$.

Table 47. Independent Samples Chi Square Contingency Table for Expectations of Profit or Loss for Homesteader and Comparison Groups.

Method of Acquiring Housing	About the Same Amount As Invested	A Profit
Purchase		
Number	4	45
Percent	8.16	91.84
Homesteading		
Number	3	47
Percent	6.00	94.00

Table 48. Correlation Matrix for Change in Total Financial Situation with Housing Related Expenses and Expected Profit.

	Change in Total Financial Situation
Housing-Related Expenses	.25*
Expectations of Profit or Loss	.13

*P < .05.

Table 49. Independent Samples Chi Square Contingency Table for Homesteader Ratings of MHRA Assistance with Rehabilitation Problems.

Method of Acquiring Housing	Very Unsuccessful	Moderately Successful	Very Successful
Homesteading			
Number	1	15	31
Percent	2	32	66

$x^2 = 54.02$, $P < .05$.

Table 50. Independent Samples Chi Square Contingency Table for Homesteader Rating of MHRA Staff Rehabilitation Estimates.

Method of Acquiring Housing	Much Too Low	Somewhat Too Low	About Right	Somewhat Too High
Homesteading				
Number	2	16	28	2
Percent	4	33	58	4

$x^2 = 61.17$, $P < .05$.

Table 51. Independent Samples Chi Square Contingency Table for Homesteader Estimates of Changes in the Amount of Work Contracted Compared to That Originally Intended to Be Contracted.

Method of Acquiring Housing	Much More	Somewhat More	About the Same	Somewhat Less	Much Less
Homesteading					
Number	2	18	24	3	3
Percent	4	36	48	6	6

$x^2 = 42.2$, $P < .05$.

Table 52. Independent Samples Chi Square Contingency Table for Homesteader Estimates of the Amount of Self-Help Work Completed or Planned.

Method of Acquiring Housing	All	Much	Only a Little	None
Homesteading				
Number	2	16	28	2
Percent	4	33	58	4

$x^2 = 39.33$, $P < .05$.

APPENDIX K

A SUBSIDY AND CLIENTELE COST COMPARISON FOR URBAN HOMESTEADING AND PUBLIC HOUSING

Table 53. Mean Per Unit Government Cost and Revenue Estimates for Urban Homesteading and Public Housing in Minneapolis Projected over Twenty Years.

Description	Estimates
Urban Homesteading	
Government Costs	
Program Costs Excluding Local Loans[a]	$14,690
Income Tax Subsidies at $1,986 Per Year for a Homeowner Whose Annual Income Falls between $10,000 and $15,000[b]	39,720
Total	$54,410
Public Revenue	
Taxes for a House Initially Valued at $18,200 with an Inflation Rate of 10 Percent Annually for 18 Years[c]	$36,521
Reduced Government Housing Inventory Holding Costs at $7.66 Per Day Per Unit[d]	55,458
Total	$91,979
Adjusted Total of Public Revenue (Public Revenue Minus Government Costs)	$37,559
Public Housing	
Government Costs	
Amortization and Interest (4 Percent) of the 1976 Per Unit Production Cost of $29,830[e]	$43,383
Rent Subsidy Per Unit of $55 Monthly[f]	13,200
Total	$56,583
Public Revenue	
10 Percent of Rents in Lieu of Taxes at $2.46 Per Month	$ 590
Adjusted Total of Public Costs (Government Costs Minus Public Revenue)	$55,993

Table 53 (continued)

[a]Program costs include administration, advertising, salaries of staff members, and other costs.

[b]Henry J. Aaron, Shelter and Subsidies: Who Benefits from Federal Housing Policies? (Washington, D. C.: Brookings Institution, 1972), p. 162.

[c]Statement by Russell Kallstrom, personal interview, November 1, 1977. This calculation assumes no rate increases and no tax defaults.

[d]Statement by Bill Broome, personal interview, November 1, 1977. This calculation assumes no cost increases. The calculations are made over twenty years on the assumption that an indefinite holding of properties would be necessary if urban homesteading or similar programs were not occurring and, more importantly, advertising for declining neighborhoods.

[e]Statement by Irma Lopez, personal interview, November 1, 1977. The initial amount of $29,830 does not include land costs. This calculation does not include the income tax subsidy to all purchasers of municipal bonds nor any additional costs when refinancing occurs.

[f]Statement by Paul Fuchs, personal interview, November 1, 1977. Total subsidy includes both federal and municipal subsidies. This calculation assumes no operating cost increases over twenty years.

Table 54. Housing Related Costs to Homesteaders and Occupants of Public Housing in Minneapolis Projected over Twenty Years.

Description	Estimates
Housing Related Costs to Homesteaders	
Purchase of House	$ 1
Loans Excluding Forgivable Incentive Loans[a]	
$2,640 at 3 Percent (Section 312 Loans)	3,514
$10,560 at 6 Percent (Local Loan and Grant Program)	18,157
Property Taxes for a House Initially Valued at $18,200 with an Inflation Rate of 10 Percent Annually for 18 Years[b]	36,521
Utilities and Maintenance of $1,260 Annually[c]	25,200
Total	$83,393
Housing Related Costs to Occupants of Public Housing	
Rental Payment of $51 Per Month (Includes Utilities)[d]	$12,240

[a]This calculation includes interest and principal and assumes no mortgage defaults.

[b]Statement by Russell Kallstrom, personal interview, November 1, 1977. This calculation assumes no rate increases and no tax defaults.

[c]Statement by Jane Prince, personal interview, November 1, 1977. These figures were estimated by MHRA. The calculations assume no rate increases over twenty years.

[d]Statement by Paul Fuchs, personal interview, November 1, 1977. This calculation assumes no operating cost increases over twenty years.

VITA

Barbara Oakley Nieri was born in Ozark, Alabama, May 30, 1945, to Harvey and Melba Payne Oakley. She attended elementary and high school in Gatlinburg, Tennessee. She graduated as valedictorian from Pi Beta Phi High School in 1963. The author graduated cum laude from The University of Tennessee in March 1972, with a Bachelor of Science degree in Related Art, Crafts, and Interior Design, majoring in interior design. She received a Master of Science degree from The University of Tennessee in Related Art, Crafts, and Interior Design in June 1974. Her thesis was entitled "A Design Study of a Low-Cost Residence Using Sprayed Plastic Foam Material." She received an interdisciplinary Doctor of Philosophy degree in Home Economics in December 1977 with a concentration in environmental factors with a specialty area of housing. Her graduate studies were supported by a University of Tennessee Graduate Nonservice Fellowship, an Alumni Graduate Scholarship, and by Graduate Teaching Assistantships.

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