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## **Reinvestment in Inner-City Historic Space: An Analysis of Gentrification in Knoxville, Tennessee**

Colin M. Riley  
*University of Tennessee - Knoxville*

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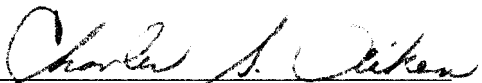
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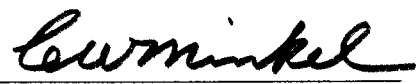
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REINVESTMENT IN INNER-CITY HISTORIC SPACE: AN ANALYSIS OF  
GENTRIFICATION IN KNOXVILLE, TENNESSEE

A Thesis  
Presented for the  
Master of Science  
Degree  
The University of Tennessee, Knoxville

Colin M. Riley

May, 1995

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## ABSTRACT

Gentrification is the movement of middle-class households back to the inner-city neighborhoods that they abandoned during the 1950s and 1960s. Most American cities with populations that exceed 100,000 have within them areas that are experiencing reinvestment and housing market revival. At the same time, urban renewal programs that were popular in the 1950s and 1960s have lost their support as responses to inner-city decline. Private citizens play a leading role in promoting gentrification. The term “managed gentrification” is used to describe the activities of inner-city neighborhood organizations in Knoxville, Tennessee. The organizations work closely with city planners to create the institutional and financial frameworks for private sector reinvestment in neighborhoods.

Managed gentrification has many aspects, and the behavior of the neighborhood organizations responsible for the gentrification areas is modeled. One important aspect of the work of the neighborhood organizations is the establishment of historic districts. These districts are clearly defined spaces in the inner-city where gentrification is promoted. Knoxville now has five historic districts offering more than 1,200 dwellings for restoration. This thesis focuses on measuring the level of reinvestment in three of these historic districts: Mechanicsville, Fourth and Gill, and Old North Knoxville. The data sets used to measure gentrification indicate some movement of middle-class households to the historic districts but the majority of dwellings are not restored. Also, the annual rates of restoration do not indicate large-scale restoration in the historic districts in the foreseeable future. The market for historic properties in Knoxville is oversupplied; too many dwellings are offered for restoration. The city does not have enough households with the income levels and the interest in gentrification to make historic district reinvestment successful.

This research also demonstrates that while models of gentrification are used as theoretical bases for planning for gentrification, the revival of the housing market that they predict has not occurred in Knoxville. The behavior of the market is better explained by

the “chaos and complexity” school of thought which argues that there is more to gentrification than reinvestment and return of the middle-class to the inner-city. Gentrification in Knoxville is more a case of failure than of successes.



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## **CHAPTER ONE**

### **INTRODUCTION**

The deterioration of inner-city dwellings has been a major concern for policy managers in American cities since the mid-1940s. The question of what to do with substandard housing that occupies significant portions of once valuable land on the fringes of the central business district in almost every city of 100,000 or more has been addressed using two quite dissimilar strategies. One of these, slum clearance and urban renewal, was popular in the 1950s and 1960s when federal legislation created opportunities for cities to replace decaying commercial and residential structures with modern buildings. These urban renewal programs were major components of policies designed to bring lasting solutions to the physical, social, and economic problems of the inner-city (Roske 1983; Bristol 1991). Federally sponsored urban renewal programs through slum clearance and reconstruction were terminated by the mid-1970s. They failed to address the larger structural problem facing inner-city economies, the erosion of the job base. Manufacturing and service industries shifted to cheaper labor markets in developing countries and to more convenient suburban locations.

After the "federal bulldozer" ceased operating in inner-city neighborhoods, a significant portion of the housing stock still exhibited visible signs of decay. Many of the dwellings were old, and downward filtering had replaced original middle-class occupants with low-income households<sup>1</sup>. In the late 1960s, the focus of restoring inner-city residential spaces began to shift from clearance and rebuilding toward historic preservation with private sector reinvestment playing the lead role. Areas chosen for restoration were contiguous spaces or entire neighborhoods that covered several city blocks. In some cases historic district status was granted by the federal government. Socioeconomic transformation with a distinct focus on reestablishing a middle-class population base was a

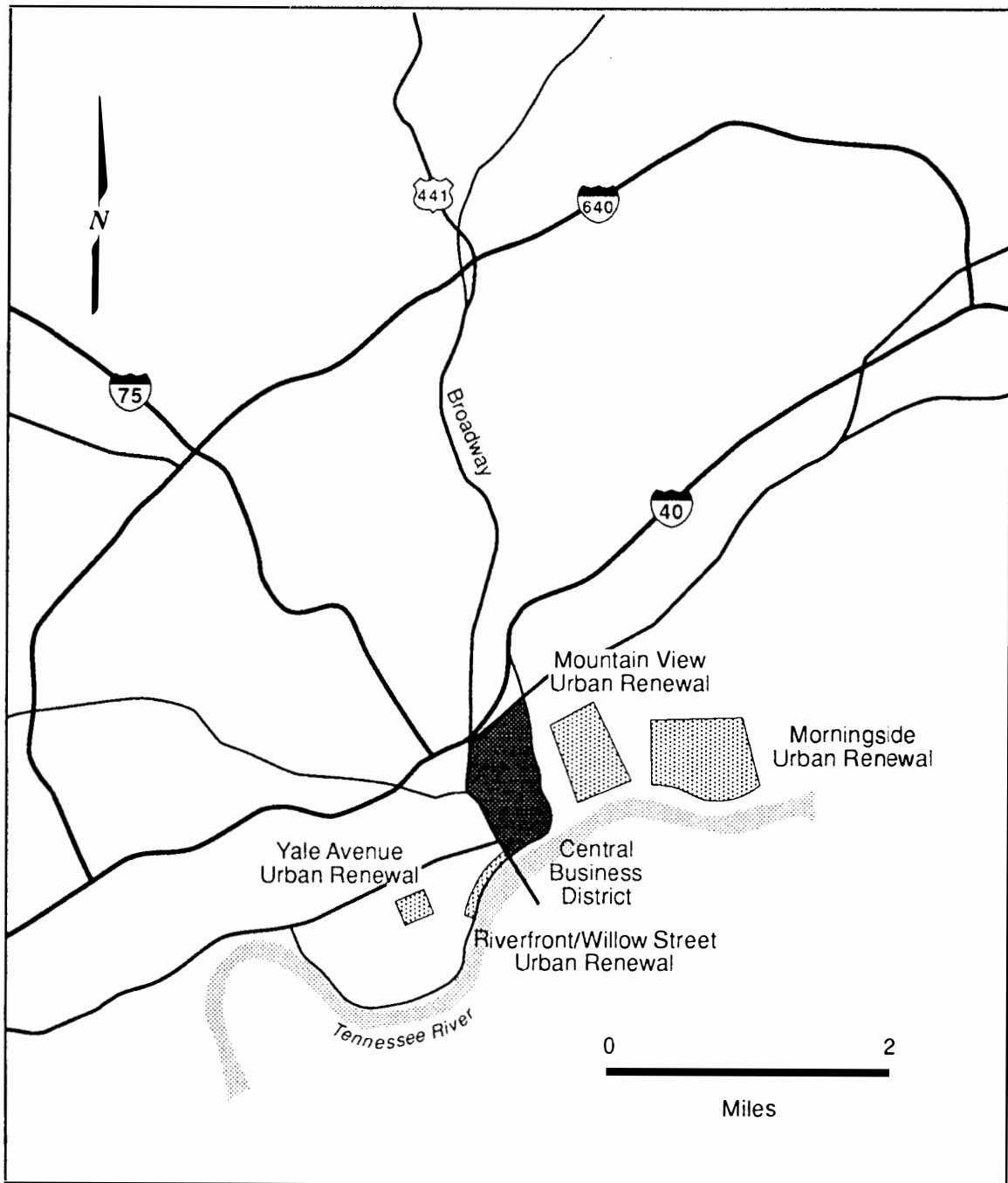
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<sup>1</sup> The term middle-class does not have a census definition but is used extensively in the literature on gentrification. For the purposes of this research, I use an income range of \$50,000 to \$100,000 for 1989. This is a middle economic class rather than a middle social class. In most cases, the term middle-income household is used.

primary objective. Gentrification, a process in which middle-income households displace low-income ones in targeted neighborhoods and invest in property restoration, became common during the 1970s and 1980s (Holcomb and Beauregard 1981; Laska and Spain 1980; O'loughlin and Munski 1979; Smith and Williams 1984). The early gentrified neighborhoods include Philadelphia's Society Hill, the French Quarter in New Orleans, Georgetown and Capitol Hill in Washington, New York's Park Slope, Boston's South End, and small sections of Savannah and Charleston.

The patterns developed for inner-city residential property management in Knoxville, Tennessee, a medium-size city of 165,000, were modeled after the strategies that originated in larger cities. This is a common practice in city planning. Successful programs used in large cities such as New York, Chicago, and Boston are taken as models and diffuse to smaller cities. Examples of this trickle-down policy transfer are the Knoxville Housing Trust Fund, a concept that originated in Boston in 1983 in response to decreasing public funding for low-income housing (Connerly 1993), and a proposed waterfront development project along the Tennessee River, which uses the successful Baltimore Harbor restoration as an example. Slum clearance and historic preservation have been applied in Knoxville for more than four decades. From 1952 to 1970, four urban renewal projects, the Riverfront/Willow Street project (1952), the Yale Avenue project (1962), the Mountain View project (1964), and the Morningside project (1970), produced a range of physical transformations (see Figure 1-1). In the early 1970s, urban renewal gave way to historic preservation as the policy tool in Knoxville's inner-city. Both strategies were responses to poor housing conditions in the city's oldest neighborhoods.

The shift to historic preservation is not without problems. After almost two decades of attempts to reinvest in residential properties and gentrify neighborhoods, the areas chosen show marginal progress and the general conditions of inner-city housing have not improved significantly. A 1990/1991 Knoxville housing survey revealed that the highest concentrations of substandard dwellings are in the central and east sectors of the



**Figure 1-1. Urban Renewal areas in Knoxville, Tennessee.**  
*Source:* Knoxville Community Development Corporation, 1985.

city and closely approximate the inner city (Table 1-1 and Figure 1-2). A 1992 study of poverty in Knoxville exhibits a similar pattern (Remaley 1992, Figure 9). The poor sections of the city are primarily inner-city neighborhoods.

### **Housing and Knoxville's Inner City**

From its earliest history as what Bing describes as "a frontier outpost in the eighteenth century" (Bing 1982, 1), Knoxville grew into a major urban center in Southern Appalachia, a region that extends from Birmingham, Alabama to Roanoke, Virginia and includes several cities that are similar in size and spatial structure (Remaley 1992, 2). Most of the dwellings in Knoxville's inner-city were originally constructed for middle-income families. During the 50-year period from 1880 to 1930, Knoxville grew rapidly as investment in transportation, manufacturing, and commerce created high rates of employment and income growth. This rapid urbanization included the construction of several thousand new houses proximate to the CBD. Many factories existed along Second and Third Creeks. In 1896, Knoxville was the third largest center for wholesale trade in the southeastern United States when "the city's fifty wholesale houses did an annual business of fifty million dollars" (Deaderick 1976, 46; Knoxville/Knox County Metropolitan Planning Commission 1988, 5). Population growth driven by annexations of adjacent towns and unincorporated areas, immigration from rural areas, and natural increase kept pace with the economic boom. Between 1900 and 1930 Knoxville's population grew from 32,637 to 105,802, an increase of 224 percent (Bureau of the Census 1971, 13). Much of the increase was concentrated between 1910 and 1920 when the growth rate was 114 percent.

The housing that developed from 1880 to 1930 reflected the economic transformation of the city. Economic conditions at the time favored a large middle-class, and new investment created neighborhoods for this socioeconomic group. The pattern of economic segregation of neighborhoods that developed in Knoxville, where there were few mixed-income neighborhoods, was in keeping with the residential patterns of American cities. Burgess (1925) referred to the housing areas in such terms as the "zone



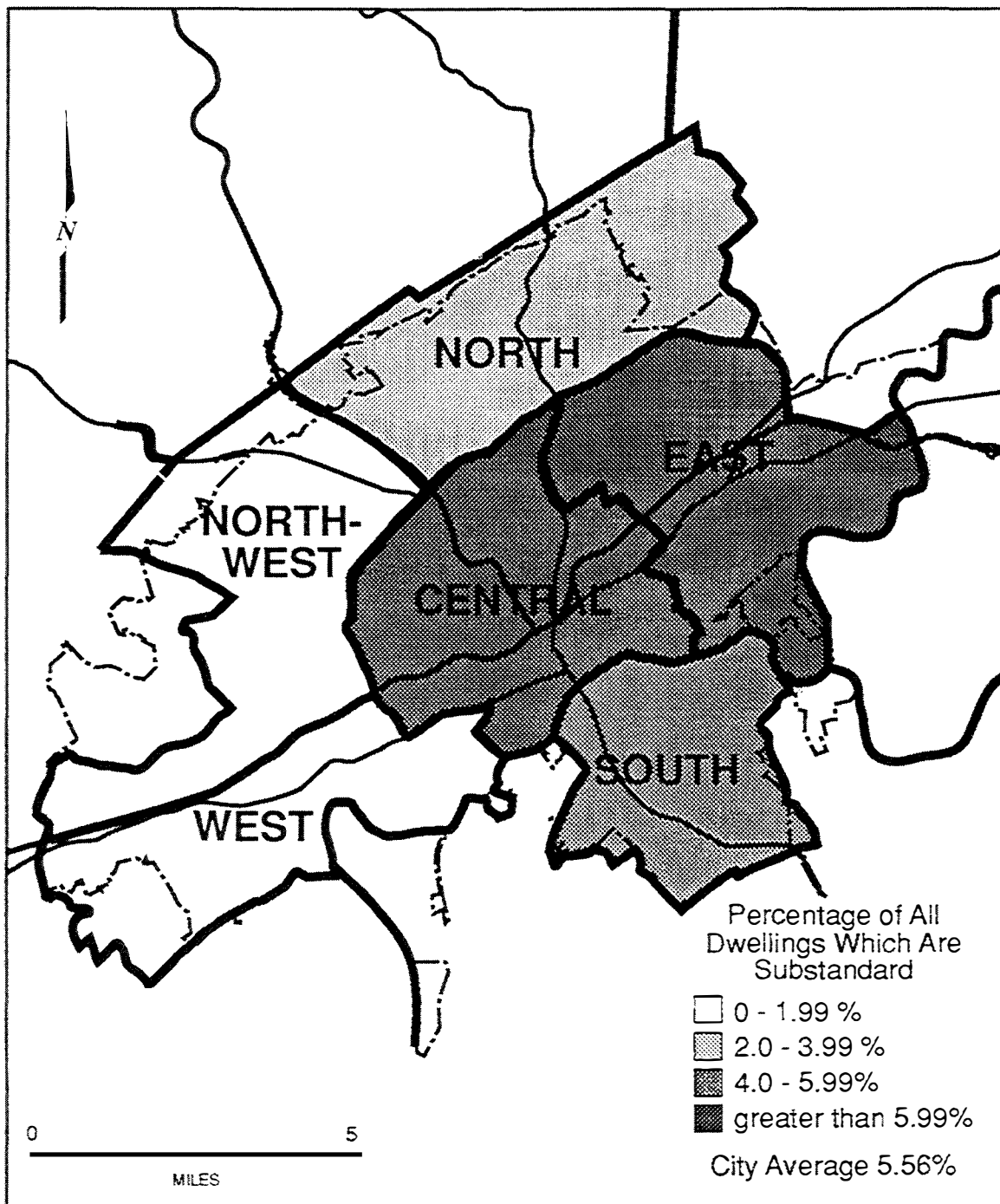


Figure 1-2. Substandard Dwellings by City Planning Sector in Knoxville, 1991.  
Source: Knoxville/Knox County Metropolitan Planning Commission, 1993.

**Table 1-1**

**Substandard Housing in Knoxville, Tennessee by City Sectors 1990/1991**

<b>City Sectors</b>	<b>Total dwellings</b>	<b>Total substandard</b>	<b>Percent of all dwellings substandard</b>
North	11,081	337	3.04
East	9,439	790	8.37
Central	20,692	2,117	10.23
South	7,858	399	5.08
West	10,128	101	0.99
Northwest	11,283	176	1.55

Source: Knoxville/Knox County Metropolitan Planning Commission 1993.

of workingmen's quarters" and the "zone of better housing." Although Burgess' and other models of city spatial structure describe general urban form, they actually portray the separation of neighborhoods with household income as the key segregator.

The economic growth momentum that was evident in Knoxville at the turn of the century has been lost over the years. Although Knoxville's relative significance among American cities has fallen, it exhibits the characteristics of a major metropolitan area. Knoxville has modern freeways, high rise buildings, suburban shopping malls, a major university, and a range of residential communities that include an inner-city with a large housing stock. The movement of middle-income households away from inner-city neighborhoods in Knoxville is well documented (Aiken 1982; Bing 1982; Harrison 1982; Remaley 1992). Some of the inner-city housing is targeted for gentrification, the return of middle-income households and reinvestment in residences. The dwellings exhibit a wide range of architectural styles with the nineteenth century themes dominant. Many are two-story, three-bedroom units that were built for single families.

### **Purpose of the Research**

While "managed gentrification" is successful in inner-cities of Washington, Philadelphia, New York, San Francisco, New Orleans, and other large American metropolises, attempts to revive inner-city housing markets in medium-size urban areas like Knoxville have not been fully successful. Over the past fifteen years, gentrification in Knoxville's inner-city has been promoted through the designation of historic districts. Sufficient time has elapsed for patterns of transformation to be established and for analysis of the areas to be comprehensive and insightful.

One of the most important elements of successful gentrification projects is the mobilization of middle-income families to return as residents of inner-city neighborhoods where property values have declined and disinvestment was a dominant housing market process. Even with extensive modification of old inner-city dwellings, gentrification carries a high level of financial risk for middle-income households. With this in mind, it

seems logical that only a small portion of middle-income households will opt for inner-city housing. This raises questions about supply of and demand for historic properties.

Based on current housing and labor market conditions, the supply of dwellings in Knoxville's historic districts where gentrification is promoted seems to exceed the demand. It is hypothesized that the market is oversupplied: there are too many neighborhoods targeted and too many dwellings that are being promoted for gentrification. The purposes of this study are two-fold. First, the responses of the housing market to gentrification demands are examined. While general downward adjustments in property values may be the predicted conclusion for a problem of oversupply, the behavior of the market is far more complex than the simple adjustment of supply and demand conditions. A second purpose is to examine the role of neighborhood organizations in the process of gentrification. These neighborhood organizations are non-governmental organizations that are set up in residential areas. They provide a collective voice for residents on issues such as zoning, capital improvements, and the provision of social services. Neighborhood organizations in Knoxville operate in clearly defined sections of the city and are recognized by the city government (Knoxville/Knox County Metropolitan planning Commission 1993). The reasons for the varied trajectories of neighborhood change over the past two decades appear related to the viability of neighborhood organizations.

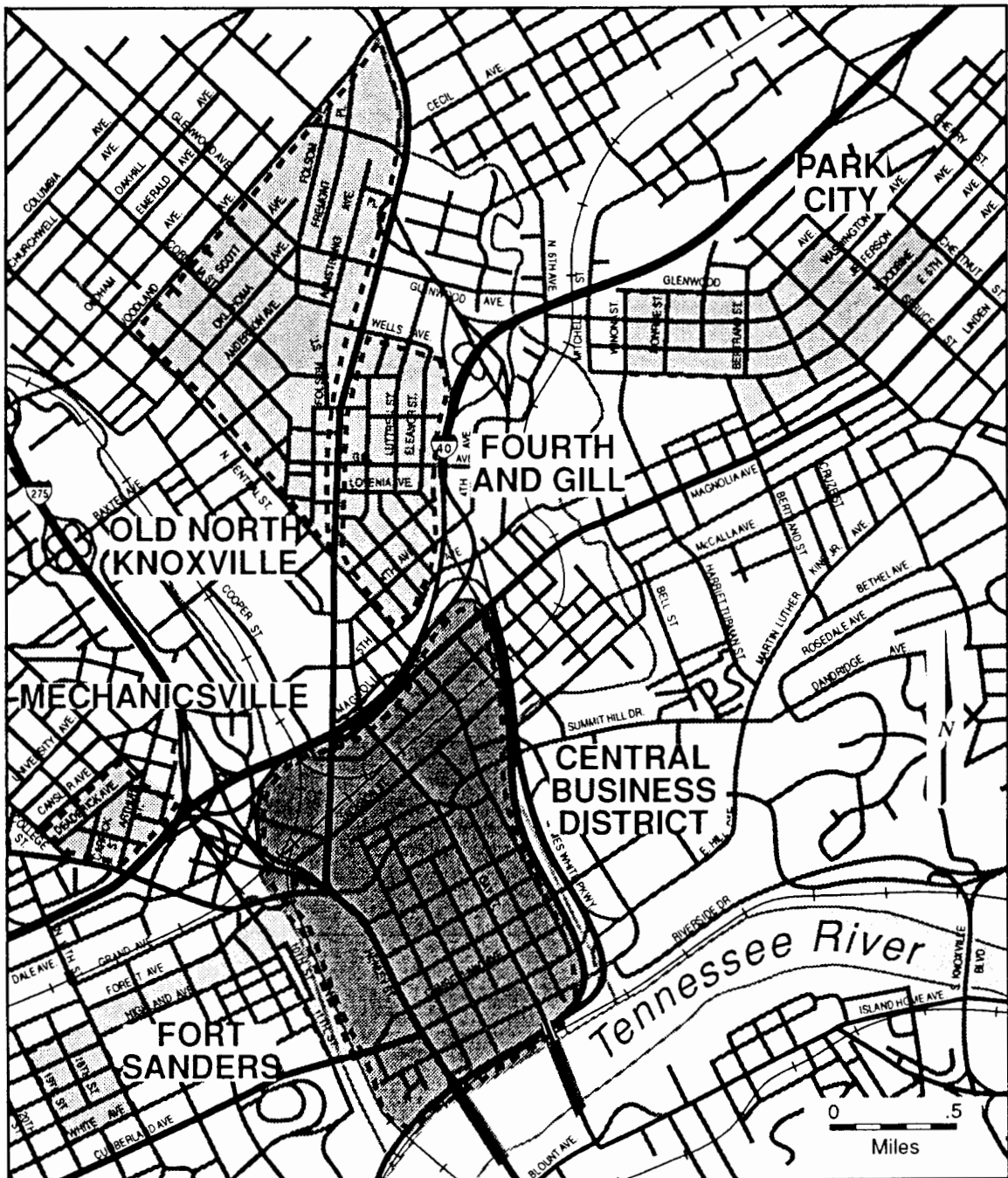
### **Knoxville's Historic Districts**

The promotion of gentrification is closely linked to the designation of historic districts and to the creation of the institutional framework for the return of middle-income households. Since 1980 when the first neighborhood in Knoxville, Fort Sanders, was declared a historic district with specific geographic boundaries and rules for property management, four more areas have been added to the list. Two types of historic district designations are used. First are the Federal Historic Districts in which a group of dwellings that form a contiguous geographic area are listed on the National Register of Historic Places. Once an area is so listed, protection for properties is provided from new

development in which federal funds are involved (U. S. Department of the Interior, 1990). Buildings cannot be razed for the construction of federal highways or for the expansion of public institutions such as universities and hospitals . However, very little can be done in these districts to prevent the work of private investors interested in demolition or new construction. From a city planner's perspective, Federal Historic Districts are loosely controlled places, but with active neighborhood organizations they offer good protection to historic structures.

Federal Historic Districts provide tax incentives for the restoration of rental housing and commercial buildings under the Tax Reform Act of 1976 (U. S. Department of the Interior 1990). However, these tax incentives offer no provisions for private residences, a feature that appears to discourage gentrification. Concern about displacement of low-income residents steered federal policy away from incorporating provisions that promote private residential redevelopment in inner-cities. In order for a developer to receive tax credits on rental property, dwellings must remain on the rental market for at least five years.

The second type of historic district is the Local Overlay, which is zoned H-1 by Knoxville's Metropolitan Planning Commission (MPC), the city's planning agency. With this type of zoning, planners have more control over reinvestment patterns and the use of buildings. Each building permit issued within an H-1 district must be accompanied by a certificate of appropriateness, a document which certifies that the restoration is compatible with the preservation objectives of the district. The types of alterations promoted are specific to the 1880 - 1930 period in Knoxville's architecture. The aim is to maintain the original identity of the dwellings, especially the exterior decor. Knoxville's five historic districts are proximate to the CBD (Figure 1-3 and Table 1-2) and form part of what has been referred to as the "Victorian Crescent" (Whetsel 1993), a group of neighborhoods in which the dominant architectural themes are from the Victorian period and related traditions. In areas with interest in historic preservation, the first step is to obtain a National Register listing, which is followed by local overlay zoning. The H-1 zoning is



**Figure 1-3. Knoxville's Historic Districts, 1993**

*Source:* Ann Bennett, Knoxville/Knox County Historic Planner.

**Table 1-2**

**Historic Districts, Knoxville, Tennessee, 1993**

<b>Neighborhood</b>	<b>National Register listing</b>	<b>Local overlay zoning</b>
Mechanicsville	1980	1985
Fort Sanders	1980	No designation
Fourth and Gill	1985	No designation
Old North Knoxville	1992	1992
Park City	1992	No designation

Source: Ann Bennett, Historic Planner, Knoxville/Knox County Metropolitan Planning Commission 1993.

more difficult to secure because of intense opposition from some property owners who resent the constraints placed on the use of buildings and land. All of the five historic districts are listed on the National Register, but only two, Old North Knoxville and Mechanicsville, have achieved both designations. The Fourth and Gill neighborhood organization is pursuing H-1 zoning.

### **Study Areas**

Three of the five historic districts, Mechanicsville, Fourth and Gill, and Old North Knoxville, are chosen for detailed analysis of the responses of their housing markets to gentrification. Fort Sanders and Park City are excluded. In Fort Sanders, the neighborhood organizations have not pursued gentrification with the same vigor as in the other districts. It has also been argued that the historic district is primarily used to block expansion of the University of Tennessee with which Fort Sanders shares a common border (Aiken 1982). Investment in Fort Sanders has concentrated on repairing houses that serve as rental properties for students at the university and on new apartment complexes. Most repairs are cosmetic, not within the general historic preservation frame, and often only partially complete. Recently, the National Park Service has attempted to remove the historic district status from Fort Sanders because it and other similar "non-performing" historic districts throughout the country threaten the credibility of the National Register (Metro Pulse 1994). Park City was excluded from the study because sufficient time has not elapsed for clear patterns of reinvestment and the trajectory of change in the neighborhood to be established. The three areas chosen have neighborhood organizations and have seen at least ten years of continuous effort to transform the residential environment<sup>2</sup>.

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<sup>2</sup>Fourth and Gill and Old North Knoxville do not the ten years of continuous managed gentrification mentioned above. This is because the preservation of dwellings began before the historic district status was granted. Although there were no formal declarations by the city launching gentrification, 1980 is a good base year for when the programs started (Table 1-2).



## **Historic Preservation and Managed Gentrification**

Historic preservation through gentrification and reinvestment is a direct response to the housing market crisis, declining property values, and low levels of sales in neighborhoods where the long-term survival of the housing stock is threatened. The areas targeted for reinvestment in Knoxville are enclaves within a larger region in which substandard housing reaches its highest levels. Fourth and Gill was one of the first communities to initiate historic preservation as an organized attempt to restore old dwellings. As early as 1975, a moderate level of gentrification was taking place in the neighborhood (Harrison 1982, 42). At the time, historic preservation was well established in Knoxville, but very little of the early work of preservationists emphasized the residential sector. In 1925, the Blount Mansion Association was formed to restore the home of William Blount, the only Tennessee signer of the U. S. Constitution (Blount Mansion Association 1988). This was followed by the restoration of the John Sevier Home, James White's Fort, and Confederate Memorial Hall. These restoration projects were funded by donations from individuals and private corporations with limited supplements from state and county governments. (East Tennessee Historical Society 1990, 2). After 1975, the expansion of historic preservation to include residential redevelopment with a focus on the inner-city brought new challenges. First, the programs had to be financed. Although some public funds were initially available, this source of capital was not sufficient for large-scale restoration of substandard inner-city housing. The task of mobilizing private capital for reinvestment meant dealing with mortgage companies, whose management traditionally considered inner-city investment high risks that should be avoided. The stipulations of a major source of capital for residential mortgages, the secondary mortgage market in which pension funds and other long-term money market operations invest, also dictate that high risk areas and individuals be denied financing.

The second and more important consideration in the debate on reviving inner city residential spaces is the mobilization of a significant number of households with the financial resources for and the interest in old inner-city dwellings. While preservation of inner-city housing stock and communities is noble, it has to be analyzed against the

backdrop of residential preferences at the household level and within the context of the range of options in the wider urban housing market. Purchasing a home is the largest single investment that most households make. Such an important economic decision usually takes into consideration a complex set of factors, not the least of which is the long-term value of the investment. Dwellings in inner-city historic areas are high-risk investments, especially for households with limited financial resources. Such investments carry much higher elements of risk than ones in newer subdivisions and are closely linked to the success of the historic district, a success that cannot be guaranteed.

Historic preservation in which the residential element is the main component is a strategy currently used in some sections of Knoxville's inner-city. Some residents, usually more recent home buyers, organize an historic district within a clearly demarcated section of the inner-city. The designation is used to create an exclusive community in which private sector reinvestment in dwellings is actively encouraged. This is what I term "managed gentrification," a process which attempts to transform the housing market through tight controls on restoration and the use of buildings.

One of the early findings of studies of gentrification in American cities was the level of formal planning and organization that was associated with the restoration of neighborhoods. According to Neil Smith, "since a spontaneous pilgrimage back to the city never looked likely, American gentrification has been actively planned and publicly funded" (Smith 1979a, 134). A formal expression of this strategy is not in the official documents pertaining to the designation of historic districts in Knoxville's inner-city. Rather, saving a period of American history in which architecture, materials, and craftsmanship were of a high standard is given as the primary reason for preservation. Fourth and Gill's nomination to the National Register was supported as follows:

The Fourth and Gill Historic District is nominated for its important collection of architectural styles from 1880 to 1930, its significance in the general residential development of Knoxville, and its association with prominent citizens during the late nineteenth and early twentieth centuries. (Knoxville/Knox County Metropolitan Planning Commission 1984, 2)

Similar reasons are used to support the designation of the other historic districts. The true meaning of the managed gentrification strategy, however, can only be understood by a careful analysis of what a historic district is and what it is designed to achieve. I argue that gentrification as both an economic and a social phenomenon is being promoted through historic districts for the following reasons. First, the combined cost of acquisition and restoration of a dwelling in a Historic District, even after sweat equity is taken into consideration, is beyond the affordable threshold of low-income households that occupy the area in the pre-reinvestment stage. Second, low-income households are generally not interested in historic preservation. Gentrification is associated with the middle-class (Travis 1973; Spain 1981; Rose 1984). Historic preservation is one of the most expensive methods that can be used to repair dwellings. It seems logical to assume that low-income households carry out the lowest cost repairs or forgo them. Eventually, low-income households are forced out of areas where building codes insist on proper maintenance. Some dwellings in historic districts have been designated "non-contributing structures" because alterations of the original structure did not follow preservation guidelines, frequently because of high cost.

The reduction of government spending on housing programs, especially during the 1980s under the Reagan and Bush administrations, shifted the reinvestment emphasis to the private sector. The need to generate profits on investments and to secure long-term property values in this niche market point to the involvement of households that are at least middle-income. The end product of this policy as envisaged by city planners and neighborhood organizations are places in which there are mainly owner-occupied, single-family dwellings that have been restored through private investment and in which the property values have increased rapidly since low-income residents were displaced. The policy position of the preservationists comes out of the academic debate on housing markets in inner-city areas. Two clearly defined patterns of analysis of gentrification have emerged. On one hand are the theories of gentrification and on the other the models of gentrification. The main focus in the theories of gentrification is the explanation of the return of middle-class households to inner-city neighborhoods. Once it became clear that

the return of the middle-class was taking place in many North American and European cities, models were developed to explain the patterns of reinvestment in inner-city housing markets.

### **Theories of Gentrification**

Several researchers have relied on economic and sociological methods to explain the return of the middle-income households to inner-cities. The best known and most actively debated theory of gentrification, the rent gap hypothesis, was developed by Neil Smith in a series of publications in the late 1970s and the 1980s (Smith 1979a, 1979b, 1982, 1986, 1987a, 1987b). His theory is economic in nature with heavy Marxist overtones. A summary of the main points in Smith's work was provided by Badcock in research on Adelaide, Australia (Badcock 1989). Badcock concluded that there were "three key aspects" of gentrification:

(1) the proposition that gentrification must be preceded by the formation of a rent gap in the inner city property market, (2) the "capital switching" hypothesis and (3) the claim that gentrification coincided with a capitalist crisis of overproduction (Badcock 1989, 125).

The rent gap is defined as "the disparity between the potential ground rent level and the actual ground rent capitalized under the present land use" (Smith 1979a, 545). Clearly, the emphases in Smith's work are on private capital and the involvement of investors in the gentrification process. The use of inner-city housing market reinvestment to generate profits is pivotal in his discussion. He dismisses the neoclassical explanations of gentrification in which "consumer demand determines residential patterns" as unacceptable (Smith 1979b, 164).

Smith's theory does not explain gentrification trends in Knoxville, where private development companies have shown little interest in restoration in the historic districts. One district that has seen development company reinvestment is Fort Sanders, but it is not associated with historic preservation. The proximity of Fort Sanders to the University of Tennessee makes it a prime location for an apartment rental market, and the

construction of new apartments is quite evident. The bias in Smith's work is due, in part, to the cities in which his empirical studies were conducted. His first article looked at Philadelphia (Smith 1979a), and he followed it with a study of gentrification in Harlem (Smith 1986). Philadelphia and New York are large cities in which the dynamics of the housing markets offer a wider range of investment options for property developers than medium-size cities like Knoxville. Knoxville's population is only ten percent of Philadelphia's and four percent of New York's.

A second economic argument on gentrification was provided by Brian Berry (Berry 1984; 1985). Berry contended that gentrification is the result of disequilibrium in the housing market, a situation in which the formation of households outpaces the production of dwellings:

Since the early 1970s, however, there have been signs of private market renovation of some neighborhoods in some sections of the inner city, a function of ... the slow-down in new housing construction (Berry 1984, 145).

The process as cast by Berry is temporary. The alternative argument is that if there were an increase in the supply of new housing, then gentrification would grind to a halt. In Knoxville, gentrification has continued even though there is no shortage of new dwellings. Rather, signs indicate a clear differentiation in the market which caters to the needs of a wide range of income groups. Analysis of recent housing market activity based on price, type of dwelling, and location reveals that new single-family dwellings that are more than \$100,000 are located mainly in subdivisions in the western sections of the city and Knox County. New multi-family and single-family dwellings in the \$45,000 to \$100,000 price range are found in subdivisions to the north of the central city, and new single-family dwellings in the \$60,000 to \$100,000 price range are in subdivisions to the south of it (Knoxville Association of Realtors, Multiple Listings Service Summaries 1990 - 1992). Very little new construction occurs in east Knoxville (Knoxville/Knox County Metropolitan Planning Commission 1988, 1989b, 1991c, 1992a). Using the U. S. Department of Housing and Urban Development's (HUD) income-scale guidelines, new

households with a net annual income of \$19,145, the city's median income in 1989, can afford to purchase new units in townhouse developments in north Knoxville. Even with this spatially varied market and an adequate supply of new housing, gentrification continues in the historic districts and reinvestment occurs in older suburbs such as Sequoyah Hills and Holston Hills.

Another trend in the theories of gentrification is to associate the movement of relatively affluent households with non-traditional lifestyles to the zone of transition (Rose 1984). This grew out of the "cultural revolution" of the late 1960s and the 1970s when it became fashionable for young households to move to the inner-city. This counterculture hypothesis has been employed to explain some of the original settlement in Fourth and Gill (Harrison 1982). Recent developments in the city, however, are more complex than this single issue suggests. The cost of travel associated with suburban living, measured in time, distance, and money is also advanced as one of the causes of gentrification (Sternlieb and Hughes 1979). As urban areas became larger, residential suburbs were pushed further from the central city and commuting time and expense increased. This argument does not explain the trends in gentrification in Knoxville where the commuting distances to even the furthest suburban residential communities are relatively short.

### **Models of Gentrification**

The second trend in the research on gentrification is the development of stage models that attempt to explain the transition of residential areas from slums to fully restored communities. Over the past two decades, seven clearly defined models of gentrification have been developed to explain neighborhood change in areas where reinvestment and rehabilitation are significant. In chronological order these models are by Travis (1973), the National Urban Coalition (1978), Pattison (1977, 1983), Clay (1979), Gale (1980), the National Association of Neighborhoods (1980), and Zukin (1982). Although each of these models is unique, they have a set of common themes. One theme is the organization of gentrification into a number of stages. Travis (1973) depicted the transformation of an inner-city neighborhood from a slum to a fully gentrified community

as taking place in three stages. The National Association of Neighborhoods and National Urban Coalition descriptions used four stages for the movement of an inner-city neighborhood from a near-slum to fully restored middle-income place. As gentrification takes place in a neighborhood, most of the stage models depict changes in the attitudes of recent home buyers toward financial risk. The earliest groups of gentrifiers are less concerned about the financial risks associated with their investments, whereas those moving to the inner-city when gentrification is at a more advanced stage are more cautious.

A second theme in the stage models is the cooperative efforts of government and the private sector for successful restoration. The role of private capital in reinvestment is emphasized in all of the models. The protection provided for investors by governments through zoning and other legislation is part of the cooperative effort. A third common factor is the increase of property values as the restoration process intensifies. Two of these models (Travis 1973; Clay 1979) emphasize historic district designation as a part of the process of property restoration, and two others (National Urban Coalition 1978; National Association of Neighborhoods 1980) discuss the standards for restoration through code enforcement.

Stage models of gentrification have come under intense criticism, but they are still used in empirical studies of reinvestment in American cities. They lack broad applicability, and when they are used as the basic premise for case studies, wide variations are found between predictions based on the models and the trajectories of neighborhood change (Kerstein 1990). However, the policy position of inner-city managers who use historic districts to promote reinvestment continues to be influenced by stage models.

An antithesis to stage models has been offered through the "chaos and complexity" school of thought first advanced by Rose (1984) and given further theoretical treatment by Beauregard (1986, 1990). "Chaos and complexity" is a direct response to the weakness of stage models to offer a broad theoretical framework that can be applied to gentrification. According to Beauregard (1990, 24):

despite my ... and Rose's (1984) efforts to show that gentrification is a "chaotic concept" comprising a variety of prior conditions, outcomes, and processes; a theory of neighborhood change which can account for the diversity of processes has yet to be elaborated. ... what seems to be a single dynamic of neighborhood transformation - gentrification - instead comprises multiple processes.

The results of managed gentrification in Knoxville are best explained using "chaos and complexity" as a theoretical base. Although there is evidence of improvement in the quality of dwellings in sections of Knoxville's historic districts, the outcome that was envisaged by city planners has not been realized. Rather, the impact of reinvestment in each district is quite unique, and the smooth transformation from slum to fully gentrified neighborhood does not appear possible in at least two neighborhoods. Reinvestment and gentrification in Knoxville's inner-city are indeed influenced by a number of prior conditions, participants, and processes. The main argument for "chaos and complexity" in Knoxville's case is that it takes into consideration all possible outcomes of managed gentrification. Since not all the historic districts are experiencing high levels of private market reinvestment that allow progression from one stage to another, then stage models do not provide an adequate framework for discussion. In this study, I rely heavily on "chaos and complexity" to analyze the outcome of managed gentrification in Knoxville's historic districts. The trajectories of neighborhood change vary from one area to the next and different explanations are in order. The questions can now be focused on the individual areas within the city. As "chaos and complexity" suggest, the answers are found by careful examination of prior conditions and processes operating in each area.



## **CHAPTER TWO**

### **HISTORIC DISTRICTS AND REINVESTMENT**

#### **Introduction**

The designation of historic districts is an integral part of gentrification in Knoxville's inner-city. In cities where housing market improvement through the return of middle-income households is promoted, private-sector reinvestment has proven to be difficult to initiate and even more difficult to sustain. Historic districts provide clearly defined spaces within which gentrification programs can be implemented. In Knoxville, a city where the politics of inner-city neighborhoods generate intense debate and conflict, the establishment of identifiable historic spaces is an important step in creating the institutional framework for the return of private capital.

Historic districts operate under similar economic assumptions as urban enterprise zones for inner-city industrial redevelopment. Development programs for inner-city industrialization are a series of strategies that emanate from the economic development literature, especially models that focus on development in Third World countries. They include special packages for investors such as tax waivers, tax credits, government loans and grants, and improvements in public services and utilities. While reinvestment in enterprise zones and residential redevelopment are derived from similar economic thought, there are factors that set the historic district apart. Historic districts offer incentives granted to initiate reinvestment in old buildings that are used as apartments. From an investor's perspective, transformation of inner-city economies through industrial enterprise zones is strictly economic in nature. Incentives are offered by the city government to manufacturing companies to provide jobs in communities that experienced high levels of disinvestment and job loss. After taking advantage of lower production costs brought about by deflated wages and public sector subsidies, corporate investors can return to their suburban homes at the end of the workday. Middle-class households that choose inner-city residences have to remain.

Historic neighborhoods contain one of the most tangible displays of consumption and investment, the private dwelling. They are also the places where families are raised, children are educated, guests are entertained, and a sense of community is created, factors that are difficult to measure in economic units. In middle-income neighborhoods, the primary reason for wanting to maintain similarity of households in income is the desire to protect property values from depreciation. A number of actions are taken to ensure the viability of the neighborhood within the local housing market. Once these actions fail to exclude low-income households, the typical response for the affluent ones is to relocate. Neighborhood transition from middle-income suburb to inner-city neighborhood is part of growth and decline, of investment and disinvestment, of invasion and succession, and of downward filtering of dwellings. Inner-city areas targeted for reinvestment are placed in the midst of this transition with reinvestment strategies, such as Knoxville's managed gentrification, hanging in the balance. It is uncertainty about the future of the neighborhood that places an increased level of risk on the dwellings of inner-cities.

In Knoxville's historic districts, the desire to create exclusive communities has found political expression through the formation of neighborhood organizations, institutions that play important roles in inner-city policy decisions. Each of the three districts in this study have well-managed neighborhood organizations. Tight controls are maintained on the use of properties and patterns of restoration using planning regulations. Neighborhood organizations are important because without the leadership and direction they provide, little spontaneous reinvestment would take place. Even with intensive management of historic districts, gentrification is not likely unless the economic conditions are conducive to it. All the hype about impressive architecture, high quality construction, history, and the need to preserve material culture count for little if capital cannot be mobilized. Also, in the long term, dwellings must be occupied by households with the incomes and saving levels to afford repair and maintenance.

An important factor that must be considered is that the historic districts are in direct competition with other older suburbs, such as Holston Hills and Sequoyah Hills,

where significant spontaneous reinvestment has taken place during the last two decades. Reinvestment in these two suburbs where dwellings are not as old as those in historic districts has been through private market operation rather than the guiding hand of public policy. The most significant source of competition historic districts face, however, is from the new suburban residential developments in the western and northern sections of the city and Knox County. Several studies on gentrification have emphasized cost advantages of inner-city gentrification over suburban residences as explanations for the return of the middle-income households to the inner-city (e.g. Berry 1984). However, none of these studies attempts to analyze the issue using a quantitative approach in which the demand for inner-city historic properties is measured within the context of the general urban housing market. This demand is closely linked to the incomes of households, the availability of historic properties, and the interest shown by middle-income households in historic preservation. The age of the head of household is another important variable because gentrifiers are typically young professionals (Spain 1981).

During the past few years, housing in Knoxville has been quite affordable. A housing affordability index for a city is calculated using the median income and the payment on a 30-year fixed rate mortgage at the current interest rate (William, D. L and Dwyer, S. M. 1992). Using U. S. Department of Housing and Urban Development (HUD) guidelines that payment on a home mortgage should not exceed 25 percent of the monthly income of the household, or that the purchase price of a dwelling should not exceed 2.5 times the annual income of the household, the price of the dwelling that a household with the median income for the city could afford is calculated (Roske 1991). The price of this "affordable dwelling" is then related to the current median price for dwellings in the market and the index is computed. The affordability index reveals a figure of 93 for Knoxville (Table 2-1). This means that for a household with the city's median income, the most expensive dwelling they could afford to purchase would cost 93 percent of the median price of dwellings in the Knoxville market. Listings by real estate companies in the first quarter of 1994 reveal a wide range of choices for households with after tax incomes of \$19,120, the median income for the city. For example, a new

**Table 2-1**

**Housing Affordability Indices for Selected Metropolitan Areas, 1991**

<b>Metropolitan areas</b>	<b>Index</b>
Houston	138.5
Detroit	126.7
Atlanta	121.7
Knoxville	93.4
Washington	82.7
Chicago	76.3
Boston	64.8
New York	46.0
Los Angeles	38.7

Source: William, D. L. and Dwyer, S. M, 1992. (The data for these calculations were from the Barton Smith Center for Public Policy, University of Houston. The figure for Knoxville was computed by the author using similar data sources, the Knoxville Association of Realtors Multiple Listings Service and U. S. Census income data for 1989).

townhouse in north Knoxville could be purchased for \$47,000 (The Knoxville News Sentinel 1994, 4) (Figure 2-1). With a \$5,000 downpayment, monthly mortgage payments would be \$420. This monthly payment is within the affordability threshold of the typical Knoxville household. A similar dwelling in Washington sold for \$120,000 (The Washington Post 1994, 5) and in New York for \$135,000 (The New York Times 1994, 13). Households in these two large cities need much higher incomes than one in Knoxville to afford the same type of housing.

The average cost of a fully-restored three-bedroom Victorian dwelling, the most common house-type found in Knoxville's historic districts, is \$125,000 (Whetsel 1993). This price includes the purchase price of the dwelling and full restoration cost. Costs can be much higher, depending on the condition of the structure. This is a large investment in the Knoxville market, where the average sale price for similar dwellings is \$81,568 (Knoxville Association of Realtors MLS Summary, 1993). A household with the \$50,000 annual income required to afford a dwelling that costs \$125,000 could purchase two, two-bedroom condominiums in north Knoxville or a new house in a west Knoxville subdivision (Figures 2-1 and 2-2). Given the size of the investment, homebuyers usually attempt to ensure that their money is spent on a dwelling that is expected to remain viable for a much longer period than the life of the mortgage, which in most cases is 30 years. Historic district properties such as the Victorian dwellings found in Knoxville's first ring of inner-city suburbs are generally unattractive as long-term investments. Most cities with successful gentrified neighborhoods have housing affordability indices that are quite low. In New York, where Neil Smith (1979a; 1986) did extensive research, the index is 46.0, and in Boston it is 64.8 (Table 2-1). Both cities have successful gentrified neighborhoods and redevelopment extends over much larger sections of the inner-city than in Knoxville.



**Figure 2-1. A multifamily housing development in north Knoxville.**



**Figure 2-2. A new single family dwelling in west Knoxville.**

## **The Reinvestment Process**

Academics and planners have argued for further utilization of existing housing stock, especially that in inner cities. This is tied to concerns about environmental deterioration related to urban sprawl. New suburban developments cause deforestation and remove agricultural land through construction, increased tax rates, and speculation (Hart 1966; 1990). Bourne calls for "the reuse, intensification, and reurbanization of older urban areas and for an overall reduction in the waste of land and resources created by our cut-and-burn style of development." (Bourne 1991, 185). The real estate industry has not taken these concerns seriously because construction of residences continues to be a major contributor to economic growth throughout the country. An important economic indicator is housing starts, a statistic that takes on added meaning when the national economy is in recession. The market for new homes provides investment and income opportunities for financial institutions, real estate agents, and the construction industry.

Beauregard describes investment, disinvestment, and reinvestment in urban housing markets as follows:

Almost everywhere one finds signs of new construction, abandonment, renewal, or disrepair. Cities are constantly adapting to and being transformed by novel economic activities, the migration of people, large-scale public works, investor speculation, new patterns of everyday life and the desire for change. The landscape is restless because society is inherently unstable." (Beauregard 1993, 55).

It is this constant change that makes the debate on gentrification an interesting one. Reinvestment is a significant part of the home-building industry, but the portion of this expenditure that can be attributed to historic preservation is quite small. In 1992, investment in residential construction in Knox County was \$42,067,332 (Knoxville/Knox County Codes Enforcement Office, 1992). Of this total, \$26,087,766, 62 percent, went into new residences, and \$15,997,566, 38 percent, was spent on improvements to existing dwellings. Reinvestment in the three historic districts for 1992 was \$381,975, only 1.46 percent of the total invested in renovating dwellings in Knox County. Average



expenditure on improvements in Knox County was \$17,091 per dwelling, which was higher than the \$8,756 that was spent in the historic districts, an indication that the return of the middle-class to the inner-city neighborhoods was not significant. Most of the building permits issued for restoration in the historic districts had construction costs that were below \$2,000. Many of these were for step and other minor repairs. The pattern is not one of large outlays of capital needed to restore the Victorian dwellings of the historic districts.

### **Capital and Knoxville's Historic Districts**

The lack of significant investment by financial institutions in inner-city neighborhoods throughout America has been heavily criticized by academics. Redlining, the discriminatory practice of denying loans in certain areas based on their location and the characteristics of their residents, has been an important issue (Albright 1977; Hula 1991; Shlay 1987). Much of this debate is tainted with charges of racial discrimination, especially against the African American inner-city population. The Fourth and Gill Neighborhood Organization withdrew its account from the First Tennessee Bank in 1987 as a mark of protest over redlining (The Knoxville New Sentinel 1988, 15). One leader of Old North Knoxville neighborhood claims that the area has been redlined (Coggins 1993). While the charges cannot be dismissed for some cities or even for some sections of Knoxville, redlining is not a major limitation to housing market revival in the three historic districts analyzed. Using Chi square tests for means of conventional, Federal Housing Administration (FHA), and Veterans Administration (VA) loans on three-bedroom dwellings for 1988 to 1992, indicate no significant difference at the 95 percent confidence level between the combined means for Knox County and the combined means for the historic districts (Tables 2-2, 2-3, and 2-4). The rate of conventional loans for three-bedroom home purchases in the historic districts surpassed the rate for Knoxville in three of the years 1988 - 1992, further indication that financial institutions are not inhibiting restoration activity in the historic districts.

**Table 2-2**

**Conventional loans as the method for financing three-bedroom home purchases in Knox County and historic districts, 1988 - 1992.**

Year	Percent of all financing methods in historic districts	Percent of all financing methods in Knox County
1988	42	22
1989	8	21
1990	44	24
1991	22	32
1992	36	34

Source: The Knoxville Association of Realtors, Multiple Listings Service Summaries, 1988 - 1992.

**Table 2-3**

**FHA and VA loans as the method for financing three-bedroom home purchases in Knox County and historic districts, 1988 - 1992.**

Year	Percent of all financing methods in historic districts	Percent of all financing methods in Knox County
1988	21	46
1989	58	51
1990	17	46
1991	39	43
1992	29	43

Source: The Knoxville Association of Realtors, Multiple Listings Summaries, 1988 - 1992.

**Table 2-4**

**Chi square test for conventional, FHA, and VA loans for Knox County and historic districts.**

Year	Combined FHA/VA and conventional loans for Historic Districts. (o)	Combined FHA/VA and conventional loans for Knox County. (e)	$(o - e)^2/e$
1988	63	68	1.13
1989	66	72	0.5
1990	61	70	1.16
1991	61	75	2.61
1992	65	77	1.90

Source: The Knoxville Association of Realtors, Multiple Listings Service Summaries, 1988 - 1992.

**The test**

The null hypothesis,  $H_0$  = there is no relationship between location in an historic district and the issuing of loans for home purchases in Knoxville, Tennessee between 1988 and 1992.

The alternative hypothesis,  $H_1$  = there is a relationship between location in an historic district and the issuing of loans for home purchases in Knoxville, Tennessee between 1988 and 1992.

$$\chi^2 = \sum [(o - e)^2/e]$$

$$\chi^2 = 7.3$$

The critical value at the 95% confidence level with 4 degrees of freedom = 9.6

Since  $\chi^2 < 9.49$ , therefore, accept the null hypothesis.

## **Gentrification and Knoxville's Housing Market**

The number of dwellings available for gentrification in Knoxville's five inner-city historic districts is 1220, and additional communities have expressed interests in becoming historic districts (Bennett 1993). This is a large number of dwellings to restore through reinvestment by middle-income households, for historic districts are in an intensely competitive housing market. Competition is even more intense in a medium-size city such as Knoxville, where the negative externalities of suburban living are not as great as in the large metropolitan areas of the Northeast, and the Midwest. A fully restored three-bedroom Victorian dwelling that costs \$125,000, the type most common in the historic districts, means that the affordability threshold is an annual household income of at least \$50,000. In 1990, there were 26,962 such households in Knox County (The University of Tennessee Center for Business and Economic Research 1992). Because gentrification primarily tends to attract the 25-45 age group, the number of households that are potential gentrifiers is 12,790 (Table 2-5). The lion's share of housing for this market is supplied by new suburban developments and older suburbs that were created after 1930. Over the past five years, the sale of historic district properties has been less than 0.5% of all properties above \$80,000 (Knoxville Association of Realtors MLS Summaries 1988-1992). Assuming that no more than 2%<sup>3</sup> of the 12,790 potential households are interested in historic dwellings, then only 250 in the Knoxville market in 1990 will eventually purchase this type of property. Unless there are major labor-market changes, this number cannot be expected to rise significantly in the near future. The 1220 dwellings available for reinvestment through managed gentrification is far too many.

The result of this oversupply, failure of gentrification, is expressed in several ways at the neighborhood level. Spatially, this niche market is spread over too large an area. The visual impact of restoration is limited in each neighborhood. The "chaos and complexity" of gentrification becomes even more pronounced because of the oversupply of properties in the historic districts. Several outcomes are possible under such conditions. First, one historic district could become fully gentrified, but the others would

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<sup>3</sup> Figures for the sale of single family dwellings in the \$100,000 to \$150,000 price range for 1988 to 1992 in Knoxville reveal that no more than 0.5% of all property sales are in the three historic districts.

have very little reinvestment. Second, reinvestment could be dispersed over all of the historic districts with little transformation. Third, the historic districts could become filled with households that could not afford gentrification. I now examine the results of managed gentrification in an oversupplied market by analyzing the three historic districts.

**Table 2-5**

**Household income in Knox County, 1989**

<b>Categories</b>	<b>Number of households</b>	<b>Percent of all households</b>
Income > \$50,000	26,962	20.72
Income > \$50,000 and age 25 - 45	12,970	9.62

Source: The Center for Business and Economic Research, The University of Tennessee, 1992.

## **CHAPTER THREE**

### **REINVESTMENT IN THE FOURTH AND GILL HISTORIC DISTRICT**

#### **History of the Neighborhood**

Fourth and Gill is among the first residential neighborhoods built in close proximity to Knoxville's city center. Construction took place in a series of stages. Four planned subdivisions, Staub's, van Gilder's, Henderson's, and Gill's additions, were built in the late nineteenth and early twentieth centuries (Knoxville\Knox County Planning Commission 1985). The merging of these subdivisions as residences were added defined the space that became Fourth and Gill. Construction began in 1880, and by 1930 most of the housing stock was in place. During this 50-year period, more than 300 residences were erected in a densely-developed neighborhood within a mile of the city center. Streets were laid out in a grid pattern with sidewalks and service alleys. The area is no longer a suburban residential area and is part of the inner-city.

Most of Fourth and Gill's original dwellings remain and are now the focus of restoration and reinvestment. The houses exhibit a complex architectural tradition with several design themes and variations. Fourth and Gill was built from south to north of the city center. The older sections of the neighborhood in the south contain larger dwellings and more diverse architecture. One important historic dwelling is the Queen Anne house at 803 North Fourth Avenue (Figure 3-1). It was built in 1880 and was the residence of Alfred A. Taylor, Governor of Tennessee from 1920 to 1922 (Knoxville\Knox County Metropolitan Planning Commission 1985). Famous Knoxville architects Charles Barber and Joseph Bauman established designs for others to copy. The Queen Anne cottage at 703 Luttrell and the two-story Queen Anne residence at 816 North Fourth were designed by Barber (Figures 3-2 and 3-3) (Knoxville\Knox County Metropolitan Planning Commission 1985). Although Victorian house designs are dominant, there are also American Foursquare, Colonial Revival, Gothic Revival, and Italianate designs. Most are two-story dwellings with three bedrooms built on standard 50 by 150-foot lots. Further



**Figure 3-1. The Queen Anne house at 803 N. Fourth Avenue.**





**Figure 3-2. The Queen Anne cottage at 703 Luttrell Street: designed by Knoxville architect Charles Barber.**



**Figure 3-3. The Queen Anne house at 816 N. Fourth Avenue: designed by Knoxville architect Charles Barber.**

variations in house designs of Fourth and Gill are found in the northern section. Here, residences are smaller bungalows constructed during the late 1910s and 1920s, immediately before the Great Depression of the 1930s.

In its early years Fourth and Gill was one of the city's prime residential areas for the rapidly growing middle-income population, created by the significant economic expansion at the turn of the century. Most of the residents were businessmen and professionals, who occupied large houses that were commensurate with their social and economic standing in the city. But like similar neighborhoods in American cities, disinvestment in the housing market and outmigration of middle-income households occurred in recent decades. Fourth and Gill's prominence in Knoxville's residential realm was challenged by new suburban communities built after the second World War. These new developments were financed by the Federal Housing Administration (FHA), the Veterans Administration (VA), and private companies during a period when homeownership for a wide cross section of American society was promoted. Downward filtering of older dwellings initiated a process of deterioration that threatened the long term survival of houses that were well-built but poorly maintained. Writing about housing conditions in Fourth and Gill in the early 1970s, Bolton and Halford observed the following:

Most of the fine homes are still standing having long been vacated by their original owners. Most ... have ... been allowed to deteriorate and some are even falling down. Although many are unsafe for human habitation, they are still being used as rental units (Bolton and Halford 1971, 3).

The transition of Fourth and Gill from a middle-income neighborhood to an inner-city community where low-income households are dominant is exhibited by profiles of the occupational categories of the heads-of-household for the 1000 Block of Luttrell Street in 1920 and 1975 (Tables 3-1 and 3-2). While the primary occupational categories in 1920 were entrepreneurial and professional in nature, the 1975 residents were primarily blue-collar workers living in rental units that were carved out of the original dwellings. The dwelling at 1006 Luttrell, which in 1920 was the residence of P. A. Moore the

**Table 3-1**

**The 1000 Block of Luttrell Street in 1920**

<b>House number and head of household</b>	<b>Occupation</b>
1000 Newcomer, M. M.	President/Treasurer, The Style Shop
1003 Paulus, J. M.	Clerk, M. B. Arnstein Co.
1006 Moore, P. A.	Vice-President, Bowman-Moore Co.
1007 Haun, M. E.	Sterchi and Haun
1010 Baughman, D. L.	Engineer, Southern Railroad
1011 Sullivan, M. J.	No entry
1015 Hensley, J. A.	Clerk, J. S. Hall's Sons Co.
1017 Haun, S. D.	Conductor, Southern Railroad
1026 Ogle, P. N.	Dentist
1027 Scharringhaus, E.	Manager, Gillespie-Shields Co.
1030 Walker, J. A.	Salesman, McMillan-Hazen and Co.
1033 Henry, B. F.	Machinist, Southern Railroad
1034 Rice, E. L.	Teacher, Knoxville High School
1041 Wright, C. W.	Vice-President, Doolie-Gillespie-Wright
1042 Bayless, J. J.	President, Quality Carriage Co.

Source: City Directory of Knoxville and Suburbs, 1920.

**Table 3-2****The 1000 Block of Luttrell Street, 1975**

<b>House number and head of household</b>	<b>Occupation</b>
1003 Apartments	
1. Brown, M. D.	Salesperson, Watson's Dept. Store
2. England, C.	No entry
3. Hawkins, R. D.	Surveyor, L and N Railroads
4. Hill, N. E.	No entry
5. Jones, R. D.	Waitress, Bahou Restaurant
1006 Apartments	
2. Ford, L.	No entry
4. Shipe, A. B.	No entry
1007 Apartments	
1. Leoke, B. L.	No entry
2. Owens, D. P.	No entry
1008 Smith, C. T.	Driver, Floyd Roach Furniture Co.
1012 Woods, J.	Cashier, Central Cafeteria
1013 Apartments	
Mckenzie, E. C.	Bookkeeper, C R Hunter Printing Co.
Moore, E.	Nurses' Aide, Serene Manor Medical Center
Burnette, F.	Employee, Standard Knitting Mills
1015 Apartments	
1. Clapp, L. G.	Widow
2-4. Vacant	
1018 Worley, F. R.	No entry
1019 Vacant	
1022 Apartments	
Loveday, D. T.	Welder, Dempster Bros. Co.
Wade, A. B.	Draftsman, Long Airdox Co.
Millon, Jas.	Stripper, Tennessee Armature and Electric Co.
1023 Atkins, N. G.	Construction worker
1025 Goodman, W.	No entry
1026 McMillan, J.	Copy editor, The Knoxville Journal Co.
1027 Bernard, B. B.	Employee, The Knoxville News-Sentinel Co.
1028 Haynes, S. E.	No entry
1029 Apartments	
Stokes, A. E.	No entry
Thornton, R. L.	Student, The University of Tennessee
Moss, W.	Student, The University of Tennessee
1031 Bledsoe, W. E.	Mechanic, Beaty Chevrolet

1034 Hutchins, R. M.	No entry
1039 Sharp, D. N.	No entry

Source: The Knoxville City Directory, 1975.

vice-president of the Bowman- Moore Hat Company, was a two-unit apartment in 1975 (Tables 3-1 and 3-2). Patterns of transformation were similar for other dwellings on the block, and extend to much of the neighborhood.

### **Dimensions of the Historic District**

Gentrification in the Fourth and Gill neighborhood began in the mid-1970s and continues. The process is managed by the Fourth and Gill Neighborhood Organization, a group made up of middle-income property owners who began moving into the neighborhood just before gentrification began, and the city's urban planners. In 1985, Fourth and Gill was listed on the National Register of Historic Places as a Federal Historic District. One of the arguments for this historic designation was the diverse architecture of dwellings in the neighborhood. Prior to the historic district designation, individual dwellings such as the Alfred Taylor home were listed on the National Register (Figure 3-1) (Knoxville\Knox County Metropolitan Planning Commission 1985). With the historic district was established, a distinction was made between contributing structures, dwellings that were considered appropriate for gentrification, and non-contributing structures, those that had been extensively altered. Within the Fourth and Gill Historic District, there are 292 dwellings. Of these, 273 are contributing structures and 19 are non-contributing ones (Knoxville\Knox County Metropolitan Planning Commission 1985). The non-contributing structures are scattered throughout the neighborhood. There is no discernible pattern to the distribution of these dwellings. A number of vacant lots, parks, and other small open spaces are also present in the district.

Fourth and Gill's historic district status is confined to a National Register listing. This means that modifications to structures financed by private capital and by the city government cannot be legally blocked. Even without the legal protection of the zoning regulations associated with an H-1 overlay historic district granted by the city's planning authority, the Fourth and Gill Neighborhood Organization has been successful in preventing building modifications that do not follow the guidelines of the Secretary of the Interior's Standards for Rehabilitation.



## **Planning and the Gentrification of Fourth and Gill**

Of the three historic districts in this study, Fourth and Gill has the highest percent of dwellings restored by private capital. This reinvestment was achieved with the consistent effort of the Fourth and Gill Neighborhood Organization. The neighborhood organization is an important political force in land use decisions for the historic district and adjoining areas of Knoxville's inner-city. The Fourth and Gill Neighborhood Organization operates under the guidance and with the support of the Knoxville\Knox County Metropolitan Planning Commission, the city's planning department, and the Knoxville\Knox County Historic Zoning Commission, a voluntary organization that directs policy on the use of historic properties in Knox County. A number of activities in the mid-1970s organized by those whom Travis (1973) calls "pioneer settlers" set in motion a series of processes that created neighborhood improvements. Three phases of reinvestment can be identified: settlement, advertisement, and consolidation. This model depicts managed gentrification, a process driven by the neighborhood organization working with city planners to transform the housing market. The model is not another stage models of gentrification. Rather, it describes the steps taken by neighborhood organizations in Knoxville to establish the framework for private sector reinvestment within the historic districts.

The demographic and economic profiles of the earliest group of households to move into Fourth and Gill in the 1970s were studied by Glen Harrison (Harrison 1983). Harrison's description is confined to the settlement stage, a period in which the framework for reinvestment was created. Much of the second stage and almost all of the third stage took place after his study. Fourth and Gill along with three other neighborhoods, Mechanicsville, Lonsdale, and Vestal, received grants for home improvement under the Community Development Deferred Payment Loans and HUD's Section 312 program (Harrison 1983). Two of these neighborhoods, Fourth and Gill and Mechanicsville, are now historic districts. Programs to assist homeowners with rehabilitation began in 1975, and by 1980 Fourth and Gill was attracting the highest level of private capital. Forty-three



percent of dwelling restorations were financed by private sources (Harrison 1983, 41). The large amount financed by public funds, 57 percent, indicates gentrification by middle-income households was not the dominant housing-market process. In 1983, the trajectory of neighborhood change was still not clear because a significant amount of private capital had not returned to the housing market and federal funding was on the decline.

One of the strategies used in Fourth and Gill to increase the number of households participating in restoration during the advertisement stage was marketing the neighborhood as a place for "gentrification," a concept which is well understood by the middle-class. The advertising campaign took many forms and continues to the present. First, media events such as the clearing of abandoned lots were held. Walking tours of the neighborhood were organized, and some gentrified residences were opened to the public (The Knoxville Journal 1981, 11). Street fairs were organized and the neighborhood joined in the celebration of National Historic Preservation Week. These events serve a dual role. While portraying the neighborhood as a good place to live and raise a family, they also help to build a sense of community among residents, many of whom are new to the inner-city. Formal advertisement was also conducted through real estate listings. A 1987 listing in a Knoxville newspaper that caters to conservationists and similar folk advertised the house at 911 Luttrell Street through a company called "Bob Whetsel Renaissance" (Metro Pulse 1987, 22).

Consolidation of the gains made in Fourth and Gill, the third phase, is a part of the neighborhood's continuing transformation. Efforts have centered around creating an atmosphere of confidence in which financial institutions will extend credit to home buyers interested in historic neighborhoods. Recent activities have involved lobbying against such unattractive functions as using vacant buildings as halfway houses and infrastructural improvements that threaten dwellings. A proposal by state transportation officials to expand Interstate 40 to six lanes at the Business Loop intersection, a section of the highway which forms a boundary of Fourth and Gill, was blocked and the project has been put on hold.

## **Evidence of Reinvestment in Fourth and Gill**

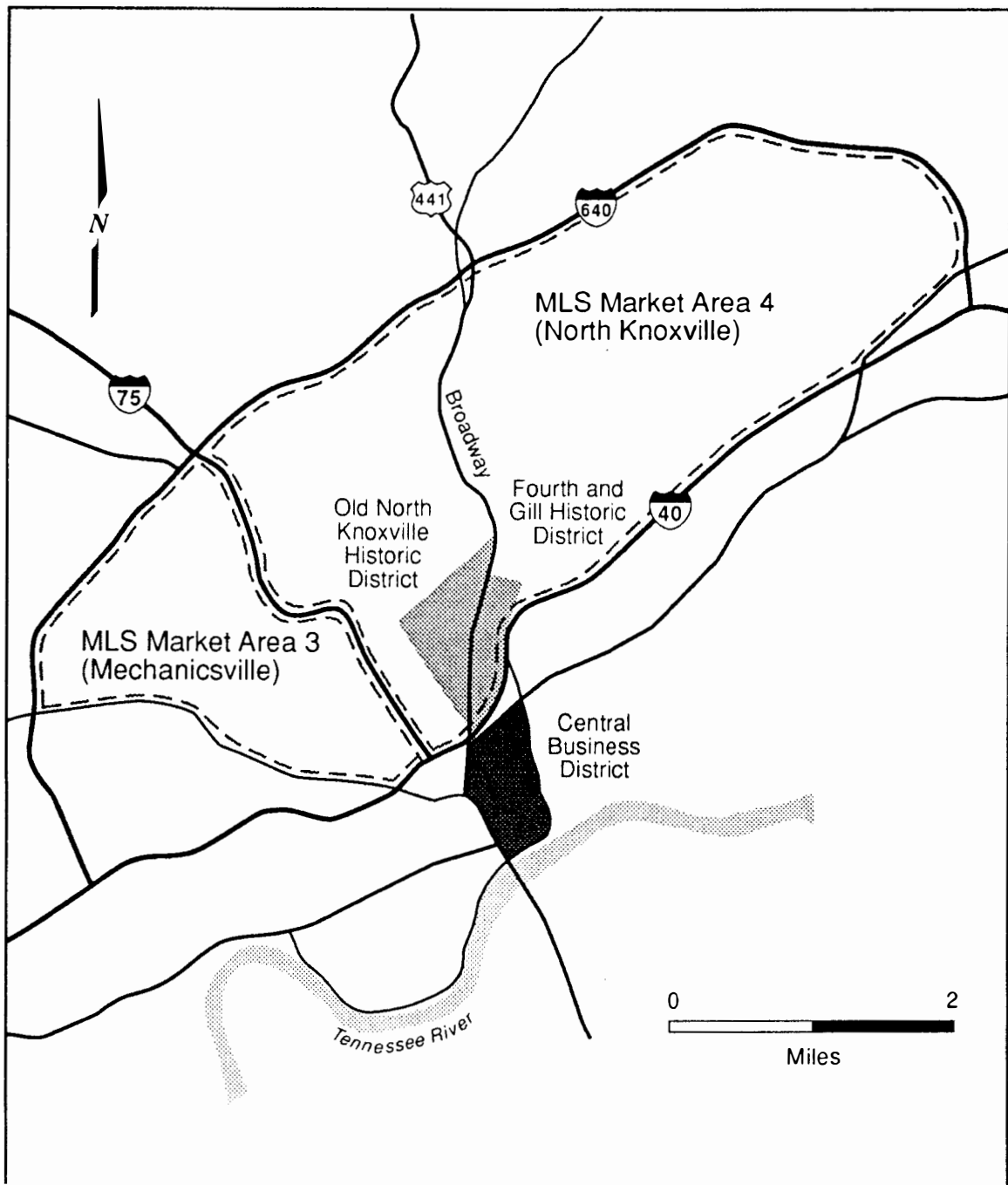
After more than 15 years of managed gentrification, the Fourth and Gill housing market has made some recovery, but the neighborhood lacks the number of middle-income households needed for full gentrification. While some dwellings have been fully restored and one street, Luttrell, has experienced significant redevelopment, large sections of the neighborhood have not been revived. However, there is a general improvement in the quality of dwellings from the description by Bolton and Holford in 1971, and some new households are compatible with the socioeconomic profile of gentrifiers presented in the academic research (Spain 1981, 14).

Three methods are used to measure gentrification and reinvestment in Fourth and Gill. None is comprehensive, but each allows analysis of different issues. The data sets complement each other in important ways. First, data from the Knoxville Association of Realtors Multiple Listings Service (MLS) for the period 1980 to 1992 list the sales of all properties within the historic district by real estate companies. Summaries of property sales by geographic area and by type and size of dwellings allow for analysis of Fourth and Gill as a housing sub-market with respect to the inner-city, North Knoxville, and Knox County. The second source of data is building permits from Knoxville's Code Enforcement Department. Included on these permits are the type of building, the owner's name, the address of the property, the present and future uses of the dwelling, and the estimated restoration cost. Except for painting and other minor improvements, property renovations between 1980 to 1992 were carried out with building permits because of the determination of community leaders to eliminate restoration projects that were not in keeping with historic preservation. This was achieved through careful monitoring of construction by the neighborhood organization. Any significant restoration is noticeable, and those that do not comply with preservation objectives are blocked. The third source of data employed for measuring gentrification and reinvestment is the Knoxville City Directory. The city directory provides addresses of heads of households and in most cases their employment. It allows for the analysis of displacement of low-income renter-occupied households that accompanies transformation.

## **Gentrification and the Housing Market**

Fourth and Gill is part of the larger North Knoxville housing sub-market designated by the Knoxville Association of Realtors (Figure 3-4). Only a small number of new dwellings are built in North Knoxville, and most property transactions are for occupied dwellings (MLS Summaries, 1980 - 1992). Between 1980 and 1992, 66 dwellings in the Fourth and Gill neighborhood, 23.3 percent of the total, were sold through real estate companies. Also, between 1985 and 1992 the average sale price for dwellings increased relative to the Knox County housing market (Table 3-3). In 1985, the average sale price of three-bedroom dwellings in Fourth and Gill was 42.3 percent of the average for similar properties in Knox County. With managed gentrification, sale prices increased to 74.8 percent by 1992. The rebound of the residential real estate market in Fourth and Gill is more evident when recent appreciation of house prices are compared to the North Knoxville sub-market. In 1985, sale prices in Fourth and Gill were 66.9 percent of the average for the North Knoxville sub-market. By 1992, the average price had increased to 112.4 percent. When the price increases are adjusted for inflation, the appreciation of house values in the Fourth and Gill Historic District is even more impressive. Using an inflation rate of 23 percent for the eight-year period for which comparative data are available, house prices increased by 88 percent within the historic district.

The number of days properties are on the MLS is an indication of demand. Where interest in residences is strong, it is translated into higher demand for the dwellings and a reduction in the number of days that such properties are on the market. Between 1982 to 1992, the average number of days that properties in the Fourth and Gill Historic District were on the MLS decreased from 200 to 33 (Knoxville Association of Realtors, MLS Summaries 1982 - 1992). While these data indicate a strong demand for



**Figure 3-4. The Fourth and Gill and Old North Knoxville Historic Districts and the Multiple Listings Service (MLS) Market Areas.**  
*Source: Knoxville/Knox County MLS Map, 1992.*

**Table 3-3**

**Residential Property Sales, Fourth and Gill, 1985 - 1992**

<b>Year</b>	<b>Sale prices Fourth and Gill. (\$)</b>	<b>Sale prices North Knoxville (\$)</b>	<b>Fourth and Gill prices as % of North Knoxville</b>	<b>Sale prices Knoxville</b>	<b>Fourth and Gill prices as % of Knoxville</b>
1985	26,000	38,823	66.9	61,400	42.3
1986	30,411	41,567	72.3	59,602	51.1
1987	43,750	46,462	94.2	57,619	75.9
1988	38,425	44,920	85.5	65,102	59.6
1989	45,300	47,619	95.1	70,799	63.9
1990	55,500	54,416	101.9	74,766	74.2
1991	59,563	49,168	121.1	77,532	76.8
1992	60,134	53,691	112.4	80,368	74.8

Source: Knoxville Association of Realtors Multiple Listings Service Summaries, 1985 - 1992.

Note: All comparisons are for three-bedroom units.

historic properties, the transactions were for a relatively small number of dwellings, 66, 24 percent of the historic properties sold over a ten-year period. During this period, total annual sales increased only marginally. While interest in the historic dwellings of Fourth and Gill has increased, not every dwelling in the neighborhood is being pursued by middle-income home buyers interested in restoring them.

### **Property Restoration in Fourth and Gill**

Probably the most important measure of gentrification in inner-city areas is aggregate investment in restoration. Historic preservation contractors refer to the restoration of inner-city Victorian dwellings as high-cost construction. Expenditures are difficult to estimate without careful study of each building. In Fourth and Gill and other historic districts, the minimum cost of full restoration is about \$125,000, with minimum building repair costs of \$20,000 (Whetsel 1993; Coggins 1994). Between 1980 and 1992, \$1,692,567, measured in constant 1992 dollars, was spent on restoration in the Fourth and Gill neighborhood (Table 3-4). Using a constant 1992 dollar figure of \$20,000 as the minimum investment for a fully restored dwelling, only 35 of the 128 building permits issued between 1980 and 1992 (27 percent) were for full restoration (Knox County Codes Enforcement Department 1980 - 1992). The average spent on each dwelling was \$13,223, 66 percent of the amount estimated for full restoration (\$20,000). Forty-eight percent of the building permits issued were for repairs valued at less than \$1,000. This relatively low level of reinvestment is an expression of the income structure of households in Fourth and Gill. There are not enough households with the income to invest in high-cost restoration. While the historic ethos has prompted property owners to invest in restoration, they have only been able to afford small, incremental expenditures. It is premature to claim that true gentrification has taken hold in Fourth and Gill.

Part of the reinvestment in the Fourth and Gill Historic District meets both the economic and social criteria of gentrification. There have been large restorations, such as the home of Gordon Coker at 1227 Luttrell Street in 1988 for which the expenditure was \$261,000. Other significant investments were made at 930 Gratz Avenue (William

**Table 3-4****Building Permits, Fourth and Gill Historic District, 1980 - 1992**

<b>Year</b>	<b>Permits issued</b>	<b>Total valuation of restoration</b>	<b>Mean valuation of restoration</b>	<b>Total valuation in constant 1992 dollars</b>
1980	20	155,300	7,765	197,231
1981	7	57,978	8,283	73,473
1982	12	68,367	5,697	84,091
1983	12	96,767	8,064	117,078
1984	8	53,900	6,737	64,141
1985	2	6,500	3,250	7,670
1986	8	43,700	5,462	50,692
1987	7	110,656	15,808	125,042
1988	4	287,000	71,750	318,570
1990	18	296,150	16,452	313,919
1991	8	144,000	18,000	148,320
1992	22	193,340	8,788	193,340
Total	128	1,513,658	N. A.	1,692,567

Source: Knox County Code Enforcement Department 1980 - 1992.

Note: The figures for July to December, 1988, and all of 1989 are not represented in this table. These figures were lost in the conversion from card files to computer files in the Knox County Codes Enforcement Office.

Cartwell, \$60,000 in 1991), 1003 Luttrell Street (Robert Whetsel, \$70,000 in 1990), 820 Luttrell (Jo Ann Anderson, \$50,000 in 1990), 1006 Luttrell (Kathryn Newton, \$41,000 in 1990), and 1019 Eleanor Street (James Green, \$49,256 in 1987). Between 1980 and 1985, only one rehabilitation, 617 Deery Street (Jim Cortese, \$32,000 in 1980), had reconstruction costs of more than \$20,000 in constant 1992 dollars (Knox County Codes Enforcement Department 1980 - 1992). While these households and similar ones established the base of further investment, a large number of the households in Fourth and Gill do not appear to have the income for real gentrification.

### **Transformation at the Household Level**

The displacement of low-income households from inner-city neighborhoods is a recurring theme in research on gentrification. Displacement is difficult for any household to face, especially if the alternatives are public housing projects or lower-quality dwellings. While the moral arguments against the removal of low-income families are quite strong, evidence of displacement is a good indicator of reinvestment. Household data indicate that socioeconomic transformation is taking place in some sections of the Fourth and Gill neighborhood, but there are sections that have witnessed only marginal impact. In Fourth and Gill are streets (e.g. Luttrell) where the number of property sales and building permits indicate that the housing market has rebounded over the last decade with managed gentrification. There are other streets, however, where property sales and building permits are low. The 1000 block of Luttrell Street is an example of how one section of Fourth and Gill was transformed between 1975 when gentrification was in the settlement stage, and 1992, when it entered the consolidation stage (Tables 3-2 and 3-5). In 1993, the house at 1006 Luttrell was occupied by a B. C. Simpson, who is a certified public accountant, and K. C. Newton, for whom no employment was listed (Table 3-5). Of the three single-family households on the block, two had middle-income occupations and the other did not declare an employment category. The high number of vacancies in the apartment rental market reflected a trend by property owners to exclude the poorest households, such as college students, from the community (Whetsel 1993).



**Table 3-5****The 1000 Block of Luttrell Street, 1993**

<b>House number and head of household</b>	<b>Occupation</b>
1003 Sloan Apartments	
1. Simpson, B. C.	Certified public accountant
2. Newton, K. C.	No entry
1007 Parmalee, J. D.	S. Knoxville Collectibles
1008 Hancock, S. G.	No entry
1012 Not verified	
1013 Vacant	
1015 Apartments	
1. Walsh, H.	No entry
2. Nolan, E. B.	No entry
3-4. Not verified	
1018 Whetsel, R.	Public Service Director, City of Knoxville
1019 Johnson, W. M.	No entry
1022 Alexander, M. C.	Cytologist, East Tenn. Baptist Hospital
1023 Not verified	
1025 Howard, D. G.	No entry
1026 Apartments	
1. Milligan, M.	No entry
2. Not verified	
1028 Thomson, A.	Manager, Thompson Photo Products
1029 Almond, L.	Accountant, Value Textiles
1031 Bledsoe, W. E.	Retired
1034 Apartments	
7. Clark, T.	No entry
8. Noe, L.	No entry
9. Blair, M.	No entry
10. Hargis, F.	No entry
11. Gass, J.	No entry
12. Thompson, J.	No entry

Source: The Knoxville City Directory 1993.

While Luttrell Street has witnessed significant restoration and return of middle-income households, some sections of Fourth and Gill have not experienced similar patterns of transformation. Listings of the heads of households in 1975 and in 1993 for the 1000 block of Gratz Avenue show little change (Tables 3-6 and 3-7). In 1993, none of the households on the 1000 block of Gratz Avenue for whom employment was listed could be classified as middle-income. Further, visual analysis of the neighborhood in March, 1994, revealed that dwellings and surrounding yards are poorly maintained. They stand in sharp contrast to properties on Luttrell Street where most dwellings are restored and lawns and fences are well-maintained (Figures 3-5 and 3-6).

## **Conclusions**

Fourth and Gill has moved beyond the other historic districts in attracting young middle-income households, but gentrification is not yet at a stage where the reinvestment can be considered advanced. Increases in the average sale price of dwellings and the progression of investment in restoration are indicators that managed gentrification has a positive influence on the housing market. However, based on the return of middle-income households, gentrification in the social sense has not been the dominant process. Some dwellings remain on the rental market with two or more apartments occupied by low-income households. The ground work for gentrification has been successfully laid, but as with everything else in a small urban economy, the patterns are evolving more slowly than the large cities of the Northeast.

The Fourth and Gill Historic District has advanced to the third stage of the managed gentrification model, but progress beyond this to a stage in which reinvestment in a large share of the dwellings takes hold has not occurred. This neighborhood can be expected to remain in the consolidation stage. If efforts by the neighborhood organization to protect the area from land uses that are considered incompatible with middle-income communities are terminated, Fourth and Gill will most likely enter a renewed phase of disinvestment. Based on current conditions, market forces are sufficiently strong to maintain the current level of reinvestment.

**Table 3-6**

**The 1000 Block of Gratz Avenue, 1975**

House number and head of household	Occupation
1008 Vacant	
1009 Vacant	
1011 Reeves, M. L.	
1012 Campbell, M. L.	
1015 Decker, L. D.	
1016 Valentine, M.	
1019 Vacant	
1020 Scism	
1021 Bogart, M. G.	
1027 Apartments	
Humphreys, M. G.	
Williams, M. H.	

Source: The Knoxville City Directory 1975.

**Table 3-7****The 1000 Block of Gratz Avenue, 1993**

House number and head of household	Occupation
1008 Watlington, R.	No entry
1009 Apartments	
1. Evans, R.	Sanitation foreman, Knoxville Municipal Garage
2. Not verified	
1011 Smith, N. T.	No entry
1012 Hubbard, L. C.	Retired
1019 Vacant	
1020 Letner, E.	No entry
1021 Hill, M.	No entry
1027 Welton, L. E.	Employee, St. Mary's Medical Center

Source: The Knoxville City Directory 1993.



**Figure 3-5. A dwelling on 1007 Gratz Avenue**



**Figure 3-6. A Dwelling on 1006 Luttrell Street.**

## **CHAPTER FOUR**

### **REINVESTMENT IN OLD NORTH KNOXVILLE**

There is no spatial separation between Fourth and Gill and Old North Knoxville; the two neighborhoods are divided by a single street (Figure 1-2). Old North Knoxville is analyzed as a separate unit because managed gentrification has followed a different trajectory than in the Fourth and Gill Historic District. However, the three-stage model that was developed to describe managed gentrification in Fourth and Gill also applies to Old North Knoxville because some elements are quite similar. Gentrification is the result of careful organization and planning rather than spontaneous reinvestment driven by the market.

It is difficult to state a precise date when the reinvestment initiative was launched in Old North Knoxville because there was no formal declaration by the city or the Old North Knoxville neighborhood organization. The period from 1978 to 1980 is an accurate estimate. In Old North Knoxville, as in Fourth and Gill, there was a group of pioneer settlers. Several newspaper articles describe the settlers as traditional gentrifiers, young professionals interested in finding new ways to express their residential preferences. There was also speculation by investors, but it did not play a significant role in the housing market. The following description indicates the types of pioneer settlers and investor speculation:

When the Ziegler House on N. Fourth Avenue was built in the 1890s, it cost in the neighborhood of \$4,000 ... Chris McDowell and his wife ... are trying to buy the house ... McDowell is a house restorer and he is going to restore [the] house in his spare time. He estimates it will take \$25,000 .... McDowell's wife ... is a real estate broker specializing in old houses .... They now own ... eight houses. They plan to restore them all and then sell some and rent others (The Knoxville News Sentinel 1987, 12).

#### **History of Old North Knoxville.**

Old North Knoxville is one of Knoxville's streetcar suburbs. Profiles of sections of the neighborhood in its early years reveal that residents were primarily what



Kane and Bell (1983) refer to as "the labor elite" (The City Directory of Knoxville and Suburbs 1920). Occupation categories of heads of households are presented for the 200 block of East Anderson Street in Table 4-1. Most of the dwellings were constructed between 1890 and 1930, and their architecture mirrored patterns in the Fourth and Gill Historic District. The neighborhood has Queen Anne, Victorian, Eastlake, and Shotgun houses, among which are interspersed Italianate, Prairie, Bungalow, and Tudor Revival designs (Figures 4-1 and 4-2). Old North Knoxville was laid out in a modified grid pattern adjusted to the gentle slopes of the physiography. There are service alleys which served as delivery entrances for bulky commodities, especially coal for heating homes. Many original dwellings remain and are structurally sound. They represent excellent raw material with which gentrifiers can work.

Even though dwellings in Old North Knoxville filtered to low-income households, socioeconomic conditions were not as bad as they were in Fourth and Gill in the mid-1970s. In 1975, the households on the 200 block of East Anderson were low-income, but heads had better jobs than the heads in Fourth and Gill (compare, for examples Tables 3-2 and 4-2). Of the 28 dwellings on the block, only three had been converted to apartments. Despite low incomes, most residents in Old North Knoxville lived in single family dwellings.

Initial attempts to create an historic district in Old North Knoxville in 1981 were thwarted by intense opposition from a group of property owners. This resistance is partly explained by the fact that owner-occupied properties were dominant. Residents were quite aware that the historic district would limit remodeling options and drive up construction costs. Their protests forced the city council to remove an H-1 historic overlay zone that it had approved (Knoxville News Sentinel 1981a, 26; 1981b, 24). This series of events slowed, but did not halt, efforts by the neighborhood organization to seek improvements in housing by encouraging private sector reinvestment. It may help to explain why the Fourth and Gill Historic District has been more successful than Old North Knoxville in attracting private capital. The absence of protection offered by an historic



**Table 4-1****The 200 Block of East Anderson Street, 1920**

<b>Number and head of household</b>	<b>Occupation</b>
200 Ling, M.	Painter, Southern Railroad
201 Lilly, J. B.	Employee, Southern Railroad
202 Wren, G. W.	Inspector, Southern Railroad
205 Baldock, H. D.	Employee, Southern Railroad
206 Thomas, R. H.	Car Repairman, Southern Railroad
207 Foggerty, J.	Bricklayer
209 Chesney, J. N.	Policeman
210 Walker, J. B.	Mechanic, Brookside Mills
211 Linville, J. M.	Foreman, Southern Railroad
212 Profitt, F. L.	Employee, Southern Railroad
213 Scott, S. O.	Flagman, Southern Railroad
214 Davis, N. L.	Telephone Operator, Southern Railroad
215 Thomas, G. S.	Manager, L. O. Rogers and Sons Co.
217 Cox, R. M.	Stenographer, Knoxville Cotton Mills
218 Miller, C. M.	Foreman, O. T. Roehl Co.
219 Kelley, G. W.	Engineer, Southern Railroad
222 Ledford, H. P.	Timekeeper, Brookside Mills
223 Logan, J. L.	Clerk, Southern Railroad
225 Repass, G. E.	Superintendent, Brookside Mills
235 Watson, G. W.	Fireman, Southern Railroad

Source: Directory of Knoxville and Suburbs, 1920.



**Figure 4-1. A Victorian dwelling 501 East Scott Street in Old North Knoxville.**



**Figure 4-2. A Shotgun dwelling at 405 East Anderson Street in Old North Knoxville.**

**Table 4-2**

**The 200 Block of East Anderson Avenue, 1975**

<b>House number and head of household</b>	<b>Occupation</b>
200 Percale, P. R.	Housekeeper, East Tenn. Baptist Hospital
201 Owe, R. L.	Widow
202 Vittetoe, E. M.	No entry
205 Ayles, H. C.	Employee, Standard Knitting Mills
206 Hightower, F. D.	No entry
207 Goosie, P. E.	Student
209 Vacant	
210 Hilburn, H. L.	Electrician, Vinsant Electrical Co.
212 Hubbard, S. L.	Machinist, Tennessee Welding Supplies Co.
214 Clark, M. F.	Widow
215 Woody, B. M.	No entry
218 Vittetoe, J. L.	Truck Driver, Carmichael Trucking Company
219 Apartments	
1. Woody, F. D.	Employee, Hibben Sweeping Service Co.
2. Atkins, H. J.	No entry
3. Vacant	
4. Harvey, D. M.	Serviceman, Joe Connors and Sons Co.
222 Crowder, C. W.	No entry
223 Breeden, B.	No entry
227 Apartments	
1. White, S.	Operator, Mr. and Mrs. Coiffeurs Co.
2. Atkins, J. A.	No entry
3. Farrar, W. B.	No entry
230 Fraytag, I. T.	No entry
231 Gains, H. R.	No entry
234 Hurst, J. C.	No entry
235 Loveday, B. C.	Machine Operator, Buttrams Co.
238 Noe, J. W.	No entry
239 Hayes, B.	No entry
242 Garrett, A.	No entry
243 Fann, J. H.	No entry
246 Nave, F. H.	No entry
247 Miller, C. M.	No entry
250 Apartments	
1. Overton, J. O.	Widow
2. Boiling, W.	Nurse, St. Mary's Memorial Hospital
3. Reagan, E. T.	Housekeeper, St. Mary's Memorial Hospital

4. Johnson, N. L. 251 Bains, W. M. 253 Vacant	Widow Supervisor, Sanitary and D. C. Co. No entry
---	---

Source: The Knoxville City Directory, 1975.

district meant that investments by perspective property owners could not be protected from incompatible land uses.

The second stage of the managed gentrification model, advertisement, was evident in Old North Knoxville by 1980. Tours of dwellings in Old North Knoxville became annual events as parts of National Historic Preservation Week in late May (The Knoxville Journal 1980, 13). Direct marketing was attempted with a distinct bias toward middle-income households. When Whittle Communications Corporation opened its headquarters in Knoxville in 1985, employees, many of whom moved to Knoxville from New York, were approached by real estate companies and representatives of the neighborhood organization (Coggins 1993). Real estate companies listed and sold several dwellings in the neighborhood between 1980 and 1992 (Knoxville Association of Realtors, MLS Summaries 1980-1992).

Movement of Old North Knoxville to the third stage of the model, consolidation, began with the designation of an historic district in 1992. In its effort to consolidate the advances made in restoring properties, the neighborhood organization immediately began lobbying against land and building uses that are not compatible with the objectives of historic preservation and the ethos of middle-income places. Attempts by the city to establish halfway houses for prisoners were successfully resisted (Coggins 1993). The neighborhood organization argued that Old North Knoxville had its fair share of halfway houses and alternative locations were needed.

### **The Old North Knoxville Historic District**

Old North Knoxville is the largest historic district in Knoxville and is one of two with both a National Register listing and city designated historic zoning. The district covers 32 city blocks and contains 521 dwellings, 495 of which are classified as contributing to the historic character of the neighborhood (National Park Service, 1985). Located less than two miles from the city center, Old North Knoxville offers the convenience of proximity to several major places of employment, including the University of Tennessee and Knoxville and Knox County governments. Major shopping areas are



within short driving distances, and the neighborhood has good access to the city's highway network.

Between 1980 and 1990, the population of the neighborhood decreased from 1,113 to 845, a 24 percent decline (U. S. Bureau of the Census, 1981, 15; 1992, 9). This population downturn can be interpreted as evidence of housing market transformation in two ways. First, the average size of households decreased from 2.2 persons per dwelling in 1980 to 1.8 in 1990. This means that smaller middle-income families, the type Spain (1981) associated with gentrification, are replacing larger, low-income households associated with inner city neighborhoods. Second, single family houses that were divided into apartments are being reconverted to single family dwellings. While each of the two processes has taken place, the degree of transition is not large enough to offer a full explanation of the population decline. The decrease is also part of the decline of Knoxville's inner-city population, which fell 11.3 percent during the 1980s (U. S. Bureau of the Census 1992, 1).

### **Housing Market Transformation in Old North Knoxville**

Reinvestment and gentrification in Old North Knoxville have been quite slow. Because the data sets for the neighborhood are similar to those for Fourth and Gill, the two areas can be compared. Since the late 1970s, when Old North Knoxville was identified by pioneer settlers, the housing market has exhibited mixed signs of both improvement and decline. Between 1980 and 1992, only 82 dwellings, 15.7 percent, were sold through real estate companies (Knoxville Association of Realtors MLS Summaries 1980 - 1992). Average sale prices for dwellings have not shown the same steady increases as has the Fourth and Gill market. It should be pointed out that prices in Old North Knoxville started from a higher base and had smaller margins for improvement. Between 1985 and 1992, increases of average prices in Old North Knoxville as a percentage of prices in Knox County were mixed. Prices reached 94.7 percent of the Knox County average in 1986 and 93 percent in 1989 but plummeted to 47.9 percent in 1991 and 44.4 percent in 1992 (Table 4-3). During the same period, similar fluctuations occurred in

**Table 4-3**

**The Old North Knoxville Housing Market, 1985 - 1992**

<b>Year</b>	<b>Average sale price, Old North Knoxville (\$)</b>	<b>Average sale price, Knoxville (\$)</b>	<b>Old North Knoxville prices as % of Knoxville</b>	<b>Average sale price, North Knoxville (\$)</b>	<b>Old North Knoxville prices as % of North Knoxville</b>
1985	32,416	61,400	52.8	38,823	83.5
1986	56,450	59,602	94.7	41,567	138.5
1987	47,180	57,619	81.9	46,462	101.5
1988	41,172	65,102	63.2	44,920	91.7
1989	65,850	70,799	93.0	47,619	138.3
1990	54,667	74,766	73.1	54,416	100.5
1991	37,100	77,532	47.9	49,168	75.5
1992	35,693	80,368	44.4	53,480	66.7

Source: The Knoxville Association of Realtors, Multiple Listings Service Summaries, 1985 - 1992.



average prices in the historic district compared with the North Knoxville housing market. In 1986 the ratio topped 130 percent but declined to 100.5 percent in 1990 and 66.7 percent in 1992. This fluctuation cannot be attributed to factors such as varying ages and conditions of dwellings sold, or to their locations within the historic district. The quality of properties differ very little, and most sales were confined to a few blocks. Visual analysis of Old North Knoxville in the summer and fall of 1993 revealed that the neighborhood does not have the appearance of upward mobility through gentrification and reinvestment as does Fourth and Gill. The visual impact of the small number of restored dwellings is not immediately evident. The poor appearance of the neighborhood is a disincentive for some middle-income households, who might otherwise be interested in historic preservation.

### **Restoration in Old North Knoxville**

Restoration activity continues in Old North Knoxville, but the pace is quite slow. Between 1980 and 1992, 132 building permits covering 26.7 percent of the dwellings were issued for house modification and rehabilitation (Table 4-4). The reinvestment figures, however, do not indicate extensive restoration. Estimates ranged from \$200 for deck repair to \$83,000 for restoring and converting a duplex into a single family dwelling (Knox County Codes Enforcement Department 1980 - 1992). When adjusted for inflation and presented in constant 1992 dollars, \$927,588 was spent between 1980 and 1992, an average of \$7,027 per dwelling. Even though Old North Knoxville has a larger number of dwellings from which gentrifiers could choose, total investment in Fourth and Gill between 1980 and 1992 was 45 percent higher. Average expenditure per restoration in Fourth and Gill was \$6,196 higher than in Old North Knoxville. These disparities, in part, are explained by the fact that the dwellings in Old North Knoxville are generally in better condition than those in Fourth and Gill. However, preservation contractors familiar with both neighborhoods state that costs of full restoration are quite similar for the two (Coggins 1994; Whetsel 1993). Although reinvestment figures indicate that middle-income households are not returning in large numbers, the pace of restoration

**Table 4-4. Building Permit Records, Old North Knoxville, 1980 - 1992.**

Year	Number of permits	Total estimated value of restoration (\$)	Mean estimated value of restoration (\$)	Mean estimated value in constant 1992 dollars	Total estimated values in constant 1992 dollars
1980	5	8,700	1,740	2,262	10,875
1981	5	32,000	6,400	8,128	40,000
1982	13	28,494	2,191	2,178	35,048
1983	6	59,500	9,916	11,903	71,995
1984	10	56,200	5,620	6,631	66,878
1985	8	21,900	2,737	3,203	25,842
1986	8	33,800	4,225	4,865	39,208
1987	14	125,800	8,985	9,974	142,154
1988	11	60,400	5,491	6,150	67,648
1990	15	134,799	8,986	9,436	142,887
1991	15	192,710	12,847	13,233	198,492
1992	22	87,835	3,993	3,993	87,835
Totals	132				927,588

Source: Knox County Codes Enforcement Department 1980 - 1992.

Note: The figures for July to December, 1988 and all of 1989 are not represented in the table. The figures were lost in the conversion from card files to computer files in the Knox County Codes Enforcement Office.

is starting to increase. In 1990 and 1991, there were significant increases in the average amount spent on rehabilitation (Table 4-4). This does not indicate that gentrification will probably be successful. Once the demand for historic properties peaks and begins to level off, Old North Knoxville should experience a downturn in property sales and a decrease in investment.

### **Gentrification at the Household Level**

East Anderson Street where building permits and sales reached their highest level in Old North Knoxville between 1980 and 1992 is an example of the types of households involved in gentrification. East Anderson (Blocks 100 - 400 with 11 sales and 21 building permits) is chosen from a group of blocks that also include East Scott Avenue (Blocks 100 - 700 with 15 sales and 31 building permits) and East Oklahoma Avenue (Blocks 100 - 500 with 18 sales and 31 building permits) which form the core of the neighborhood. The area is an example of a pattern also found in the Fourth and Gill neighborhood in which gentrification is initiated in a core and then expands outward to impact the wider community. In 1975 there were 35 households on the 200 Block of East Anderson Street. Of the 20 that reported their occupation only one, W. Boiling at 250 East Anderson, had a middle-income type of job (Table 4-2). The occupations of the heads of households were dominated by categories such as truck driver, janitor, and housekeepers. The categories do not indicate deep poverty, but the occupants were not middle-income. In 1993, the return of middle-income households to East Anderson was still not widespread. While the number of apartments decreased from three to one, the heads of households reporting employment were mainly low-income, further evidence of the weak demand for properties in the Old North Knoxville Historic District. Of the 15 households from which there was a response to questions about the employment categories, seven were retired (Table 4-5). Many of the older residents are prepared to remain in Old North Knoxville and maintain their properties rather than sell to potential gentrifiers.

**Table 4-5****The 200 Block of East Anderson Street, 1993**

<b>Number and head of household</b>	<b>Occupation</b>
200 Pressley, P.	Retired
201 Not verified	
202 Vittetoe, M.	Retired
205 Not verified	
206 Vacant	
207 Not verified	
210 Hilburn, H. L.	Retired
212 Hubbard, I.	No entry
214 Cordell, J. C.	Painter
215 Woody, M.	No entry
218 Whaley, N. M.	Retired
219 Vacant	
222 Crowder, C. W.	Retired
223 Baines, M. H.	Retired
227 Vacant	
230 Vacant	
231 Vacant	
234 Not verified	
235 Not verified	
235 Sharp, R.	Serviceman, Amerigas Co.
238 Anderson, J. N.	Student
239 Nicely, L. S.	Employee, Southeastern Food Co.
242 Brock, V.	No entry
243 Not verified	
246 Johnson, C.	Employee, Free Service Tire Co.
247 Miller, L. M.	Retired
250 Apartments 1-3. Vacant	

Source: The Knoxville City Directory, 1993.

## **Conclusions**

The performance of the Old North Knoxville housing market operating under managed gentrification is far from impressive. The efforts of city planners and the neighborhood organization have helped to initiate improvements, but the return of middle-income households has not occurred. Like Fourth and Gill, Old North Knoxville is an example of over-ambitious public policy goals that are not comprehended by the neighborhood organizations and the city planners in the reality of the local economic environment. Further progress of Old North Knoxville as residential space for middle-income households is limited, and the neighborhood will probably continue to be transformed at a slow pace. Significant improvement of the housing market does not appear possible based on current trends. The neighborhood only recently entered the third stage of managed gentrification, but it is difficult to see that further advertisement and promotion will make the dwellings and the neighborhood more attractive to the middle-class.

## **CHAPTER FIVE**

### **REINVESTMENT IN MECHANICSVILLE**

#### **History of Mechanicsville**

Mechanicsville is another of Knoxville's inner-city neighborhoods where managed gentrification is in progress. It was one of the city's suburban residential developments that grew during the period of rapid economic expansion at the turn of the century (Figure 1-2). Many of Mechanicsville's dwellings are in the Victorian tradition and were erected between 1880 and 1920. Most are three-bedroom, two-story, single-family detached houses on 50 by 150 foot lots. Although the neighborhood has an appearance similar to Fourth and Gill and Old North Knoxville, Mechanicsville's settlement history is unique. The name Mechanicsville is derived from the preponderance of industries that were located within and along its boundaries in the late nineteenth and early twentieth centuries and from the large number of industrial workers who lived in the neighborhood. Workers were employed in factories such as the Knoxville Iron Company, Knoxville Brewing Company, Knoxville Box and Keg Factory, The Pottery and Pipes Works, C. A. Greenleaf Turntable Manufactory (suppliers of turntables for railroad locomotives), Middleton and Weatherford (brick contractors), and Cudley Planing Mill (U. S. Department of the Interior, Heritage Conservation and Recreation Service, 1977). At the time Mechanicsville was annexed by Knoxville in 1883, it had the largest concentration of industries in the area. Second Creek, an important source of water, and the concentration of railroads adjoining the valley, were advantageous for industrial location. The factory laborers were an interesting socioeconomic and racial mix that was unlike any other community in Knoxville. This mixture is reflected in the residences. Most were Victorian houses for middle-income families, but smaller shotgun houses there were occupied by lower-income, black households.

Four subdivisions, Middleton's and Weatherford's Addition, Moses' Fairview Addition, J. W. Swan's Addition, and Deaderick's Addition, defined early Mechanicsville (U. S. Department of the Interior 1977). Middleton's and Weatherford's Addition

contained a number of shotgun houses built on lots that were only 25 feet wide. The other three subdivisions had larger Victorian residences. By 1970, much of the housing stock was substandard and deterioration was at an advanced stage. Dwellings were in worse shape than those in Old North Knoxville and Fourth and Gill.

This chapter differs from the two that preceded it. Rather than discussing the progress of reinvestment in Mechanicsville, I attempt to document and explain the failure of the managed gentrification in the neighborhood. The chaotic concept of Rose (1984) and Beauregard (1986; 1990) is used to explain the Mechanicsville experience. According to the chaotic concept, there are more possibilities for gentrification than for reinvestment and return of middle-income households to the old, quaint houses of inner-city neighborhoods. Failure to attract private investment to historic neighborhoods is possible, especially in areas where market forces are constrained and where properties are of marginal historical value.

Since 1977, Mechanicsville has been the center of several publicly sponsored projects aimed at reviving the housing market. These attempts are not grounded in careful analysis and deep understanding of the market for historic properties in Knoxville. Instead, a few property owners have seen the opportunity to follow a national trend in which middle-income households return to the inner-city, invest in property restoration, and turn neighborhoods around. The pattern is for the public sector to provide the initial capital and then to allow the private sector to take over. However, the return of the middle-income households and private investment are far from realities in Mechanicsville. A different dynamic process is taking the neighborhood in a direction that varies from Fourth and Gill and Old North Knoxville.

### **Dimensions of the Historic District**

Mechanicsville is both a National Register Historic District and an overlay historic zone. These designations followed efforts within the community in the mid-1970s to preserve dwellings. The area had a concentration of substandard dwellings, and forces were in motion to further deterioration. Mechanicsville had high levels of abandonment,

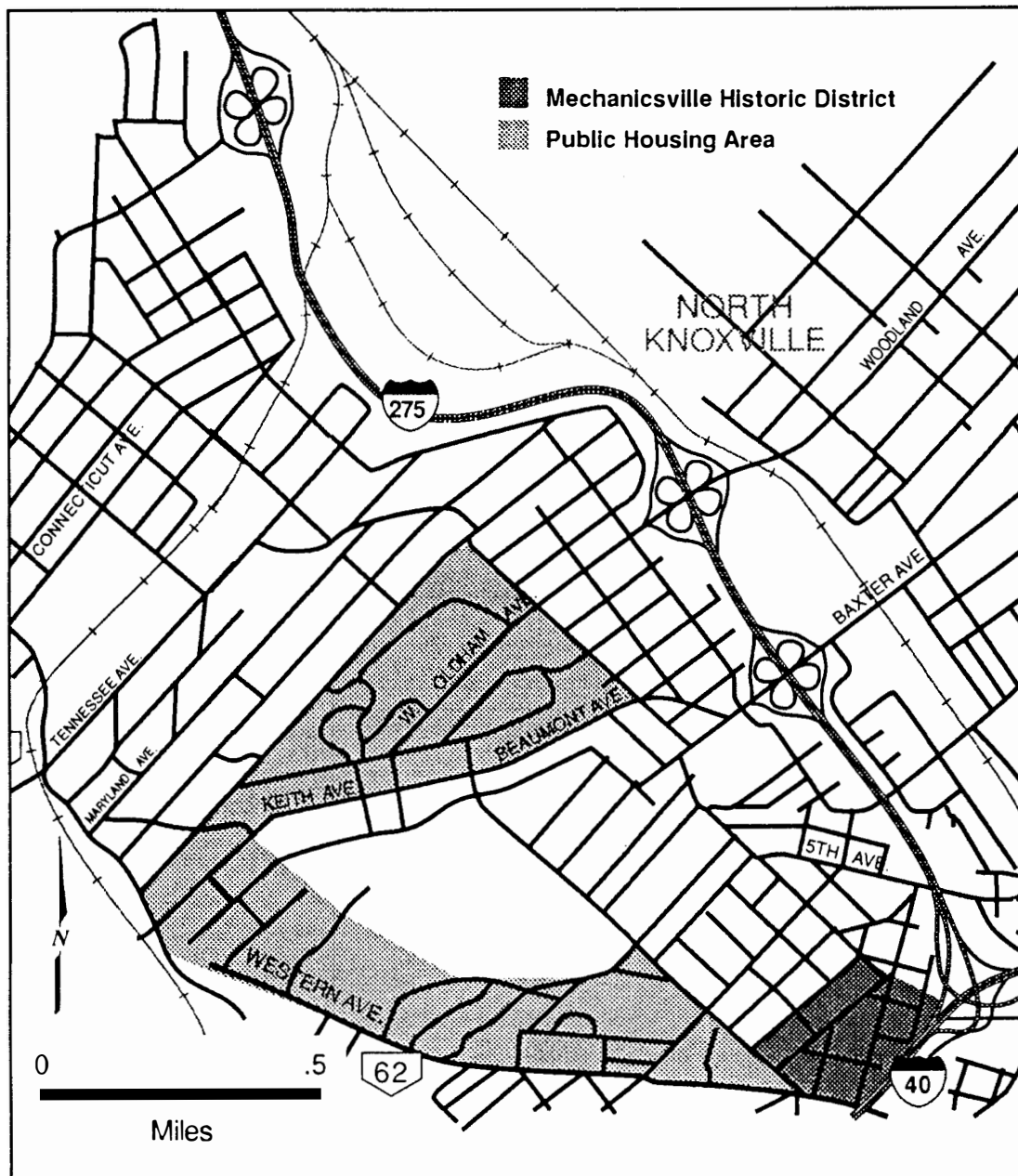
many low-income households, and poor property maintenance. The preservation movement seized the opportunity to halt the destruction of the area and revive the housing market through gentrification. In order for the historic district to have a large spatial domain, many structures that are of marginal historical value were included. The Knoxville historic preservation planners who prepared the documents nominating Mechanicsville for a National Register listing classified 142 of the 156 structures as contributing to the historic character of the neighborhood. This had more to do with the need to have a contiguous space for the historic district than with the quality of dwellings.

Mechanicsville, which is the smallest of the three historic districts, covers fifteen blocks. Because the historic district does not cover the entire Mechanicsville neighborhood, a distinction is made between the Mechanicsville Historic District and the Mechanicsville community (Figure 5-1). In 1990, the population of the historic district was 201 (U. S. Bureau of the Census 1991b, 15). Eighty-one percent of the dwellings were occupied. Fifty-nine percent were renter-occupied. The median rent was \$235 per month, 69 percent of the city's average. Although the wider Mechanicsville community is predominantly black (74 percent), the population inside the historic district is majority white (53.7 percent). During the 1980s, the number of people residing in the historic district declined by 19 percent. Although the population decrease could be interpreted as a return of middle-income families because gentrifier households are usually smaller than low-income ones, this is not the reason for the decline in Mechanicsville.

The market for properties in Mechanicsville was not reactivated by managed gentrification. Between 1978 and 1992, only eight MLS properties were sold in Mechanicsville (Table 5-1). In nine of the fifteen years there were no transactions. The average prices have improved with respect to the city and inner-city markets, but the number of sales is so low that statements about price changes and patterns of housing market activity are virtually meaningless.

In Mechanicsville, as in Fourth and Gill and Old North Knoxville, the historic district lobby was the neighborhood organization. After the historic district status was





**Figure 5-1. The Mechanicsville Historic District and the Mechanicsville Neighborhood.**

*Source:* Ann Bennett, Knoxville/Knox County Historic Planner.

achieved, Old Mechanicsville Neighborhood Incorporated (OMNI) became instrumental in efforts to enforce historic preservation objectives. The failure to attract private capital to the Mechanicsville Historic District ushered in a new role for the organization. Funds from the city and private non-profit sources are used to restore vacant dwellings. This is a direct response to the low demand among middle-income households for historic properties in Mechanicsville. Even though middle-income households have not returned, restoration of dwellings continues, a situation that may be described as gentrification without gentrifiers.

### **Patterns of Restoration in Mechanicsville**

The historic district ethos has prompted some of Mechanicsville's property owners to invest in restoration projects, but the numbers each year have been quite small. Most of the residential investment was financed by public funds under programs of the Knoxville Community Development Corporation (KCDC). Some of these funds appear in building permits records under the property owners' names and could be misinterpreted as private capital. Between 1980 and 1992, 71 building permits were issued in Mechanicsville, 61 for restoration and 10 for new construction (Table 5-2). The total investment measured in constant 1992 dollars was \$1,366,046, an average of \$19,240 per project. Total investment in Mechanicsville was 80.7 percent of the total for Fourth and Gill and was 46.5 percent higher than total expenditure in Old North Knoxville. Average expenditure per building permit in Mechanicsville was higher than in both Fourth and Gill and Old North Knoxville. However, 81 percent of the investment in Mechanicsville came from the public sector. Of the 61 building permits issued for restoration work, only six were gentrification projects in which middle-income households used private capital (Knox County Codes Enforcement Office, Building Permit Records, 1980 - 1992). The six include the home of Richard Quirk at 1007 Oak Avenue for \$100,000, John Jordan at 1006 McGhee Street for \$48,000, and Tom Morelock at 1110 Oak Street for \$83,000.

**Table 5-1****The Mechanicsville Housing Market, 1980 - 1992**

<b>Year</b>	<b>Houses sold</b>	<b>Average price Mechanicsville (\$)</b>	<b>Average price Mechanicsville as percentage of Knoxville average</b>	<b>Average price Mechanicsville as percentage of North Knoxville</b>
1980	0			
1981	0			
1982	1	14,500	N. A.	N. A.
1983	1	11,000	N. A.	N. A.
1984	1	7,500		
1985	0			
1986	0			
1987	0			
1988	2	11,750	18.0	26.1
1989	0			
1990	0			
1991	1	62,900	81.1	127.9
1992	2	15,500	19.2	25.8
Totals				

Source: The Knoxville Association of Realtors Multiple Listings Service Summaries 1980 - 1992.

Note: Comparisons of average prices prior to 1985 cannot be made because the Multiple Listings Service did not contain regional averages.

**Table 5-2****Building Permit Records, Mechanicsville 1980 - 1992**

<b>Year</b>	<b>Permits issued</b>	<b>Total value of restoration (\$)</b>	<b>Total value of restorations in constant 1992 dollars</b>	<b>Mean in constant 1992 dollars</b>
1980	4	8,200	10,414	2,604
1981	2	13,200	16,500	8,250
1982	7	32,150	39,545	5,649
1983	1	1,000	1,210	1,210
1984	2	6,000	7,140	3,570
1985	6	73,645	86,901	14,483
1986	11	169,700	196,852	17,896
1987	12	391,189	442,044	36,836
1988	5	110,500	122,655	24,531
1990	5	92,000	97,520	19,504
1991	9	237,525	244,465	27,183
1992	7	100,800	100,800	14,400
<b>Totals</b>	<b>71</b>	<b>1,235,909</b>	<b>1,366,046</b>	<b>N. A.</b>

Source: Knoxville/Knox County Codes Enforcement Office, Building Permit Records 1980 - 1992

Note: Figures for July to December, 1988 and all of 1989 are not presented. The records for this 18-month period were lost in the conversion from card files to computers.

The Morelock and Quirk families have been in Mechanicsville since the 1920s, and this may explain their decisions to invest such large sums in their properties

Since the historic district was introduced in 1980, ten new houses have been built in Mechanicsville. These are small two-bedroom dwellings in which the Victorian design is maintained so that the architectural tradition of the neighborhood is preserved (Figure 5-2). Based on their sizes, these new dwellings were not built for middle-income households but low-income ones. They were financed by public funds and by non-profit organizations such as Habitat for Humanity, Wesley House Community Development Agency, and the Old Mechanicsville Neighborhood Incorporated, (Knox County Codes Enforcement Office, Building Permit Records, 1980 - 1992). These institutions build homes for low-income families who would otherwise not be able to afford homeownership. The new residences and households are not in keeping with the original objectives of the historic district lobby that wanted more affluent residents. Because more affluent homeowners failed to arrive, the opportunity to have at least some activity in the housing market could not be turned down. However, the non-profit organizations have not been able to penetrate the market in the other historic districts because of opposition from residents who fear decline in property values. The socioeconomic transformation that is supposed to be a part of gentrification has not taken place in Mechanicsville. The incorporation of low-income households is an interesting aspect of the historic district.

### **Explanations for the Failure of Reinvestment in Mechanicsville**

There are three primary reasons why the Mechanicsville area has struggled and why intensive efforts to foster reinvestment have failed. First, the area's housing stock had higher levels of disinvestment and was generally more deteriorated than the other historic districts when gentrification began. The purchase of a dwelling meant that a large amount of capital had to be invested in restoration. This was a disincentive for pioneer settlers. The largest portion of the capital in Knoxville's market for historic homes



**Figure 5-2. A new Victorian dwelling in Mechanicsville, 1994.**

flowed to alternative historic districts, Fourth and Gill and Old North Knoxville, and to older suburbs such as Sequoyah Hills and Holston Hills.

Second, several public and private low-income housing projects, such as Habitat for Humanity's Shelter for the Homeless, have utilized Mechanicsville as a base. The programs got in the way of the workings of private capital. Lots and dwellings that could eventually have become home to gentrifiers were given over to groups with lower socioeconomic status. The situation has long-term consequences because housing is a relatively fixed asset. This further discouraged private market investment by Knoxville's middle-income households, who like those in other cities have demonstrated a preference for neighborhoods in which the residents are alike, if not in race and ethnic origin, certainly in income. The third factor that has played an important role in Mechanicsville is situation. Two KCDC public housing projects are located directly across the street from the historic district (Figure 5-1). Because gentrification is based in the inner city, low-income housing areas are expected close to areas of gentrification, but adjacent public housing projects have a distinctly negative image, which is not lost on middle-income families.

## **Conclusions**

The forced promotion of reinvestment in Mechanicsville was premature. The decision to incorporate low-income households in the late 1980s was a deliberate attempt to force activity in the housing market. Now that the aim of the neighborhood organization and city officials has shifted to creating a mixed community in which working poor families play an important part, the historic district status should be removed. The restrictions on types of new buildings and restoration raises the cost of dwellings beyond the affordable threshold for low-income households. The results of the reinvestment program in an area where the historic dwellings are marginal also damages the credibility of the National Register.

## **CHAPTER SIX**

### **Conclusions and Recommendations**

In attempting to explain the reasons for gentrification and the patterns of reinvestment in American inner-city neighborhoods, many researchers have implied that the processes will eventually be successful. Seldom has the issue of failed attempts at gentrification become part of the discussion. This is especially evident in the models of gentrification, which provide little indication that reinvestment in target neighborhoods can grind to a halt or even be reversed. The overtones of inevitable success are tied to the high value attached to historic properties by preservationists. Discussion surrounding opposition to demolition of buildings is almost always dominated by variables such as the age and architecture of structures and their historical importance within their locality. This perspective follows similar one-sided arguments for the conservation of tropical and temperate forests or for rare birds like the spotted owl. The perspectives are forwarded by scholars with similar intellectual leanings.

Any attempt to analyze the gentrification of inner-city neighborhoods must pay careful attention to cost and prices of housing. Indeed, the dominant forces shaping urban landscapes today are economic in nature, and any attempt to explain, predict, or plan activities must first begin to explore the intricacies of them. In any city, over time, market forces render dwellings obsolete in both functional and economical terms. There has been an extension of the optimism of the preservation movement into public policy. Knoxville's managed gentrification program is an example.

Managed gentrification is part of a growing trend in American cities in which citizens take control of activities in their neighborhoods and areas immediately surrounding them. This is, in some ways, a response to reduction of public spending, especially on housing programs. In other ways it is a response to the mistakes of past public policies that have destroyed neighborhoods and displaced families. However, the involvement of private citizens in the management of inner-city gentrification in Knoxville does not signify that the results are different from those achieved when programs are fully



planned, financed, and built by the public sector. Take, for example, the case of urban renewal. These programs failed to stop inner-city disinvestment and outmigration of middle-income households in Knoxville and many other American cities. The replacement of urban renewal by gentrification and the public-private partnership established between city planners and private citizens has not stopped the process of urban decline in Knoxville's inner-city. The trajectories of reinvestment in the three historic districts studied do not point to full restoration of large numbers of dwellings in the foreseeable future. Even with the tight controls on land and building uses within the historic districts and the various marketing campaigns to lure middle-income households back to the inner-city, they have not responded.

I return for a moment to "chaos and complexity." The contribution of the concepts in this theory are important in understanding the responses of the Knoxville's historic district housing markets to managed gentrification. The gentrification of inner-city neighborhoods that usually gathers momentum after historic district designation in larger cities is not evident in Knoxville. The market for historic properties is a niche market, one similar to the market for gourmet foods and fine sports cars. Generally, the demand for these commodities is relatively low and depends on income levels and personal preferences. The most fundamental factor that limits the gentrification in Knoxville's historic districts is an oversupply of historic dwellings. Within a city of Knoxville's size the critical mass of households with the income levels to afford gentrification of 1,220 dwellings does not exist.

Since a demand does exist within the city for historic dwellings, it is an important program for preserving those dwellings taking into consideration what is possible. This should begin by taking the three historic districts as a single market. However, Knoxville's managed gentrification projects are not a single program. Rather, they are three separate programs run, in part, by neighborhood organizations operating with little regard for each other. In the summer of 1993 as I interviewed a leader of the Old North Knoxville neighborhood organization, he gestured toward Fourth and Gill, a neighborhood that is a stone's throw away, as if it were a distant land (Coggins 1993).

During interviews with leaders of the three historic districts, I concluded that there is intense competition among them. With the limited successes that each neighborhood has realized, competition for the small number of households that are interested in old, quaint dwellings forces each neighborhood organization to operate in isolation. The annual exhibition of homes by the Fourth and Gill neighborhood organization in the spring of 1994 took visitors to ten restored dwellings, eight of which were on Luttrell Street (The Fourth and Gill Neighborhood Organization 1994). Nothing in the brochure even hinted that historic preservation has a wider spatial domain in Knoxville. In order to protect their investment and maintain property values, residents of the historic districts encourage further investment close to their own dwellings.

Having a single historic preservation policy would be beneficial to Knoxville's inner-city. Given that this research establishes an upper demand of 250 residences for gentrification in Knoxville, a carefully thought-through program for the city would proceed by first removing the historic district status from two of the neighborhoods and concentrating on one area. The visual impact of many dwellings restored by private capital in a single neighborhood would further the cause of historic preservation. After reinvestment in one area reaches an advanced stage, then another inner-city neighborhood could be incorporated into the gentrification process. This raises the question, from which neighborhoods should historic district status be removed? Since the initiative for gentrification occurs first at the neighborhood level, the removal of historic district status from any would be difficult. It may be best to operate at the Federal level where the credibility of the National Register is an important issue. This could begin by reviewing the progress the districts have made in restoration.

The historic district in Mechanicsville has not experienced the level of private investment as Fourth and Gill or Old North Knoxville. Much of the reinvestment has been financed by the public sector, and this has limited the return of middle-income households to the neighborhood. Many of the residents are occupying dwellings which in the long term are beyond their affordable threshold. I propose that Mechanicsville be one of the neighborhoods from which the historic district status is removed. I also propose that the

historic district status be removed from Old North Knoxville. Old North Knoxville is predominantly lower middle-income. Based on samples of employment categories from the Knoxville City Directory, most household heads are employed in jobs with income-levels that cannot afford gentrification. However, since many residents in Old North Knoxville own their houses and the neighborhood does not have many substandard dwellings, the income-group dominant in the neighborhood should be encouraged to remain. Removing the historic designation would serve the important function of decreasing the costs of restoration and maintenance. Although Fourth and Gill is still a long way from being fully gentrified, the neighborhood has sections, such as Luttrell Street, where the impact of reinvestment is quite evident. Further investment in this 272-dwelling historic district at the current rate for all historic districts of 12 restorations per year would create a spatial focus for preservation in Knoxville in a relatively short time. Eventually, city planners could be encouraging reinvestment in another section of Knoxville's inner-city.

With regard to the suggestions I have made about how to proceed, I recognize the difficulties associated with their implementation, especially at the political level. These suggestions are made in the best interest of Knoxville's inner-city. I do not disagree with those who argue for more efficient use of the resources in the built environment. What I argue for are programs that approach these issues in meaningful and forceful ways.

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## LIST OF REFERENCES

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