

# Intended And Unanticipated Consequences And Potential Of Urban Homesteading

**Barbara O. Nieri**  
**Abraham K. Farkas**

*An attempt is made to evaluate urban homesteading in a holistic, neighborhood context, one incorporating multiple perspectives of groups associated with it. Most prior analyses of urban homesteading tend to consider only public sector program intentions and attitudes. By integrating into an evaluation the aims and commitments of the private and "popular" sectors, a more thorough and hopefully accurate picture of a program's scope, impact and consequences (unanticipated as well as those which were planned) can be painted. Using the Minneapolis homestead program as a case study, it was found that some intended socio-economic consequences which homesteading provided, such as increased tax revenues and stimulating gentrification, proved beneficial for the city government but were less than desirable for many residents in homestead neighborhoods. Other economic, social and psychological dimensions are also considered from perspectives of groups involved. The suggestion is made that urban homesteading, as well as other housing programs, needs to be assessed more comprehensively, with attention given to the range of views of pertinent actors, so that policymakers and the public have access to more accurate and complete information about them.*

At a time when municipalities confront increasing housing abandonment and neighborhood decline, fewer households are able to afford homeownership. Urban homesteading programs attempt to address this apparent paradox by placing people in abandoned houses in an effort to improve inner-city neighborhoods.

Enacted and operative at both federal and local levels, urban homesteading is essentially a form of

housing and/or neighborhood rehabilitation. While regulations and requirements of different urban homesteading programs vary, programs are generally realized when a municipality acquires title to urban property usually through tax liens from the inventory of defaulted mortgages held by the Department of Housing and Urban Development (HUD) or by municipalities. Properties judged appropriate and available for homesteading are publicly announced and homesteaders are selected by various methods (e.g. lottery, specified criteria, etc.) from those responding to the announcements. Homesteaders acquire conditional title for a minimum fee, in most cases one dollar. In return, the homesteader agrees to re-

*Barbara O. Nieri is in the Energy, Conservation and Management Branch, Tennessee Valley Authority, Chattanooga, Tennessee.*

*Abraham K. Farkas is Director of Community Development & Planning, City of Fort Wayne, Fort Wayne, Indiana.*

habilitate the structure within a designated time period, usually between six and eighteen months, and to reside in the housing unit for a specified length of time, generally three to five years. Upon meeting these requirements, the property is deeded absolutely to the homesteader.

Proponents of urban homesteading believe these programs can improve the housing situation of lower to moderate income families and inner-city neighborhoods while opponents argue that homesteading is at best useless and at worst a cruel hoax for participants. The latter contend that individual households are investing their money and time in houses which, due to the surrounding environment, will not be worth the resources expended (Grigsby and Rosenberg, 1975).

Conditions surrounding and consequences generated by urban homesteading are complex. A fair evaluation of urban homestead programs needs to recognize the multiple and sometimes conflicting attitudes and intentions held by the variety of actors associated with this form of rehabilitation. Too often assessments, favorable and detractive, are made by analysts whose investigations are couched in one dimension — that of the public sector which is visibly responsible for enacting and implementing urban homesteading programs. Both apparent urban homestead proponents (Ahlbrandt, 1975; Sternleib, 1973) and those opposed (Grigsby and Rosenberg, 1975) or ambivalent (Hughes and Bleakly, 1975) toward it are inclined to justify their positions on the basis of how effectively or to what extent public sector intentions are perceived to have been achieved. Thus, Sternleib (1973) brands a modicum of success on Wilmington's program because it realizes public sector goals of comparatively low capital investment by homesteaders and high returns in neighborhood property values. Grigsby and Rosenberg (1975) on the other hand, ground their rejection of urban homestead viability on exorbitant homesteader capital investment observed early on in Baltimore's program.

While such analyses demonstrate the pluralistic

assessments of urban homestead programs, they tend to fall short of a more holistic vision which permits a view of urban homesteading from the perspectives of the different kinds of groups that are associated with homesteading. A more equitable evaluation of homesteading calls for a more comprehensive form of assessment.

Such a scheme, we feel, should take the following into account: 1) a statement of the context or framework of which homestead programs are perceived to be part; 2) identification of the kinds of actors, their roles in, and intentions for urban homesteading; and 3) an assessment of the unanticipated as well as projected consequences of the program from the perspectives of the various associated actors.

The first criteria is frequently overlooked among urban homestead (as well as other) program evaluations. Many analysts treat urban homesteading as a singular rehabilitation vehicle. In such a framework, homesteading takes on the appearance of a categorical subsidy program. This context is inappropriate since urban homesteading is not a categorical subsidy in a strict sense. An alternative context is utilized by Ahlbrandt (1975) who treats urban homesteading as a desirable but not sufficient component of neighborhood revitalization. Thus its successes and failures are measured by its ability to facilitate and/or complement a multifaceted revitalization effort. Which framework is selected obviously colors the portrayal of urban homesteading.

Once a context for homesteading is provided, actors involved in the urban homesteading process must be identified and their roles and intentions with regard to the program clarified. A common shortcoming in previous assessments has been limited identification of this dimension. While public sector actors loom large in any urban homesteading venture, the situation is not complete without entertaining the roles and goals of both the private sector and the more diffuse user or resident element which Turner (1975) labels the "popular sector". It is not unlikely that actors in each of the three sectors will have differing aspi-

rations and attitudes toward urban homesteading. By identifying the range of actors and their association with urban homesteading, we can view more completely the processes and outcomes of such programs.

Finally, urban homesteading must be measured by its impact: by its social, economic, psychological and physical consequences, intended and unanticipated. Both intended and unintended consequences should be studied for each set of actors since possibilities arise in which desirable consequence for one group of actors may be or may beget undesirable effects for an increase in property values in neighborhoods that have homesteaded units. Low income residents of these same neighborhoods, however, may well resent increased property taxes leading to increased rental costs that can follow on their non-homesteaded units.

The three evaluative criteria identified suggest a positive step toward a more systematic and thorough evaluation of urban homesteading programs. The challenge in any step is, of course, to ascertain that the new ground on which one's feet are planted is firm enough to support a second step and then perhaps pursuit of a path.

#### **Empirical Grounding**

To examine the potential of the proposed evaluative scheme a recently completed study by Nieri on the socio-economic and policy aspects of urban homesteading in Minneapolis has been selected.<sup>1</sup> While Nieri's study harbors some limitations for our purposes, it also provides desirable benefits, particularly contacts, through interviews, with the range of actors involved in the urban homestead program she investigated.

Minneapolis was the site of Nieri's study primarily because it provided a supportive environment in which urban homesteading was more likely to meet program goals. In particular Minneapolis offers a coordinated neighborhood improvement effort, availability of low-interest loans to homesteaders and neighboring property owners, and a concentration of homestead prop-

erties in a few areas in the early stages of decline. Also, economic trends in Minneapolis appeared somewhat more positive than those in many cities, and the city of lakes had allocated large portions of its expenditures to rehabilitation and neighborhood improvement programs.

Nieri collected information which is representative of the three sectors identified above. Public sector data were gathered from municipal policy makers and regional HUD staff members in interviews as well as from published program material. Private sector information was, unfortunately, limited to less structured and briefer interviews with realtors and contractors. Residents of neighborhoods in which homesteading was occurring, a former participant in the homestead program, and working homesteaders were sources from the user element or popular sector.

Information obtained from municipal staff and records, program staff members, and program records includes details about the neighborhood and municipal setting of the program, program components and requirements, organizational and management issues, funding for the program, staff and homesteaders' organization, and the rehabilitation process. Information about values of structures, length of occupancy, funding for the program, administrative guidelines and procedures, advertising, and legal forms and agreements was among that obtained from program records and publications.

Residents of homestead neighborhoods were questioned in order to gain insights into repercussions of homesteading and thus add to the total picture of homesteading in Minneapolis. Essentially residents were asked, "What do you think of urban homesteading in your neighborhood?" Homesteaders participating in the Minneapolis program and a comparison group of non-homesteaders were administered a questionnaire designed to elicit responses on household perceptions of living in their newly-acquired housing.

Each of the fifty-five homestead families occupying their homestead structure received a questionnaire as did sixty-nine families randomly

chosen as a control group from those who had bought houses in the same county through real estate agencies during 1976. The questionnaires were mailed in May, 1977. Homesteaders' answers were compared to those of the control group primarily to eliminate the confounding effects of moving. In addition to family situation and specific housing and family characteristics questions, homesteaders were asked several questions not asked of the comparison group. These inquiries were designed to obtain specific information about the homesteaders' participation in the Minneapolis Urban Homesteading Program.

After four follow-up requests for responses, a total return of fifty (91%) completed questionnaires was received from homesteaders and fifty-eight (84%) from control group households. Nine control group questionnaires were eliminated prior to analysis since respondents had moved again after purchasing the houses from which the sample was drawn. This left the effective return rate for the comparison group at 71 percent, and forty-nine questionnaires were analyzed for this group.

Three homestead and three control group households were randomly chosen from among those receiving the questionnaire. These families were personally interviewed whether or not they had completed the questionnaire. Nieri essentially repeated the major questions on the questionnaire and then probed for insights into the answers. In addition, subjects were asked, "Why did you decide to apply for homesteading?" or "Why did you decide to buy a house?" These interviews were conducted in order to gain insights into motivations for homesteading and to add to the qualitative dimension of the study.

Data from the private sector were obtained during informal interviews with Twin Cities' realtors and contractors. Inquiries were directed at attitudes and actions of private sector representatives toward urban homesteading. With respect to purposes of this manuscript, the Nieri study is considerably more speculative on contributions from the private sector than other actor categories.

### **Neighborhood Revitalization Context**

In Minneapolis, urban homesteading programatically forms one thread in a fabric of neighborhood revitalization. It is interlaced with a range of federal and local programs including Section 312 loan, local loan and grant, and repair and sell programs as well as neighborhood services projects. The strength of the revitalization fabric then hangs not so much on the durability of individual programatic threads, as on 1) their capacity to retain a resilient bond throughout the wash of time and wear of events, and 2) the quality of the seam between public program goals and private and resident intentions.

### **Sector Intentions and Actions**

As is probably the case in most cities, the public sector in Minneapolis was best equipped and most articulate in presenting its position and goals for urban homesteading. Both the private and so called popular sectors exhibited less unified intentions and actions toward urban homesteading.

Prior to the introduction of the federal Urban Homesteading Demonstration Program, Minneapolis had undertaken a local urban homesteading effort. The goals of this program remained essentially unchanged with the city's participation in the federal program. These public goals are presented in descending order of importance according to the coordinator of the Minneapolis Urban Homesteading Program.

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

The first goal, while significant as an end in itself, can also be seen as a critically important tool for realizing the other four goals.

In addition to these explicit public goals, it was recognized that through urban homesteading on a

national scale, HUD could partially rid itself of large housing inventories which must be maintained with public funds.

Private sector intentions toward urban homesteading were divided between realtors and contractors, then again split between large and small contractors. Realtors were relatively disinterested in the homestead program. Maintaining an intense interest in suburban markets, realtors tended to dismiss homesteading as "too small scale." Contractors, on the other hand, have carved out a sizeable rehab market in the Twin Cities, and have expressed interest in homesteading, not surprisingly largely to realize profit.

Resident or so called popular sector goals for urban homesteading present a special problem. Residents are not bonded by occupations, ideological or policy ties and so hold a broader range of views. While neighborhood residents appear more inclined than in the past to form associations based on the territory (i.e. neighborhood) which they commonly share, these collectivities usually lack wide recognition as unified interest groups. Thus, it is not possible to identify "the" user perspective on urban homesteading, and difficult even to delineate a clear range of user responses. Nevertheless, an attempt is made here at the latter.

Using available resources, the Minneapolis sample suggests that homesteaders place a high value on the program's potential for homeownership while most non-homestead residents of neighborhoods in which homesteading occurs appear to favor upgrading their neighborhood environment through occupation and rehabilitation of formerly abandoned units. While both of these goals are found among public sector objectives, it is important to recognize homeownership and revitalization receive different emphasis in the popular sector. Homesteaders apparently desire ownership for traditional reasons: investment, security, privacy and greater control over their near environment. In public sector aims, homeownership's function is extended to serve as a tool for realizing neighborhood economic revitaliza-

tion, increasing tax revenues and reducing public expenditures involved in overseeing and attempting to maintain declining areas. Neighborhood residents in homesteading areas emphasize aspirations for the general physical, aesthetic, and social improvement of their neighborhoods. The public sector emphasis for this same goal, however, appears more economic in its orientation.

#### **Consequences of Urban Homesteading: Anticipated and Unintended**

An analysis of any program will reveal that changes have taken place. Some of these changes are intended. Others, however, are unexpected; these can be desirable or undesirable. Change in the physical environment is accompanied by economic and social consequences.

The impact of urban homesteading alone is, in most cases, difficult to measure. Offering homeownership to those who cannot afford it is the Minneapolis program's first goal. Although the number of households aided in this regard is limited by the program's low-production goals, sixty-seven families have become homeowners.

Based on the number of rehabilitation permits issued, the second program goal of stimulating housing rehabilitation has also been aided. The city's investment advertised by the highly visible urban homesteading program, demonstrates confidence in homestead areas and indirectly promotes these areas.

Related to this goal is revitalization of neighborhoods by increasing their economic vitality. Again, it is impossible to clearly distinguish changes resulting from urban homesteading from those brought about by other housing and neighborhood improvement programs in homesteading areas and those stemming from tight housing markets in the suburbs. It has been observed, however, that with massive public investment, homestead areas have improved physically and in economic vitality. Evidence of progress in these areas includes permits issued for home improvement, rehabilitation loans issued, housing condition studies, and an increased sel-

ling price of houses. The percentage selling price increase has risen faster in Minneapolis inner-city neighborhoods than in other outlying residential areas of the city although prices in the former have not yet reached those in out-lying areas. While the scale of homesteading is small compared to other housing rehabilitation programs, its visibility has drawn attention to neighborhoods where homesteading and other programs are operating and thus homesteading indirectly advertises for them.

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

The fifth goal of the Minneapolis Urban Homesteading Program is to reduce the hazards created by vacant structures. As of April, 1977 fifty-five vacant structures were occupied by homesteaders. Therefore, any reduction in hazards such as fire or crime occurring in these vacant buildings may be attributed to occupancy of these structures.

In addition to these stated goals, the combined reduction of HUD's housing inventory and the number of houses held by the city of Minneapolis had together been reduced by sixty-seven units as of April, 1977. Daily holding costs were, therefore, diminished.

Several of these goals also have unintended consequences. In Minneapolis, although the specified program goals are oriented toward providing homeownership opportunities for low- and moderate-income households, essentially

moderate- and middle-income households are receiving houses. The mean homesteader household income of \$12,595 is just below the median 1975 Minneapolis income of \$13,734 for a family of four and well above the government defined poverty line. With maximum income eligibility criteria for homesteaders set above the median Minneapolis income, it appears that the program is not primarily aiding those who could not otherwise afford homeownership. In addition, according to questionnaire returns, about 90 percent of the homesteaders at most have been aided in achieving homeownership when they could not have otherwise afforded it since 10 percent of the homesteaders reported owning their previous housing unit.

While it may not be surprising that urban homesteading is providing more units for moderate- to middle-income than low- to moderate-income areas the general effect of bringing abandoned and other units up to standard tends to increase the value of housing in the area so that it is often no longer affordable by low-income households. As property values and the desirability of residential neighborhoods increase in a market, households with more substantial means outbid the poor for housing in those areas. This effectively reduces the housing options of low- to moderate-income households.

There is some evidence that this is indeed beginning to occur in at least one homestead area of Minneapolis. With massive public investment, of which homesteading is a part, homestead areas have improved physically and in economic vitality. At the same time these goals are apparently being accomplished, some Minneapolis residents feel that programs bringing more whites into the city from the suburbs have resulted in low-income, black, single-parent female heads of household families being displaced. A Minneapolis Housing and Redevelopment Authority employee, representing this view, feels that an existing community in Minneapolis which established itself when whites left in the 1960's is being disturbed as richer people bid for rehabilitated

houses while crowding becomes a serious problem in other sections.<sup>2</sup> Comments obtained in interviews from neighborhood residents of this area indicate that too few families living in homestead neighborhoods are being given homestead houses. Thus, some disturbance of the existing community is suggested.

Urban homesteading per se does not displace low-income residents since vacant units are ordinarily homesteaded. Urban homesteading can, however, in conjunction with other programs indirectly increase the desirability and economic vitality of an area thus fostering displacement. Renters may be affected as their houses are purchased by wealthier households. They may also be affected as housing demand is increased and landlords are able to find other renters who can pay more, or rents may rise simply because taxes are increased as properties become more valuable. Low- and moderate-income owners in such an area may also be affected. They may not be able to remain as taxes are increased on their properties.

Although such effects are justifiably considered negative and critics of urban homesteading generally focus on more direct negative effects which were not borne out by the Nieri study, there are also potentially desirable unintended consequences of urban homesteading. An often overlooked consequence of urban homesteading is that it offers a household greater flexibility and control in shaping the housing environment than do most other housing programs. The socio-psychological importance of such control has been demonstrated by Cooper (1972), Michelson (1970), and Turner and Fichter (1972).

Unexpected consequences of a desirable nature are not limited to the socio-psychological realm. Most federally sponsored housing programs are viewed as subsidy programs. Indeed, urban homesteading at first glance appears to be no exception. It is possible, however, to view urban homesteading from a different perspective, one which questions whether, in the long run, it actually is a subsidy program. Considered over a

period of twenty years, it may be possible for public revenue and public savings due to urban homesteading to outweigh the public costs of the program. A cost estimate projection for the Minneapolis Urban Homesteading Program illustrates this possibility although it, like all cost estimates, is based on a number of assumptions and a rather narrow model is used to project costs and revenue (see Table 1).

If a broader model were used, consideration could be given to such factors as state income tax subsidies; subsidies to purchasers of federal bonds; adjustments in income tax subsidies for homesteaders who would have received income tax subsidies regardless of participation in the program; alternative uses for inventory properties and the effect on inventory holding time and taxes; projected costs of continued neighborhood decline; and future changes in rates for property taxes, income tax calculations, inventory holding costs, estimated property values, and utility and maintenance costs.

Using this model, at first glance the initial cost per homestead unit seems relatively high. The government subsidy for the program is calculated from the five-year plan for the program using budgeted costs for the program including federal Section 312 rehabilitation loans and the estimated income tax subsidy. Loans and grants from a local loan and grant program are not included in the subsidy costs since this program requires no subsidy. It is assumed that an average 6 percent interest rate paid by homesteaders for loans covers the interest paid by the federal government for the Section 312 funds included in program costs.<sup>4</sup>

The mean income tax subsidy for homesteaders as homeowners is also included. Since the mean income of homestead families was \$12,595 annually, the subsidy is calculated using Henry J. Aaron's annual income category of \$10,000 to \$15,000.<sup>5</sup> The subsidy for homeowners in this category is listed as \$1,986 annually. This amount, assuming no changes, over a twenty-year period totals \$39,720.

The last quarter 1977 HUD housing holding

**Table 1 — Mean Per Unit Government Cost and Revenue Estimates for Urban Homesteading in Minneapolis Projected over Twenty Years**

Description	Estimates
<b>Urban Homesteading</b>	
<b>Government Costs</b>	
Program Costs Excluding Local Loans <sup>a</sup> .....	\$14,690
Income Tax Subsidies at \$1,986 Per Year for Homeowner Whose Annual Income Falls between \$10,000 and \$15,000 <sup>b</sup> .....	39,720
Total .....	\$54,410
<b>Public Revenue</b>	
Taxes for a House Initially Valued at \$18,200 with an Inflation Rate of 10 Percent Annually for 18 <sup>c</sup> Years .....	\$36,521
Reduced Government Housing Inventory Holding Costs at \$7.66 Per Day Per Unit <sup>d</sup> .....	55,458
Total .....	\$91,979
<b>Adjusted Total of Public Revenue (Public Revenue Minus Government Costs) .....</b>	<b>\$37,569</b>

<sup>a</sup> Program costs include administration, advertising, salaries of staff members, and other costs.

<sup>b</sup> Henry J. Aaron, *Shelter and Subsidies: Who Benefits from Federal Housing Policies?* (Washington, D.C.: Brookings Institution, 1972), p. 162.

<sup>c</sup> Rates obtained from Russell Kallstrow, Supervision of Residential Properties, Minneapolis Tax Assessors Office, personal interview, November 1, 1977. This calculation assumes no rate changes and no tax defaults.

<sup>d</sup> Rate obtained from James Singleton, Director of the Single-Family Division of Property Disposition, Department of Housing and Urban Development, personal interview, November 1, 1977. This calculation assumes no cost increases. The calculations are made over twenty years on the assumption that an indefinite holding of properties would be necessary if urban homesteading or similar programs were not occurring and, more importantly, advertising for declining neighborhoods.

costs per unit were \$7.66 per day.<sup>6</sup> If it is assumed that the homestead unit would remain vacant and in inventory for twenty years, a total of \$55,458 would have to be spent. This calculation assumes no cost increases over the years and is, in this sense, a conservative estimate. The calculations are made over twenty years on the assumption that an indefinite holding of properties would be necessary if urban homesteading or other rehabilitation programs were not occurring and, more importantly, advertising for homestead neighborhoods. This estimated savings could be considered a public gain in funds. If a unit were demolished, the holding costs would decrease but

the demolition and holding costs for the land would remain unless the property could be sold or given away.

Taxes produced by homestead properties can also be considered a public gain. Using a conservative estimate of an after-rehabilitation value of \$18,200 per unit and a conservative Minneapolis estimate of annual market value increase of 10 percent over eighteen years, conservatively assuming two years of no taxes while rehabilitation is occurring, the community tax gain over twenty years should total approximately \$36,521.<sup>7</sup>

If one accepts the model and the cost projections illustrated, in twenty years, the average

Minneapolis homestead unit could result in a public gain of \$91,979 while the subsidy required would be \$54,410. Therefore, according to this analysis, the program could conceivably be considered a non-subsidy program resulting in a public gain per unit of \$37,569. Furthermore, this figure does not take into account the resources that moderate- and middle-income families bring into inner-city areas. Nor does it include the loss of community resources if efforts such as urban homesteading are not used to check the momentum of neighborhood decline and abandonment.

The private sector, consisting of business interests including contractors and realtors, has differing viewpoints about urban homesteading. Due to the small scale of the homesteading program, Minneapolis realtors expressed little interest in urban homesteading. More interest was expressed by contractors. The extent to which homesteading was viewed as a sound commitment varied with the size of the contractor. While nearly all contractors view homesteading as basically a vehicle for profit, small contractors expressed some apprehension and/or frustration with red tape involved in securing licensing which is required in order to work homestead units. They were still more troubled by the transfer of money for their work which, because paper work had to pass from homesteader to Housing Authority before payment to the contractor, sometimes resulted in a two week delay in payment. Large scale contractors voiced little criticism of red tape and necessary licensing since they were well enough equipped to handle these. They also had no qualms with two-week turnover periods for payment. They expressed some frustrations, however, with waiting for homesteaders to complete certain self-help tasks before contractors were able to complete their work. Regardless of some of these frustrations and apprehensions, a number of contractors were able to realize a profit as a result of the urban homesteading program in Minneapolis.

More complicated in its aspirations for urban homesteading is the "popular" sector. This sec-

tor can be divided into homesteaders, neighborhood residents, and members of the community as a whole. Homeownership is the primary goal of the homesteader. The Nieri study indicates that with homeownership the homesteaders felt they were gaining financially and in other ways. Quality of neighborhood and safety were concerns as were convenience of location and in most cases loss of spare time due to self-help tasks.

Neighborhood residents in homestead areas hoped that urban homesteading would improve their neighborhood physically, aesthetically, and socially. When queried, residents of homestead neighborhoods did indeed express approval of urban homesteading, stating that they felt it was improving their neighborhoods primarily by converting vacant housing to occupied units. With physical and aesthetic improvements and an improved area image, however, economic revitalization may be bringing about price increases displacing poorer residents. This suggests that revitalization through improving the economic vitality of an area may not necessarily bring about the "neighborhood improvement" that many area residents anticipate from urban homesteading. In addition, it should be noted that some area residents including both poorer and wealthier families wish poor families to remain in the area. Other residents appear to equate large numbers of poor families with crime and instability in the area and are therefore often not disturbed to have the poor displaced.

Consequences of urban homesteading in the overall community are even more varied and difficult to categorize than for the residents of homestead areas. Some residents of areas adjacent to homestead neighborhoods feel that by stabilizing homestead areas decline and abandonment may be prevented from spreading to their neighborhood. Other residents of these same areas contend that displacement in homestead areas may result in overcrowding of their neighborhood thus precipitating or accelerating decline. Residents of other neighborhoods in the community generally either feel that municipal

funds spent in homestead areas are improving the city and/or broadening the tax base or conversely they may feel resentful as funds are being diverted from specific improvements in their neighborhoods to be used in rehabilitating homestead areas. These illustrate some of the varying goals for and attitudes toward urban homesteading which should be considered when analyzing the consequences of an urban homesteading program.

### Conclusions

The study of the Minneapolis Urban Homesteading Program suggests that urban homesteading both achieves and falls short of its intended goals while simultaneously producing desirable and undesirable unintended consequences not bound to realized anticipated objectives.

Based on the observations of the Nieri study and assessments in this paper, the leading negative aspect of homesteading seems to be that it does not often help those most in need of housing assistance. Further, in conjunction with other rehabilitation and neighborhood improvement programs, it may indirectly displace those most in need of housing assistance from the neighborhoods which are being improved. However, if neighborhoods continue to decline to the point at which they are unlivable except by desperation standards, everyone loses including the poor households. In addition, if in the long term public revenue is indeed increased by urban homesteading, additional funds could conceivably be used to provide subsidies for the poor.

Although the situation in Minneapolis may limit conclusions to the total population of urban homesteading programs, the Nieri study indicates that urban homesteading can be effective as one of several programs directed toward increased economic vitality of inner city neighborhoods in the early stages of decline. It also suggests that homesteaders can reach the goal of homeownership and benefit financially from participation in an urban homesteading program. If, in the long run, urban homesteading actually results in extra

disposable public funds, it should not be considered a subsidy program but a program which could add to public revenues.

Due to multiple and sometimes conflicting attitudes toward and intentions for urban homesteading, it is clear that the public, private, and popular sectors and subdivisions within the sectors vary in that which is considered a beneficial consequence of urban homesteading. That which is desirable in one sector may be undesirable for another sector or for a subgroup within that same sector. The possible displacement of poor families due to increased economic vitality of an area is one example of a consequence which is not considered desirable by at least one subgroup of the popular sector, while increased economic vitality of an area is a highly desirable consequence for the public sector and other subgroups within the popular sector.

It is recommended that the goals and aspirations of the different sectors and subsectors delineated in this paper as well as the intended and unintended consequences of a program be carefully analyzed in the evaluation of urban homesteading programs in other cities whose approach does not seem as viable as that of Minneapolis and in the evaluation of any housing and/or revitalization program. This more comprehensive overview tends to expose the biases of each sector and subsector perspective which may in some cases conflict with other sector or subsector perspectives. Conflict is not necessarily unhealthy. However, it must be recognized and realistically addressed as part of the revitalization context.

### Notes

1. The supportive data for this article was taken from Barbara Oakley Nieri, 'Socio-Economic and Policy Aspects of Urban Homesteading' (unpublished Doctor's dissertation, the University of Tennessee, 1977).
2. "620 East Franklin," *Metropolis*, May 3, 1977, pp. 23-26.

3. It should be emphasized that these conclusions are tentative. The cost estimate cannot be considered extremely reliable due to the inherent uncertainties involved in making twenty-year projections.
4. Rate obtained from Jane Prince, Administrative Assistant, Minneapolis Urban Homesteading Program, personal interview, April 21, 1977.
5. Henry J. Aaron, *Shelter and Subsidies: Who Benefits from Federal Housing Policies?* (Washington, D.C.: Brookings Institute, 1972), p. 162.
6. Rate obtained from James Singleton, Director of Single-family Division of Property Disposition, Department of Housing and Urban Development, personal interview, November 1, 1977.
7. Rates obtained from Russell Kallstrom, Supervisor of Residential Properties, Minneapolis Tax Assessors Office, personal interview, November 1, 1977.

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