

Redevelopment *SOLUTIONS*

Redevelopment Strategies Report
Commissioned by The Community Association of Rushfield
Cincinnati, Ohio
August 1, 2009

Contents

Introduction	3
Study Area	3
Rushfield Today	3
Cincinnati’s Economic Outlook	8
Rushfield’s Redevelopment Potential	10
Conclusion	14
Notes & Appendices	15

Introduction

This report recommends strategies The Community Association of Rushfield can implement to achieve neighborhood redevelopment. Redevelopment Solutions cannot predict when or even *if* redevelopment will occur, even if every strategy is implemented. It instead assesses the most current research and recommends strategies that have proven effective in redeveloping neighborhoods with similar characteristics.

The report first examines the character of Rushfield and the metropolitan-wide economy that is and will likely affect it. It then assesses the neighborhood's short- and long-term redevelopment potential given its characteristics and Greater Cincinnati's economic outlook. Finally, it articulates four strategies the Association should implement that build on the neighborhood's strengths and/or mitigate its weaknesses.

Before proceeding, it should be noted that this report employs terms that are often seen as ambiguous or that are rarely used in everyday speech. These terms appear in **bold** and are defined in a glossary provided in Appendix A.

Study Area

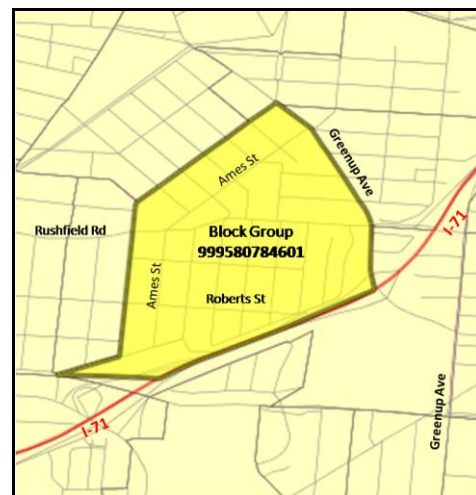
In the Redevelopment Strategies Questionnaire, Rushfield was identified as a **neighborhood** bordered by Interstate Highway 71, Roberts Street, Ames Street, and Greenup Avenue. These boundaries roughly coincide with the boundaries of census **block group** number 999580784601.¹ As shown in Figure 1 (right), the block group expands beyond, yet encompasses the boundaries provided.

This plan will evaluate relevant data from this block group and articulate strategies for its redevelopment and continued improvement. As it is tailored to address conditions and issues unique to this block group, Redevelopment Solutions discourages attempts to implement the proposed strategies in other areas.

Rushfield Today

Rushfield is a neighborhood of diverse **housing unit types**. This diversity is borne of its various zoning classifications. Approximately 60 percent of the neighborhood's land area is zoned *SF-6*. Parcels in this zone are at least 6,000 square feet in area and contain single-

Figure 1
Map of Study Area



family housing. Parcels along the neighborhood's main thoroughfare, Greenup Avenue, are zoned *CC-M* while parcels along Rushfield Road within 2,000 feet of Greenup are zoned *CN-M*. Both zones allow for commercial activity that is both pedestrian- and

automobile-oriented. In the case of commercial activity along Greenup, large-scale retail and other **long-range businesses** are allowed. Commercial activity along Rushfield (which sees much less car traffic than Greenup) is limited to small-scale retail and other **short-range businesses**. Commercial activities comprise approximately 20 percent of the neighborhood's land area.

The remaining 20 percent of Rushfield's land area is reserved for multi-family residences. Most (about 90 percent) of this 20 percent is zoned *RM-2.0*: The housing units within these multi-family structures have a minimum of 2,000 square feet. The *RM-2.0* zone generally serves as a buffer between the commercial zones along Greenup and Rushfield and the neighborhood's single-family residences. The rest of the multi-family residences are zoned *RM-0.7*; units here have a minimum of 700 square feet. The Daylight Apartments complex comprises the entire *RM-0.7* zone. The complex is in the project-based Section 8 voucher program: Residents there are seen as having incomes that are either "very low" or "extremely low."

Based on its demographic and economic profile, Redevelopment Solutions classifies Rushfield as a "Cubicleland" neighborhood. This name is used because its residents tend to work in middle management positions; such employees often work in cubicles or shared spaces rather than in offices they themselves occupy.

Cubicleland neighborhoods are marked by **householders** with ages at or near the metropolitan's median. A sizable proportion of Cubicleland residents hold at least a Bachelor's

degree, but when compared to the proportion of metropolitan area residents that are college graduates, numbers in Cubicleland are relatively low.

What further distinguishes Cubicleland from other neighborhoods are the relatively low incomes of its residents and relatively low home values of the housing stock. Residents typically earn between 65 and 75 percent of the metropolitan area's median; similarly, the value of the neighborhood's housing stock is often between 70 and 80 percent. The low incomes and low home values are the results of residents being employed in lower-paying white collar fields like education, retail, and local government.

Rushfield meets most of these characteristics. It is estimated, for example, that 33 percent of the neighborhood's 2009 labor force is employed in either the health or education fields.² As only about eight percent of Greater Cincinnati's workforce is employed in these fields, Rushfield houses a highly disproportionate share of these workers. It also houses a slightly disproportionate (yet higher) share of public administration workers (5.9 versus 5.3 percent in Greater Cincinnati).

Rushfield further reflects the Cubicleland designation with regard to **household** incomes and home values. Data from Table 1 (next page) shows that the median income of Rushfield residents is about 67 percent of the metropolitan area's median income. In addition, median home values in Rushfield are about 72 percent of Greater Cincinnati's.

Table 1
Important Statistics
Rushfield versus Metro Cincinnati
2009 Estimates

Statistic	Rushfield	Metro	Statistic	Rushfield	Metro
Population	2,689	2,140,532	Percent Married & kids	14.0	23.3
Households	1,094	825,433	Percent Non-family	45.0	29.9
Families	698	568,655	Median Income	\$30,917	\$46,157
Percent White	41.0	82.7	Percent Families in Poverty	22.0	8.0
Percent Black	58.0	12.3	Median Home Value	\$100,810	\$140,509
Median Age	43.4	43.1	Median Gross Rent	\$616	\$753
Percent Senior	17.0	12.7	Median Housing Age	60.0	57.0
Percent Bachelor's	17.5	25.0	Owner-Occupancy Rate	40.0	64.2
Classification	Cubicleland		Entropy Index	Moderate	

Table 1 provides additional information on Rushfield's demographic and housing profile. Estimates indicate that Rushfield housed 2,689 persons and 1,094 households in 2009. A majority of Rushfield's residents are Black and just over 40 percent are non-Hispanic Whites. The median age of residents is estimated to be 43.4 years, slightly higher than the median age of Greater Cincinnati area residents. The neighborhood also houses a higher concentration of persons aged 65 years or more than what is found in Greater Cincinnati as a whole (17 versus 13 percent).

About 14 percent of households in Rushfield are composed of married couples with children. Twenty-one percent are of married couples with no children present. Forty-five percent of households contain "nonfamilies" where the householder either lives alone or with someone unrelated by blood, marriage, or adoption.

Like most Cubicleland neighborhoods, Rushfield residents tend to be members of the working or middle classes. As previously mentioned and as shown in Table 1, Rushfield's median household income is less than that of the region's. This does not mean that each of Rushfield's 1,094 households has incomes below the metropolitan median of \$46,000. On the contrary, the neighborhood's **Entropy Index** is "moderate," indicating some degree of income polarization. As shown in Table 2 (next page), a high percentage of households in Rushfield have very low earnings while a percentage about as high have incomes far north of the metro median. Wealthier households are outnumbered by poorer households however, decreasing the neighborhood's median household income figure.

[This page intentionally left blank]

Though their effects on surrounding properties are not as severe as vacancies, renter-occupied housing also has a negative impact on nearby property values (though there are exceptions³). The relationship between renter occupancy and lower property values exists for a number of reasons. One reason is the transitory nature of renters themselves: The high turnover rate in renters means that the chance of “bad” tenants (e.g., late payers, noisy neighbors, criminals) occupying the unit increases. Such tenants could negatively impact the area’s quality of life, causing property values to decline.

Also contributing to the relationship between renter occupancy and lower property values is the more rapid depreciation rate seen in rental properties. Rapid depreciation is also due to the transitory nature of renters: The continual annual replacement of renters simply wears structures out faster. A landlord’s postponement of major renovations due to the desires of minimizing expenditures and maximizing cash flow exacerbates the depreciation problem.

A third contributor to the relationship is the renter’s lack of equity stake. Renters receive no short- or long-run financial gain by maintaining properties themselves, so they have little incentive in doing so. If renters see themselves living in a unit **long term**, a maintenance *disincentive* may arise. In such a case, performing or calling for maintenance could result in a rent increase rather than in rent stabilization. If renters see no financial gain in performing or calling for maintenance — indeed if there are financial disincentives for doing so — maintenance will not be performed, the

property will deteriorate, and its value will decrease.

To be sure, low homeownership rates may have little bearing on Rushfield’s property values in particular. Lack of consumer demand for the neighborhood’s smaller, older housing stock may too serve as a poor explainer. Though specific reasons for Rushfield’s property values cannot be identified here, research shows that in American cities these arise as significant factors in property valuation.⁴

Low homeownership rates are also indicative of neighborhoods experiencing economic decline. That Rushfield is indeed experiencing such a decline is supported by information from various sources, including local news reports, data collected or processed by governments at all levels, and of course from responses to Redevelopment Solutions’ Redevelopment Strategies Questionnaire.

In the Redevelopment Strategies Questionnaire, association members were asked to articulate how they believed non-residents viewed Rushfield. The response given was that whenever Rushfield is mentioned in the news, the story “almost always” involves crime. The implication is that non-residents and perhaps residents see Rushfield as a transitioning, even volatile place one must “get through” or endure for the benefit of being elsewhere.

A survey of local press reports indicates that these sentiments may not be off the mark. Recent articles in the city’s major daily point to armed robberies being perpetrated either in Rushfield or in other parts of town by Rushfield residents. An article in the local alternative

weekly highlighted resident concerns about the state of businesses along Greenup. Shops there were shuttering and they worried that the structures left behind would be vacant for months, attracting loiterers and those engaged in more illicit activities. There was also concern that replacement businesses would sell lower-end goods and services, catering to poorer residents living nearby. Residents feared that such developments would contribute to Rushfield appearing run-down, thereby making business district and neighborhood redevelopment all the more difficult.

Redevelopment may indeed prove difficult if these and other economic trends continue. Since 2000, Rushfield has accommodated 642 more persons and 224 more households. Over that same period however median household income in **real dollars** dropped nearly 23 percent. Rushfield is attracting new residents, but these residents are increasingly from lower — not moderate or high — income brackets.

Persons with low incomes are often hardest hit in economic downturns. They are also more likely than middle class and wealthier persons to turn to petty or violent crime to avoid eviction, buy food, or acquire other life necessities. Short-range businesses catering to poorer Rushfield residents may repeatedly find themselves the victims of crime, opting to close as a result. Those staying may begin selling lower-end goods so as not to price themselves out of the declining market.

Unfortunately, Rushfield residents and businesses face a difficult economic environment in the **short term**. At a minimum, it can expect to see more persons with

relatively low incomes, more incidents of crime, and more business loss.

Redeveloping Rushfield in the manner desired will mean that community association members will have to work to retain and attract businesses to the Greenup corridor, target and attract persons in higher income brackets, and help improve the lives of current low-income residents. Doing any of these things will require changes to not only the means by which Association members pursue goals, but will more importantly require changes to various parts of Rushfield's **infrastructure**. As will be shown in the next section however, Greater Cincinnati's economic outlook will make realizing the more important infrastructural changes quite difficult in the short term.

Cincinnati's Economic Outlook

The difficulty in redeveloping Rushfield is exacerbated by the current economic climate. In June 2009 Ohio's unemployment rate stood at 11.2 percent — a 70 percent increase over the previous year. Greater Cincinnati's unemployment rate that same month was, at 10.3 percent, only slightly below the statewide figure.⁵

The high unemployment rates and general economic slump can be attributed to the national and global economic downturns. As Cincinnati's is an export-driven economy — specializing in business and financial services, advanced manufacturing, chemicals, and food processing and technology⁶ — its businesses see revenue losses when the outside world

does not buy what it produces. The local consequences of these losses are wage reductions and layoffs.

Local businesses like the Health Alliance, AK Steel, and E.W. Scripps have announced layoffs, furloughs, early retirement options, and other means of reducing personnel costs this year. An April 2009 survey of 141 local companies showed that 72 percent have laid off staff and that 28 percent have implemented furloughs.⁷

Financial losses have reduced the amount of money businesses pay in taxes. As a result, local governments have also had to reduce staff. Job losses in the public and private sectors have undoubtedly contributed to a surge in bankruptcy filings: Personal bankruptcies rose 20 percent in Ohio in the year ending June 2009.⁸

Problems in Cincinnati's labor and personal finance markets have affected the local housing market. Those who have been laid off or who have had their incomes frozen or reduced are finding it more difficult to pay for housing. Income reductions are even more dire for those who are homeowners and have adjustable-rate mortgages.

Both separately and together, readjusting mortgages and income reductions helped increase the foreclosure rate. According to RealtyTrac, Ohio had the 12th highest foreclosure rate in the United States in July 2009. About 2.7 percent, or one in every 460 housing units, were in some stage of foreclosure.⁹ In Greater Cincinnati the rate was an only slightly lower 2.2 percent, up from the 1.6 percent rate found the previous July.¹⁰

Both increased foreclosures and the general housing downturn have driven home values down. Between June 2008 and June 2009 in Greater Cincinnati, the average sale price of a home dropped 13 percent to \$164,450. The average sale price of homes sold in the first half of 2009 was, at \$145,201, even lower.¹¹

Worse, the declining home values have left some homeowners with "negative equity." Those with negative equity (or who are sometimes referred to as "underwater" or "upside-down") owe more on their mortgage loans than the present value of the housing unit. Homeowners selling property while in this state do so at a financial loss. Cognizance of negative equity prompts some homeowners to suspend mortgage loan payments. Those doing so are aware that their actions could result in home loss, yet the actions are taken nonetheless to keep cash on hand. The decision of homeowners with negative equity to voluntarily enter the foreclosure process pushes these homes into the real estate market, and causes the value of surrounding homes to fall further.

Issues of negative equity and subsequent foreclosure are particularly salient for Greater Cincinnati. As of June 2009, 37.25 percent of Greater Cincinnati's mortgagors had negative equity, higher than the national figure of 32.20 percent. Moreover, almost half of all area mortgagors are within five percent of reaching negative equity status.¹²

To be sure, not all of Greater Cincinnati's mortgage holders will enter the foreclosure process, but many will. If even a small percentage complete the process (culminating

in the mortgage lender seizing the home), it could have a significant impact on the region's home values.

Rushfield's Redevelopment Potential

In the short term, Greater Cincinnati's economic problems and its high foreclosure rate do not bode well for Rushfield's redevelopment. For the next year at least, some Rushfield homeowners will lose homes to foreclosure, will lose money in property sale, or will rent part of or their entire home to fulfill mortgage obligations or to realize profits. Each of these occurrences will result in further depreciation of Rushfield properties, and this depreciation will consequently result in home value declines.

The declines seen in both home values and the general economic climate will likely be followed by increases in Rushfield's crime rate. Research shows that incidences of crime often rise in neighborhoods that experience spikes in unemployment, rises in the poverty rate, and lower household earnings.¹³ Unfortunately, the occurrence of each if not all of these scenarios is likely in Rushfield in the coming years.

While these occurrences will hinder Rushfield's redevelopment in the short term, the neighborhood's long term redevelopment potential is fairly good. Over time, Rushfield will be seen as a good place in which to invest; the reason for this will stem from the neighborhood's location and the quality of its housing stock.

Specifically, Rushfield will attract investors in the long term because (1) of its proximity to suburbs and Downtown Cincinnati, (2) its

housing units are relatively inexpensive, and (3) housing there is relatively small.

On the first point, Rushfield is tucked in the City of Cincinnati's far northwest corner, but has quick access to Downtown Cincinnati via the 128 Express bus route. North and southbound entrances to I-71 are located in Rushfield, and an eastbound entrance to the Ronald Reagan Cross-County Highway is located nearby. These entrances allow Rushfield residents to be within a 15-minute drive of major shopping destinations and office parks in the suburbs. Proximity to workplaces and shopping destinations are important factors in home valuation, and Rushfield will benefit from its proximity to these places as home prices rebound.

Secondly, and as has already been discussed, housing in Rushfield is inexpensive relative to other parts of Greater Cincinnati. The low housing costs will prompt those who see the neighborhood as undervalued to invest in the area. That investors will reach this assessment seems plausible not only because of Rushfield's location, but because of amenities identified both here and in the responses and pictures submitted in the Redevelopment Strategies Questionnaire: its diversity of people and housing styles, its abundance of greenery, its clean, well-maintained streets. As Rushfield offers much both to residents and to those passing through, investors will see opportunities there and will invest accordingly.

[This page intentionally left blank]

[This page intentionally left blank]

[This page intentionally left blank]

Conclusion

Rushfield is a neighborhood with potential. It possesses attractive, affordable housing; diverse residents; and proximity to Downtown Cincinnati and suburban shopping and employment centers.

It is not, however, without its problems: increasing blight and economic troubles; litter; the existence (and perception) of crime. Each has the power to nullify all that makes Rushfield good. Together they can cause precipitous decline.

In its efforts to redevelop Rushfield, Association members must address these problems. This plan articulates means for doing so effectively, calling on members to raise funds, to establish connections with certain parts of the City's bureaucracy, and to advocate specific land use changes. With its group size, its fundraising potential, and its ambitious agenda, the Association will need the aid of partners in the public, private, and civic sectors to fulfill its mission. This plan provides members with the names of these potential partners. It is hoped that these partners serve as an entrée to a wider network of partners and collaborators in the Cincinnati Region.

It is also hoped that these potential partners share the Association's vision, and help the Association to reify it. We at Redevelopment Solutions hope that we have helped articulate that vision, and that this strategic plan will be shared, debated, and implemented to create a neighborhood that one wishes not to hurry through, but rather to linger in.

Notes

¹ Block group corresponds to Census 2000 boundaries. Though the boundaries only partly coincide with Rushfield's boundaries, this plan's references to "Rushfield" or "the neighborhood" should be understood as references to block group number 999580784601.

² Unless otherwise stated, all data estimates are provided by the Geolytics Corporation.

³ See George C. Galster, "The Effects of Affordable and Multifamily Housing on Market Values of Nearby Homes," in Anthony Downs, ed., *Growth Management and Affordable Housing: Do They Conflict?* (Washington, DC: Brookings Institution Press, 2004), p. 188.

⁴ See for example Allen Goodman and Thomas Thibodeau, "Housing Market Segmentation and Hedonic Prediction Accuracy," *Journal of Housing Economics*, 12 (2003), 181-200. Also see William Rohe and Leslie Stewart, "Homeownership and Neighborhood Stability," *Housing Policy Debate*, 7 (1996), 37-81.

⁵ Unemployment figures not seasonally adjusted. See Bureau of Labor Statistics Local Area Unemployment Statistics at <http://www.bls.gov/lau/data.htm>.

⁶ See Hamilton County Regional Planning Commission, *Hamilton County's Comparative and Competitive Advantages*, http://www.communitycompass.org/v2/reports/03/3_6_cluster_rpt.pdf (2003).

⁷ See "Cincinnati Firms Implementing Layoffs, Freezing Salaries and Hiring," *Business Journal of Cincinnati*, June 5, 2009 (<http://cincinnati.bizjournals.com/cincinnati/stories/2009/06/08/story17.html>).

⁸ See "Bankruptcies Spike Across Greater Cincinnati," *Business Journal of Cincinnati*, September 11, 2009 (<http://cincinnati.bizjournals.com/cincinnati/stories/2009/09/14/story1.html?b=1252900800^2071701>).

⁹ See "U.S. Foreclosure Activity Increases 7 Percent in July," RealtyTrac (<http://www.realtytrac.com/ContentManagement/PressRelease.aspx?channelid=9&ItemID=7192>).

¹⁰ See "Foreclosures Up in Ohio, locally," *Business Courier of Cincinnati*, Sept. 10, 2009 (<http://cincinnati.bizjournals.com/cincinnati/stories/2009/09/07/daily35.html>).

¹¹ See "Cincy/N. Ky. Homes Sales Improve in June," *Business Courier of Cincinnati*, July 23, 2009 (<http://cincinnati.bizjournals.com/cincinnati/stories/2009/07/20/daily43.html>).

¹² See "Cincy MSA: 37% of Mortgages Underwater," *Business Journal of Cincinnati*, Aug. 14, 2009 (<http://cincinnati.bizjournals.com/cincinnati/stories/2009/08/10/daily55.html>).

¹³ See Eric Gould, Bruce Weinberg, and David Mustard, "Crime rates and local labor market opportunities in the United States: 1979-1997," *The Review of Economics and Statistics* 84 (2002), 45-61; Morgan Kelly, "Inequality and Crime," *The Review of Economics and Statistics* 82 (2000), 530-539; Stephen Raphael and Rudolf Winter-Ebmer, "Identifying the effect of unemployment on crime," *Journal of Law and Economics* 44 (2001), 259-283.

Appendix A — Glossary

affordable housing — housing units wherein householders spend less than 30 percent of their gross income on home-related expenses like rent, mortgage payments, property taxes, and homeowner’s insurance.

block group — a small geographic unit created and used primarily by the U.S. Census Bureau to understand demographic and economic characteristics at the small scale. There are over 200,000 block groups in the United States, each with a unique number, and usually containing between 600 and 3,000 people.

community — a collection of persons with a particular characteristic, such as inhabiting a neighborhood.

Entropy Index — a measure of how disparate or polarized incomes are in a given place.

household — the person or persons that occupy a housing unit and use it as a primary residence.

householder — the member of the household who owns or rents the housing unit.

housing unit type — the kind of dwelling inhabited by a person. Examples include a detached single-family house, an apartment, a mobile home, or a boat.

infill development — developing new housing units in already-developed, established neighborhoods.

infrastructure — those things (or “components”) necessary for the functioning of a neighborhood. Examples include housing units, streets, power lines, schools, and communities.

landbanking — the practice of buying and holding properties for resale and redevelopment.

long-range business — a business that attracts customers from a wide area. These businesses often occupy large buildings and provide much parking. Supermarkets are good examples of long-range businesses.

long term — the distant future. In this case, more than two years.

market-rate housing — housing wherein the householder’s monthly payment is not partly or wholly subsidized by government.

neighborhood — a geographic area containing housing units, power and water lines, streets, and other types of infrastructure necessary to sustain residents.

real dollars — an amount of money that factors in inflation. Real dollars are often used to compare changes in money over years as a dollar in, say, 2009 buys less than that same dollar spent in 1989.

right-of-way — that portion of land designated for public use. Streets and sidewalks are often within rights-of-way as they are intended to be used by the public.

short-range business — a business that attracts customers from a small area. These businesses often occupy small spaces and provide little to no parking. Neighborhood fruit stands are good examples of short-range businesses.

short term — the immediate or foreseeable future. In this case, within two years.

Appendix B — Neighborhood Assessment

[This page intentionally left blank]

Appendix C — Redevelopment Strategies Report Questionnaire

[This page intentionally left blank]