

East Liberty Revitalization: Crime Strategy Implementation

The role that East Liberty Development, Incorporated (ELDI), a Pittsburgh-based Community Development Corporation (CDC) has played in the transformation of East Liberty into their stated goal of a “safe, sustainable mixed income community” is a pivotal one. One of the main questions that is being asked of ELDI about this transformation is “*what exactly did you do?*” The goal of this white paper, the third in a series of six, is to summarize the implementation of ELDI’s unique and innovative strategies that helped reduce residential crime in East Liberty by 49% over a five-year period.

In the early 2000’s, ELDI staff members who lived in or near the neighborhood and who had daily, personal exposure to the high crime activity around them, came to the conclusion that there were a small number of very specific physical locations that were responsible for a disproportionate amount of the crime. The staff members were able to persuade the leadership at ELDI to make the decision to purchase as many of these problematic properties as possible.

It should be noted that not all of ELDI’s property acquisition were public safety acquisitions. Most were opportunistic: tax sales, foreclosures or competitively priced listings. A small number of problem properties identified by neighbors, police and staff, were purchased to improve public safety. These acquisitions were made possible through the use of a number of creative financing options¹ including Low Income Housing Tax Credits (LIHTCs), which are subsidies that allow for property renovations while maintaining the affordability of rentals. These acquisitions were done at scale, with more than 200 units purchased over a four-year period, representing approximately 3% of the rental apartment units in the neighborhood. Post-acquisition, ELDI hired effective property managers who enforced standard tenant lease obligations prohibiting drug dealing, illegal activity and disorderly behavior that previous property management neglected to enforce. The small number of tenants who preferred the previously lawless environment mostly left of their own accord.

Remarkably, this strategy mirrored “crime hot spot theory.” Research has identified that in high crime areas, approximately 3% of geographic locations were responsible for approximately 50% of the crime. But whereas existing hot spot theory used police as the intervening agent; ELDI’s first innovation was using property acquisition and management as the intervening agent. Once effective property management was put in place, ELDI tenants began to feel safe, with an increased level of community order. Property managers worked on building trust between tenants and management by responding quickly to issues and problems, and at times helping tenants access supportive service programs.

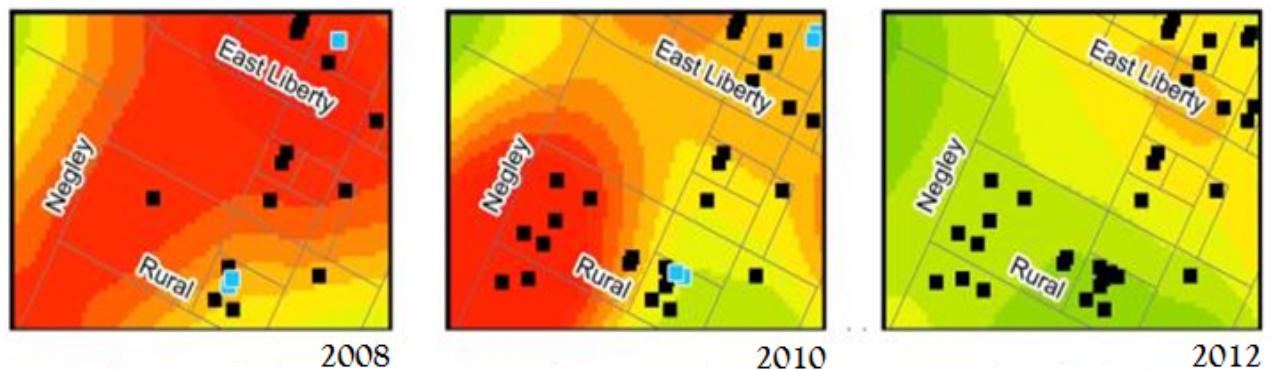
¹ A future white paper will discuss the problems and lessons learned in financing such a large endeavor - ELDI was able to navigate these issues, but not without facing significant challenges along the way.

The second innovation was the scale and scope of ELDI's work. ELDI took guardianship of the entire neighborhood, establishing an ongoing physical presence that addressed problems both at ELDI-owned and non-ELDI owned properties. Conventional developments are finite, with the extent of their impact defined by the boundaries of their site and the duration of their project. They rarely have any physical presence beyond the physical limits of their site, and rarely have any ongoing development activity after the ribbon-cutting. It is not uncommon to see abandoned properties crumble feet away from completed multi-acre, multi-million dollar developments. In contrast, ELDI crafted solutions to problems on a property-by-property basis regardless of who owned the property, where the property was located, or when the problem arose. Examples of these solutions include hiring off-duty police officers to monitor nuisance properties in close proximity to ELDI properties, relocating squatters in abandoned homes, boarding and maintaining vacant houses and purchasing problem properties. This responsiveness added legitimacy to ELDI's work. Spillover effects are noticeable in properties nearby, in terms of the general ambience and in improved social informal controls. All of these efforts have contributed to a greater sense of social cohesion and increased collective efficacy in East Liberty.

To help visualize the changes in East Liberty, it is particularly insightful to map two of the hot spots over time, with ELDI property acquisitions superimposed on the maps. These "heat maps" show relatively high crime areas in red, low crime areas in green, and medium crime areas in yellow. The black boxes represent properties acquired years prior to that shown on the map and the blue boxes represent properties purchased the same year as that shown on the map.

The first trio of "heat maps" shows a historically particularly troublesome portion of North Negley Ave. This block, the 300 block of North Negley, is made up of a number of large apartment buildings between Rural and Rippey Streets that were purchased by ELDI using conventional financing, with effective property management then put into place. As can be seen, crime incidences in the ELDI intervention area plummeted from 2008-2012.

Figure 1: North Negley Avenue

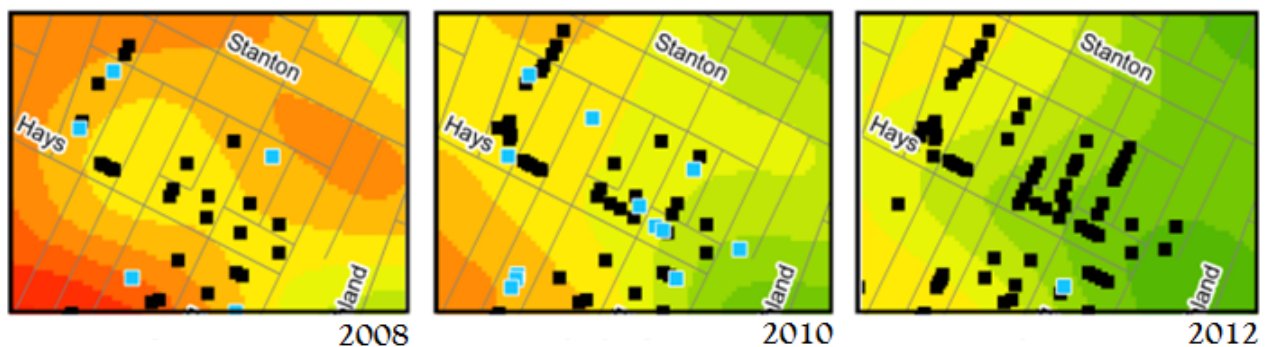


The second trio of "heat maps" shows another previously high crime area; the 500-700 block of Euclid Ave. This area was made up primarily of single-family homes that had been converted into slum rentals of two or three apartments each. ELDI purchased many of these properties. Several were converted

into high-quality affordable rentals using LIHTCs. ELDI has made a conscious effort to include in its portfolio of properties scattered sites that avoid the appearance of and the problems typically associated with concentrated poverty. The properties were renovated in such a manner that makes them indistinguishable from other nearby homes and preserves the architectural integrity of the historic neighborhood.

Other slum rentals on Euclid Ave. were converted back into single-family homes and put on the market. ELDI then built a handful of new construction homes on formerly vacant lots. These homes were in close proximity to the more affluent adjacent neighborhood of Highland Park. At the time this development was a significant gamble, but as the general perception of East Liberty being safe increased, the market took hold and the homes sold. These properties provided enough critical mass to drive up sales comps, which in turn provided the impetus for private sector developers to become interested in the neighborhood. As can be seen in these heat maps, crime on Euclid Avenue, where ELDI purchased properties in the 2008-2012-time period, decreased dramatically.

Figure 2: Euclid Avenue



A by-product of ELDI's implementation strategy has been increased demand for properties, a development that ultimately translates to higher property prices. From 2006, East Liberty has reported consistent year-on-year appreciation in property prices. 2013 average property prices show, on average, a 125% appreciation in prices relative to the 2006 average. Longtime homeowners in East Liberty have significantly increased their net worth as a result of this appreciation, giving them the home equity needed for ongoing home repairs and maintenance.

This paper has touched upon the innovative strategies that ELDI used in the revitalization of East Liberty. It is important to understand that the strategy implementation was driven by a semi-organic process made up a series of decisions and activities, some of which were successful, and others which were not. As we feel that this strategy has a great deal of relevance for other similar cities, a future white paper will identify the "lessons learned" from the ELDI implementation strategy.