



Mountain Town Migration: Understanding the Impacts of the Covid-19 Pandemic on Middle Neighborhoods in the Mountain West

Arielle Rawlings

2022 Edward M. Gramlich Fellow in Community and Economic Development

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Abstract

Since the beginning of the Covid-19 pandemic in early 2020, we have watched dramatic changes in housing markets, urban life, and residential patterns impact American cities and their neighborhoods in deep and lasting ways. Mountain West cities in particular have experienced an influx of telecommuting and remote workers, new residents pushed out of more expensive cities, and new housing market investment that has increased home prices more rapidly and more dramatically than in any other region of the country. However, often overlooked in conversations about the impact of the Covid-19 pandemic on housing in the Mountain West are middle neighborhoods—areas of cities that are on the edge between economic expansion and disinvestment, neither growing nor declining. Middle neighborhoods have long served as the foundational heart of Mountain West cities, but the lack of community development investment dollars and public policies targeted toward them has led to their slow erosion. With insights from staff members at NeighborWorks Great Falls, NeighborWorks Pocatello, and NeighborWorks Salt Lake City, this paper aims to (1) identify middle neighborhoods within three case study cities, (2) understand the challenges faced by those neighborhoods and how they have been impacted by the Covid-19 pandemic, and (3) highlight how the NeighborWorks organizations are responding. Ultimately, this research will support housing and community development practitioners across the region who are grappling with post-pandemic neighborhood change, helping to illuminate the specific needs of middle neighborhoods, identify the ongoing community development programs that serve (or fail to serve) them, and situate the robust work being done by NeighborWorks organizations in the Mountain West in the context of the middle neighborhood.

Middle Neighborhoods and Why They Matter

When researchers describe how American cities and their suburbs have changed over the last two decades, they tend to focus on two categories of neighborhood change: economic growth and economic decline. “Growing” neighborhoods typically have seen increases in population, high rates of investment and development, and rising median income levels—leading, in the most extreme cases, to gentrification. “Declining” neighborhoods typically have seen decreases in population, lack of investment in an aging housing stock, and rising evictions, foreclosures, and the concentration of poverty. Both categories of neighborhood change work to reinforce and exacerbate patterns of racial and economic segregation that have long-term negative effects on equity, access to opportunity, and racial justice—with whiter and wealthier segments of the population increasingly concentrating in economically-growing neighborhoods (with rising median rents and home values), and non-white and lower-income populations increasingly concentrating in economically-declining neighborhoods.¹

In between the two extremes of neighborhoods with high and/or rising median incomes and those with low and/or declining median incomes, a third category of neighborhood is the middle neighborhood. Historically, middle neighborhoods have been those areas within urban and suburban communities that provide an onramp to the middle class, offering a supply of reasonably affordable homes, new homeownership opportunities for middle- or lower-middle class families, and comparative economic stability. The growth of these neighborhoods has deeply informed and been informed by the parallel growth of the American middle class, which occurred when, “as the dramatic rise of American industry in the nineteenth and twentieth centuries [triggered] the expansion of the nation’s industrial working class,” new neighborhoods sprang up with “blocks of single-family homes connected by busy arterial streets, with businesses, houses of worship, public schools, and distinct ethnic or racial identities that sustained a social fabric paralleling their physical form.”² Many of these neighborhoods survive today, and a developing body of research³ and focus of practice⁴ has documented some of the particular characteristics of these middle neighborhoods in the present day: they house middle-income residents or the working class (a defining aspect of their “middle” status), they are neither clearly economically expanding nor overtly disinvested in, and they tend to be more racially and economically diverse than

1 Xavier de Souza Briggs, “The Geography of Opportunity: Race and Housing Choice in Metropolitan America,” Brookings Institution Press, July 21, 2005; Raj Chetty et al., “The Opportunity Atlas: Mapping the Childhood Roots of Social Mobility,” NBER Working Paper 25147, October 2018, <https://www.nber.org/papers/w25147>.

2 Alan Mallach, “Setting the Stage to Revive America’s Middle Neighborhoods,” Next City, November 19, 2019, nextcity.org/features/setting-the-stage-to-revive-americas-middle-neighborhoods.

3 See the Middle Neighborhoods Initiative, middleneighborhoods.org.

4 See the Middle Neighborhoods Community of Practice, middleneighborhoods.org/community-of-practice.

their “growing” or “declining” counterparts.⁵

Despite their historic stability, across American cities but for different, regionally specific reasons, middle neighborhoods tend to be disappearing.⁶ In rapidly growing cities, middle neighborhoods have seen revival, increasing house prices, and gentrification—pushing them into the “growing” category of neighborhood; in historically industrial, older cities, middle neighborhoods have seen drops in house prices and homeownership rates, higher poverty rates, and an increasing number of vacant properties—pushing them into the “declining” category of neighborhood.⁷ Importantly, the erosion of middle neighborhoods has meant the erosion of middle-class communities and of stable, integrated, affordable housing in many cities and towns across the United States. On the flipside, the erosion of the American middle class, through trends such as declining real wages, has contributed to and reinforced the steady disappearance of the middle-income neighborhoods that house it.⁸

Since the beginning of the Covid-19 pandemic in early 2020, we have watched dramatic changes in housing markets, urban life, and residential patterns play out across the country. Experts have speculated about the permanence of these changes, and many of the long-term impacts of the Covid-19 pandemic on American cities and their neighborhoods are yet to be fully understood. However, by straining and shocking local housing markets, the pandemic implicitly focused attention on middle neighborhoods and on the policies that can effectively support and stabilize them—a shift in attention that seems lasting, at least over the middle run, for housing practitioners and community development leaders. Beyond the Covid-19 pandemic itself, this newfound focus on middle neighborhoods is working to highlight the impact of housing market shocks on the historically stable neighborhoods of many cities, which, if continually developed, will help policymakers and practitioners understand how to proactively prepare middle neighborhoods—and the cities that house them—for these shocks in the future.

Over the past few years, both inter- and intra-city mobility patterns have heightened the pressure on middle neighborhoods. Within American cities, increasing numbers of moves away from dense, urban neighborhoods spurred by the Covid-19 pandemic, paired with increasing numbers of moves to less dense, more suburban neighborhoods, have increasingly concentrated residents in the

5 Paul Brophy, ed., “On the Edge: America’s Middle Neighborhoods,” June 19, 2019, middleneighborhoods.org/publications/on-the-edge/.

6 Ibid.

7 Alan Mallach, “America’s Middle Neighborhoods: Setting the Stage for Revival” (working paper), Lincoln Institute of Land Policy, November 2019, www.lincolnst.edu/sites/default/files/pubfiles/mallach_wp18am2.pdf.

8 John Schmitt, Elise Gould, and Josh Bivens, “America’s Slow-motion Wage Crisis,” Economic Policy Institute, September 13, 2018, www.epi.org/publication/americas-slow-motion-wage-crisis-four-decades-of-slow-and-unequal-growth-2/.

middle-density (that is, situated between the urban and the rural) neighborhood.⁹ Across cities, population decreases in larger metropolitan areas have been met by population increases in medium- and smaller-sized cities¹⁰—putting increased pressure on the housing markets of middle-class cities, and on their middle-class neighborhoods in particular. Thus, while developers, private market investment, and urban policymakers have increasingly abandoned medium-density construction in favor of either larger apartment buildings or single-family homes over the past decades,¹¹ it seems that returning attention to middle neighborhoods—and, at the very minimum, centering the attention of policymakers and community development practitioners on them—may be the path forward as the nation works to recover, rebuild, and reimagine following the Covid-19 pandemic. More broadly, the progressively pressing need to address housing affordability for middle-income families across the country¹² invites new place-based approaches to improving housing access for the American middle class: namely, through investigating the current and changing conditions of the middle neighborhoods that house it.

Defining Middle Neighborhoods

Defining what constitutes a middle neighborhood can be a challenge because middle neighborhoods are multidimensional and context-specific; they can be identified based on their home values, based on the qualities of their housing stock, based on the incomes of their residents, or based on some combination of all these factors.¹³ The most straightforward way to compare middle neighborhoods across regions is by defining them based on resident and/or household income. However, the neighborhoods that appear as middle neighborhoods can be quite different depending on whether the definition is based on citywide, regional, or national incomes and depending on what range around the area's median the definition employs (e.g., 75-125 percent of the median versus 80-120 percent of the median).

9 Tim Henderson, “The Pandemic Prompted People to Move, but Many Didn’t Go Far,” Stateline (Pew Research), March 23, 2022, www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2022/03/23/the-pandemic-prompted-people-to-move-but-many-didnt-go-far.

10 Stephan D. Whitaker, “Did the COVID-19 Pandemic Cause an Urban Exodus?” Federal Reserve Bank of Cleveland, February 2, 2021, www.clevelandfed.org/newsroom-and-events/publications/cfed-district-data-briefs/cfddb-20210205-did-the-covid-19-pandemic-cause-an-urban-exodus.

11 Shounak Bagchi and Eli Reilly, “Rebuilding and Reimagining Middle Neighborhoods for a Post-Covid World,” Michigan Journal of Public Affairs Blog, December 3, 2020, mjpa.umich.edu/2020/12/03/rebuilding-and-reimagining-middle-neighborhoods-for-the-post-covid-world/.

12 Joint Center for Housing Studies of Harvard University, “The State of the Nation’s Housing 2022,” www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_State_Nations_Housing_2022.pdf.

13 Brophy, “On the Edge.”

Defining Middle Neighborhoods Based on Household Income

(1) Baseline:

■ City Median Income

■ Area Median Income

■ National Median Income

(2) Range:

■ At Area Median Income (AMI)

■ 80% - 120% AMI

■ 75% - 125% AMI

Middle Neighborhoods in the Mountain West

Work from researchers on the Middle Neighborhoods National Steering Committee, a group of prominent middle neighborhoods practitioners, policymakers, researchers, and funders who have come together to “research neighborhood dynamics and [develop] policy proposals for supporting and investing in middle neighborhoods,” has investigated middle neighborhoods at a regional level, from those in historically Black, legacy cities to those in the American Southwest.¹⁴ However, little research on middle neighborhoods has looked specifically at the dynamics at play in the Mountain West, defined here as the region comprised of the states of Colorado, Montana, Idaho, Nevada, Utah, and Wyoming.¹⁵ Nevertheless, there are qualities of the Mountain West region that make it a particularly important region in which to study middle neighborhoods.

First, the Mountain West is a middle-income region of the country. Historically, the Mountain West has been primarily a growing nor a declining region but rather on the precipice between the two, stable and housing primarily middle-income families: it is a sort of “middle region.” Compared to other regions of the United States, the Mountain West tends to have statewide median incomes that are close to the national median income. There is variation within the region: on one end, Montana’s statewide median household income in 2020 (\$56,539) was

14 National Community Stabilization Trust, Middle Neighborhoods, www.stabilizationtrust.org/middle-neighborhoods/.

15 Alan Mallach, “Making the Comeback: Reversing the Downward Trajectory of African American Middle Neighborhoods in Legacy Cities,” Center for Community Progress, March 9, 2021; Alan Mallach and Marcia Nedland, “Middle Neighborhoods in the Desert Southwest” (forthcoming), NeighborWorks America.

87 percent of the national median household income (\$64,994); on the other end, Colorado’s statewide median household income in 2020 (\$75,231) was 116 percent of the national median household income.¹⁶ On average, however, states in the Mountain West region tend to have neither lower nor higher median incomes than the nation overall, unlike other regions of the country (e.g., the Southeast has lower median incomes and the West has higher median incomes).¹⁷

Mississippi	\$46,511 (71.6% National Median Household Income)
....	
Montana	\$56,539 (87% NMI)
Idaho	\$58,915 (90.6% NMI)
Nevada	\$62,043 (95.5% NMI)
National Median Household Income: \$64,994 – in 2020 inflation-adjusted dollars	
Wyoming	\$65,304 (100.5% NMI)
Utah	\$74,197 (114.2% NMI)
Colorado	\$75,230 (115.8% NMI)
...	
Maryland	\$87,063 (134% NMI)

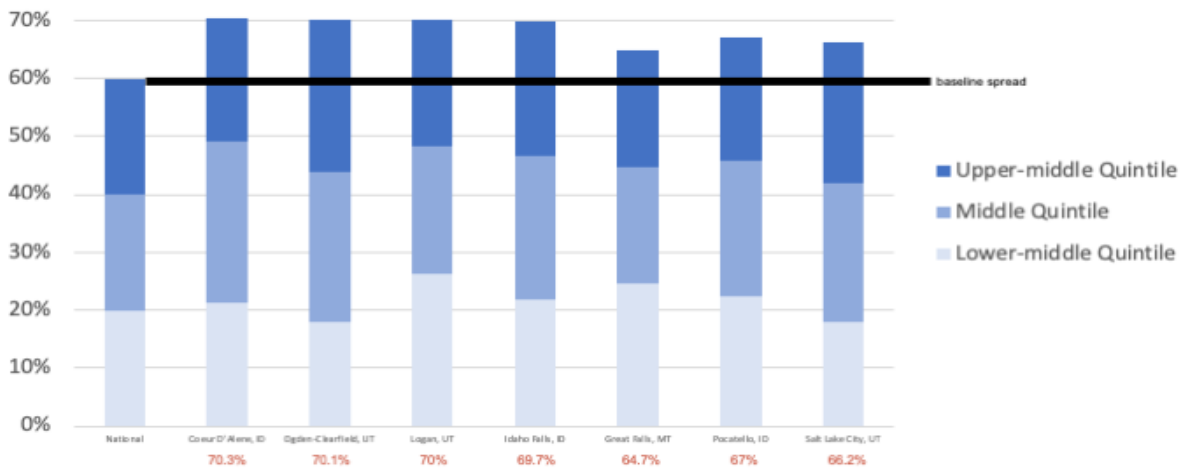
Source: 2020 ACS 5-Year Estimates; calculations done in R with *tidycensus*

Second, the states and cities of the Mountain West house a larger part of the nation’s middle class, and by implication, the region’s middle neighborhoods are deserving of pointed attention in research, policy development, and policy implementation. The five biggest cities in the Mountain West— Colorado Springs, Denver, Las Vegas, Ogden, and Salt Lake City— all have a higher-than-average proportion of their population from the American middle class.¹⁸ Thus, any effort to understand, house, or develop other policies to support the American middle class must keep an eye toward the specific needs of the Mountain West region and the residents who live there.

16 American Community Survey 5-Year Estimates, US Census Bureau, accessed at data.census.gov.

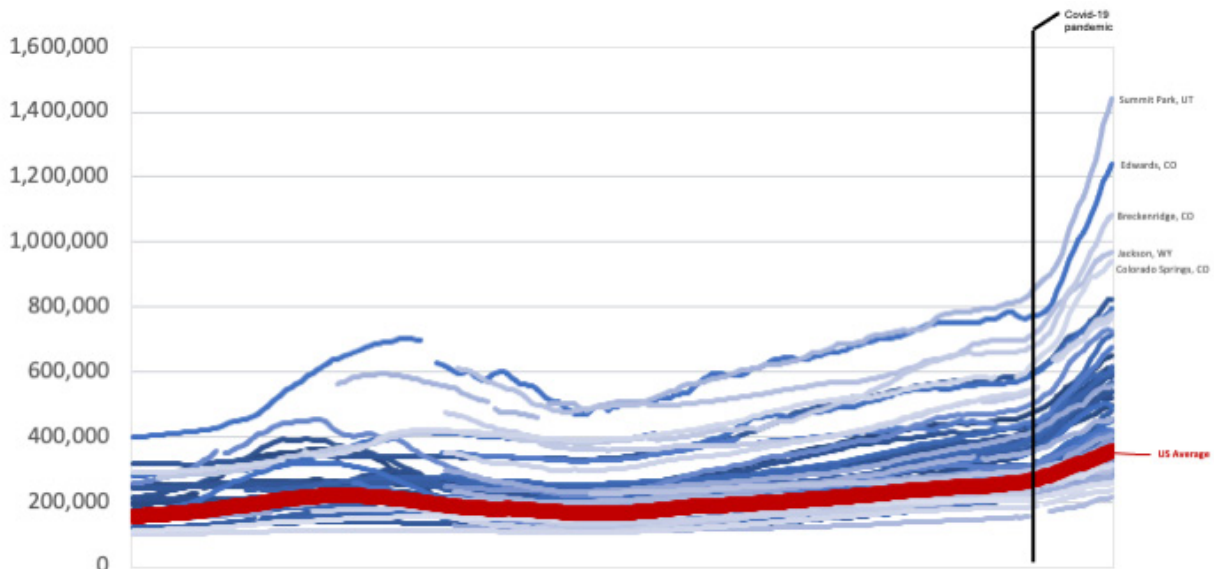
17 Ibid.

18 Pew Research Center, “America’s Shrinking Middle Class: A Close Look at Changes Within Metropolitan Areas,” May 11, 2016, www.pewresearch.org/social-trends/2016/05/11/americas-shrinking-middle-class-a-close-look-at-changes-within-metropolitan-areas/.



Source: 2017 ACS 1-Year Estimates; Alan Berube, "Where does the American middle class live?" Brookings Institution

Third, and most motivating to this research project, the Mountain West region has as a result of the Covid-19 pandemic experienced large demographic shifts that have changed—and that are continuing to change—its neighborhoods in deep and potentially lasting ways. Mountain West cities and states in particular have experienced an influx of telecommuting and remote workers, other new residents, and new housing market investment that has increased home prices more rapidly and more dramatically than in any other region of the country. Across the United States, the typical home value increased from \$246,175 in June 2019 to \$354,165 in June 2022 (a 43.9 percent increase); the majority of metropolitan areas in the Mountain West saw a more dramatic increase in home values over this same period. The five metro areas in the region with the highest home values as of June 30, 2022—Summit Park, Utah; Edwards, Colorado; Breckenridge, Colorado; Jackson, Wyoming; and Colorado Springs, Colorado—are highlighted below.¹⁹



Source: Zillow 20-Year Monthly Home Value Index; Zillow.com/Research

19 Zillow Research, Zillow Home Value Index (ZHVI), 2002-2022, www.zillow.com/research/data/.

Despite the regional dynamics at play in middle neighborhoods in the Mountain West, it is important to note that there is significant heterogeneity within states, cities, and neighborhoods themselves in terms of how these dynamics play out. For example, the Housing Assistance Council analyzed Home Mortgage Disclosure Act data from 2019 to 2020 and found that nationwide, rural communities with outdoor recreational access saw the largest increases in home purchase loans.²⁰ While that categorization holds true for many communities in the Mountain West—indeed, the region’s rurality and its access to outdoor recreation are its primary draws for many families—the specific demographic, economic, and political shifts that have happened within each part of the region vary substantially, with many moves to Mountain West communities motivated more by economic reasons than by recreational ones.²¹ This research aims to identify some of the context-specific changes in Mountain West cities’ middle neighborhoods by looking at three case study cities and understanding how NeighborWorks organizations in those cities are responding to the changes.

Methodology

This paper has three primary goals: (1) to identify middle neighborhoods within three case study cities, (2) to understand the challenges faced by those neighborhoods and how they have been impacted by the Covid-19 pandemic, and (3) to highlight how NeighborWorks organizations, or community-level development organizations, within these three case study cities are responding. I therefore employ three methodological approaches that progressively build upon each other. As a preliminary step, I worked in partnership with staff at NeighborWorks America, a national organization that provides grants and technical assistance to hundreds of affiliated community development organizations, and with the Middle Neighborhoods Initiative’s “Community of Practice” to identify cities and related community development organizations that would serve as the best case studies. The primary criteria used to select case studies included prominence of middle neighborhoods (selecting cities with more than one middle neighborhood, at minimum), feasibility (selecting organizations to which I had connections, and which had the time, bandwidth, and interest in participating), and a diversity of size (resulting in the selection of one larger-sized city, one medium-sized city, and one smaller city); ultimately I relied on experienced professionals at NeighborWorks and the Middle Neighborhoods Initiative to nominate case studies and, in collaboration with them, we determined Great Falls, Montana (NeighborWorks Great Falls), Pocatello, Idaho (NeighborWorks Pocatello), and Salt Lake City (NeighborWorks Salt Lake) to be the best choices. These three community development organizations are all affiliated with NeighborWorks America, but work exclusively at the community level within their respective cities to provide housing, development, and other social programming to low- and middle-income residents.

20 Housing Assistance Council, Tabulations of 2019-2020 Home Mortgage Disclosure Act.

21 “Small Cities in America’s Mountain West are Booming,” *The Economist*, April 10, 2021, www.economist.com/united-states/2021/04/10/small-cities-in-americas-mountain-west-are-booming.

1. Identifying Middle Neighborhoods

Since the characteristics of middle neighborhoods are multidimensional and context-specific, the definition employed can substantially shift which neighborhoods appear as “middles.” Thus, the first stage of this research aimed to arrive at a definition of middle neighborhoods that is most appropriate for the context. I used data from the US Census and from the American Community Survey, aggregated at the census tract level when possible—a common approach used in the existing literature on middle neighborhoods—to identify which neighborhoods in Mountain West cities appeared as middle neighborhoods. I then produced maps using the `tidycensus` package in R that spatialized the neighborhoods that appear as middle neighborhoods under various definitions.²² To arrive at the ultimate, consistent definition I would employ for Parts II and III of my research, I (1) spoke with middle neighborhoods scholars, accessed mostly through the Middle Neighborhoods Steering Committee, to benefit from their expertise on the topic, (2) compared census data maps to see which definition best covered the neighborhoods that continually appeared as middle neighborhoods under other definitions, if any, and (3) ground-truthed my results by asking community development practitioners, housing developers, residents, and other experts which neighborhoods they viewed as middle neighborhoods in their cities, and then determining which statistical definition best matched their grounded observations.

Definition of Middle Neighborhoods Employed: Neighborhoods (census tracts) with a median household income between 80 and 120 percent of the Area Median Income (AMI).

2. Understanding the Challenges Faced by Middle Neighborhoods

To understand how middle neighborhoods have changed over time, I employed the definition of middle neighborhoods arrived at above and analyzed American Community Survey (ACS) data across three different 5-year periods: 2006-2010, 2011-2015, and 2016-2020. Due to data privacy regulations, median household income for smaller areas (such as those included in my case study samples) is reported by the ACS only in 5-year aggregates, so this is the level at which I conducted my time series analysis. In addition, I use census tracts to proxy for neighborhoods, which is a common approach taken in other quantitative analysis of neighborhood-level trends.²³ I also use the Metropolitan Statistical Area (MSA), which is how the US Census defines urban areas, to establish the relevant

²² For more information on `tidycensus`, see walker-data.com/tidycensus/.

²³ For background on the use of census tracts as a proxy for neighborhoods, including drawbacks of this approach, see John Logan, “Relying on the Census in Urban Social Science,” *City and Community* 17 (3): September 2018, www.asanet.org/wp-content/uploads/attach/journals/sept18ccfeaturecombined.pdf.

AMI Ultimately, I produced four maps to spatialize middle neighborhood change, defined as change in the specific neighborhoods that have median household incomes in the middle of the Area Median Income, or AMI, in each of my three case study cities:

- (1) Middle neighborhoods (census tracts with a median household income between 80 and 120 percent of the Area Median Income) from 2006-2010 (using 5-year ACS estimates)
- (2) Middle neighborhoods from 2011-2015
- (3) Middle neighborhoods from 2016-2020
- (4) Percent change in neighborhood median income, from 2006-2010 to 2016-2020

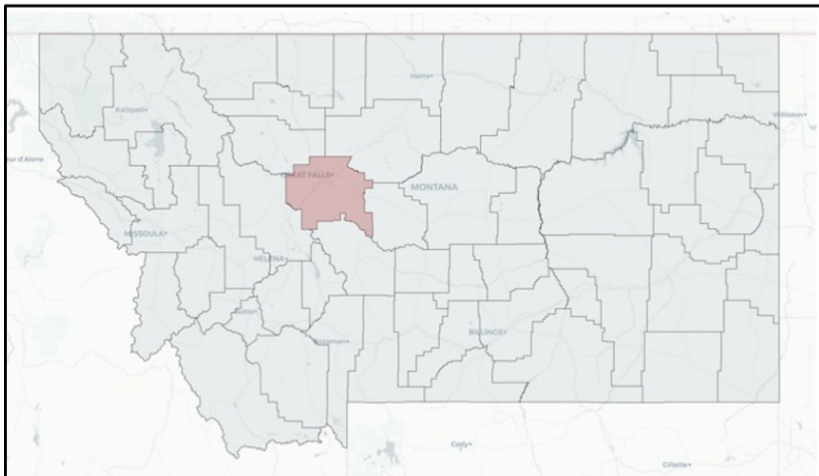
3. Highlighting how NeighborWorks Organizations are Responding

The final stage of data collection included in-person site visits to two of my three case study cities (Pocatello and Salt Lake City), in-depth in-person interviews with staff at NeighborWorks Pocatello and NeighborWorks Salt Lake, and a virtual mapping activity paired with a virtual interview with staff at NeighborWorks Great Falls for pandemic-related safety reasons. The in-person site visits and virtual mapping activity helped me to both confirm that my definition of middle neighborhoods was appropriate for each context and better understand the challenges faced by middle neighborhoods, but they primarily served as the methodological foundation for identifying, analyzing, and cataloging the ways that NeighborWorks organizations and other community development practitioners are responding to the threats to middle neighborhoods exacerbated by the Covid-19 pandemic. I also conducted interviews with staff at two additional NeighborWorks organizations, NeighborWorks Boise and NeighborWorks Southern Colorado, to gain additional insight into various approaches to stabilizing, protecting, and promoting housing development in the Mountain West middle neighborhood. By documenting how community development organizations across the Mountain West are responding, the site visits, mapping activity, and staff interviews allowed me to elevate the work already being done in middle neighborhoods in the Mountain West, frame this work in the contexts of regional and city-specific threats to the middle neighborhood, and produce lessons for other practitioners and policymakers in the region.

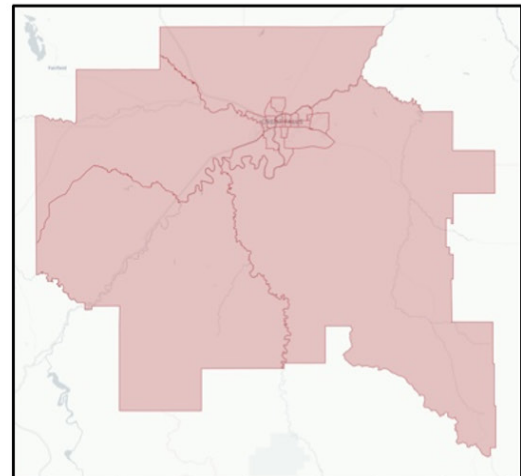
Case Study: NeighborWorks Great Falls, Montana

Established in 1980 in Great Falls, Montana, a city in central Montana with a metro-area population of 84,511 residents (in 2021),²⁴ NeighborWorks Great Falls is a community-based organization that aims to “create strong neighborhoods and successful homeowners by developing and promoting quality affordable housing.” The organization has helped over 4,000 first-time home buyers into homeownership, added nearly \$54 million to the tax base of Cascade County, and removed or renovated over 500 blighted properties, to highlight a few of their areas of work.

Located in Cascade County, Great Falls is the third-most-populous city in Montana and one of the state’s largest industrial hubs. The local economy is driven by tourism, outdoor recreation, hydroelectric power operations, and two large military facilities: an air force base (Great Falls’ largest employer) and a state air national guard base.



Great Falls MSA (Cascade County)



Great Falls Census Tracts

Within the next year (2023), a new medical school will open in Great Falls—the Touro College of Osteopathic Medicine—which will serve around 500 medical students each year and will transform the region by “attract[ing] new and diverse people who will contribute to the community and support the economy ... [and] address[ing] the physicians shortage that plagues rural communities in Montana.”²⁵ The new medical school will additionally transform the community of Great Falls by putting added strain on the housing market, requiring the city to absorb new residents who will serve on the faculty and staff of the school and increasing demand for rentals for the comparatively more transient student

24 2021 ACS 1-Year Estimates, Total Population (B01003).

25 Nora Mabie, “Very Big Day’: Stakeholders Break Ground on Medical School in Great Falls,” Great Falls Tribune, October 6, 2021, www.greatfallstribune.com/story/news/2021/10/06/great-falls-nonprofit-medical-school-break-ground/6024686001/.

population. Projects to increase the supply of rental housing in preparation for the new housing market pressures have begun, such as the 216-unit Aurora Apartments complex, but planned construction does not come close to meeting the projected need to add at least 450 new housing units per year for the next ten years.²⁶

Great Falls has long been a home to many of the middle-income households of Montana (comparing to the state median household income) and of the nation (comparing to the national median household income). From 2006-2010, the median household income in the Great Falls MSA, \$42,389, was 96.62 percent of the median household income for Montana (\$43,872) and 81.65 percent of the national median (\$51,914).²⁷ A decade later, from 2016-2020, the median household income in the Great Falls MSA, \$52,049, was 92.06 percent of the median for Montana (\$56,539) and 80.08 percent of the national median (\$64,994).²⁸ Despite a need for more rental housing and homeownership opportunities that specifically serve the middle class, Great Falls is experiencing a chronic undersupply of housing. A 2021 report conducted by Pew Charitable Trust on the state of housing in Montana determined that a low inventory of for-sale homes within the state broadly, but specifically within Great Falls, has led to fast-rising home prices.²⁹ Housing has not kept pace with population growth in Great Falls, and as a result, rising median rents and rising median home prices have pushed middle-income families from middle-income neighborhoods into lower-income ones where housing is relatively more affordable.³⁰ With its combination of a substantial community of middle-income residents and an undersupply of housing, Great Falls serves as a pertinent and pressing context in which to study middle neighborhoods.

Identifying Great Falls' Middle Neighborhoods

From 2016-2020, the majority of census tracts in Cascade County fell between 80 and 120 percent of AMI, identifying them as middle neighborhoods. Many of them are large, rural census tracts around the outskirts of the county, which means that nearly all of the neighborhood-level income variation—the

26 Alisha Jordan, "Aurora Apartment Complex and Touro College Coming to Great Falls," Great Falls Tribune, June 29, 2022, www.greatfallstribune.com/story/news/2022/06/29/ground-broken-on-apartments-aimed-for-new-great-falls-medical-students/65365124007/; The Concord Group, "Summary of Housing Market Demand Assessment for Great Falls, Montana," December 2021, files.ctctusercontent.com/3e765937001/1984bbae-05b0-4f6e-ae8e-3e70be63c61f.pdf?rdr=true.

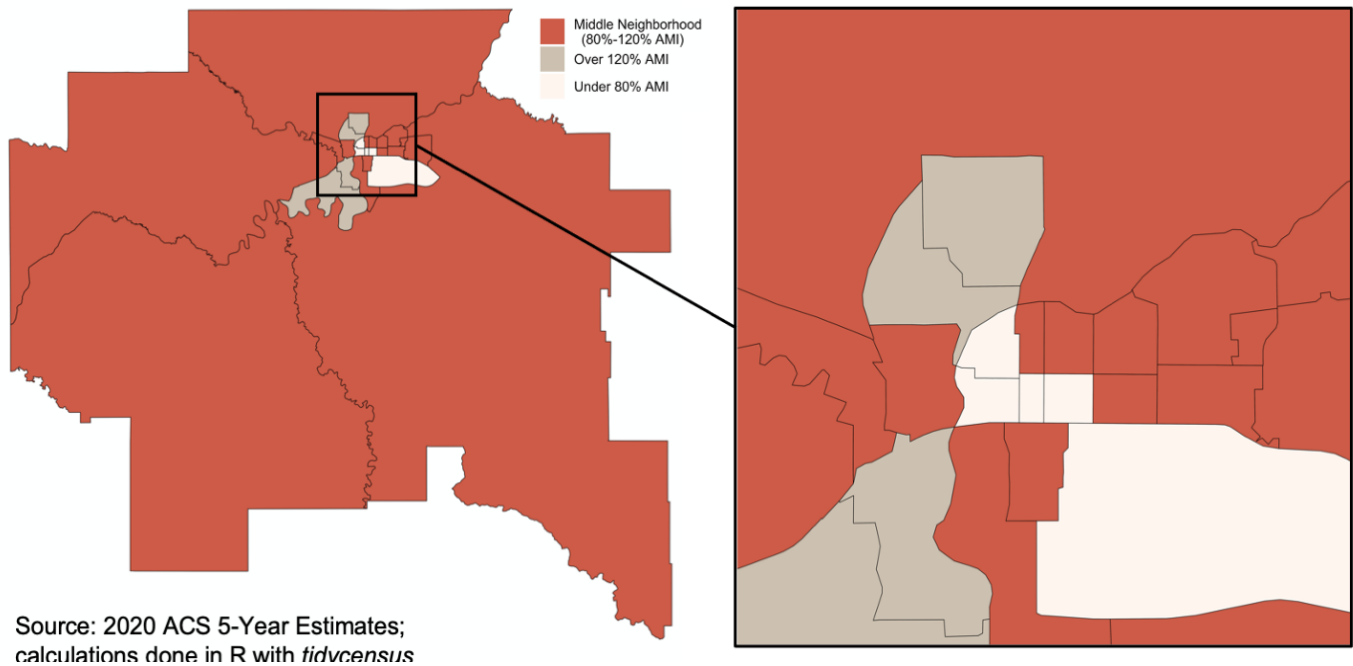
27 Calculated using 2010 ACS 5-Year Estimates (median household income in 2010 inflation-adjusted dollars); calculations done using tidycensus in R.

28 Calculated using 2020 ACS 5-Year Estimates; calculations done using tidycensus in R.

29 Pew Charitable Trust, "Montana Housing Shortage: Key Facts, Trends, and Approaches," November 29, 2021, leg.mt.gov/content/publications/fiscal/2023-Interim/November-2021/Horowitz_Montana_HousingShortage_29Nov2021.pdf.

30 Ibid.

neighborhoods that are lower-income and the neighborhoods that are higher-income—exists directly around the core of the Great Falls metropolitan area. Zooming into this metro area, Great Falls’ urban neighborhoods mirror a pattern found in many cities across the country: the low-income neighborhoods (with a household median income under 80 percent AMI) cluster at the city center, or downtown area, and the high-income neighborhoods (with a household median income over 120 percent AMI) form the city center’s relatively more spacious suburbs.



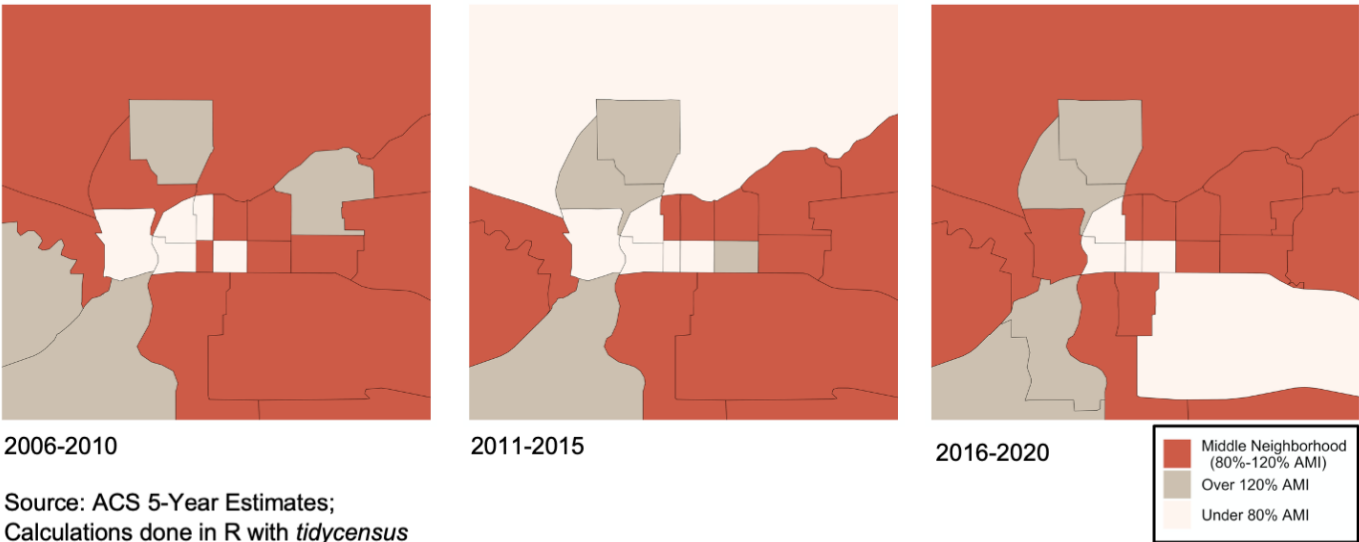
Since census tracts are constructed to define areas with roughly equal populations, employing them spatially highlights differences between rural (the largest tracts), suburban (the middle-sized tracts), and urban (the smallest tracts) areas. In 2020, all of Great Falls’ rural counties were middle-income. Great Falls’ suburban counties, which are the medium-sized tracts around, but not directly in, the city center, were mostly higher-income, with some middle-income and one lower-income anomaly (Census Tract 300130021). The more urban tracts in the middle of Great Falls’ urban core were either low-income or middle-income, with the densest neighborhood in the county—Census Tract 300130008—sitting at 65.08 percent AMI, positioning it as one of the lowest income-neighborhoods in the county.³¹

What Challenges are Great Falls’ Middle Neighborhoods Facing?

Middle neighborhoods in and around the city of Great Falls changed, but did not necessarily decrease in number, over the decade leading up to 2020. Suburban neighborhoods, especially those around the western edge of the city, have steadily

31 Using 2020 ACS 5-Year Estimates, the median household income in Census Tract 8 was \$33,875 and the median household income in the Great Falls MSA was \$52,049.

increased in median income—shifting from lower-income to middle neighborhoods, or from middle neighborhoods to higher-income ones. There has been increasing consolidation of lower-income neighborhoods toward the urban core of the city. Sherrie Arey, the executive director of NeighborWorks Great Falls, says that she is not surprised to see the downtown area flip from a middle neighborhood to a lower-income one. “Between housing costs, decreasing incomes, and new rentals, the downtown has changed,” she said, “and the downtown has seen a lot of disinvestment, and [thus] has been an area where we have focused on acquiring and redeveloping blighted properties.” In the areas where new housing has been built, such as the Skyline Drive area in northwest Great Falls, median household income has risen, which makes sense given the relatively higher-income demographic that newer, market-rate development attracts.



Since the pandemic, however, a lot of this has changed. “We saw rents going up, and our housing prices just exploded. You were seeing a lot of out-of-state investors and out-of-state folks relocating, who were just thrilled about the affordability in Great Falls but were totally putting those who live in Great Falls out of access of the housing market,” Arey explains. Many middle neighborhoods have been bearing the brunt of this increasing housing demand, and it is unclear how long they will be able to thrive as middle-income, middle-density communities before they begin to experience gentrification. Additionally, the new osteopathic medical school campus is being built in what is currently a middle neighborhood, and the related new housing development around it will create rental housing that will likely threaten affordable homeownership opportunities by pushing out smaller, owner-occupied development in favor of denser, multi-family rental housing. The pressure put on housing prices by this new development, if it pushes out middle-class families in favor of young, transitory renters who are better able live together, pool resources, and have more effective demand, also threatens the middle-class

vibrancy that has historically existed in the area.³²

How is NeighborWorks Great Falls Responding?

To date, and like many community development corporations (CDCs) around the country, NeighborWorks Great Falls has focused on turning renters into first-time homeowners. As the area's housing market has gotten more expensive over the years, the homeownership rate in Great Falls has increasingly benefitted from NeighborWorks' efforts to provide new homeowners with down payment assistance, matched savings accounts, and income-restricted in-fill housing. These practices have inherently been aimed at preserving and promoting middle neighborhoods, specifically through in-fill development that aims, in neighborhoods that are lower-income or on the lower-/middle-income threshold, to redevelop blighted properties into into stable, affordable homes the will give low- and middle-income families opportunities to stay in the neighborhoods in which they currently rent without risk of displacement.

As Arey said, "we have a lot of success with our in-fill homes—when we remove blighted properties and redevelop the lots, particularly in the downtown area, which has some of the oldest housing stock, and sell them to those below 80 percent AMI. That individual is going to take advantage of that homeownership opportunity, and probably quickly move above that 80 percent AMI by having a home. But it is hard to find properties, especially right now, when people see those blighted properties as an investment or hold on to them for whatever reason. We see a lot of property that could be turned into affordable housing that is being held by out-of-state owners, that is literally boarded up or is dilapidated, and that the owner is not willing to sell. So we are continuing to look for in-fill opportunities whenever they come up, but there is more that is needed." Thus, in the context of the middle neighborhood in Great Falls, a current dilemma for NeighborWorks is threading the needle between redeveloping blighted properties, which requires significant resources beyond what many nonprofit players are able to mobilize, and waiting for private market investment, led by outside investors, to do the same but at the risk of losing precious opportunities to preserve longer-term affordability.

Case Study: NeighborWorks Pocatello, Idaho

Established by the Pocatello, Idaho community in 1993, NeighborWorks Pocatello "revitalizes targeted areas by empowering people, creating safe, healthy neighborhoods, providing opportunities for affordable stable housing, and building community pride."³³ The organization focuses on building new affordable housing and rehabilitating homes for affordable resale, as well as on providing other programs that support families on tenuous pathways to homeownership.

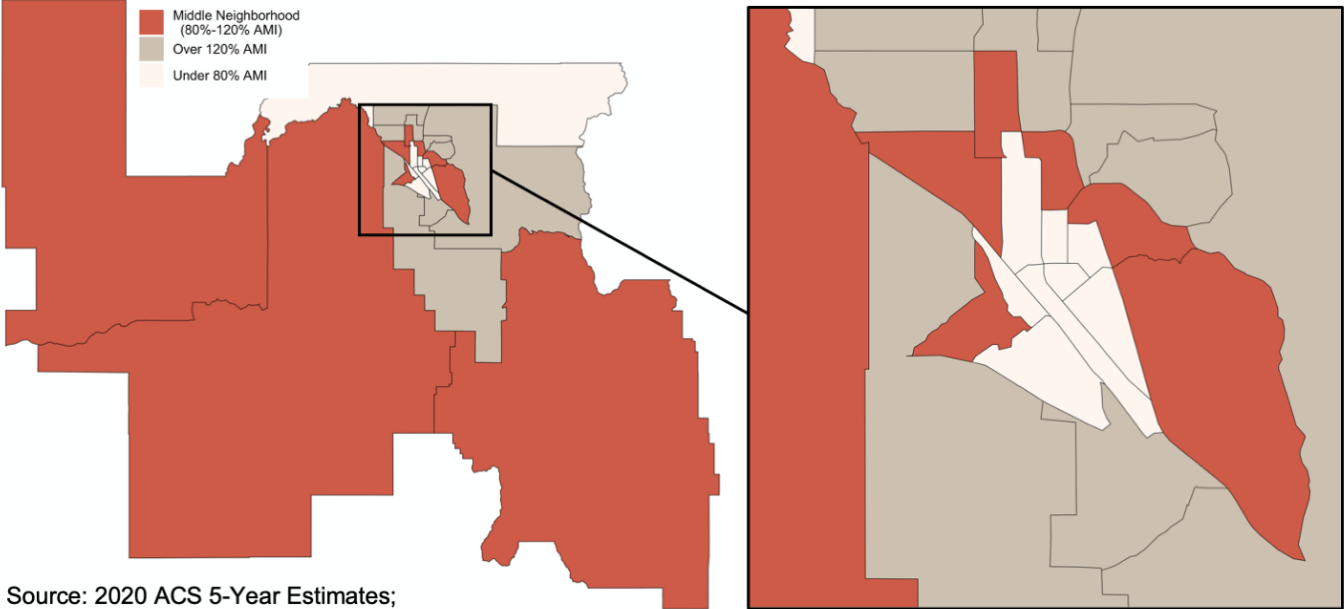
32 This is seen in many cities in which a high proportion of renters are students, but see, for example, Truelian Lee, "Cambridge's Housing Crisis, Explained," Harvard Crimson, March 8, 2018, www.thecrimson.com/article/2018/3/8/cambridge-housing-explainer/.

33 NeighborWorks Pocatello, "About Us," accessed June 2022, nwpcatello.org/about-us/.

done by the Brookings Institution using 2017 data and ranking 382 metro areas according to their share of households with incomes in the middle quintile placed Pocatello 45th.³⁷ With significantly more than a fifth of its households coming from that middle quintile, Pocatello stands out even at the national level as a largely middle-class city.

Identifying Pocatello’s Middle Neighborhoods

From 2016-2020, census tracts in Bannock and Power counties (the Pocatello metro area) were a mix of higher-income, middle-income, and lower-income. In general, they followed the pattern of the lower-income neighborhoods clustering around the city center in the region’s densest tracts and the higher-income neighborhoods filling out the suburban, mid-density suburbs that surround Pocatello’s urban core. The middle neighborhoods in the Pocatello metro area were either in and around the suburban periphery of the city center, creating a ring around its denser core, or in the rural swath to the city’s south and the west.that is the largest part of the MSA by land area. As was true of Great Falls as well, the largest, most rural census tracts in the region were all middle-income (80 to 120 percent of AMI) in 2020.



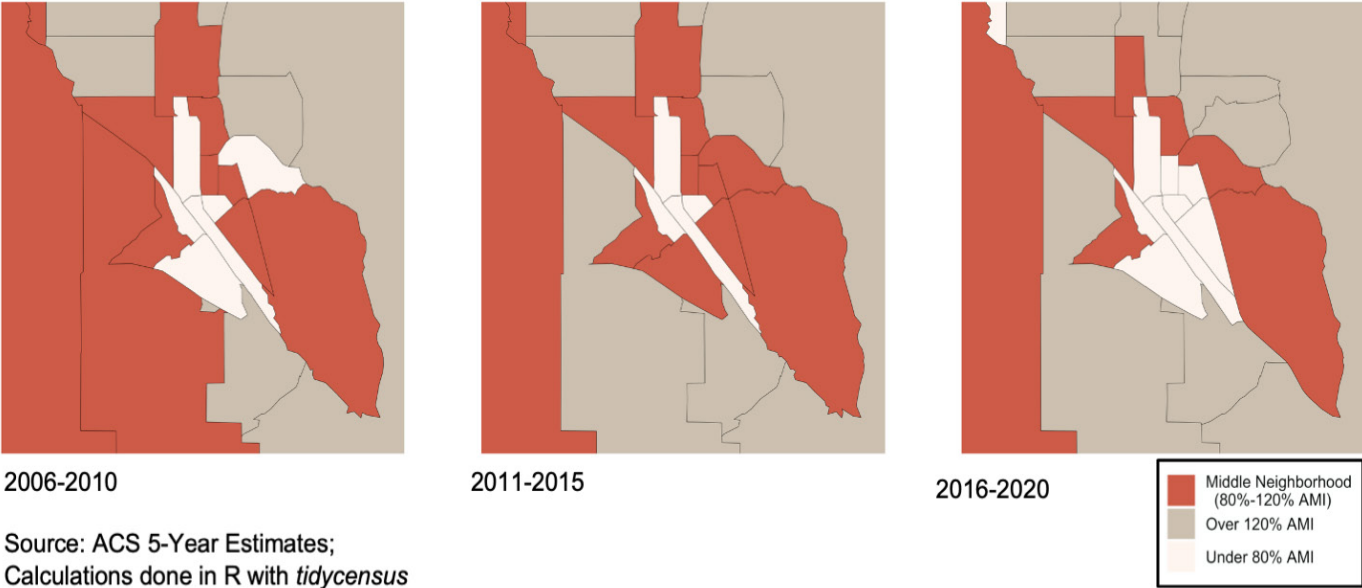
Zooming into the census tracts in and immediately surrounding the City of Pocatello tells a story of urban versus suburban neighborhoods and socioeconomic clustering. Neighborhoods at the urban core of Pocatello all fall below 80 percent AMI, while neighborhoods in the suburban periphery are either middle neighborhoods or above 120 percent AMI. The College, Mountain View, and Bonneville neighborhoods—Census Tracts 160050007, 160050008, and

37 Alan Berube, “Where Does the American Middle Class Live?” Brookings Institution, October 2, 2018, www.brookings.edu/research/where-does-the-american-middle-class-live/.

160050009—hold the majority of the city’s rental housing due to their adjacency to the ISU campus. According to staff at NeighborWorks Pocatello, this is a large factor in those neighborhoods being lower-income, since both renters and college students are more likely to have household incomes below an area’s median household income.³⁸ Residents of the suburban neighborhoods of Pocatello, such as those who live in the hills covered by Census Tracts 160059818 and 160050017, are more likely to be homeowners, and it follows that those neighborhoods are higher-income.³⁹

What Challenges are Pocatello’s Middle Neighborhoods Facing?

There has been a consistent erosion of Pocatello’s middle neighborhoods over the past decade, at least up until the most recently available data from 2020. From 2006-2010, most of Pocatello’s urban and suburban neighborhoods were middle neighborhoods, and only six census tracts in the entire metro area, all of them located in the central urban core, fell under 80 percent of AMI. From 2011-2015, a number of middle neighborhoods flipped to being higher-income, and two lower-income neighborhoods flipped to being middle neighborhoods. Overall, from 2006 to 2016, the city’s household median incomes seemed to be increasing compared to the area’s median household income. Then, from 2016-2020, many dense census tracts in the center of the city flipped from being middle neighborhoods to being lower-income, falling below 80 percent AMI. At the regional level, little else changed, and Pocatello’s large, rural neighborhoods all remained between 80 and 120 percent of the Area Median Income.



Over the same period covered by the data above (2006-2020) there has been a slow but steady increase in Pocatello’s metro area population. In 2006,

38 Staff at NeighborWorks Pocatello, interview, August 4, 2022.
39 2020 ACS 5-Year Estimates.

the Pocatello MSA had around 87,246 residents. In 2011, the resident population jumped to 91,440, and in 2016 to 92,415.⁴⁰ However, since the beginning of the pandemic, population increases brought about by new remote, telecommuting workers and other families moving out of denser, more expensive cities have been more dramatic. Press at the beginning of the Covid-19 pandemic highlighted the appeal of Pocatello as a destination for newly remote workers, such as an Idaho State Journal article that argued that “Pocatello is the perfect place for nomads ... because of [its] deep connection to the outdoors and some of the amazing spaces outside.”⁴¹ The housing market boomed starting even early in the pandemic, and from 2019 to 2022, Pocatello saw a 67.2 percent increase in home values, from a Home Value Index of \$195,072 in 2019 to \$326,247 in 2022.⁴² These changes are mostly uncaptured by the census data, which only goes up until 2020, but they are at the front of the minds of the community development practitioners at NeighborWorks Pocatello, city officials, and residents alike, who hold deep concerns about the impact of in-migration on the local housing market that has long supported a strong middle class.

How is NeighborWorks Pocatello Responding?

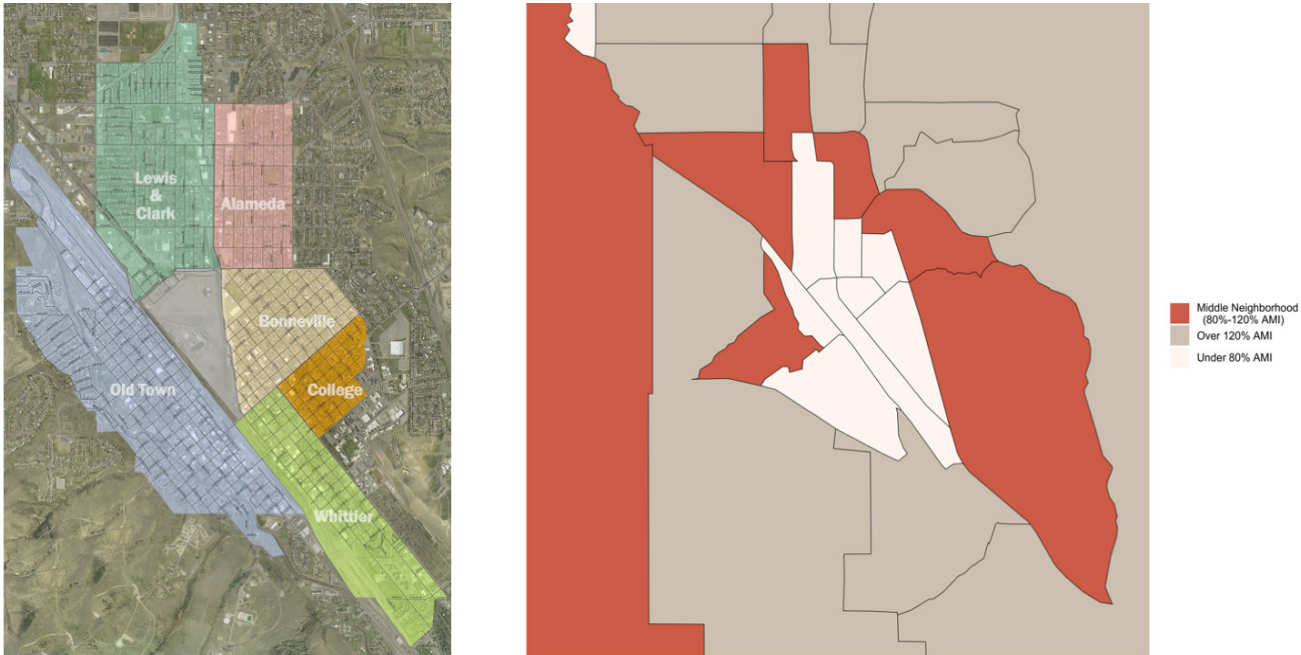
All of the neighborhoods where NeighborWorks Pocatello currently works—which include the Historic Downtown, Lewis & Clark, Alameda, Bonneville, College, and Mountain View neighborhoods—are lower-income (under 80 percent of AMI). This makes absolute sense in light of the organization’s mission: NeighborWorks Pocatello aims to “revitalize targeted areas by empowering people,” “create safe, healthy neighborhoods,” and “provide opportunities for affordable stable housing,” and these goals require work to help low-income individuals, families, and the neighborhoods that house them. In our conversations, a handful of staff members at NeighborWorks Pocatello questioned whether the programs they run to support low-income homeowners and build new affordable housing have contributed to flipping neighborhoods in the center of the city from middle neighborhoods to low-income ones. It is unlikely, but not impossible, that this is the case, since NeighborWorks Pocatello does help low-income households move to and remain in neighborhoods that they might not otherwise be able to live in, thereby potentially lowering the median income of those neighborhoods’ residents. However, much more likely than not, the scale of NeighborWorks Pocatello’s affordable housing development is not large enough to appreciably move the market, and larger housing market trends are the drivers of the neighborhood-level shifts at play in Pocatello. In general, it is also important to recognize that well-designed, long-

40 FRED, Resident Population in Pocatello, Idaho, Federal Reserve Bank of St. Louis, accessed August 2022, fred.stlouisfed.org/series/POLPOP.

41 Danae Lenz, “Leaders of Station Square’s Coworking Space say Pocatello Is the Best Place for Digital Nomads,” Idaho State Journal, February 25, 2022, www.idahostatejournal.com/business_journal/east_idaho/leaders-of-station-squares-coworking-space-say-pocatello-is-the-best-place-for-digital-nomads/article_d95823a1-734b-56eb-a118-a79969e18b00.html.

42 Zillow Home Value Index.

term housing programs that help lower-income households find stable, affordable housing can produce social benefits that outweigh the merely apparent cost of causing median income in a neighborhood to decrease. [For example, residents with lower median incomes and stable housing will prosper more than those with higher incomes and unstable living conditions.]



Source: NeighborWorks Pocatello, Neighborhood Map (2022)

Responding to the trend of increasing mobile (also referred to as “manufactured”) home prices and land leases that predated, but became especially pronounced during, the pandemic, NeighborWorks Pocatello created a mobile home repair grant and loan program. To qualify for a grant of up to \$3,000 and an additional loan of up to \$5,000 if repairs exceed that cost, older homeowners aged 62 and above must make 80 percent or less of the county median income, and younger homeowners below the age of 62 must make 50 percent or less of the county median income. Thus, the program is targeted to low-income households and mostly benefits mobile home owners living in lower-income neighborhoods. Though this program predated the Covid-19 pandemic, which brought about significantly larger increases in manufactured home prices and in the number of manufactured home owners burdened by land lease costs, it became a larger area of focus during the pandemic according to Catherine McCarthy, the NeighborWorks Pocatello lead on community engagement practices.⁴³ Pocatello’s local mobile home parks by and large increased their land rent costs in 2021 and 2022, and many mobile home owners experienced newfound housing cost burdens that reduced their financial resources for home maintenance and upkeep.⁴⁴

43 Abha Bhattarai, “We Are All Afraid’: Massive Rent Increases Hit Mobile Homes,” Washington Post, June 6, 2022, www.washingtonpost.com/business/2022/06/06/mobile-manufactured-home-rents-rising/.

44 Staff at NeighborWorks Pocatello, interview, August 4, 2022.

In many ways, mobile homes provide an intermediary option for middle-income families and individuals who are unable to afford a permanent home on the private housing market but have capital available beyond what is needed for month-to-month rent payments alone. In Pocatello in particular, mobile home parks make up an important part of the middle neighborhood housing landscape, filling a persistent gap in the supply of housing that is crunching housing affordability. Ryan Ward, executive vice president of Citizens Community Bank in Pocatello, argues that “the biggest challenge that can come from [the housing shortage in Pocatello] from a lending standpoint and probably from a consumer standpoint is it’s pricing your median income out of the market.”⁴⁵ Many of these middle-income families turn to the manufactured home market, making manufactured homes more expensive and more competitive to secure.⁴⁶ While NeighborWorks Pocatello’s mobile home repair grant and loan program does not target these middle-income families, but instead lower-income ones, it works to preserve the middle-income communities that are currently a large part of Pocatello’s middle neighborhoods. By helping lower-income (and targeting older) mobile homeowners, the mobile home renovation program helps keep manufactured home communities intact by allowing families at risk of displacement to remain in place, making mobile homes safer, and preventing the oldest mobile homes from falling into disrepair.

Case Study: NeighborWorks Salt Lake City, Utah

Established in 1977 in Salt Lake City, Utah as Salt Lake Neighborhood Housing Services and then rebranded in 2008, NeighborWorks Salt Lake “builds on the strengths of neighborhoods, creating opportunities through housing, resident leadership, and youth and economic development,” with the ultimate goal of “revitalizing neighborhoods through community preservation and collaboration.”⁴⁷ The largest MSA in Utah and third-largest in the Mountain West (after Denver and Las Vegas) with a metro-area population of 1,263,061 residents (in 2021), Salt Lake City is separate from but very close to nearby northeast Utah metro areas Ogden-Clearfield and Provo-Orem, creating an economic hub within the state and the larger Mountain West region.⁴⁸ The Salt Lake City MSA covers all of Salt Lake and Tooele counties, and thus the Area Median Income is calculated by taking the median household income across both counties.

In recent years, Salt Lake City has become increasingly diverse in terms of economic status, race, and national origin. The city follows a planned grid that, along with construction of a railroad and an interstate highway following a north-

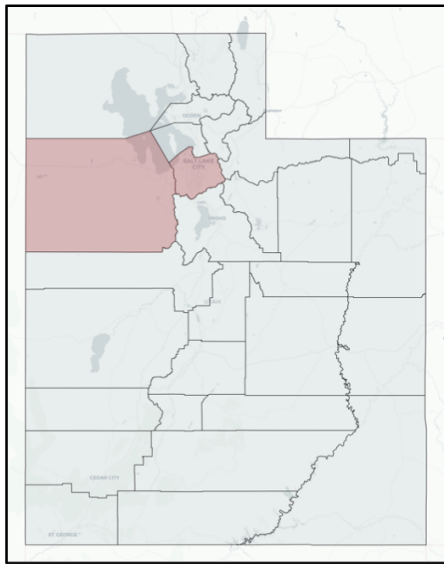
45 John O’Connell, “Priced Out of the Market: Tight Local Housing Market Leaves Buyers with Few Options,” Idaho State Journal, March 22, 2021, www.idahostatejournal.com/news/local/priced-out-of-the-market-tight-local-housing-market-leaves-buyers-with-few-options/article_53e0074a-42b6-570d-b85d-b7516cf9b1bd.html.

46 Ibid.

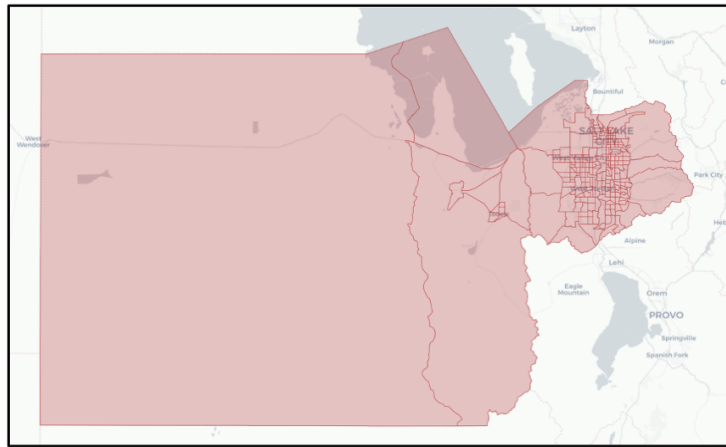
47 NeighborWorks Salt Lake, “About Us,” accessed August 2022, www.nwsaltlake.org/about-nwsl.

48 2021 ACS 1-Year Estimates, Total Population (B01003).

south line, has long divided the whiter and more affluent communities in the eastern, mountainous neighborhoods of the city from the less white and lower-income communities in its western, more urban neighborhoods; this division—though slightly ameliorated—remains into the present day. Salt Lake City has many neighborhoods and many, many more census tracts than Great Falls and Pocatello due to its larger size. Taken together, the many different neighborhoods within the city create an economically diverse housing stock that accommodates large communities of renters and homeowners of various income levels.



Salt Lake City MSA (Salt Lake & Tooele Counties)



Salt Lake City Census Tracts

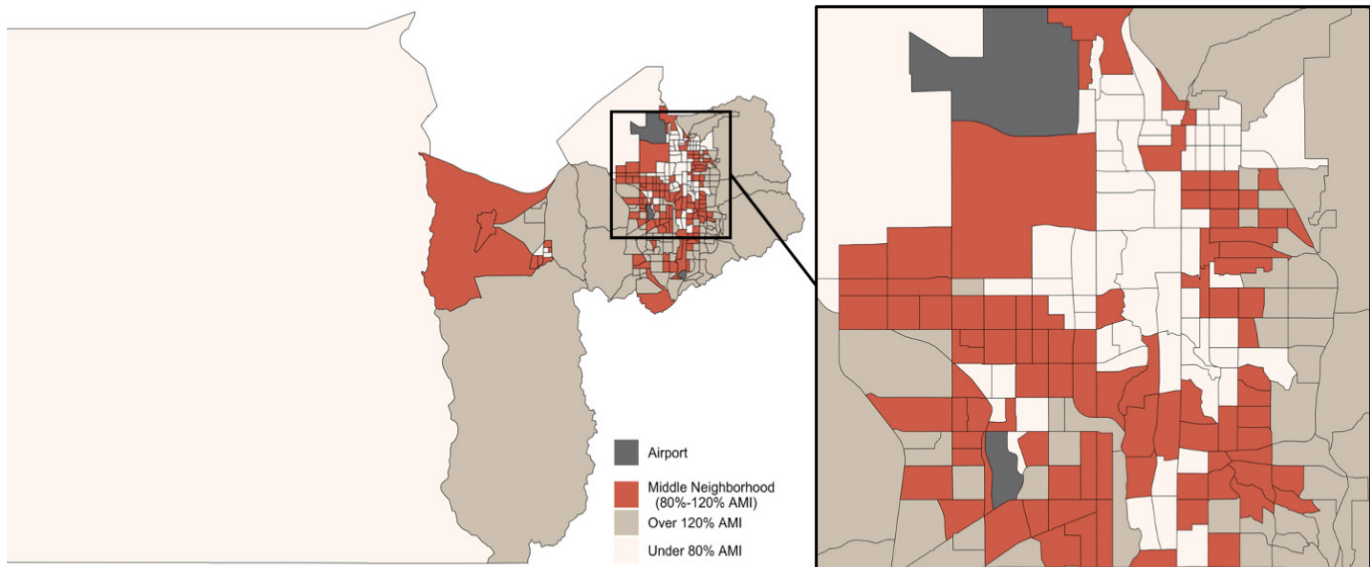
While Utah is a slightly higher-income state on average, the Salt Lake City metro area houses a large portion of the middle class by both state-level and national standards. From 2006-2010, the median household income in the Salt Lake City MSA, \$58,667, was 104.15 percent of the median for Utah (\$56,330) and 113.01 percent of the national median (\$51,914).⁴⁹ From 2016-2020, the median household income in the Salt Lake MSA, \$77,102, was 103.92 percent of the median for Utah (\$74,197) and 118.63 percent of the national median (\$64,994).⁵⁰ Thus in both periods, the median Salt Lake household earned less than 120 percent of the typical household incomes in the state and in the country, positioning the Salt Lake City MSA as a middle-income region. According to Brookings’ analysis of 2017, roughly equal shares (about 24 percent) of the Salt Lake City MSA’s residents come from the middle and the upper middle quintiles of the household income distribution; of the 382 metro areas studied, Salt Lake City had the 30th-highest share of residents in the middle income quintile.⁵¹

49 Calculated using 2010 5-year ACS estimates (median household income in 2010 inflation-adjusted dollars); calculations done using tidycensus in R.

50 Calculated using 2020 5-year ACS estimates; calculations done using tidycensus in R.

51 Berube, “Where Does the American Middle Class Live?”

Identifying Salt Lake City's Middle Neighborhoods



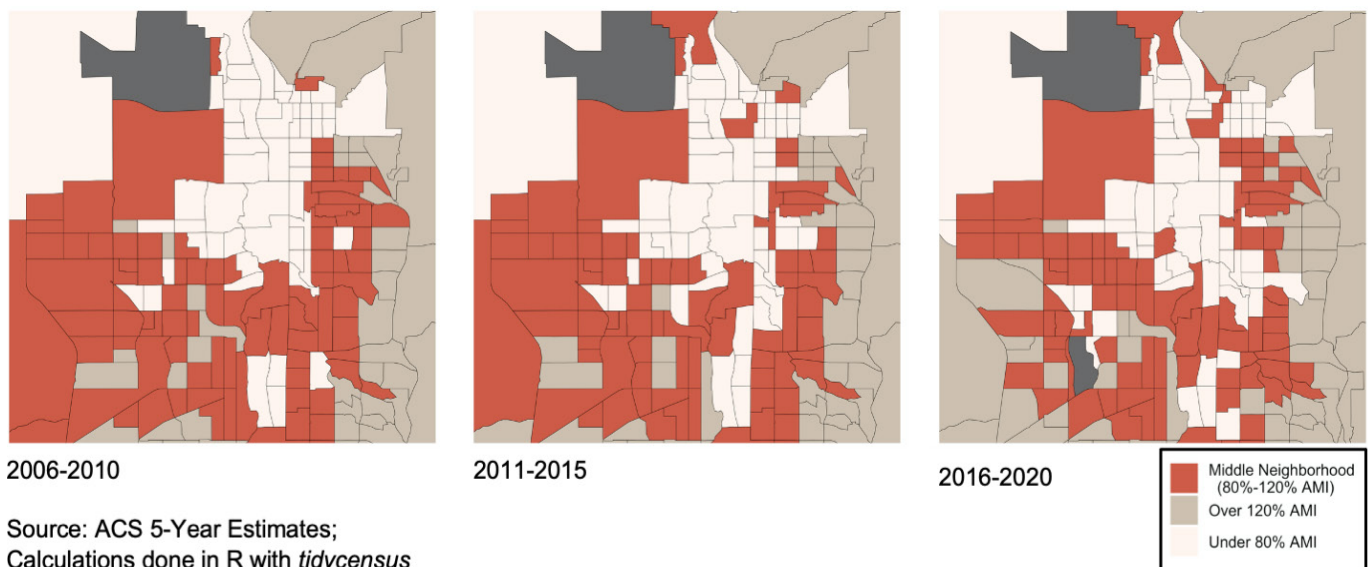
Source: 2020 ACS 5-Year Estimates;
calculations done in R with *tidycensus*

From 2016-2020, the middle neighborhoods in the Salt Lake City MSA were either scattered around the urban core of Salt Lake City or surrounded the City of Tooele, a smaller city to the southwest of Salt Lake. Nearly all of Salt Lake's mid-density suburban census tracts landed above 120 percent of the Area Median Income, with the exception of one lower-income tract (Census Tract 490351139.06) that lies to the northwest of the city and is largely farmland. The remaining lower-income neighborhoods were all clustered in the center of the Salt Lake City urban core, specifically to the east of Interstate 215 and to the west of Interstate 15 and the Wasatch Mountains. The largest census tract in the state (Census Tract 490451306), which forms the vast majority of Tooele County by land area, also had a median household income lower than 80 percent AMI.

The city center of Salt Lake is comprised of mostly lower-income neighborhoods at its heart, including those that cover downtown Salt Lake (Census Tracts 1025.01 and 1025.02), which is surrounded by middle neighborhoods that are equally dense and that cover Salt Lake's West Valley, Southern, and East Central neighborhoods. Higher-income neighborhoods tend to be more suburban and cover the periphery of the Salt Lake City urban core rather than sitting at its dense center. Overall, the prominence of middle neighborhoods in Salt Lake City highlights the city's position as a robust home to the region's middle class. Because these middle neighborhoods fall between the extremes of affluence and poverty, their prominence also calls into question the narrative of "affluent neighborhoods to the east versus lower-income neighborhoods to the west" that has long been used as a rough way to categorize the city's spatialized economic inequality.

What Challenges are Salt Lake City's Middle Neighborhoods Facing?

While the number of middle neighborhoods in the heart of Salt Lake City remains high, the city center has seen a persistent erosion of middle neighborhoods that has flipped them to become either higher-income or lower-income. A prominent feature of this trend has been the increasing number of higher-income, suburban neighborhoods to the south and west of the heart of Salt Lake City that were previously middle neighborhoods. On the flipside, some of the previously lower-income neighborhoods to the immediate south of Salt Lake City's downtown have shifted to being middle neighborhoods, but this has not outnumbered the previously middle neighborhoods that have shifted to being lower-income in the Kearns and Midvale regions in South Salt Lake. Over the past decade, the larger, rural counties between Salt Lake City to the east and rural Tooele County to the west have flipped from middle to higher-income. This is largely due to the housing construction boom that has increasingly built out the central rural and suburban areas of the Salt Lake MSA and attracted higher-income homeowners to them.



Since the beginning of the Covid-19 pandemic in 2020, Salt Lake City's middle neighborhoods have experienced increased housing market pressures that have raised rents and housing prices alike. According to Zillow Home Value Index data, many middle neighborhoods are among the areas of the Salt Lake City MSA that experienced the fastest growth in home values over the 1-year and 5-year periods before August 2022.⁵² Since middle neighborhoods are relatively affordable compared to their higher-income counterparts, staff at NeighborWorks Salt Lake expressed concern that an influx of investor-buyers and homebuyers leaving comparatively more expensive cities and moving to Salt Lake would flip many of the more resilient middle neighborhoods into higher-income ones, pricing

52 ABC4 News, "Cities with the Fastest-Growing Home Prices in Salt Lake City Metro Area," www.abc4.com/news/local-news/cities-with-the-fastest-growing-home-prices-in-salt-lake-city-metro-area-2/.

out middle-income homeowners who could not pass up the opportunity to sell at record high prices. As a result, NeighborWorks Salt Lake’s response to in-migration and increased housing investment has focused directly on preserving affordability and on helping low- and middle-income homeowners who wish to remain in place be economically capable of doing so.

How is NeighborWorks Salt Lake Responding?

Since its foundation—but especially in the past few years under the leadership of Maria Garciaz, the current CEO—NeighborWorks Salt Lake has focused explicitly on building mixed-income communities, meaning those that serve households at, below, and above the area’s median household income and cater to a mix of renters and homeowners. While mixed-income neighborhoods may appear as middle neighborhoods, meaning their household median income falls somewhere close to the Area Median Income, they are in some ways distinct from the middle density neighborhoods that serve the area’s middle class. The approach of building mixed-income communities, however, aims to build, support, and stabilize healthy, vibrant neighborhoods and respond to the two threats that work to erode middle neighborhoods: extreme growth and densification that may lead to gentrification, and disinvestment and abandonment that may lead to decline. Thus, many of NeighborWorks Salt Lake’s approaches to fostering mixed-income neighborhoods—from building mixed-income multifamily units, to creating new homeownership opportunities for a range of income levels—also respond to threats to Salt Lake City’s middle neighborhoods.

This past year, NeighborWorks Salt Lake broke ground on its first community land trust, which is a “new and important effort to preserve affordability, which we’ve been wanting and needing to do for years,” according to Garciaz. The community land trust aims “to make home ownership more attainable for those with lower incomes, and ensure that residents are not displaced due to land speculation and gentrification.”⁵³ While the approach currently targets neighborhoods that are lower-income, it takes a forward and honest look at the neighborhood-level trends impacting the region and sees the risk of those neighborhoods shifting to middle-, then to higher-income in the future, as a threat to combat in the present. Additionally, by helping households with lower incomes to access a stabilized asset, the community land trust aims to move low-income families into the middle class, similar to Great Falls’ in-fill development approach. Since a large proportion of community land trust homeowners ultimately use the equity from their deed-restricted home sale to purchase market-rate housing, the community land trust model ultimately supports middle neighborhoods by stabilizing their current residents so that they may then go on to stabilize the neighborhood’s housing market in the future.⁵⁴

53 NeighborWorks Salt Lake, “2021 Annual Report,” static1.squarespace.com/static/6144de7dc595d403f4c26cca/t/61b8efe1a9e60968d109b0ba/1639509986952/nwsl_annual_report_2021.pdf.

54 National League of Cities and Grounded Solutions Network, “Community Land Trusts:

Working in Middle Neighborhoods in the Mountain West: Challenges in Policy and Practice

The case studies of NeighborWorks Great Falls, NeighborWorks Pocatello, and NeighborWorks Salt Lake—three organizations working in different cities, at different scales, but all facing similar challenges—make it clear that each organization is doing critical work to respond to the underlying threats facing middle neighborhoods, from preserving affordability to prevent neighborhoods from flipping to higher-income on one end, to addressing dilapidation, decay, and disinvestment to prevent neighborhoods from flipping to lower-income on the other. However, due to the structure of public and private funding sources to support housing and community development work, which is discussed in more detail below, very little of this work is being done within middle neighborhoods, arguably the most important regions in which to concentrate neighborhood stability programs. NeighborWorks organizations and other community development groups critically focus themselves on supporting low-income families, and therefore often on neighborhoods with low median incomes. In some other cases, parallel work is being done in neighborhoods with high median incomes or with quickly rising median incomes—those neighborhoods at risk of flipping to higher-income—to create or preserve affordability over the long run. Both categories of place-based programs are apparent through my work to identify the middle neighborhoods in each of my three case study cities, to understand which neighborhoods each NeighborWorks organization focuses its effort on and why, and to frame this work in the context of the challenges faced by middle neighborhoods in each city and in the Mountain West region more broadly. The question then becomes: do NeighborWorks organizations' efforts in lower-income neighborhoods and higher-income neighborhoods, respectively, address the stability challenges faced by middle neighborhoods on top of addressing challenges in the neighborhoods where they are being implemented?

The mobile home renovation program run by NeighborWorks Pocatello and the community land trust run by NeighborWorks Salt Lake both target neighborhoods where the median household income is below 80 percent AMI, which is an important way for each respective organization to live out its mission of supporting low-income families and individuals in achieving housing and economic stability. Additionally, many of the federal, state, and private funding sources that support programs like these two require that the families served by them be at or under 80 percent AMI, or some other marker; of course the best place to implement these programs that target low-income families is in the neighborhoods where those families live, which often have a median household income below 80 percent AMI. NeighborWorks Great Falls' in-fill development program targets a combination of low-income and neighborhoods on the middle-income/low-income threshold, one of which is currently a middle neighborhood according to the 2016-

A Guide for Local Governments,” 2021, www.nlc.org/wp-content/uploads/2021/08/Community-Land-Trusts_A-Guide-for-Local-Governments_Report-1.pdf.

202 ACS Estimates (Census Tract 300130016). Again, the program requires that the houses created through in-fill development be sold to low-income households, so the organizations that run such programs target them at the lower-income neighborhoods in which those low-income households currently reside.

Other models to address the challenges faced by middle neighborhoods, such as the deed-restricted housing being built by NeighborWorks Southern Colorado in Pueblo, Colorado, with the goal of expanding the housing supply and preserving affordability in an area with rapidly increasing home values, target higher-income neighborhoods where the median household income is above 120 percent of AMI. I explore these various models in the following section, summarizing whether and how some of the various models to promote, preserve, and protect middle neighborhoods in the Mountain West are benefiting middle neighborhoods.

Ultimately though, this research highlights the gaps in policy design, delivery, and financing that provide community development organizations doing critical work to strengthen their neighborhoods with a toolkit that favors retroactive repair over prevention. A set of community development tools—and the financing that supports them— focuses on promoting neighborhood stability (through activities such as addressing blight, maintaining aging housing stocks, and supporting aging homeowners) and thus focuses organizations' work on the lower-income neighborhoods in their city; a second set of tools focuses on preserving affordability in perpetuity (through activities such as deed-restricted or limited equity housing and building affordable rental housing) and thus focuses organizations' on the higher-income neighborhoods in their city. Both types of development activities are absolutely critical to strengthening neighborhoods, supporting communities, and stabilizing low- and middle-income households, and NeighborWorks organizations in the Mountain West are leading the charge on innovative and impactful work that provides stability for current residents of neighborhoods on one end, and preserves affordability for the future residents of those neighborhoods on the other.

Models to Promote, Preserve, and Protect Middle Neighborhoods in the Mountain West

Despite the need for them, very few tools exist to support organizations in proactively preventing middle neighborhoods from turning into either lower-income or higher-income ones, and thus bringing about many of the neighborhood stability and housing affordability challenges that NeighborWorks organizations are currently working tirelessly to respond to. Although the potential solutions to promote, preserve, and protect middle neighborhoods are activities already being done by NeighborWorks organizations across the Mountain West, as I highlight below, various oversights in policy and in practice largely prevent these activities from being extended into middle neighborhoods—some of the communities where they are most needed, and where prevention efforts will go the furthest.

Pocket Neighborhoods

NeighborWorks Boise

Intervention: Through new, higher-density construction, the pocket neighborhoods program provides high-quality, affordable, economically and environmentally sustainable single-family housing. Growing out of a desire by many in the Boise, Idaho region to move closer to where they work, the program creates “pocket” neighborhoods that are more dense, more walkable, and more community-focused than the typical Boise neighborhood. The houses built are of mixed affordability—some are market rate, and some are subsidized with grants and down payment assistance.⁵⁵

Neighborhood(s) Targeted: Lower-income neighborhoods, or lower-/middle-income cusp neighborhoods at risk of gentrifying.



How Does it Promote, Preserve, and/or Protect Middle Neighborhoods? The program focuses on promoting neighborhood stabilization by developing defined areas of neighborhoods that are less dense, less expensive, and receiving less private market investment. By creating income-restricted affordable units, it also aims to preserve affordability over the long term.

“We have focused on building our Pocket Neighborhoods on compact infill sites, sometimes even next to manufactured homes, within areas that are close to where people work and play but that are starting to see some blight...these areas where we are creating affordable housing are often places in danger of folks having to move out due to increasing prices as typical developers are thinking about coming in. We developed in areas that didn’t make sense, at times, but we knew that was the right thing to do given the need in those communities. We have tried to design communities for households of diverse size and income levels that incorporate green spaces and help to create a sense of community as they encourage socializing, biking, walking, and the use of public transit.”⁵⁶ (Bud Compher, Executive Director of NeighborWorks Boise)

55 NeighborWorks Boise, “Pocket Neighborhoods,” accessed December 2022, nwboise.org/single-family-homes/pocket-neighborhoods-by-nwboise/.

56 Bud Compher, interview, October 13, 2022.

Deed-Restricted Homeownership

NeighborWorks Southern Colorado

Intervention: In an effort to make homeownership affordable and attainable for low- and moderate-income families in Pueblo, Colorado, the shared equity homeownership program employs deed restrictions on newly constructed homes that limit the home's sales price every time it is sold. Each home created through the program has its own income limits for buyers, typically ranging from 50 percent of AMI ("very low income") to 100 percent of AMI ("moderate income"), with the most common income limit set at 80 percent of AMI ("low income").⁵⁷

Neighborhood(s) Targeted: Higher-income neighborhoods.



How Does it Promote, Preserve, and/or Protect Middle Neighborhoods? By restricting homes' future sales price using deeds, the program aims to preserve affordability in neighborhoods and broader communities experiencing increasing investment, increasing home values, and increasing median household incomes.

“Other shared equity models, such as Community Land Trusts, which make sense in areas where land is more expensive, fit best in other contexts. In Pueblo, we have a deep need to preserve housing affordability in the long-term, but those rising costs are not being driven by rising land costs to the same degree that this is happening in larger, more dense cities... deed restriction allows us to preserve affordability in the long-term while also allowing low-income families to earn some equity from appreciation should they choose to sell their home in the future, thereby also preserving their stability in the long-term.”⁵⁸ (Tamara Pleshek, Real Estate Manager and former Project Coordinator for the Pikes Peak Park (Deed-Restricted) Development Project, NeighborWorks Southern Colorado)

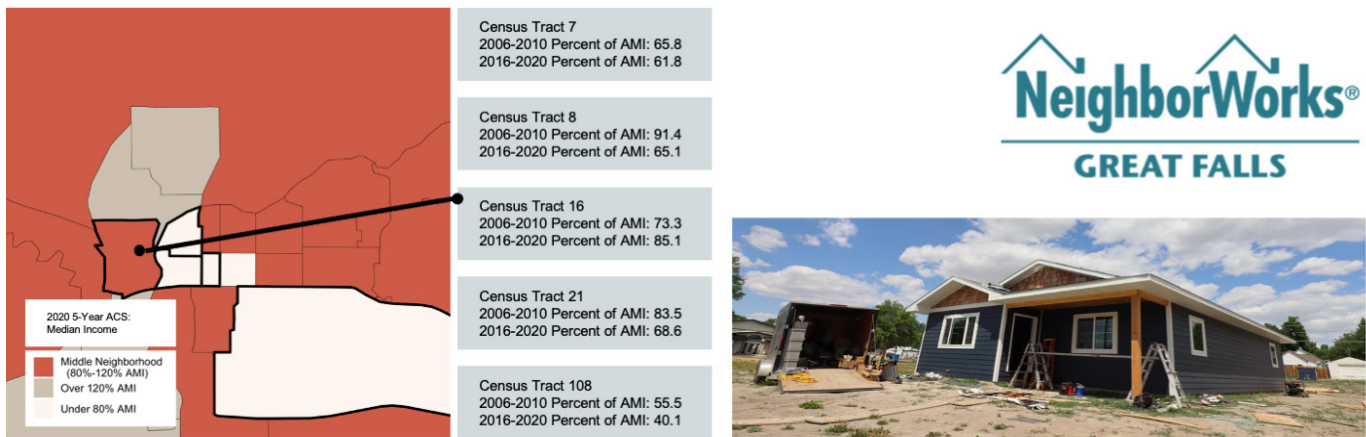
⁵⁷ NeighborWorks Southern Colorado, “Shared Equity,” accessed December 2022, nwsoco.org/what-we-do/build/shared-equity.html.

⁵⁸ Tamara Pleshek, interview, July 21, 2022.

In-Fill Development NeighborWorks Great Falls

Intervention: Since 1980, NeighborWorks Great Falls has been removing blighted properties in neighborhoods experiencing disinvestment in the Great Falls region and renovating many of those properties into quality, affordable homes.⁵⁹ New homes created through the program are sold to households making under 80 percent of AMI, many of whom would be unable to buy a home in absence of the program due to the high cost of housing and the undersupply of new development.

Neighborhood(s) Targeted: Lower-income neighborhoods, or lower-/middle-income cusp neighborhoods at risk of gentrifying.



How Does it Promote, Preserve, and/or Protect Middle Neighborhoods? The program focuses on promoting neighborhood stabilization by taking abandoned, under-maintained, and aging properties and redeveloping them into new housing that will attract new homebuyers. By creating income-restricted affordable housing out of redevelopment, it also aims to preserve affordability over the long term.

“We have a lot of success with our in-fill homes—when we remove blighted properties and redevelop the lots, particularly in the downtown area, which has some of the oldest housing stock, and sell them to those below 80 percent AMI. That individual is going to take advantage of that homeownership opportunity, and probably quickly move above that 80 percent AMI by having a home. But it is hard to find properties, especially right now, when people see those blighted properties as an investment or hold on to them for whatever reason. We see a lot of property that could be turned into affordable housing that is being held by out-of-state owners, that is literally boarded up or is dilapidated, and that the owner is not willing to sell. So we are continuing to look for in-fill opportunities whenever they come up, but there is more that is needed.”⁶⁰ (Sherrie Arey, CEO of NeighborWorks Great Falls)

59 NeighborWorks Great Falls, “Neighborhood Revitalization,” accessed December 2022, www.nwgf.org/revitalization.

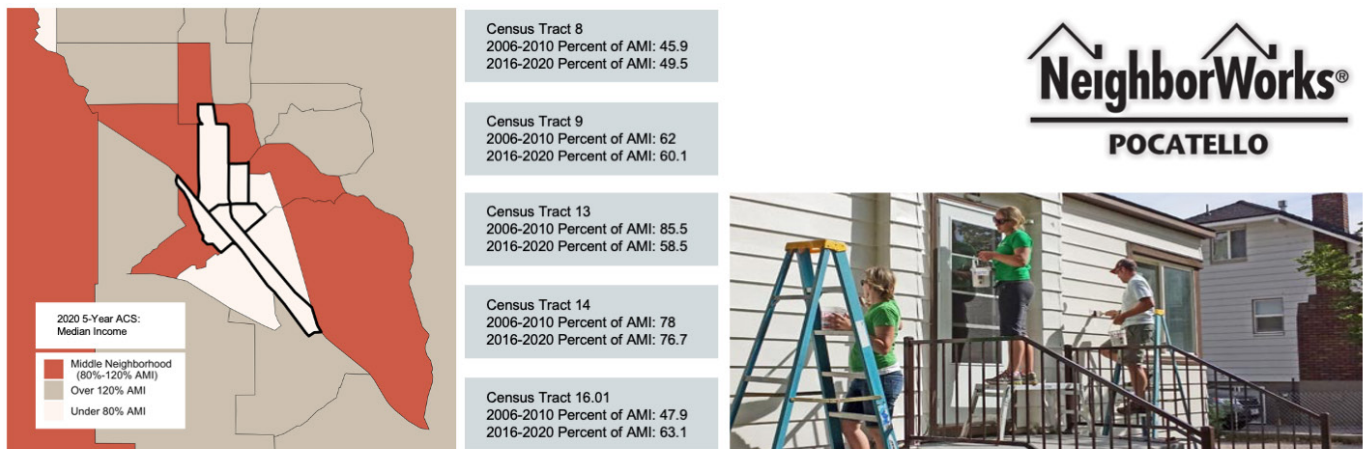
60 Sherrie Arey, interview, August 19, 2022.

Mobile Home Rehab Loans

NeighborWorks Pocatello

Intervention: NeighborWorks Pocatello employs US Treasury-provided Community Development Financial Institution (CDFI) and Community Development Block Grant (CDBG) funds to help mobile (also known as “manufactured”) home owners upgrade, repair, and better insulate their homes. To qualify for a grant of up to \$3,000 and an additional loan of up to \$5,000 if repairs exceed that cost, older homeowners aged 62 and above must make 80 percent or less of the county median income, and younger homeowners below the age of 62 must make 50 percent or less of the county median income.⁶¹

Neighborhood(s) Targeted: Lower income neighborhoods.



How Does it Promote, Preserve, and/or Protect Middle Neighborhoods?

Manufactured homes make up an important piece of the housing supply for low- and middle-income residents in Pocatello, and thus helping manufactured home owners maintain and upgrade their units works to stabilize the neighborhoods in which they live.

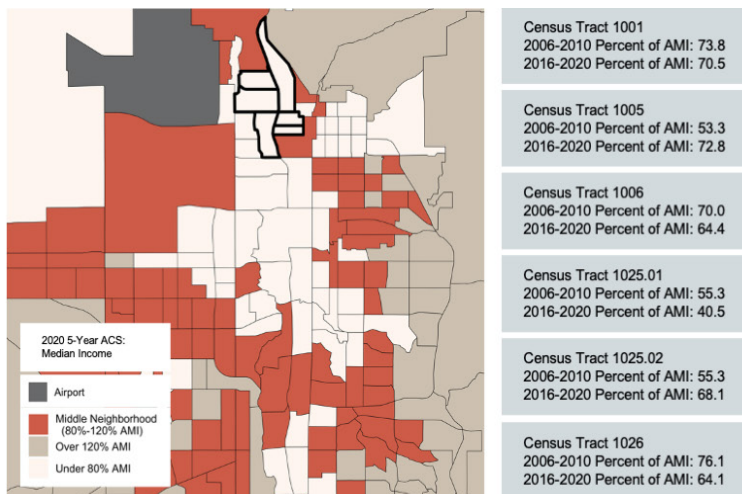
61 NeighborWorks Pocatello, “Help Now Available for Mobile Home Owners in Need of Repair Work,” accessed December 2022, nw-pocatello.org/help-now-available-for-mobile-homeowners-in-need-of-repair-work/.

Community Land Trusts

NeighborWorks Salt Lake

Intervention: By creating the NeighborWorks Community Land Trust, NeighborWorks Salt Lake aims to create, preserve, and steward permanently affordable homeownership and to provide education, community service, and support for cooperative development throughout the Salt Lake community.⁶² In the initial phase of development, 15-30 homes will be part of the Community Land Trust, allowing low- and middle-income families making between 60 and 120 percent of AMI to apply for a mortgage that covers only the cost of the home and to lease, but not buy, the land underneath it. This creates huge savings for the buyer and ensures that the home price remains permanently affordable.⁶³

Neighborhood(s) Targeted: Lower-income neighborhoods at risk of gentrification.



How Does it Promote, Preserve, and/or Protect Middle Neighborhoods? The program focuses on promoting neighborhood stabilization by first developing new housing in areas of neighborhoods that have lower home values, a less maintained and older housing stock, and are receiving less private market investment. By then separating land values from home values using a community land trust, it also aims to preserve affordability over the long term.

“In a neighborhood sliced by interstate highway corridors and freight rail lines, yet sitting on generous transit station area zoning, [...] NeighborWorks Salt Lake will provide rare for-sale missing-middle housing. The goal is to make the units ‘significantly and permanently affordable.’ [But] the four-building project is notable for other reasons. It bucks the trend of developers maxing out the development potential of their sites—at just under 30 units per acre, its height reaches only 37 feet out of 50 allowed in the zoning.”⁶⁴ (Luke Garrott, for Building Salt Lake)

62 NeighborWorks Salt Lake, “NeighborWorks Community Land Trust,” accessed December 2022, www.nwsaltlake.org/community-land-trust.

63 Ibid.

64 Luke Garrott, “It’s Blowin’ Up, Part 7: Non-Profit Housing Developer Rolls Out Land-Trust Model, Looking to Lower the Cost of Homeownership Near N Temple,” Building Salt Lake (blog), May 30, 2022,

Conclusion

Taken together, this research highlights the gaps in policy design, delivery, and financing that provide community development organizations doing critical work to strengthen their neighborhoods with a toolkit that favors retroactive repair over prevention. While NeighborWorks organizations in the Mountain West are leading the charge on innovative and impactful work that provides stability for current residents of neighborhoods on one end, and preserves affordability for the future residents of those neighborhoods on the other, much of this work could be extended into middle neighborhoods to prevent them from becoming either lower-income or higher-income neighborhoods and thus bringing about many of the neighborhood stability and housing affordability challenges that NeighborWorks organizations are currently working tirelessly to respond to. However, the structure of public and private funding sources to support housing and community development targets this work in lower-income neighborhoods, either directly (by requiring practitioners to work in lower-income neighborhoods to receive program funding) or indirectly (for example, by underfunding programs so that they come to be implemented in the neighborhoods where costs, including land costs, are the lowest). A key challenge for the organizations working in communities with shrinking middle neighborhoods and for the organizations, such as NeighborWorks America, that support them is to identify funding with more flexibility that allows for needed preventative investment. This may require the creation of new financing sources at the federal, state, and private-sector levels to direct housing and community development efforts into middle neighborhoods, especially into the creation of new homeownership opportunities within these neighborhoods; organizations may want to consider advocating for the design and adoption of related policies if preventing the erosion of middle neighborhoods is a priority.

Additionally, the tools that currently exist to support and improve housing stability for lower-income families, which identify eligibility based on AMI and therefore at the individual household level, can be employed as people-based approaches to stabilize the lower-income segments of middle neighborhoods in addition to as place-based ones targeted at the lower-income neighborhoods themselves. This is not to argue that these tools should not be implemented in lower-income neighborhoods as they are currently—since doing so furthers crucial goals related to neighborhood stabilization, neighborhood improvement, and equity that are beyond the scope of this research; rather, these tools should not be implemented exclusively in these neighborhoods and should be extended into middle-income ones. In some cases, this will require policy redesign at the federal, state, and nonprofit levels to remove the constraints that restrict use of funds to lower-income neighborhoods, such as to those neighborhoods that are at or under 80 percent of the Area Median Income. In many other cases, however, the NeighborWorks organizations themselves hold discretion to determine where and

buildingsaltlake.com/non-profit-housing-developer-rolls-out-land-trust-model-on-west-side-looking-to-lower-the-cost-of-ownership/.

how their programs are implemented, and NeighborWorks America may want to consider adopting new funding sources, technical assistance, and other supports to help the organizations in their network extend current programs into two-pronged place-based/people-based versions.

One example of this type of dual place-based/people-based approach is the federal Community Development Block Grant (CDBG) program, which allocates funding to community-level development programs that benefit low- and moderate-income persons but allows communities to demonstrate compliance on different bases. One basis is an “area basis,” where jurisdictions can implement a community development program in an area where at least 51 percent of the residents are low- or moderate-income (a place-based approach). A second basis is a “limited clientele basis,” where jurisdictions and the organizations can implement these same programs in ways that specifically benefit low- or moderate-income persons in any neighborhood (a people-based approach).⁶⁵ The benefit of this two-pronged approach is that, while practitioners can continue to target critical community development investment into lower-income neighborhoods, so too can they choose to employ the same policy tools to support lower-income families in middle neighborhoods and thereby work to stabilize those neighborhoods.



65 HUD Exchange, “Community Development Block Grant,” Chapter 3: National Objectives, accessed May 2023, www.hudexchange.info/sites/onecpd/assets/File/Basically-CDBG-State-Chapter-3-Nat-Obj.pdf.