

## Comment on John T. Metzger's "Planned Abandonment: The Neighborhood Life-Cycle Theory and National Urban Policy"

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### *Abstract*

I take strong exception to the idea that theories of neighborhood change, in and of themselves, caused the decline of inner cities. Rather, the demographic, social, and economic forces that existed in the postwar years caused some inner-city neighborhoods to decline. The replacement of working-class and middle-income households by households with much lower incomes, on average, was the single biggest cause of neighborhood decline. Metzger ignores this fact as an alternative explanation for why some neighborhoods declined. It is highly implausible that my theories and those of other urban experts had such a strong impact on the public policy, building, and finance communities. Because people were responding to real conditions, it is likely that the same events would have occurred even if my model of neighborhood change had never been developed.

**Keywords:** Neighborhood; Real estate; Urban planning

### **Metzger's key arguments**

John T. Metzger's lengthy attack on the neighborhood life-cycle theory in general and on me in particular advances the following key points:

1. The physical, economic, and social decline of hundreds of urban neighborhoods in the postwar period in many large U.S. cities was not caused by population or income changes in those neighborhoods, but by financial institutions' deliberate withholding of mortgage credit from the households situated there. Population and income changes taking place there were essentially irrelevant, compared with this withholding of credit and the out-movement of industrial and other firms from such neighborhoods.
2. The withholding of mortgage credit from residents in these areas during the periods of greatest physical decline (the 1950s and 1960s) could readily have been prevented if financial institutions had simply adopted more sympathetic policies, without any significant financial or other losses to those institutions.
3. If mortgage credit had been readily advanced to the low-income occupants of mainly African-American poor urban neighborhoods

in the 1950s and 1960s, they could successfully have maintained their homes and the surrounding neighborhoods in excellent condition without significant decline.

4. The idea that most white middle-class residents will refuse to live in neighborhoods primarily occupied by African-American residents—the so-called “law of dominance” I advanced in the 1960s—is an invention that I and Thomas Schelling created to justify racial segregation, and it has no proven basis in empirical evidence or actual experience.
5. The many urban analysts who devised and advocated the theory of neighborhood life-cycle changes that Metzger disavows were not only wrong, but were also engaged in a deliberate conspiracy to devalue the properties in low-income, mainly African-American neighborhoods. They promoted this theory so that those properties could be bought up by real estate investors and resold to white owners at huge losses to the households concerned. This conspiratorial theory was unrelated to any empirical evidence, but rather involved making self-fulfilling prophecies of neighborhood decline designed to benefit white real estate investors and developers, downtown property owners, and middle-class residents.<sup>1</sup>
6. The main reason financial institutions withheld credit from very low income areas was that they were influenced by the life-cycle theory of neighborhood change advanced by me and by many other observers of the urban scene over several decades. In particular, my own writing and speaking immensely affected the behavior of all of the nation’s major banks, insurance companies, S&Ls, mortgage bankers, appraisers, real estate brokers, and others—persuading almost all of them to adopt policies that were unrelated to what was actually happening in these neighborhoods. In fact, those policies *caused* the decline in poor urban neighborhoods.
7. The neighborhood life-cycle theory developed by many observers during the post–World War II period was based mainly on racial changes in occupancy, not on income changes in occupancy. Thus, “Its racial bias assumes that an increasing number of African Americans of any income group launches a process of decline and decay...” (22)

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<sup>1</sup> Among the analysts cited by Metzger in his article—besides me—were Edgar M. Hoover, Frederick Babcock, Homer Hoyt, Harvey Perloff, Wilbur Thompson, William Gorham, Leanne Lachman, George Sternlieb, James Hughes, Roger Starr, Kenneth Small, Katharine Bradbury, Norman Krumholz, Roger J. Ahlbrandt, Paul Brophy, the Neighborhood Housing Services, George Galster, and David Rusk. According to Metzger, all of these experts came to the same erroneous and conspiratorial conclusion in dozens of different studies over a 40-year period.

8. My own writing on neighborhood change largely reflected the fact that I was a “product of the Chicago real estate industry” (20)—that is, a tool of white real estate interests—especially those opposed to fair housing policies—seeking to increase their profits at the expense of poor African Americans.

As will be shown in the sections that follow, every one of these key points in his argument is totally wrong.

### **Population change, credit availability, and neighborhood decline**

It is certainly true that financial institutions refused to make credit available in the 1950s, 1960s, and early 1970s to residents of many neighborhoods that subsequently underwent deterioration. But they refused mainly because most of those residents were too poor to make payments regularly and eventually repay the principal. Given the low incomes of the residents, financial institutions would have violated their fiduciary responsibilities to their owners and depositors if they had made enough credit available in these areas to allow the housing there to be maintained in “decent” condition. There were no public subsidies then available to supplement those incomes significantly, and financial institutions were not yet being pressured politically by laws such as the Community Reinvestment Act (CRA) to provide private subsidies.

This conclusion is not invalidated by the fact that such denial of credit was for a long time wrongly linked to racial discrimination. In the 1930s through the 1950s, realtors, lenders, appraisers, the Federal Housing Administration (FHA), and most other white elements of the real estate industry blamed neighborhood decline in part on race per se, when the real cause was the low income of the residents, as I have always been careful to point out. Because on the average African-American incomes were much lower than those of whites, this confusion was perhaps understandable, but it led to wrong and harmful policies. But that fact does not mean that extending credit without regard to race would have made very low income households able to repay such loans.

Moreover, the forces creating waves of successive residents with lower incomes in these areas were almost irresistible because of three major population developments after 1940. The first was a massive inflow of relatively poor workers from the South and other rural areas to staff defense industries. These workers had to occupy existing housing because wartime restrictions prevented further construction. Many such migrants were African Americans who were compelled by racially restrictive covenants to bunch up in older, deterioro-

rated neighborhoods because whites would not accept them as neighbors elsewhere. This minority-group in-migration accelerated after the war because of the mechanization of cotton farming in the South. Hundreds of thousands of additional poor African-American households moved to big cities. For example, in the city of Chicago, the African-American population rose by 203,000 from 1940 to 1950 (67 percent), by 306,000 from 1950 to 1960, and by 288,000 from 1960 to 1970—a total of 797,000. (In the same 30 years, the non-African-American population of Chicago fell by 826,000, or 26.5 percent.) As a result, during the early part of this 30-year period, neighborhoods where African Americans lived became enormously overcrowded, a condition that often aggravated their already deteriorated state.

The second population development was a “territorial explosion” of this African-American population when the Supreme Court ruled in 1948 that racially restrictive covenants could not be legally enforced. To escape horrendous overcrowding and deterioration, African-American households immediately began moving into mainly white areas adjacent to those neighborhoods where they had been confined by restrictive covenants. In most cases, the first newcomers in these adjacent areas had incomes comparable to those of the white residents. But those newcomers were soon followed by many households much poorer than the original white residents. Most whites were unwilling to live in areas with high fractions of African-American neighbors and began moving out in large numbers.

The resulting replacement of working-class and middle-income households by households with much lower incomes, on the average, was the single biggest cause of neighborhood decline—irrespective of race. Using their own incomes alone, many very poor households cannot afford to occupy or maintain housing at the middle-class physical standards considered “minimal” by most U.S. housing and building codes. Nor can they pay high enough rents so that owners of rental units can maintain them in good condition. This decline in economic purchasing power, plus the constant turnover in these “transition” neighborhoods, caused many units to deteriorate or become obsolete and contributed to a general deterioration in physical conditions. Trash and litter, broken-down vehicles, smashed windows, peeling paint, and other signs of lack of resources and simple neglect marked those neighborhoods. These visible signs discouraged other owners from trying to keep up their properties and potential newcomers with resources from moving in.<sup>2</sup> Thus the key factor in neighborhood decline was low incomes, not race. Metzger’s statement that “the RERC life-cycle model [encouraged]...planners to downgrade neighborhoods where African Americans lived” (19) falsely implies that the model attributed decline to race per se, which it never did.

<sup>2</sup> For the importance of such physical signs in accelerating neighborhood deterioration, see Kelling and Coles 1996.

The third population development contributing to neighborhood decline was widespread white unwillingness to live in neighborhoods with a substantial population of African Americans. This prejudice, often accompanied by violence, led to blatant racial discrimination in housing markets that had two profound impacts. First, white owners, realtors, appraisers, and financial institutions conspired to keep African Americans from moving into totally or primarily white neighborhoods far from almost completely African-American areas. This prevented blacks who migrated into U.S. metropolitan areas after 1950 from becoming scattered in city and suburban neighborhoods not adjacent to current ghettos. Therefore, when areas occupied by African Americans expanded after 1948 under the tremendous pressure of overcrowding in the 1940s and 1950s, they could expand only into adjacent neighborhoods.

In my 1968 analysis of urban racial ghettos, I called this white prejudice against living in majority or near-majority black neighborhoods the “law of cultural dominance.” Metzger implies that this principle is simply a figment of my imagination, building on Thomas Schelling’s earlier analysis. However, repeated empirical surveys of white households’ views on racial integration have confirmed their continuing predominance and their crucial role in affecting housing choices—and therefore neighborhood racial changes. Douglas Massey and Nancy Denton (1993) and Reynolds Farley et al. (1993) have summarized the latest factual evidence.

The second impact of white discrimination was rapid withdrawal of many whites from those adjacent neighborhoods soon after a few African Americans moved in. Whites had observed the racial composition of other similar neighborhoods shift swiftly once African Americans started moving in, because of the tremendous pressure among this group to escape from overcrowding. When most middle-income whites withdrew en masse from adjacent neighborhoods, that opened the way for rapid transition to all-black occupancy—usually including many quite poor households, because African-American incomes were on average so much lower than those of whites.

### **The role of falling resident incomes in causing neighborhood decline**

During this period of rapid and “massive” transition of many urban neighborhoods from all-middle-income and working-class occupancy to heavily poor occupancy, it was not lack of credit availability that caused physical conditions to decline. Rather, it was the drop in the basic income flows to the households living there. Many newcomers could not have afforded to borrow the money to keep up their homes even if credit were offered to them on normal borrowing terms.

True, some middle-income households in such areas that could have afforded such loans were denied credit through redlining. But the major reason why financial institutions withheld credit was that the new residents could not afford to use it—unless someone else supplemented their incomes. This conclusion is confirmed by the high default rates on FHA-insured loans in such neighborhoods after the agency started making credit available even to poor families there.

The crucial role of the drop in incomes as a chief cause of neighborhood decline was confirmed by remarks made by Roger Ahlbrandt and Paul Brophy in their work on neighborhood revitalization. They pointed out that such revitalization “requires a new increase in the income level of the immigrating population as well as retention of the existing population” (Ahlbrandt and Brophy 1975, 11). In other words, without such an increase in income, the income of the immigrating population is not high enough to maintain decent housing in good condition, and the neighborhood will decline. But what is the source of this wonderful “income increase” for poor residents?

### **The central importance of income subsidies in Metzger’s “alternative theory”**

This income increase must come from subsidies provided by other people—either the government or financial institutions. Metzger says on page 27:

Community groups affiliated with ACORN (Association of Community Organizations for Reform Now) and National People’s Action (headed by Gale Cincotta), and community development corporations in cities across the country have used these federal laws to rebuild their neighborhoods....Bank lending in redlined areas is *coupled with subsidies from both government and financial institutions, as well as other investment support*. [emphasis mine]

Also, on page 27, he states that:

Financial investments are based more on social needs criteria than on the unregulated free market of public choice theory. As Peter Marcuse observed:

The lending institution itself is faced with bearing some of the costs of property decline in the depressed area. The lender may merely have to make somewhat riskier loans, or loans with somewhat lower return relative to risk, than it would have to make elsewhere. (1979, 553)

In other words, if financial institutions exercised the normal canons of prudent lending—based on their desire to get their money back with interest—they would not lend to residents of these areas because they are too poor to sustain such loans. The “community-based development strategies” Metzger advocates (on page 27) apparently mean that local residents can muster sufficient political force to compel financial institutions to provide subsidies for households and businesses too poor to sustain loans made under normal business conditions. This permits community organizations to define social needs for the benefit of their residents, regardless of the financial prudence involved and regardless of the rights of the depositors who put their money into the financial institutions pressured to subsidize these organizations. The CRA is the major instrument for “persuading” financial institutions to subsidize poor local residents by threatening various forms of bureaucratic retaliation if they fail to do so. If community organizations can thus extract subsidies from other people outside their neighborhoods, they can substitute “social collateral” for “traditional collateral” as the security pledged to ensure repayment of the loans involved.

“Social collateral” can be defined as the network of locally based organizations and programs (including smaller community development financial institutions such as the South Shore Bank and Neighborhood Housing Services) that coordinate, legitimize, and protect community development investments, thereby—at least in theory—enhancing the social and economic value of these investments for existing residents and businesses. This approach implies that locally based organizations will substitute their “protection” of development investments made with other people’s money for traditional financial resources such as the incomes and assets of the borrowers and local residents. Just how such community-based protection will occur is not clear. Certainly the civic capital of strong local organizations is important in the social viability of such neighborhoods, but Metzger does not spell out how that civic capital translates into the economic ability of low-income borrowers to repay hard loans. Rather, his analysis implies that the lending institutions involved must be prepared to accept below-market returns or sustain capital losses to produce the results he advocates.

Thus, he implies that there is not, and never has been, any life cycle in neighborhoods causing decline related to inflows of poor residents; the fault lies entirely with financial institutions for refusing to make subsidized loans. Population characteristics—such as resident incomes—are not important causes of neighborhood decline.

However, there were no such subsidies in the 1940s, 1950s, and even the 1960s. With no subsidies available, the declining incomes of the residents were the major force causing the decline of the neighbor-

hoods themselves. The refusal of financial institutions to make loans was based on prudent fiduciary behavior, not on a conspiracy to promote abandonment so that these neighborhoods could be reclaimed and redeveloped later.

In addition, Metzger does not present any empirical evidence that the community development theory he advocates has successfully raised once poverty-stricken neighborhoods into nonpoor status and long-term, sustainable economic or social viability. The one example he cites is Chicago's South Shore, where that strategy has been reasonably successful. But neighborhood decline occurred in hundreds of areas throughout large U.S. cities. What has happened there? How successful has his alternative strategy been in revitalizing these areas? He does not tell us.

### **Did life-cycle theorists deliberately encourage neighborhood abandonment?**

Metzger accuses proponents of the life-cycle theory of deliberately encouraging neighborhood abandonment. The theory encouraged financial institutions not to extend credit into areas that seemed likely to decline in the future, and he claims that this failure acted as a self-fulfilling prophecy leading to the decline of those same areas. He says that

redevelopment planners could use the life-cycle theory with triage to depress land values and accelerate the abandonment of privately owned property in neighborhoods marked for decline. Tax-delinquent property could be acquired by local government through tax foreclosure and then transferred to new owners for reuse....Triage would reduce or eliminate financial compensation to neighborhood property owners and avoid the expense and controversy of relocating households and small businesses. (page 20)

Again, Metzger ignores the larger trends in metropolitan-area housing markets that underlay the outcomes he ascribes to a deliberate conspiracy by "redevelopment planners." In reality, housing and neighborhood abandonment were mainly the result of overbuilding entire metropolitan-area housing markets through the construction of millions of new suburban homes. This occurred after the mid-1960s when the major in-migrations to metropolitan areas had slowed down while suburban housing construction accelerated. Local policies by city governments and lending institutions actually had little direct impact on the rates of abandonment occurring within city boundaries. For example, from 1970 to 1990, in the entire St. Louis metropolitan area, the total number of households rose by 160,539, while the number of new housing units built was 325,447—94 percent of them in

the suburbs. Consequently, 70,000 housing units vanished from within the city of St. Louis.<sup>3</sup> In the nation as a whole, from 1950 to 1970, 32.5 million new housing units (including mobile homes) were built, but only 19.9 million households were added to the population.<sup>4</sup> This excess suburban construction permitted so many households to move out of central cities that even the poorest of the remaining households had multiple choices of where to live; otherwise they would never have abandoned any units. (Housing abandonment almost never occurs in areas experiencing heavy in-migration; even the worst units there become overcrowded.) As a result of this massive suburban construction, the city of St. Louis has lost over one-half its 1950 population.

One other policy derived from the life-cycle theory seems to encourage abandonment. It states that when resources for revitalization are quite limited, those resources should be invested where they are likely to have the greatest positive impact. This means withholding some or all such resources from the areas where conditions are worst because the resources have a lower probability of being effective there. Such an economically efficient allocation strategy always outrages the residents and representatives of the worst areas. They believe they have the strongest claim on any available aid; they always argue that not giving them all available resources contributes to the further decline of their areas. But potential recipients of public funds are not the only ones with a legitimate interest in where those funds are spent. The providers of the funds—taxpayers—also have a moral right to exert some influence on where such spending takes place. From the providers' perspective, achieving effective long-term revitalization may be more important than aiding the worst-off people first, but not producing any permanent improvements. This is an inherent moral quandary; as a practical matter, it can be resolved only in the political arena.

In fact, only a few poor neighborhoods in the very largest cities have become totally abandoned, and not much vacant land in them has been "transferred to new owners for reuse." One reason is that few households with middle and upper incomes—regardless of their race—are willing to move into such areas. On the subject of using urban renewal to clear land in poor areas, most of the housing units demolished by renewal were extremely dilapidated, overcrowded, and

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<sup>3</sup> These data were furnished to me by David Rusk, on the basis of his own compilations from U.S. census sources. Similar conditions existed in the Detroit metropolitan area, where from 1970 to 1990, the number of households rose by 189,429, but the number of new housing units built was 425,998—93 percent of them in the suburbs. The city lost 170,000 housing units, and the inflation-corrected median sales price of single-family homes sold fell by 51 percent.

<sup>4</sup> Data taken from various volumes of *Statistical Abstract of the United States*.

substandard.<sup>5</sup> They were much worse than the units into which people displaced by urban renewal subsequently moved. Moreover, total housing supplies in metropolitan areas were rising rapidly—mainly in the suburbs—while, or soon after, renewal clearance occurred. So the removal of these worst units created a net improvement in the quality of housing occupied by most African-American households, despite the decline in housing quality in the neighborhoods into which many such households moved.

Thus, the charge that life-cycle theorists deliberately designed policies to accelerate neighborhood abandonment so as to eject poor African Americans and enrich nonpoor whites does not survive careful examination. If that was the goal of such theorists, their strategy has almost completely failed. In most cities, the parcels cleared in poverty areas do not comprise whole neighborhoods, but much smaller areas. Only in the immediate vicinity of major downtowns has land cleared by urban renewal found strong reuse markets patronized by middle-income whites or businesses. Elsewhere, the parcels cleared in very poor residential neighborhoods—whether by urban renewal or otherwise—remain largely vacant, as Metzger's example of Detroit suggests. The one exception is cleared land reused for public housing, much of which is now vacant and underoccupied as well.

### **Metzger's failure to distinguish between time periods**

Another major flaw in Metzger's analysis is his failure to distinguish among neighborhood and other conditions in different portions of the 54-year period from 1945 until today. Conditions that prevailed soon after 1945 varied markedly from those today, so different theories of neighborhood change are appropriate to different portions of this half-century.

In the early post-World War II period, for private financial institutions to withhold credit from areas likely to undergo near-future transition to more serious poverty was an act of fiduciary prudence, even though it may also have had a partially self-fulfilling aspect. When the explosive expansion of low-income African-American big-city populations was occurring in the 1950s and 1960s, conditions in many neighborhoods were too unstable to be positively affected by the extension of unsubsidized credit—the only kind then available—to incoming or existing residents. The resulting sudden transition from middle-income and working-class-income levels to poverty or near-poverty income levels inevitably produced a decline in local physical conditions. This decline would not have been halted by making credit

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<sup>5</sup> I can personally testify to the truth of this statement because I helped conduct population surveys in the slums on Chicago's South Side in the late 1940s.

available to the incoming residents *under normal lending conditions*, because they could not have afforded to repay it. This was true because of the low level of their incomes, not because of their race. Metzger criticizes financial institutions for failing to make loans during that period, but he defines “making loans” as including the provision of sufficient subsidies so that even very poor households could repay them. At that time, such subsidies were not available from either public or private sources. So, as the life-cycle theory suggested, it was primarily low resident incomes, not lack of lending, that caused neighborhood decline in that period.

But by the 1980s, when African-American populations in many large cities were declining and the incomes of many of these households were much higher, possibilities for stability were much greater. Then the negative results of self-fulfilling withholding of “normal” credit may have been more significant than earlier. That is when the development of Metzger’s “alternative theory” seems more appropriate. Even so, his theory depends on the ability of each local community to extract subsidies from the public sector and financial institutions via political action. That ability did not exist in the early postwar period; it evolved slowly over time, especially after passage and vigorous support of the CRA. Injecting subsidies into the process changes the dynamics of a neighborhood’s life-cycle potentials dramatically.

Nevertheless, it is not clear that many community organizations have been able to obtain large enough subsidies from outsiders to offset the low incomes of local residents and truly stabilize neighborhood conditions. After examining neighborhoods where 34 of the highest-rated community development corporations (CDCs) operated, David Rusk concluded that “in cities across the country, the thirty-four target areas served by the most successful CDCs as a group still became poorer, fell farther behind regional income levels, and lost real buying power [from 1970 to 1990]” (1999, 49).

Thus, Metzger’s alternative theory has yet to demonstrate that it can explain what actually happens in low-income urban neighborhoods over any significant time period.

### **The influence of urban analysts on actual public policies**

Probably the most amazing assertion Metzger makes in his article is that the nation’s real estate finance institutions—and even Congress—were strongly influenced by the theories of neighborhood life-cycle change put forth by many different academic analysts and consultants over time—especially me. It is flattering indeed to be told that my ideas have been so powerfully persuasive as to shape the development of neighborhoods throughout the nation’s largest cities—

even if the influence I exerted was negative rather than positive. I realize that economic and other theories can be important in affecting actual behavior, even by hardened practitioners.<sup>6</sup> But the nation's real estate financial institutions were far more affected by the real forces their members saw operating in actual neighborhoods than by the interpretations of those forces put forth by a few academics and consultants. A cursory examination of the tiny sales of my books and articles, and of the books of the other authors cited in Metzger's article, should convince most objective observers that our work can hardly be blamed for neighborhood decline throughout the nation. True, some real estate practitioners may have found it convenient to cite our theories to justify the behavior patterns they were undertaking for entirely practical reasons, but they would have undertaken those same policies even if they had never heard of our theories.

This conclusion is reinforced by the fact that many big-city public officials today, who are probably completely unaware of the theory of neighborhood life-cycle change, are advocating exactly the same policies that I have promoted for decades. For example, it is now an official policy of the U.S. Department of Housing and Urban Development (HUD) to deconcentrate the huge agglomerations of very poor households found in large high-rise public housing projects so as to produce a more balanced household income profile among neighborhood residents there. HUD even recommends tearing down many such public housing projects altogether. Dozens of big-city mayors are publicly advocating attracting middle-class households—both white and African American—to return to close-in neighborhoods, often through building large private housing projects aimed at such households downtown. This amounts to focusing public moneys, not solely on the very poorest households in the community, but on nonpoor households whose presence creates healthier neighborhood communities. Yet Metzger condemned that policy as wrongly aimed at enriching real estate interests.

My last objection to Metzger's analysis is his accusing me of acting simply as "a product of the Chicago real estate industry," as if I never

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<sup>6</sup> In a famous passage, John Maynard Keynes once wrote that

the ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed, the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler a few years back. (1935, 383)

Nevertheless, I do not believe the real estate industry was heavily influenced by neighborhood life-cycle theorists to undertake behavior that the industry would not have followed without those theorists.

had an independent thought and was simply trying to increase the unjust profits of white realtors and developers. Yet Metzger himself points out that I advocated (1) large-scale federal subsidies for building low-income housing throughout the suburbs, (2) adoption of racial integration in housing as a major goal for society, and (3) deliberate—and voluntary—deconcentration of poor households out of high-poverty city neighborhoods into the suburbs so as to improve their environments and life-chances (20, 24). All of these policies were—and still are—bitterly opposed by those white real estate interests I was supposedly conspiring to benefit. I wish I had been half as influential in persuading these interests to follow my recommendations as Metzger falsely claims I was.

Moreover, he attributes my motive for advocating the above policies solely to “serv[ing] the interests of the American middle class” because I was “a product of the Chicago real estate industry” (20). From my own perspective, I was trying to propose a series of interlocking policies that would improve the quality of life for the poorest residents of ghetto areas, then forced to live together in older areas dominated by extreme poverty, by opening up superior opportunities to them in other areas where poverty was not pervasive. None of the alternative theories propounded by Metzger realistically confronts the need to reduce concentrations of poverty in many large American cities by helping some of the residents there move elsewhere.

## Conclusion

It is not possible within the limited space of this comment to deal with all the ramifications of Metzger’s complex article. However, his attack on the life-cycle theory of neighborhood change is based on ignoring the force of key population and income developments in the decades following 1945. Those developments produced a succession of population changes in many big-city neighborhoods that almost inevitably caused falling incomes and subsequent physical decline there. Metzger’s assertion that if financial institutions had provided credit in such areas, decline would have been prevented is based on his fanciful view that such credit should have included major public and private subsidies—which did not then exist. Without such subsidies, financial institutions would have been imprudent to provide enough credit to very poor residents to prevent physical decline.

Today it may be possible for some community organizations in low-income neighborhoods to organize enough political pressure through the CRA to force local financial institutions to provide subsidized credit to residents. These private subsidies can be combined with federal and other sources to supplement residents’ low incomes. Moreover, the incomes of many residents are higher than they were in the

early postwar period, and pressures for neighborhood population turnover are much lower.

Nevertheless, almost all big-city mayors are trying to improve incomes in poor neighborhoods primarily by making it attractive for more middle-class residents to live there, rather than by increasing credit subsidies to existing poor residents. Contrary to Metzger's strategy, mayors want to reverse past income declines described in the life-cycle theory by creating a better balance between middle-income and poor residents. They are following the theory's policy implications that a key factor influencing a neighborhood's vitality and stability is the income level of its residents and that a neighborhood that has declined can be "resurrected" by attracting a lot of nonpoor residents. So perhaps the life-cycle theory of neighborhood change is neither wrong nor dead.

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