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City University of New York PH.D. 1982

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Neighborhood Change in New York City: A Case Study of Park Slope, 1850 - 1980

by

Timothy O'Hanlon

A dissertation submitted to the Graduate Faculty in Environmental Psychology in partial fulfillment of the requirements for the degree of Doctor of Philosophy, The City University of New York.

1982

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TIMOTHY J. O'HANLON

1982

This manuscript has been read and accepted for the Graduate Faculty in Psychology in satisfaction of the dissertation requirement for the degree of Doctor of Philosophy.

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Preface

This is a case study of one residential community in New York City. The purpose of this research was to apply the concepts and methodology of environmental psychology to the investigation of a large human setting. The domain of this field has been defined by Proshansky as "the study of the relation among the behavior and experience of humans and the nature and organization of physical environments and settings." (1). The aim of research in this field is the development of relational hypotheses "which specify meaningful properties of physical settings as related to characteristic activities and behavior patterns and the psychological and sociological processes underlying them." (2).

A number of assumptions characterize the domain of the field. (3). For Stokols, the field is uniquely concerned with the manner "in which individuals and groups rationally guide their transactions with the environment in accord with specified goals and plans." (4). This management of environmental transactions is specified as a cyclical and directional process which "involve successive attempts by individuals and groups to approximate standards of environmental quality." (5). This planning process includes the delineation of a hierarchial set of plans and goals, the assessment of available resources and environmental

contingencies, and the performance of plans for action and their subsequent evaluation.

A second dimension of environmental transactions is that an environmental setting is an "open system characterized simultaneously by change and stability." (6). The stability of settings over time is a consequence of their context.

> "(The) regularity and consistency of behavior in a given physical setting over time and space occur because such settings are closely and tightly interwoven with the fabric of social, organization, and culture systems that circumscribe the day-to-day life of any group of individuals. In effect, any given physical environment is not only a behavioral environment but also a social, organizational, and cultural environment." (7).

A pattern of environment transactions in a setting can persist because of its interwoven set of social, organizational, cultural and physical constraints and opportunities built into the setting.

As the stability of a setting depends upon the organization of its specific supports and constrains, alterations in these factors will, in turn, modify the setting. Settings are open to change.

> "(A) physical setting that defines and structures any concrete situation is not a closed system; its boundaries are not fixed in space or time. (An) institutional setting may have well-defined physical limits, but its organization, the activities that go on in it, when they begin and end, and the number of people involved, and, therefore, even its properties as a physical setting will be influenced by and in turn influence the larger more encompassing and interlocking physical and social system of which it is part." (8).

Thus, environmental settings are dynamic in their

organization. Alterations in their components will affect the definition of the setting as a field of action. "The inclusive environment then is an active and continuing process whose participating components define and are defined by the nature of the inter-relationships among them at any given moment and over time." (9). As environmental settings are dynamic in their organization, they possess a historical dimension. Properties of the setting will "emerge from the sequence and interaction of a succession of events in the continuous use of these settings." (10).

Methodological Considerations.

Settings have been defined as dynamic systems created by the process of the continuous interaction among their components over time. Individual and group transactions within settings were defined as rationally guided through a cyclical process of environmental management. Reseach methods should aim to relate the intact goal-oriented activity of individuals and groups and the characteristics of the settings that "actually foster, shape and underlie the complex human activity that go on in these settings." (11).

As patterns of goal-oriented activity are related to the dynamic organization of the components of a setting, it is not possible to use single independent dimensions of a setting to account for behavior. Patterns of activity

are contingent upon the complex web of constraints and opportunities to be found in a setting at any one time. Research methodologies should attempt to explain this complex web.

Second, as properties of a setting are changed by its use, it is necessary to perform longitudinal research. Research strategies should attempt to describe the structure of these contingent relationships as they emerge over time.

Thirdly, as settings are embedded in the larger social and physical systems which can modify and in turn be modified by changes in the settings, an interdisciplinary approach is necessary. A program should include methods for detecting alterations in the larger context which could modify the dynamics of the setting under investigation. Essentially, this would require methods for tracing local supports and constraints to the sector of the larger context which are responsible for them.

Aim of Research

The aim has been to develop relational hypotheses about human activity in an urban community and the dimensions of the setting which underlie them. Broadly conceived, an urban community can be defined as the locality for the provision of shelter and other goods and services necessary for the social well being of residents of a city. Therefore, we would be interested in a community's housing market, business sector, and social

institutions, and how they allocated and distributed their goods and services to the community's residents. In turn, we would be interested in how residents and local groups interpret and act upon this process.

Furthermore, a residential community in a large city is an artifact of the process of change within the city. Residential communities are not autonomous settings. The sequence and pattern of change, locally, is dynamically related to alterations in the city. The process of internal change in a community is related to the direction of change in the city-at-large. The process of change in the city will structure the boundaries for the formulation of plans for reactions to local change.

Our theoretical task translates strategically into an examination of metropolitan change manifest within the local community, the accompanying process of internal change and the differential impact these changes have on the perceptions and actions of residents and community groups. In particular, changes in New York City will be examined as they manifest themselves in the local housing market and other local institutions. In turn, these changes will be examined as they affect residents' and community groups' actions and perceptions.

Without the assistance of Fran Justa, a fellow graduate student in the Environmental Psychology Program of the City University of New York, this research would never have been completed. Working cooperatively on segments of this study

she helped with the hundreds of interviews reported in this research as well as on the theoretical development of the project as a whole. A number of people have read drafts and offered advice. They include Gary Winkel, William Kornblum, Tony Schumann, Robert Lake, Peter Gavagan, Jim Sleeper, and Claire Colgan. Moe Kornblum offered substantial help with the maps. Special thanks to Maxine Wolfe for her timely assistance in the completion of this project.

Notes to Preface

(1) Proshansky, Harold "Methodology in environmental psychology," Human Factors (1972) pp. 451-460, p. 455..

(2) Ibid., p. 455.

(3) Ittelson, William, Proshansky, H., Rivlin, L. & G. Winkel An Introduction to Environmental Psychology (New York: Holt, Rinehart & Winston, 1974); Stokolos, Daniel "Origins and direction of environment-behavior research," pp. 5-38. In Stokolos, D. (Ed.) Perspectives on Environment and Behavior. (New York: Plenum Press, 1977); Stokolos, Daniel "Environmental psychology," Annual Review of Psychology (1978) 253-295.

(4) Stokols, D. op. cit.,p. 25.

(5) Ibid., p. 26.

(6) Ittelson, W., et. al., op. cit., p. 91.

(7) Ibid., p. 91.

(8) Ibid., p. 91.

(9) Ibid., p. 92.

(10) Ibid., p. 93.

(11) Proshansky, H., op. cit., p. 452.

Contents

Preface iv

List of Tables, Exhibits and Maps

Chapter

1. Introduction 1
   Capital Accumulation in Cities, 3; Private Reinvestment Mechanisms, The Role of the Rentier, 4; Political Reinvestment Mechanisms, The Role of the State, 12; Traditional Sector Relationships, 16; Structural Changes within Cities, 20; Impact on Residential Communities, 25; Notes for Chapter One, 30.

2. Stages of Capital Accumulation in New York City 33
   National Economy in the Commercial Period (1786-1860), 33; New York City in the Commercial Period, 35; Real Estate Markets, A Land Use Mosaic, 39; Social Climate, An Era of State Republican Interference, 40; Public Facilities, A Water Works to Serve a New Populace, 43; National Economy in the Industrial Period (1860-1930), 44; New York City in the Industrial Period, 56; Social Climate, The Democratic Machine Curbed by Financial Institutions, 60; Public Facilities, Public Transit, 66; Real Estate Markets, The Decentralization of the Population, 72; National Economy in the Corporate Period (1930 - Present), 80; New York City in the Corporate Period, 86; Public Facilities, Planning for "Headquarter's Town," 97; Residential Real Estate Markets, 104; Social Climate, Response of City to Fiscal Crisis, 113; Summary, 123; Notes for Chapter Two, 124.

3. Stages of Change in Park Slope, 1850 to 1980 133
   Park Slope in the Industrial Period, 133; Emergence of Working and Upper Class Real Estate Markets, 1860 to 1880, 138; Brooklyn Rentiers Look to Brooklyn Bridge for Economic Expansion, 145; Park Slope in the Corporate Period, 153; Dual Housing Market in Park Slope, 159; Response of Community Institutions to Neighborhood Change, 163; Fragmentation of Working Class Institutions with Expansion of High Rent District, 178; Summary, 186; Notes to Chapter Three, 190.

4. Park Slope Real Estate Market, 1965 to 1980 194
Introduction, 194; Review of Literature, 198; Neighborhood Change in a Dual Housing Market, 206; Black Side of the Dual Housing Market in Brooklyn, 209; Gentrification in American Cities, 211; Gentrification in Park Slope, 213; Method for Survey of Park Slope Housing Market, 216; Results, 221; Sales Activity, 221; Tax Arrears, 230; Interviews with Real Estate Brokers, 237; Interviews with Owners of Vacant and Abandoned Buildings, 252; Conclusion, 267; Notes to Chapter Four, 272.

5. Residents' Perception of Change in Park Slope 275
Introduction, 275; Method for Investigation of Residents' Perceptions of Neighborhood Change, 286; Sample, 287; Results, 298; Reputation of Park Slope, 302; Reputation of Neighborhood, 311; Evaluation of Neighborhood Conditions, 326; Block and Neighborhood Change, 339; Conclusion, 370; Notes to Chapter Five, 381.

6. Conclusion 383

Lists of Tables, Exhibits and Maps

Table		
2.1	Occupation of New York City Labor Force in 1855	37
2.2	Occupation of New York City Labor Force in 1900 and 1930	57
2.3	Distribution of New York City Population by Borough between 1900 and 1930	76
2.4	Distribution of Housing Units in 1934 by Borough and Type of Structure	76
2.5	Occupation of United States Labor Force, 1940 to 1970.	84
2.6	Employment in the United States by Region, 1940 to 1970	85
2.7	Employment in New York City Metropolitan Area, 1954 to 1979	87
2.8	Occupation of New York City Resident Labor Force, 1940 to 1978	89
2.9	Median Income of Households by Race and Tenure in New York City, 1949 to 1977	96
2.10	Housing Inventory of New York City and Suburban Counties, 1950 to 1976	105
2.11	Household Income in New York City and Suburban Counties, 1976	107
2.12	Median Income of Tenant Households by Borough, 1964 to 1977	109
2.13	Distribution of Housing Units in 421 Program by Borough, January 1978 to June 1979	119
4.1	Schedule for Survey of Real Estate Market in Park Slope	217
4.2	Sale Price of Private and Walkup Residential Buildings, 1965 to 1980	223
4.3	Method of Financing Sales of Residential Property in Park Slope, 1965 to 1980	225
4.4	Residential Financing Methods in Three Districts of Park Slope, 1965 to 1980	228
4.5	Percent of Residential Buildings Five Quarters in Tax Arrears in Park Slope, 1970 to 1980	232
4.6	Disposition of Vacant Buildings in Park Slope, 1975 to 1980	235

5.1	Characteristics of Households, by Block	299
5.2	Average Size of Park Slope in City-Blocks, by Block	302
5.3	Reputation of Park Slope, by Block	306
5.4	Size of Neighborhood in City Blocks, by Block	312
5.5	Description of Neighborhood for Friend Who Does not Live in Brooklyn, by Block	315
5.6	Local Reputation of Sampled Blocks, by Block	319
5.7	Best Aspects About Living in Neighborhood, by Block	328
5.8	Worst Aspects About Living in Neighborhood, by Block	332
5.9	Moving Plans and Neighborhood Recommendation	336
5.10	Moving Plans and Occupation of Chief Wage Earner of Household	338
5.11	Changes in Neighborhood, by Block	346
5.12	Block Predictions, by Block	354
5.13	Neighborhood Predictions, by Block	361
A.1	Economic Value of Residential Buildings in South Brooklyn, 1875	412
A.2	Population of South Brooklyn Wards, 1860 through 1910	413
A.3	Park Slope Housing Inventory, 1934 through 1970	414
A.4	Number of Mortgages Originated by Banks	425
A.5	Location of Boundaries of Park Slope, by Block	427

Exhibit

3.1	Median Contract Rent in Park Slope, 1934 to 1970, In Constant 1967 Dollars	155
3.2	Education and Occupation of Park Slope Residents, 1950 to 1970	158
3.3	Distribution of Blacks and Puerto Ricans in Park Slope, 1950 to 1970	161
4.1	Sale Price of Residential Buildings in Park Slope, In Constant Dollars, 1965 to 1980	222
4.2	Residential Buildings Five Quarters in Tax Arrears, 1970 to 1980	231
A.1	Park Slope Churches in 1892	420

A.2	Park Slope Churches in 1929	421
A.3	Park Slope Churches in 1978	422
A.4	Resident Interview	428

Map

1.1	Park Slope in New York City	28
1.2	Park Slope in Downtown Brooklyn	29
2.1	Distribution of Rental Areas in 1934, Compared with Settled Areas of 1881 in New York City	79
2.2	Change in Public Assistance Recipency, 1970 to 1979	111
3.1	Downtown Brooklyn Residential Development, 1869	140
3.2	Distribution of Wood Frame Dwellings in Downtown Brooklyn, 1911	142
3.3	Downtown Brooklyn Residential Development, 1880	144
3.4	Block Distribution of Black and Native Spanish Speaking Population, 1977	162
3.5	New York State Assembly Districts in South Brooklyn, 1974 to 1980	187
4.1	Black Sector of Brooklyn's Real Estate Market, 1970	210
4.2	Distribution of Vacant and Demolished Residential Buildings in Park Slope, 1980	234
5.1	Faceblocks Chosen for Resident Interviews	288
A.1	South Brooklyn Wards, 1860	408
A.2	South Brooklyn Wards, 1870	409
A.3	South Brooklyn Wards, 1880 & 1890	410
A.4	South Brooklyn Wards, 1900 & 1910	411
A.5	Active Block Associations in Park Slope Winter of 1975	419

Chapter One
Introduction

Residential communities of cities in the United States are artifacts of the process of capital accumulation. These communities are primarily sites for the reproduction of the labor force or the provision of goods and services necessary for the sustenance of the labor force. Within communities, residents can purchase these goods and services based upon the exchange value of their labor in the labor market. Alterations in the value of their labor will directly affect the value of goods and services they will be able to purchase. Furthermore, the type and range of goods and services available is contingent upon the ability of the private market to produce a competitive capital return on them.

What is of interest in this research is how political and economic changes in a city, including its labor market, affect the interests of entrepreneurs in a community's housing market and how these changes affect residents' conception of their neighborhood.

Under the present form of corporate capitalism, privately owned firms coordinate labor, raw materials and technology in the production of commodities for their distribution in the market place. The aim of this process is the extraction of a surplus in excess of the costs of

production and distribution. The form and quality of cities is the consequence of the process of the reinvestment of this surplus within cities. Warner states:

> "From the first moment of bigness, from about the mid-nineteenth century onward, the success and failures of American cities have depended upon the unplanned outcomes of the private market. The private market's demand for workers, its capacities for dividing land, building houses, stores and factories, and its needs for public services have determined the shape and quality of America's big cities. What the private market could do well, American cities have done well; what the private market did badly or neglected, our cities have been unable to overcome." (1)

While it will be argued that market outcomes are planned, indeed, the process of change in urban communities is largely a consequence of the attractiveness of a community for the accumulation of capital and the process of the reinvestment of the surplus product in a city's infrastructure.

Molotch elaborates on an empirical implication of this theoretical position. "For those who make the key decisions which enact built environments, the contingencies which must be managed to facilitate production are felt by participants as greater in number and more compelling in their capacity to determine locational outcomes than is the analagous set of contingencies which might affect the desirability of neighborhood life for the resulting labor force." (2) In other words, the social and political interests of a community can be formulated by its residents independently of the imperatives of the market place. However, in the clash between the interests of the

market and local interests, the interests of the market will be the most compelling.

Capital Accumulation in Cities.

The process of capital accumulation in cities will be analyzed in this research as the by-product of the reinvestment of the surplus product; i.e., the amount of output produced by one worker in excess of the sustenance needs of that worker. Lake elaborates on the process.

> "Aggregation of such excess yields a social surplus product. In turn, cities are formed through the geographical concentration of the social surplus product. In order for the surplus product to be reinvested and the benefits of such investment realized, production of social surplus must be accompanied by circulation: exchange of goods and services, movement of people, and flows of investment, money and credit." (3).

A number of specific conditions are necessary for the reinvestment of the surplus product within a city. These include facilities appropriate for the production and circulation of capital (e.g., office buildings, ports, and communication equipment), social conditions appropriate for capital reinvestment (e.g., vocational education, public authority sympathetic to private capital), physical conditions appropriate for the reproduction of the labor force (e.g., housing food outlets, utilities) and finally complementary goods and services required both for the sustenance of the labor force and the reproduction of the social product (e.g., fire department, health

services, sanitation). (4)

In order to maintain this interconnected pool of resources, there must be mechanisms for the extraction and reinvestment of a surplus from the social product. Harvey elaborates on this concept.

> "These assets have to be maintained and from time to time renewed if society is to be reproduced in its existing state. A certain proportion of the social product has therefore to be laid aside as a surplus to reproduce the built environment. Expanded reproduction, whether it implies population growth or per-capita changes in material production, requires an even greater quantity of surplus for enhancing the built environment, while qualitive social changes may require not the replacement but the refashioning of the built environment to meet new economic and technological contingencies and new social wants and needs. All of this requires, of course, human effort and ingenuity. But it also requires some way of extracting and allocating a surplus to provide for the needs of the infrastructure." (5).

The mechanisms for the extraction and allocation of a surplus include both economic and political structures. The private appropriation and coordination of the surplus product in the market place accounts for the maintenance of most of a city's infrastructure. The state plays the necessary role of the support and enhancement of the private mechanism. Furthermore, the human ingenuity required also frequently involves the creation of new technological processes or the utilization of dormant processes. (6).

Private Reinvestment Mechanisms: The Role of the Rentier

As production facilities need to be located someplace and conditions need to be appropriate for reinvestment, the job of preparing sites if filled by intermediaries.

(e.g., real estate speculators, banks, lawyers, politicans, chamber of commerce, civic improvement associations and newspapers). The size and composition of this cohort of interests will vary with the size of the region, its economic base, and its role in the national and international economic scene. (7).

These rentiers are necessary in the reinvestment process because of the specialized knowledge they possess on local conditions and their ability to manipulate local conditions to make them appropriate for reinvestment. Molotch describes their function. "The rentiers make their money by being attuned to the needs of capital and offer sites competitive with others for production. They also lobby for those conditions that "research" tell them is necessary to meet capital's needs. These conditions can include physical investments as well as a "social climate." (8).

In addition to the preparation of sites and complementary facilities needed to attract business, rentiers can also benefit from the secondary spill-over effects of reinvestment. These include sites where the social product will be circulated (e.g., retail outlets, recreational facilities, business services) and where workers must live (e.g., housing and support facilities).

Gottdiener, in a township on Long Island, found a persistent and recurring network of individuals involved in the expansion of the local infrastructure. "We seem to find...that a few individuals within these groups

(banks, real estate speculators, and local politicans) recurrently participate in the decisions which guide the growth of the township."(9). This development of a cohort of specialists is due to the complex and interdependent number of facilities and organizations required for the preparation of a site for capital investment. In turn, this network of specialists attempts to develop control over the sequence and pattern of development through the manipulation of building codes, site requirements, zoning regulations and access to land and capital. The greater their control over the process, the greater is their ability to profit directly through the control over land and other accumulated resources.

Gottdiener describes a form of this monopoly control by local rentiers. "The local political party and those business men involved in the submetroplitan growth tend to merge into something of a land development corporation. The interests involved in this select group varies from the use of town board decisions by politicans for personal gain and party support, to profit-making speculators, developers, and investors." (10).

This blurring of lines between the actions of elected officials and private businessmen and the corruption of the political process is not the result of ingeniously evil men. These intermediaries gain and are able to excerise their power as they act in behalf of the process of

capital accumulation. The owners of the means of production require their services.

Among rentiers, financial institutions play a dominant role in the process of the development of a city's infrastructure. This dominance is based upon the dependence of other rentiers on access to capital markets. The high production costs of many facilities (e.g., office buildings, shopping centers, housing projects) and the relative permanency of these projects generates an interest among rentiers to mortgage their property and an interest among financial institutions to finance them.

However, if these mortgage debts are to be repaid, it is necessary that the financed properties remain profitable for the term of the debt. The maintenance of the economic value of a particular facility also requires that its locality also remain an attractive site for the reinvestment of the surplus product. Owners of shopping centers in abandoned residential communities don't pay their mortgage payments on time. Therefore, when a financial institution funds the construction of a project, it is in its interest to see that the project and its locality maintain their economic value. It is in the interest of financial institutions to coordinate the sequence and direction of growth in a locality in order to maintain the profitability of their investments.

This coordination among financial institutions and other rentiers is performed at the national level and in

submarkets of a metropolitan area. Trade organizations composed of commercial banks, savings banks, savings and loans, home builder associations, and craft unions, among others, formulate policy at the national level. These policies are aimed at the coordination of the process of the construction of the infrastructure of metropolitan areas throughout the nation. Elements of policy include measures to aid the process of capital formation (e.g., secondary mortgage markets, federal guarantees of bank deposits), measures that increase effective demand (e.g., federal tax policies and guarantees of long term debt) and measures that protect the ability of rentiers to coordinate land use policy. (11).

In submarkets of a city and a metropolitan area, the formality of the coordination among financial institutions and other rentiers will vary with the scale and importance of the project. (12). Long term planning for the coordination of major elements of a city's infrastructure will require the creation of mechanisms for rentiers to reach a consensus about the plan as well as strategies for its enactment. Adjustments to changing market conditions in submarkets of a city can occur in an ad hoc and competitive manner.

In a review of the history of financial institutions' investment in Baltimore neighborhoods, Harvey describes how they mediate the impact of aggregate market conditions.

> "The structure of financing across the various housing submarkets, and the residential differentiation which this implies, has a history, and is constantly in the course of evolution. Changes occuring within submarkets promote boundary shifts. On ocasion, too, whole new submarkets can be dramatically created. Such changes are a response to a variety of forces which stem from changing relative wage rates, changing job opportunities with a changing structure of the division of labor, migratory movements and so on. But all of these forces are marshalled and given coherence in the urban context through the mediating power of the financial superstructure." (13).

The aim of this coordination process is to expand the ability of financial institutions to mobilize capital and profit from other rentiers' capitalization of the long term profitability of their projects.

It is a major contention of this research that this coordination process involves balancing the devaluation of some neighborhoods and business institutions of a city while channeling funds to newer speculative endeavors. Historically, the residential sectors chosen for disinvestment by financial institutions have been Black segregated areas. (14). Disinvestment in segregated Black neighborhoods allows financial institutions to consolidate redundant houses and businesses within one area while maintaining effective demand in other areas of the city.

It is not the personal or cultural characteristics of incoming, usually middle class, minority people which really causes White apprehension about neighborhood change, but the acceleration of disinvestment which institutional policy engenders wherever minority people are. When a city's economy, for instance, is rapidly declining, bankers and other rentiers can't simply allocate their losses wherever the financial risk implicit in declining incomes and market demand occurs; this would lead to the occurrence of housing abandonment in White as well as minority neighborhoods and leave virtually no area of the city adequately supportive of investment.

While it is true that the contraction of a city's labor market impacts minority incomes more severely, as those last hired are first fired, the racial disparity of income is not so great as to dictate the consolidation of losses solely in Black communities, on purely statistical terms. Rather, rentiers appear to trade upon and heighten beliefs in White supremacy and White avoidance of the fringes of racially integrated neighborhoods to insure that demand remains adequate in substantially White neighborhoods. They do this by withdrawing credit from traditionally underfinanced Black neighborhoods and hence accelerating blight and by deliberate 'steering' on the part of brokers and banks which entraps well-motivated, moderate income minority families in the blighted area.

Individual White homeowners and renters acting on racist "preferences" are really responding to this trend of blight and collapsing business and real estate markets in minority neighborhoods.

This domination of the processes for the maintenance of a city's infrastructure by private market interests frequently conflicts with publicly held values of equity, conservation of resources and due process. Yet the process finds widespread support among property owners who also have speculated on the future value of their locality and frequently benefit from the process. In addition, the government lacks mechanisms for a more just allocation of resources, in part, because private ownership of property has been treated, traditionally, as a civil right upon which personal freedom is based.

Ironically, this pattern of land use decision making continues while increasingly complex and interdependent facilities of a city's infrastructure blur the distinctions between private and public resources. The state has been restricted, and has restricted itself, to the role of supporting the private accumulation of capital and the socialization of the inefficiencies of this pursuit of profit. As the interest of major actors in the private market establish the sequences and processes of reinvestment of the surplus product, the role of the state has

been to provide the necessary infrastructure which ties all of the privately held plots together and makes them valuable; e.g., transportation facilities; utilities, and public services.

Political Reinvestment Mechanisms: The Role of the State

O'Connor provides a useful model about the dynamic inter-relationship between the state (which includes all levels of government) and the private sector (which includes the monopoly sector - high productivity and capital intensive - and the competitive sector - low productivity and labor intensive). (16). The state has two functions in a capitalist economy: to aid the reproduction of the social product and social legitimation. The state must try to create and maintain the conditions necessary for the reproduction of the social product as it is essentially dependent upon the private sector's productive capacities. O'Connor comments that, "...a state that ignores the necessity of assisting the process of capital accumulation risks drying up the source of its own power, the economy's surplus production capacity and the taxes drawn from this surplus (and other forms of capital)"(17).

For the state to use its authority to extract a surplus it must maintain social harmony. "A capitalist state that openly uses its coercive forces to help one class accumulate capital at the expense of other classes loses its legitimacy and hence undermines the basis of its loyalty

and support." (18).

The state's two functions are matched by its types of expenditures: social capital to aid in the process of capital accumulation and social expenses to maintain social legitimacy and harmony. Social capital expenditures are further subdivided into social investment and social consumption expenditures. Social investments include projects and services that increase the productivity of labor and directly increase profitability. Social consumption expenditures include projects and services that lower the reproduction costs of labor and thus indirectly increase profitability. Social expenses include projects and services that maintain social harmony and allow the state to maintain its legitimacy; they do not aid profitability in any direct sense and may even in the short-run conflict with it.

The state's agencies and programs usually embody a mix of both legitimation and capital accumulation functions. "Because of the dual and contradictory character of the capitalist state, nearly every state agency is involved in the accumulation and legitimation functions, and nearly every state expenditure has this twofold character." (19).

A proposition central to O'Connor's work is the belief that the growth of the monopoly sector requires greater social capital and expense expenditures by the state. (20). Monopoly industries with large capital-to-labor ratios,

heavy reliance on technological innovations and markets that are national and international in scale, are increasingly dependent upon the ability of the state to socialize the costs of production and to maintain social harmony. A number of trends account for this.

One is the increasing social character of production. With the progressive assimilation of competitors in the market place, the backward and forward integration of suppliers and sales outlets, and the diversification into more product lines, corporations are internalizing more aspects of the cycle of production and sales of goods. With these increasingly complex operations, occupations have become more specialized and the division of labor more extensive. However, no single company could profitably train workers to its specifications. Other companies may bid for these same workers, after they have been expensively trained, by offering nominally higher wages. The state has solved this contradiction by assuming the duty of training workers and thus increased its expenditures for human social investments. (21).

The state has also increased expenditures for physical social investments. As the productive capacity of monopoly capital has increased, the state has assumed responsibility for the production and maintenance of the facilities needed for the support of the social product. The state may indirectly underwrite the costs of these facilities through

the use of loan guarantees, direct cash subsidies, monopoly franchises, tax exemptions and deductions, and the regulation of the market place. In those areas where the capital risks are unacceptable even with the assistance of indirect means, the state will directly underwrite the costs of construction and maintenance of needed facilities. For instance, the planning, construction and maintenance of a national motor vehicle transportation is beyond the capacity of private business. These projects require massive long-term commitments of capital before becoming profitable. In the interim, they are subject to unpredictable cost over-runs. As a result, private business simply is not interested in risking its own capital on them.

State expenditures for social consumption expenses have increased with the penetration of the market into all aspects of sustenance. This penetration into the production and distribution of necessary goods and services has made individuals more dependent upon the exchange value of their labor for the provisions required for their well-being. This creates a greater demand for higher wages by workers. Further, expenditures for social consumption can be used to rationalize and promote demand for certain goods in the market. Thus, the growing socialization of the costs of goods and services consumed by the working class along with insurance against social insecurity softens

demand for higher wages and promotes economic stability.

The need for social expense has increased as the benefits of increased productivity and technological progress have been inequitably distributed among the population. O'Connor suggests that the gains,

> "...have been concentrated in the hands of the larger corporations dominating the monopoly sector, together with the professional, technical, white collar and blue collar strata in the monopoly and state sectors. More specifically, there is no automatic mechanism by which competitive sector workers share in the gains from technical progress in proportion to their numbers and needs." (22).

The competitive sector is characterized by low capital to worker ratios, little technological innovation, low productivity, narrow and irregular markets and unstandarized products. As the capital requirements for entering this sector are low, yet the difficulty of increasing labor productivity is great, competition is severe and wages are consequently depressed.

Traditional Sector Relationships

Since the purpose of social capital expenditures by the state is to support the private production and appropriation of the surplus product, when a city becomes a less attractive site for the reinvestment of this surplus, justification for social investment is diminished. In turn, this loss of justification for social capital expenditures removes the need for social expenses. There is no longer any reason to maintain social harmony and the legitimacy of the state.

Lake observes the implications of this reality.

> "This interpretation provides a perspective for proposals termed "planned shrinkage" - to limit municipal expenditures in cities abandoned by private enterprise. Recent proposals for curtailing municipal services in large sectors of New York City boroughs of Brooklyn and the Bronx are simply examples of limiting social expenses for maintenance of social welfare (legitimation) in those areas of the city where the demand for social investment in support of private accumulation has disappeared through the termination of private investment interest. The criterion for the allocation of social expenses in the areas planned for "shrinkage" is not the demand for social welfare but rather the demand for support of private accumulation." (23).

In the jargon of municipal administration, the loss of tax revenues forces the administration to "bite the bullet" or "make the hard decisions" cutting social expenses while supporting those facilities still capable of generating revenue (e.g., convention facilities, luxury housing and office building construction).

Given the dependence of the state on the private production of the social product and the state's socialization of many of the costs of production, a legitimate question is Why doesn't the state use its resources to develop the mechanisms for the public generation and appropriation of a surplus thus reducing its dependence on the decisions made in the private sector? Lake responds that the legitimating logic has not developed to allow greater state control over the generation and appropriation of the social surplus. Further, the state has not developed the mechanisms for the substitution of state control over private economic

institutions. (24).

The legitimating logic has not developed since the ideological position held by both major parties and the majority of voters is that private enterprise should predominate in the production of the social product and the state should take a subordinate position in this process. However, the dominance of an ideological position has to be sustained by its assumed beneficial impact on the leading actors in a society. O'Connor outlines the position of organized labor and monopoly capital.

> "The central premise of the concensus between monopoly capital and organized labor is that a rapidily growing GNP is the best insurance against labor unrest and militancy, which disrupts the production process. The bigger the national income pie, the less bitter the conflicts arising over its distribution. Similarly, it has been taken for granted that overseas expansion and the deepening of the domestic market is the best insurance against social and political disorder."(25).

In other words, the continued expansion of the private sector and the domination of world markets will generate sufficient social product for the maintenance of the general public welfare.

Further, the mechanisms for state socialization of investment and production have not developed because "not only does private enterprise predominate, it actively engages in minimizing government involvement in competitive activity." (26). The obvious self-interest of capitalist is to resist the takeover of various private enterprise by the state and to have as much of the costs of production

socialized by the state while privately appropriating the surplus product. What is important is the mechanisms through which these ambitions are realized. The most potent weapon is the threat of a capital strike. (27).

Threats of capital withdrawal from a state or municipality are exceedingly commonplace. To attract and maintain capital reinvestments, states and municipalities have to actively compete among themselves. Tax exemptions, loan guarantees, outright cash subsidies, and one time capital grants by local governments are all devices used to attract a particular business to a site, or to keep them from moving. The same threats of capital strikes are also used to resist the encroachment of states into new enterprises, manipulate the ability of the state to regulate business and alter the ability of the state to redistribute the surplus product. All of these elements are included in what Bluestone, et. al., describe as the business climate of a locality.

> "This much used term seems to refer to the extent to which the policies of state and local government promote or retard businesses' ability to locate where they prefer, produce as they wish (irrespective of external costs which that production migh impose on the area's citizen, e.g., pollution, or on their workers, as with on-the-job health and safety hazards), and maintain control over the labor process on the shop (or office) floor. In addition to these issues of regulation, the business community in the older parts of the country is waging a major war on government policies which provide social insurance, welfare and food stamps, minimium wages, etc. These elements of what the British call the "social wage" represent the spoils of <u>past</u> political victories by the working

> class, "shelter" from the violence that comes from being totally dependent on the demands of capital." (28)

On those occasions when private business disinvests from a sector of the economy or region, responsibility for providing for the general welfare falls by default onto the state. But, lacking a historical ideological concern or the resources for generating a social product in the absence of private reinvestment of the surplus product, public actions will be unable to meet social needs.

Structural Changes Within Cities

Inherent in the process of capital accumulation is the potential for an alteration in the predominant method of its production and reinvestment. Such changes would result from a reorganization of the methods of production, markets, sources of raw materials, labor force, political climate and pricing mechanisms.

A thesis of this research is that alterations in the process of capital accumulation within cities can be traced to interactions between the national economy and local business institutions. Of interest are those series of changes fundamentally altering the process of capital accumulation in cities. These changes would be accompanied by dislocations in the circulation of the surplus product; i.e., " the exchange of goods and services, movement of people, and flows of investment money and credit."

Such a transformation would render some workers economically obsolete; certain production facilities would

suffer from decreasing profits; and institutions serving these workers and plants would suffer the consequences of disinvestment by private entrepreneurs. In a parallel fashion, other facilities would have to be reconstructed to create the conditions appropriate for the new processes of capital accumulation, and workers would have to be hired and trained to perform new technological and administrative functions.

This transformation process of a city's economic institutions would also require changes in the city's political institutions. The development and maintenance of a complex city's infrastructure is dependent upon the ability of the state to extract a surplus from the social product and invest it in appropriate social capital and social expense programs. Transformations in the appropriate public facilities and services for reproduction of the social product would require changes in city fiscal policies and capital investments.

United States cities have been the site for three different methods of capital accumulation. These three stages can be described as the commercial (1786-1860), industrial (1860-1930), and corporate (1930 - present). (29). In each of these periods, particular processes of capital accumulation predominated in the country. These processes generated specific site requirements for the reinvestment of the surplus product. For cities to remain attractive

sites for reinvestment, they must be able to anticipate and accommodate these specific needs. They include proper social climate, production and circulation facilities, facilities for the accommodation of the labor force, and complementary public facilities serving the needs of business and the labor force.

During the industrial period, the economy of the country was transformed from agricultural production to the production of manufactured commodities. The opening of the western half of the country and the aggressive role of the federal government in subsidizing transportation facilities in these territories provided vast markets for basic commodities. The companies that rushed into the production of these commodities were short on capital, used rudimentary production techniques, faced severe price competition in the market and required elastic labor markets. These companies could only survive in the dense heart of cities or industrial regions. Within cities, manufacturers would have access to an array of credit markets, skilled labor, suppliers, distribution and consumer outlets. Within the rapidly expanding industrial cities, land use took on a characteristic form. Centrally located shopping and office districts were surrounded by manufacturing sectors and the homes of workers were located in sectors between upper class residential and manufacturing areas. (30).

The merger waves of the 1890's, the 1920's and the 1960's

resulted in the progressive assimilation of corporations by their competitors, the backward and forward integration of suppliers and distributors, and the acquisition of smaller corporations in diverse product lines. (31). Through this process, corporations have increased their control over much of the production process, including the coordination of supplies, production techniques, labor, and relevant consumer markets. With stable control over much of the production process, they could afford to decentralize their production facilities. The high land costs, congestion, organized labor forces, and high distribution costs, among other factors, weighted heavily against reinvestment in cities. Facilities could be placed to more closely approximate the location of markets, raw materials, and cheap unorganized labor forces throughout a metropolitan area, the country and the world.

The growth of corporations and the internalization of more elements of the production process also led to an increase in the number of technical and administrative personnel. They were responsible for the coordination, operation and promotion of corporations' products and services. The business center of the industrial city remained attractive for most executive offices as it offered accessibility to credit markets, office space, skilled labor, purchasing agents of other corporations and specialized business services. Regional and national metropolitan areas

have become attractive sites for the management and control of international and conglomerate corporations and their necessary support facilities. Further, these cities have maintained their importance as sites for facilities which possess an economy of scale in the consumption of their services; e.g., hospitals, cultural, educational and recreational facilities.

This process of change through the corporate period of capital accumulation has transformed blue collar workers, their housing, and their social institutions within older industrial cities, into increasingly obsolete and redundant resources. Alternatively, there is a need for a smaller, more formally educated work force for the administrative and technical functions required to run an economy based on the needs of corporate institutions.

Faced with a growing gap between the need for expenditures and taxing authority, older industrial city governments have abandoned their role as the assimilator of the disenfranchised and the unskilled. Understanding the traditional role of the state, many academics have proposed plans for selective municipal disinvestment from the facilities serving the economically obsolete. (32). Thomas Muller outlines this position.

> "The older metropolis cannot reverse most of the conditions causing its fiscal problems, although some adverse effects can be mitigated. To attract middle-income families, socially controversial positions would have to be adopted, such as reversing

long-standing public education policies and curtailing local programs aimed at redistributing income." (33).

In other words, welfare payments must be reduced, expenditures for public housing eliminated, and other community facilities closed and the savings used to support the incomes and business institutions of the middle class white collar worker.

Impact on Residential Communities

Transformation in the predominant mode of capital accumulation in a city will initiate a series of changes in the site requirements necessary for capital reinvestment. For the surplus product to be reinvested in the city, patterns of changes will occur in the facilities for the production and circulation of capital, facilities serving workers, the social climate of the city, and the public services supporting production and the workforce. Changes in these site requirements will result in alterations of the city's labor and real estate markets.

Changes in the size and distribution of demand for labor will alter the social character of the city's labor force. Changes in the labor market will render some groups of people and skills economically obsolete while other groups of people and skills will be in relatively greater demand. As methods for controlling sectors of the labor market differ, there will develop a differential wage structure for different groups of skilled workers. (34).

The real estate market will be impacted as the facilities

serving the production and circulation of capital in the emerging stage of capital accumulation will require different locational attributes than those of the preceding stage. During the period of transformation, certain facilities and locations will become economically obsolete while others will become more attractive to investors. With changes in the wage structure of the labor market, enterpreneurs in the housing market will be able to provide different types of housing based upon their ability to capitalize on workers' earning potential.

The emergence of the new predominant mode of capital accumulation will cause uncertainty among rentiers about the rate and direction of growth. As they try to anticipate the needs of business, they will plan for the reinvestment of capital in new facilities, and assess the impact of this process on the profitability of older facilities. Rentiers, in cooperation with state agencies, will engage in formal planning for the development of major facilities needed in the reinvestment of the surplus product.

Within smaller submarkets of the city, rentiers will react in a more ad hoc manner. In general, rentiers will attempt to protect against the erosion of capital they have invested in older facilities while directing capital to more speculative enterprises.

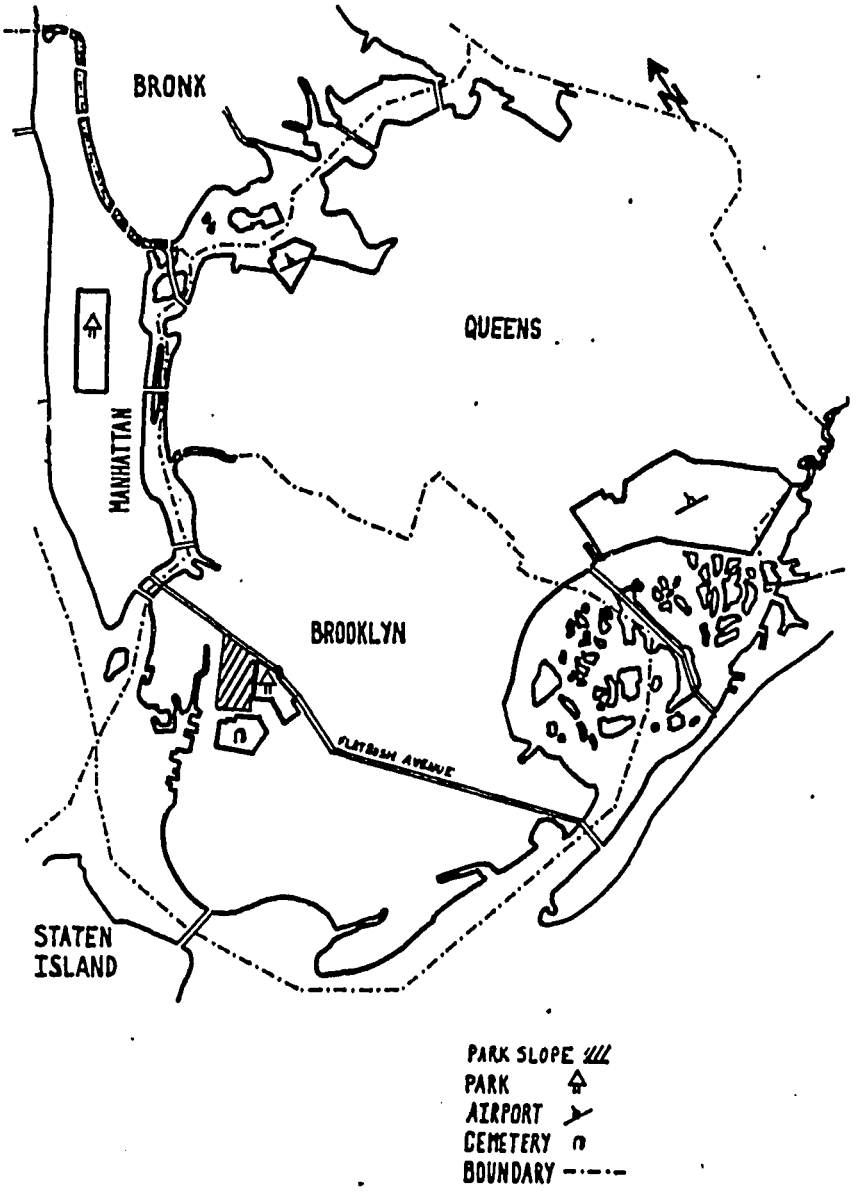
Within residential communities, the emergence of a new mode of capital accumulation will also generate uncertainty

about the future role of the community. Changes in the labor and real estate markets of the city will impact the ability of local institutions and entrepreneurs in the housing market to provide traditional goods and services. Patterns of change in local institutions and housing markets will affect residents' expectations about the role of the community in the city and their ability to manage these changes.

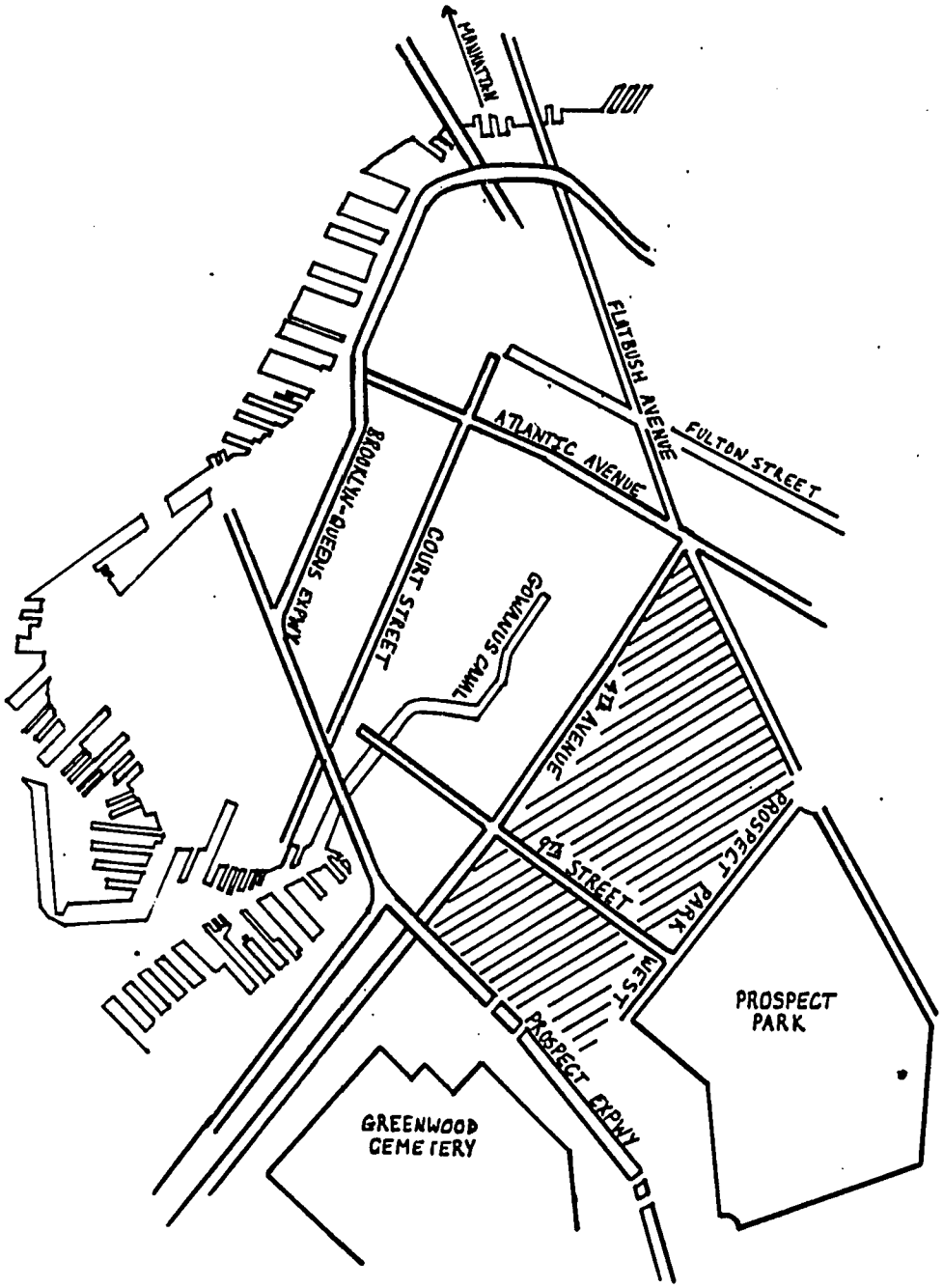
In the next chapter, Chapter Two, the process of change in the political economy of New York City from the commercial through the corporate era will be examined. In Chapter Three the historical consequences of this process will be explored for one community, Park Slope, for the industrial and corperate periods. In Chapter Four there will be a more detailed examination of Park Slope's residential real estate market in the 1960's and 1970's. This will demonstrate the recent impact of changes in New York City's labor and housing markets on this community. In Chapter Five how the different racial and economic classes of Park Slope identify and intrepret patterns of change in their community will be outlined.

Maps 1.1 and 1.2 display the location of Park Slope in New York and Downtown Brooklyn, respectively.

Map 1.1
Park Slope in New York City



Map 1.2
Park Slope in Downtown Brooklyn



Notes for Chapter One, Introduction

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(16) O'Connor, James Fiscal Crisis of the State (New York: St. Martins Press, 1973).

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(18) Ibid., p. 6.

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(22) O'Connor, op. cit. p. 161.

(23) Lake, op. cit., p 20.

(24) Ibid., p. 15.

(25) O'Connor, op. cit. p. 161.

(26) Lake, op. cit., p. 17.

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Chapter Two
Stages of Capital Accumulation in New York City

National Economy in the Commercial Period (1786-1860)

During the commercial period, capital accumulation was realized through the exchange of goods and services. The function of merchants was to act as an intermediary between supplier and consumer. A city able to develop a competitive edge in the acquisition of supplies and their distribution would increase the productivity of labor and generate a greater social surplus product. The role of the state was to assist in the provision of internal improvements necessary for the expansion of markets and sources of raw materials.

A period of national commercial development in the United States was not achieved until after the completion of the American Revolution and the signing of the Treaty of Ghent with Britian in 1814. Prior to this stage, American commerce was subject to foreign interference and regulation.

In 1810, the United States had a total work force of 2.3 million people of which thirty two percent were slaves. Eighty four percent of the work force was engaged in agricultural production. Three percent was employed in manufacturing. By 1860, the work force would expand 377 percent to 11.1 million workers. However, a majority of the work force was still employed in agricultural production with another fourteen percent in manufacturing, and eight

percent in trades. (1). Corresponding to this composition of the work force, the majority of the national income during the commercial period was produced in agriculture. (2).

In 1820, the United States exported merchandise valued at $52 million. Crude materials and food accounted for $33 million. In the following year, the country imported $55 million of merchandise with manufacturing goods accounting for $46 million of the imports. (3) Furthermore, the country remained a debtor to European countries as indicated by a consistent net deficit of exports for imports. (4). Within this agarian based economy, the process of capital accumulation depended upon the exchange of crude materials for household and farm equipment. The long range expansion of the national economy, however, required the substitution of domestically manufactured goods for foreign imports and the expansion of markets and supplies of raw materials.

To aid this expansion, capital-short commercial institutions turned to federal and state governments for direct and indirect subsidies. The most substantial subsidy was the federal tariff on imported manufactured goods. For instance, federal revenues in 1820 amounted to nearly eighteen million dollars. Fifteen million dollars of this total was derived from import tariffs. (5). In addition to these tariffs for the protection of

domestic industries, there were navigational acts to protect the domestic fleet, subsidies for the expansion of the western boundaries through land sales, and subsidies for the construction of a national highway. (6).

The South, heavily dependent upon imported manufactured goods, was against the import tariff and other commercial protective measures. It was also opposed to the use of federal funds for internal improvements such as roads and canals as they generallly benefited the commercial interests in the North. These sectional differences limited the ability of commercial institutions to exploit the federal government for the purpose of subsidizing internal improvements.

New York City in the Commercial Period

During this period, New York City gained rapidly in population and emerged as the largest commercial port in the country. Historian Rosenwaike observed, "In 1825 New York contained 166,000 residents; across the East River, the suburban village of Brooklyn held an additional 11,000. In 1860 the entire metropolitan area was home to more than one million persons, including 814,000 in New York City and 267,000 in the city of Brooklyn." (7). This increase of over 500 percent in 35 years was contingent upon the dominance of the city as the commercial capital of the country. The city's dominance was based on the combination of its central location on Altantic costal waters, its competitive route to England, New York State's

method for taxing imports at auctions and, most importantly, the Erie Canal. (8).

Early in the nineteenth century, New York merchants realized the expansion of their businesses depended on enhancing the locational advantages of the port. The answer was a 363 mile canal connecting Albany to Buffalo and thus New York City to the North West via the Hudson River and the Great Lakes. In 1816, a state commission was formed to plan for the canal. This privately operated and state subsidized project began in 1817 and was completed in 1825. This plan amounted to the largest public works project in the country's history and employed over 4,000 people. However, as Morison points out, it was developed without the aid of any previous engineering precedent and "at the start of this great enterprise, the four men charged with the responsibility of its direction had no previous experience with canal construction, had little or no practice in building anything, and, so far as one can find, had never used a leveling instrument." (9). Here, technological innovation followed the needs of commercial businesses and the state cooperated in a speculative endeavor to provided commercially needed facilities.

The canal, itself, was an enormous commercial success and had the immediate impact of reducing the costs of shipping grain between Buffalo and New York City from

$100 to $15 a ton and travel time from twenty days to eight. (10).

With the completion of the canal, New York City vastly expanded its market area and its competitive edge over other cities. In 1816, New York handled thirty percent of national imports. In 1860, it was up to sixty eight percent and remained at that level through the rest of the century. The domination of New York was most complete in cotton and woolen textiles. In 1860, these imports totaled $71 million with New York handling eighty percent of the total. (11).

The expansion of the city's business institutions required a greatly expanded labor force. It was composed largely of European immigrants. In 1825, less than eleven percent of New York City's 166,000 residents were foreign born. Thirty five years late, forty eight percent of its residents were born outside of the country. (12).

Table 2.1
Occupation of New York City Labor Force in 1855

Industry	Number	Percent
Trade	35,568	17.4
Transportation	10,000	4.9
Artisans & Factory Workers	66,170	32.3
Building Trades	18,837	9.2
Laborers & Porters	23,290	11.4
Service	49,114	24.0
(Domestic)	(31,749)	
Agriculture	923	.4
Other	1,041	.5

Source: Robert Ernst (1949) Table 27.

The majority of workers were employed in small trading

companies, manufacturing concerns and as artisans and domestic servants. Of the 66,200 artisan and factory workers, 30,700 were working in apparel or shoemaker trades. Work in these industries was labor intensive. The sewing machine, for instance, was not introduced by a manufacturer into the apparel trades until 1850. (13). The apparel industry consisted of a mix of independent artisans, such as tailors and dressmakers, dressmakers working under a single employer in a factory, or an entrepreneur bringing instructions and materials to workers at their homes. This mix of production methods was characteristic of the commercial period.

While New York City's locational attributes gave it a predominance as a commercial port, mercantile businesses remained relatively small. Its location gave merchants a price advantage in the distribution of goods over competing cities. But, within the city, mercantile and labor intensive manufacturing businesses required little capital investment, sold basic commodities, and had an undifferentiated regional market of farmers and other merchants. No particular business institution could dominate sources of supply, methods of production or the market. Competition was severe and business organizations remained relatively small. However, the expansion of markets during the commercial period did have the result of eroding the status of independent artisans. With markets for larger quantities of goods, entrepreneurs could profit

from a simplification of work tasks and an elementary organization of a workforce. (14).

The small scale of business organization had the impact of maintaining its dependence on the infrastructure of the city. For example, dry good merchandisers could not afford traveling salesmen or sales outlets in other cities. Buyers were required to travel to the city. Merchants had to remain in New York City while being accessible. The small scale of manufacturing also made these businesses dependent upon the city for sources of supplies, laborers and outlets for goods.

Real Estate Markets: A land use mosaic.

In this mixed economy of independent artisans, small merchants and manufacturers, day laborers and domestic servants, the city was a mosaic of different land uses. In 1820, the edge of the city extended approximately twenty blocks from the foot of Manhattan to the present site of City Hall. This area contained an enormous mix of business and homes. Counting houses and warehouses, occupying former homes, located along the East River; banks, stock brokers, and insurance companies intermingled with homes on Wall Street; fashionable homes were located on Broadway and extended over to the Hudson River; and the side streets contained boarding houses, brothels, and working class apartments. (15).

As the population and number of businesses expanded, a characteristic pattern of land use developed. The entrep-

preneurs and merchants built their homes in the center of Manhattan Island, thus avoiding the piers and warehouses along the river fronts. These homes extended as far as Thirty Seventh Street by the beginning of the Civil War. Their once fashionable homes in lower Manhattan, along Broadway, were progressively bought by retailers, hotels, manufacturers and financial institutions. Dry goods merchants built their warehouses along both sides of the island near the docks. The homes of the working class were located in the spaces between the warehouses and the fashionable homes of the merchants. The largest slum district originated at a spot northeast of City Hall. As it became profitable to build housing for the working class, this district was extended up the east side of Manhattan.

Social Climate: An era of state Republican interference.

The population of the city increased from 96,000 in 1810 to over 800,000 in 1860. During most of this period, the city government operated no water or sewer system, had no health or building codes, and lacked a municipal fire department. Without municipal water and sewer systems, the populace was periodically subject to epidemics and devasting fires as the only source of water was polluted ground wells. The development of democratic institutions for resolving public needs during this period was stalled by the interference of the Republican controlled State Legislature in

city affairs; interference motivated by a desire to protect commercial interests from the competing needs of new ethnic groups and smaller entrepreneurs.

The city charter of 1830 expanded the council form of city government traditional since the occupation of the city by the Dutch. This particular charter was modeled after the form of national government. Two legislative branches were created. Both held joint power over appropriations, appointment of city officials, and executive control over city departments. The position of an elected mayor was created for the first time, but the office's power was essentially limited to an executive veto. Members of both legislative branches were elected in partisan elections by voters in the wards they individually represented. This form of government would last until 1849. (16).

Therefore, between 1830 and 1849, when the city budget would increase from $677,000 to over $3 million and the population from 200,000 to over 500,000, a substantial potential existed for new immigrants and entrepreneurs to control the city government through the election of local ward representatives. It was exactly this exercise of control that led to prolonged state interference in New York City government. To quote a nineteenth century reformer,

> "The Democrats in the city were using the public patronage, the control over the election machinery, and every other influence, legitimate and illegit-

> imate, to carry the state elections; they were not only misruling the metropolis: they were using it as a tool to capture the state government. It was no wonder that the Republicans, and the better classes in the city generally, desired some means to save the people from the spoilers, nor that the Republican majority in the legislature was very ready to come to their aid by transferring the administration as far as possible to its own control." (17).

The charters of 1849 and 1857, amendments of 1853 and separate legislative actions progressively removed budgetary and executive control from the City Legislature. This was done in three ways: state interference in the city's budget; state legislative creation of independent city agencies and commissions with officers appointed by the State Legislature; and the legistative creation of a separate board of county supervisors so constructed to guarantee membership sympathic to the Republicans. It has been estimate that out of city appropriations of $23.3 million in 1868, the city government retained direct control over only $3.7 million. (18).

This interference in city affairs was not always peacefully settled. When the Metropolitan Police Act of 1857 removed control over the police force from the city government and placed it with a state appointed commission, the Mayor resisted. A riot within City Hall occurred between officers of the old and new police force when the new commission attempted to arrest the Mayor for resisting the state takeover. The riot was settled with the arrival of the Seventh Regiment who

served the warrant on the Mayor. (19).

Public Facilities: A water works to serve a new populace.

While the proper social climate for reinvestment of privately held capital was maintained by state interference, mechanisms were still needed for the construction of the infrastructure required by business interests. In the period from 1812 to 1849, a total of $17.6 million in funded debt was issued by the city; $13.2 million was issued for the construction of a municipal water works. After a city referendum on the issue of city ownership of a water works in 1835, the state formed a commission, with members appointed by the Governor to manage the program, including the laying of pipe in the city. Thus, we have an early instance of state interference in a strictly city concern.

When the authorized sale of $12 million in notes and bonds for the water project threatened the city's credit position, the State Legislature, in 1845, ordered the creation of a sinking fund to pay all interest on the debt. All revenues from the city, not derived from taxation, were pledged to the debt; i.e., water rents, dock receipts from municipal docks, and license fees. While all of the residents of the city paid for the water works through taxation, few residents gained immediately from its benefits. As the State Legislature failed to require property owners to supply water to tenants, two and a half years after the system opened in 1842, only 6,175 houses

were linked up to it when the population was over 400,000. (20).

As had been the case with the construction of the Erie Canal, there was no previous engineering precedent for the construction of the city's water works. This system included the construction of a dam and reservoir to hold millions of gallons of water, a free standing aqueduct running 33 miles from the Westchester reservoir to the Harlem River and sets of pumps and distribution centers in the city. John Jarvis, an engineer on the Erie Canal, was hired to execute the project. Morison comments on the project.

> "All the parties to this great public enterprise were very uncertain, and therefore very nervous, over the question of whether or not the thing could be done at all. As Jarvis said, "No experience in this country or hardly in modern times prepared anyone for the construction of the Croton Aqueduct." (21).

Indeed, the first large rainfall caused the collapse of the dam. Again, a new technological process was invented to meet the infrastructure needs of business.

National Economy in the Industrial Period (1860-1930).

During the industrial period, the dominant method for the accumulation of capital was the production of goods and services. These production processes required the coordination of raw materials, technological processes, labor markets, and the distribution and sale of goods in the market place. The aim of the manufacturer was to realize sufficient gross income from sales to cover pro-

duction costs, pay a competitive return on equity, and to create new capital for reinvestment in the company.

The production of basic industrial commodities such as primary metals, machinery and chemical, is more capital intensive than the simple sale of commodities. Merchants require financing for their inventory and facilities for storage. The production process requires inventories of raw materials and produced commodities, machinery and plants for production and a skilled workforce. To attract investment capital, a manufacturer must be able to demonstrate a stable and growing demand for particular commodities and an ability to capture a share of this market sufficient to generate a competitive return on equity.

The large capital investment in the production process also makes manufacturing companies particularly vulnerable to disruptions in the business cycle. Disruptions in sources of raw materials, the labor market, technological processes, or the distribution and sale of commodities would encumber the company with the problem of maintaining a heavily capitalized business while sources of income were cut-off. A company that could gain control over the elements of the production cycle would greatly reduce risk of disruptions. With reduction of risk, the company would generate greater profits and attract greater amounts of investment capital.

Between 1860 and 1900, total employment in the country rose 161 percent from 11 million to 29 million workers. From 1900 to 1930, the work force rose another sixty eight percent to 49 million workers. The percent employed in the traditional extraction enterprises of farming, fishing and mining declined from fifty five percent to twenty four percent of the work force between 1860 and 1930. The percent working in manufacturing, rose from a low of fourteen in 1860 to a high of twenty seven in 1920. (22).

With this shift in labor markets, the value added by manufacturing surpassed that by agriculture by nearly two hundred percent in 1929. (23) To fuel this growing industrial complex, the United States imported more crude materials and food than manufactured goods by 1874. Furthermore, as it increased exports from $316 million in 1860 to over $.37 billion in 1930, in 1926 the country exported more manufactured goods than raw materials and food. (24).

Within the manufacturing sector, there were also changes in the importance of different enterprises. Producers of the field and nondurable goods declined in importance as food, leather and forest processors, and textile manufacturing accounted for sixty five percent of capital in manufacturing in 1879, fifty one percent in 1904, and thirty six percent in 1929. Capital intensive industries of chemical, petroleum, iron and steel, machinery and transportation equipment, in turn, rose from twenty five percent of capital in

1879 to thirty one percent in 1904 and forty four percent in 1929. Capital invested in manufacturing rose from $4.8 billion in 1879 to $66 billion in 1929 (in constant 1929 dollars), or an increase of over twelve hundred percent.(25).

Union Victory Makes Industrial Expansion Possible.

This transition from an agarian based economy to an industrial economy was based upon alterations in the distribution of politial power in the country. Federal policies in the mechanisms for the extraction of a surplus product, investments in internal improvements, and the creation of a proper social climate for manufacturing generated demand for industrial commodities on an unprecedented scale and protected corporations from disruptions in the business cycle. These conditions made manufacturing attractive to investment capital and guaranteed the expansion of industrial capacity and profits.

While the sectional differences of Nothern commercial and Southern agarian interests exploded into the Civil War in 1861, the war provided the proper conditions for the expansion of industry. With Southern succession and the victory of the Republicans in the 1860 elections, Republicans were able to enact sets of programs conducive to industrial expansion. Louis Hacker describes these programs.

"The Republican Party was in favor of a "protective

> tariff," a homestead act, a liberal immigration policy, government subsidies for internal improvements, and a transcontinental railroad. And once installed in office, while it presumably was bending every effort to win the war, the victorious party did not permit itself to lose sight of its class program. In 1861 a protective tariff was enacted; in 1862 a homestead law was passed; and in the same year, supported from federal loans and grants, the first Pacific railroad was chartered; in 1863 and 1864 a national banking code was writtten; and in 1864 the bars were let down to the entry of immigrant contract labor..." (26).

While providing this array of stimulants to the national economy, the federal government became the largest customer of industrial commodities during the Civil War. Between 1861 and 1866, federal receipts expanded from $42 million to $558 million. These were used to purchase war materials. (27). In addition, the government provided an outlet for profits generated during the war. Through a combination of direct land grants and secondary loans to railroad companies, the federal government was able to attract vast amounts of capital into railroad construction and started a boom that lasted into the twentieth century. It has been estimated that the combination of loans and land grants enabled railroad companies to earn over 14 percent on equity in the 1870's while alternative investments in the same period averaged only 8.9 percent return. (28).

The attractiveness of railroad investments resulted in a boom in railroad production with 40,000 miles of rails constructed in the decade from 1865 to 1875; approximately 130 percent more than was laid in the previous two decades.

(29). It has been estimated that in the last two decades of the nineteenth century, between 40 and 50 percent of all private capital formation was in the railroads. (30). Of more importance, the extension of a national railroad system fostered investment into other complementary facilities. Daniel Nelson, an industrial historian, observes, "In 1870 there were only a handful of large factories, concentrated in textiles. The McCormick plant in Chicago, supposedly one of the nation's largest, had 400-500 names on its payroll. By 1900, however, there were 1,063 factories with 500-1,000 workers and 433 with more than 1,000 wage earners." (31). Steel mills, locomotive factories, agricultural machinery and electrical machinery plants grew tremendously to supply a growing national market for producers of industrial and farm products.

Of the 70 manufacturing plants with over 2,000 employees in 1900, 61 were located in just 6 North Eastern and North Central states: Pennsylvania (18), Illinios (14), Massachusetts (14), New York (6), Ohio (5) and New Jersey (4). (32). Thus, it was largely the Northern states that benefited from the growth of industry.

World War One and Emergence of United States as International Industrial Power.

By 1907, the demand for industrial commodities generated by the introduction of railroads had started to stagnate. Between 1904 and 1909, the number of industrial workers

expanded 24 percent to over 7 million workers. In the next five years, it expanded less than 7 percent. (33). International hostilities during World War One, renewed demand. Between 1915 and 1920, exports jumped from $2.7 billion to over $8 billion. To supply the war effort, federal receipts increased from $683 million to over $6.6 billion, an increase of 880 percent. (35). From 1914 to 1919, employment in manufacturing jumped 31 percent to 9.8 million workers. The pent up domestic demand for housing and automobilies during the war would continue to provide outlets for industrial goods until 1929 when the overcapacity of industry and excess capital would cause a decade long depression. (36).

The events of World War One also led to the emergence of the country as a world industrial power. As the European countries piled up enormous debts to fund their war machines, the United States was converted from a debtor to European countries to a creditor. The combination of war loans, withdrawal of capital from the United States by European countries, and direct investments in Latin American mining and ore processing plants transformed the United States from a debtor in the amount of $3.7 billion to a creditor in the same amount between 1914 and 1919. (37).

In partnership with the intervensionist policy of the federal government, corporations greatly increased their direct investments in supply oriented business in Latin

America. Direct investments there increased from $800 million in 1914 to $3.7 billion in 1929. In Europe and Canada, corporations increased both market and supply oriented investments from $1.2 billion in 1914 to over $3 billion in 1929. (38). This process of diversified direct investments abroad represented a fundamental alteration in the organization of manufacturing institutions and their ability to control elements of the business cycle. Corporations were going to more countries to build more plants which both produced and supplied a greater variety of goods. Alfred Chandler, business historian, describes the changes in business organization during this period, "In short, by the late 1920's complex multinational corporate ownership, administrative, and marketing patterns had emerged in many U.S. enterprises and a sizable number of such companies participated abroad in a variety of different activities, comprising horizontal and vertical (foward and backward) integration as well as diversification." (39).

Thus, by the 1920's manufacturers through greater direct investments abroad were able to gain control over foreign sources of supplies and markets and hence strengthen their ability to coodinate their domestic production processes.

Domestic Consolidation of Power by Industry

By the 1920's manufacturers were also able to gain significant control over other elements in the business

cycle. An era of prosperity and a lack of sufficient power to influence the business cycle led labor unions, farm commodity organizations and other small competitive sector business organizations to accept the economic logic of large manufacturing organizations. Samuel Hays describes this ideological and strategic change.

> "Despite these differences in the pace of organization, industrialists, shippers, farm-commodity organizations, and labor unions developed in common a firm commitment to the existing economic order. Whereas in previous years many had expressed dissatisfaction with the "system" and had voiced the conviction that it could be cast aside, the new economic organizations accepted the implications of industrialism and concentrated on working out their destiny within it." (40).

The destiny accepted was the ambition of industrialist to gain a greater share of the market for all commodities while maintaining control over supplies, labor markets, production techniques and the distribution of goods.

This search for greater control over the production process, financed by a generation of accumulated profits, also led to the great merger wave of 1898 - 1903. The principal aim of these mergers was to consolidate companies with similar product lines and markets for the purpose of reducing competition in the market. Hays describes the scale of this early merger wave.

> "From 1897 to 1903 the number of combinations rose from 12 to 305, with an increase in aggregate capital from under $1 billion to nearly $7 billion. By 1904 these firms controlled nearly two-fifths of the

> capital in manufacturing in the United States. In 1901 appeared the largest of all, the United States Steel Company, capitalized at $1.4 billion. This mammoth merger bought into one organization some 158 corporations, including the two largest integrated steel companies in the country." (41).

The most successful mergers and consolidations occured in capital intensive industries of steel and primary metals, petroleum and machinery groups such as agricultural machinery, sewing machines, cash registers, and electrical equipment. The traditional apparell, furniture, lumber, leather and publishing industries which are more labor intensive and lacking standarized merchandise, were less successfully consolidated. (42). It is in this period of industrial development that a dual economy of monopoly and competitive sector industries emerges: with competitive sector industries having less control over the business cycle.

Between 1925 and 1931 there was a second wave of mergers. These were dominated by vertical consolidations; e.g., acquisitions of facilities that either provided formerly purchased goods and services or provided outlets for goods and services.

New Site Requirements of Industry in the Late Industrial Period.

The changing size and complexity of business organizations led to changes in the internal organization of business and its ability to introduce changes in the location of production and administrative facilities. After

the period of horizontal mergers in the 1890's, institutions gained greater control over competition in the market. With stable and growing shares of a market, expansion of profits could be easily attained through more efficient control over the production process. With potentially greater profits existing after the end of price competition, owners could afford to hire the administrative personnel necessary for more formal control over the production process.

As result, the late nineteenth and early twentieth century saw a hierarchial centralized control over the production process. The factory was transformed from a collection of craft shops with foremen having control over production schedules, performance evaluation and pay, to a workplace with a centralized administration. Job specifications, work evaluation and rewards progressively came under the influence of a central office. At the same time, the power of foremen progressively decreased. The simple control of workers by direct supervision of owners and foremen in the early industrial era was replaced by formal mechanisms for supervision. (44). This rationalization of the labor process swelled the number of nonproduction workers and eliminated the need for direct supervision of the workplace.

Further increasing the importance of the central office was the merger wave of the 1920's. These vertical mergers internalized business functions previously performed by outside business organizations. As manufacturers acquired

suppliers and sale outlets, they increased the complexity of their organization by incorporating purchasing, operations and marketing divisions. All three divisions had to be supervised by an executive office that planned the direction of corporate growth and arranged financing of its divisions. Corresponding to the increased growth of managerial and administrative functions is the expansion of nonproduction workers in manufacturing. Between 1899 and 1929, the number of nonproduction workers increased 270 percent from 348,000 to approximately 1.3 million workers. Production workers increased only 86 percent from 4.5 million to 8.4 million. (45).

These merger waves also gave manufacturers an ability to introduce innovations at a pace that did not interfere with their ability to generate profits. In particular, the horizontal merger wave allowed manufacturers to consolidate operations of different production facilities as they phased certain ones out of production and opened new ones. This flexibility gave them more power to decide on the locational attributes best suited for production. Transportation costs, proximity to suppliers and consumers, land available for expansion, resistance of the labor force to exploitation by management, and other locational attributes could be given more weight in decisions on their reinvestment of the surplus product.

Starting in the 1890's, the locational attributes of the inner city were being evaluated negatively by

concentrated industries and the process of industrial decentralization began. (46). As heavy industry began moving out of cities, there was an accompanying process of centralization of administrative facilities. These changes preceded the widespread use of motor vehicles and outpaced the development of public transportation systems, particularly in New York City.

The tendency for executive and administrative offices to locate in central business districts of cities can be traced to at least two factors. Executive offices needed to remain accessible to the offices of other manufacturers who were their main suppliers and customers, and near the banks and insurance companies who were their main creditors. The process of contracting services and goods from different organizations required accessibility.

Further, as administrative headquarters grew in size they resisted decentralization as job specifications, methods of job evaluation, and rewards for performance for workers in clerical and management positions were still performed in an informal manner. Methods had not yet developed for the systematic control of the white collar labor force. Executives needed their white collar workers nearby as they had not yet developed formalized bureaucratic methods for their control. (47).

New York City in the Industrial Period

In 1860 the population of the counties of Brooklyn and New York stood at 1,093,000. By 1900, with the consolidation

of five separate counties into New York City, the population was 3.4 million and over the next three decades it would swelled to 6.9 million. Foreign born and their children accounted for the great majority of the new population with the foreign born, alone, accounting for over thirty five percent of the population throughout the industrial period. (48). Irish and German immigrants from the nineteenth century were joined by new waves of Italians, Polish, and Russian immigrants in the twenthieth. Consistently, between 1891 and 1930, New York City attracted over fifteen percent of all immigrants arriving in the United States. (49).

Table 2.2
Occupation of New York City Labor Force, 1900 and 1930

	Percent Distribution	
Industry Group	1900	1930
Total Employed	1,470,000	3,187,000
Trade	15%	17%
Clerical	9%	17%
Transportation & Communication	7%	9%
Manufacturing	31%	25%
Building Trades	6%	7%
Professional & Public Service	6%	10%
Personal & Domestic Service	24%	14%

Source: U.S. Census Bureau, 12th Census of 1900, Characteristics of Population, Table 94; 15nth Census of 1930, Population, Composition & Characteristics, Vol. 3, Part 2, Report by States, Table 20.

As Table 2.2 displays, the number of employed New York

City residents jumped from 1.5 million to 3.2 million between 1900 and 1930. This expansion of the New York City economy was due to its pre-eminence as the commercial and financial capital of the country as well as a producer of consumer goods. Throughout the industrial period, New York City businesses handled over forty percent of national exports, over fifty percent of imports, twenty percent of wholesale goods in the 1920's, and controlled over fifty percent of the deposits among the country's largest 141 cities. (50).

In 1900, 69 of the largest 185 corporations in the country had head offices in Manhattan. (51). From 1902 through 1931, 1,297 office buildings were constructed in Manhattan worth $928 million. This was 225 percent more than the $321 million spent on the construction of factories in this county. (52). Corresponding to the growth of the city as the commercial and financial capital of the United States, occupations in the trades, clerical services, professional and public services increased their share of the labor market from thirty percent in 1900 to forty three percent in 1930. Production jobs in manufacturing decreased from thirty one to twenty five percent of the labor market in the same period.

In the late industrial period, New York City declined in national importance as a producer of durable commodities such as steel and primary metals, and machinery, as well

bulk consumer goods, such as meat packing, milling and beverages. (53). With the continued centralization of ownership in this industries, businesses could afford to seek out more profitable sites for their production. Additionally, the process of the geographic decentralization was also beginning in light industries such as printing, clothing, and electronics. (54).

Decentralization of Light Industry Out of New York City.

Being the commercial and financial capital of the country as well as the largest labor and consumer markets, the city was attractive to those industries specializing in the production of goods sensitive to changes in the market place. Innovative and unique products could be tested, financed, and marketed successfully in the area. Producers of unstandardized products would have access to an elastic labor market, countless varieties of suppliers and wholesale outlets, the largest source of credit in the country, and a variety of production sites. In New York City, the largest industry was apparel manufacturing.

In 1930 over twenty percent of production workers were employed in clothing industries. In 1914, the city employed sixty two percent of the national workforce in ladies' and childrens' clothing, and over seventy percent in 1921. Due to the variability of fashion and seasonal changes, production output remained variable and resisted standardization. This variability of output required a manufacturer to maintain flexibility in the production

process.

Flexibility translated into a need to be close to suppliers, a large skilled labor force, subcontractors, and wholesale buyers. However, within the ladies' and childrens' clothing industry there were items that had standardized designs and were in constant demand; e.g., underwear. The producers of these items fled the city to avoid the relatively high union wages of city clothing workers.

In general, within the clothing industry the greater the standardization of the product, the greater was the tendency of its producers to have large numbers of employees. It was among this group that there was the strongest tendency to move out of the city for locations with a greater labor surplus and cheaper wages. Similar histories can be offered for the printing and electronic industries.

N.Y.C. Social Climate: The Democratic Machine curbed by financial institutions.

The financial resources of the city expanded at an incredible rate during the 1860's. Between 1860 and 1869, the assessed value of property increased sixty seven percent to $942 million. (55). Commercial interests found the Tammany Wing of the Democratic Party a group eager to use city funds for the expansion of public works to improve city real estate and to grant concessions to businesses. Through successive years of victory at the

polls after the Civil War, the Democrats were able to capture sufficient positions of public power to offer the concessions business wanted. For this businesses were willing to pay, the newspapers willing to endorse, and the banks eager to finance the expansion of the city debt.(56).

After successive victories in 1867 and 1868, Tammany members in public positions of power included John Hoffman, State Governor, A. Oakely Hall, Mayor of New York City, Richard Connolly, City Comptroller, Peter B. Sweeney, County Treasurer and City Chamberlain, and William Tweed, State Senator, Deputy Public Works Commissioner and member of the County Board of Supervisors. To finance their organization various methods were used for tapping the resources of the city treasury. These included a special provision of the New York State 1868 Tax Levy Bill. This measure allowed the city Comptroller to audit and pay all contested claims against the city and county while issuing bonds to finance the payment of these claims. Padded claims were submitted to the Comptroller. As they were paid, a percentage was returned to the Tammany Club.

In 1870, through a successful combination of logrolling and graft, Senator William Tweed was able to pass through the State Legislature a new charter for the city. The new charter eliminated independent city commissions, and the County Board of Supervisors while placing the power of

appointment for executives of city agencies under the authority of the Mayor. These measures returned to the city government power over its agencies which the Republican legislature had removed in the past generation. Under the new city charter, Tweed was appointed Commissioner of Public Works and Sweeney President of the Parks Department.

The power of the Democratic Party and Tammany Hall at this point seemed conclusive and impenetrable. They had the political support of new waves of immigrants and had centralized power in their political organization. To attain this power they had increased the net bonded debt of the city 172 percent in two and a half years to $97 million. (57). They used this money to buy the influence of state Republicans, city newspapers, real estate speculators, and small businesses. However, the source of their funds was also their weakness. Mandelbaum, a Tweed biographer, describes the consequences.

> "The bond market was the Achilles Heel of the Tweed Ring. The city could enforce tax collections, but it could not coerce investors into purchasing securities. Impairment of the city's credit in foreign capital markets would hinder the efforts of city financiers to place other securities abroad.
>
> The burden of debt and the character of city expansion also directly affected the business of financiers handling real estate mortgages. The corporate holders of mortgages, although they were interested in development, were a peculiarly powerful and consolidated center of anxiety about the credit of the city and the dangers of heavy burdens upon real estate." (58).

The anxiety of financiers was peaked with disclosures in July of 1871, by the New York Times, of fraud committed

by the Tweed Ring. The stories centered on fraud committed by a group formed in 1870 to audit claims against the disbanded Board of Supervisors. On this audit committee were Mayor Hall, Comptroller Connolly, and past President of the Board of Supervisors, Tweed. By August, investors refused to buy city bonds. In September, successive court orders were issued temporarily removing the power of appropriation from the city government. In October, under pressure from the courts and the business community, Connolly delegated his responsibilities to a new Deputy Director who was sympathic to business interests. The Tweed Ring was effectively smashed in four months.

Throughout the rest of the century, by a combination of renewed state interference in city affairs, and control over city bonded debt, city expenditures were kept low and the bonded debt was reduced. Indeed, as the city's population grew by eighty percent between 1876 and 1896, city budget expenditures increased by only thirty three percent. (59). In this same period, city indebtness actually declined by one percent. (60). The business community, growing wealthier during this period of industrial expansion, had the capital necessary for the private construction and ownership of socially needed facilities such as rapid transit and tried to keep state involvement in public development at a minimium.

The state-enacted city charters of 1897 and 1901 consolidated five separate counties into New York City and created the present bicameral legislative structure of the city government. The legislative body was composed of the Board of Alderman, with Alderman elected by wards, and the Board of Estimate and Apportionment. The latter was composed of officers elected at large (Mayor, Comptroller, and President of the Board of Alderman), and five Borough Presidents who were elected by the voters of each borough. Executive functions of the city were the responsibility of an elected Mayor. The Board of Estimate possessed the crucial powers of the city since it had control over appropriations. The politically weak Board of Alderman had legislative responsibilities. (61).

From 1898 through 1918, coalitions of Republicans and Reformers fought the Democratic machine for control over the Mayor's office and positions on the Board of Estimate, with neither side gaining permanent control. The Reform coalition, in attempts to weaken the control of the Democratic machine, used such tactics as the separation of municipal elections from national elections, primary and ballot reform, expanded use of civil service and budgetary and accounting reforms. (62) After 1918, with the successive administrations of Mayors Hylan, Walker and O'Brien, the Democratic organization was to remain in power until the elections of 1933.

The pent up demand for housing and production facilities during World War One created an enormous post-war building boom in the city. (63). The assessed valuation of real estate in the city increased by over ten percent annually, or over one billion dollars a year, throughout the 1920's. While the property tax rate rose only from $2.32 per hundred dollars of assessed valuation in 1919, to $2.59 in 1932, city expenditures rose from $254 million on $692 million in the same period. The higher assessed value of real estate allowed for the enormous increase in expenditures without a substantial increase in the property tax rate.

This increase was used to expand the work force of the city government from 80,000 to 148,000 people between 1919 and 1932. The city also made enormous capital commitments for public works, including an $800 million commitment for the construction of the IND subway and $160 million for the construction of public schools. But, the onset of the Depression brought a slowdown in new construction and property tax assessments reflected this downturn. More ominously, uncollected property taxes, as a percent of total charges, rose from eleven percent in 1927, or $75 million, to twenty six percent in 1931, or $140 million, to $200 million in 1932. These uncollected taxes resulted in expanding budget deficits for the city. (64).

Through a series of salary reductions, firings and roll-overs of maturing notes and bonds, the Democratic administration reduced expenditures from $692 million in 1932 to $532 million in 1933. However, large tax revenue notes and capital improvement bonds used to finance the expansion of the city continued to come due. In the fall of 1933, the capital markets refused to finance the city debt. To secure financing, Mayor O'Brien was forced to sign the "Bankers Agreement of 1933." Under the terms of this four year agreement, the banks would finance tax revenue notes in return for the establishment of a revolving fund financed by segregated tax revenues, a freezing of city property tax rates, and the elimination of legislative proposals to hike taxes on stocks, savings banks, and life insurance companies. Thus, in a period when the value of many private debts held by banks became worthless, investments in city debt remained secure. In 1934, further measures had to be taken by the new Fusion Mayor La Guardia to reduce the city deficit in order to qualify for a federal loan of $130 million to pay the salaries of 30,000 workers in the Civil Works Administration. (65).

Public Facilities: Public Transit for an Industrial City

Raids of the public treasury by the Regular Democratic machine were kept in check through the combined influence of financial institutions and the State Legislature. How-

ever, commercial interests, themselves, had to develop mechanisms for tapping the same public treasury for construction of public facilities to support the reinvestment and circulation of capital. During the industrial period, the largest public works were the construction of the elevated and underground transit system. To construct this system, commercial interests would have to develop a progressive series of state commissions to plan the system, tap the city treasury, and enforce their plan on resistant property owners and business interests.

In 1865, half of the city's population lived north of Fourteenth Street and homes were being built as far north as Fifty Ninth Street. (66). The population of the city which grew from 166,000 in 1825 to 943,000 in 1870, still traveled through the city streets on street cars and omnibuses drawn by horses. The resulting congestion and longer travel times necessitated new solutions to the problems of transportation in the city. Modeled after the London subway system, opened in 1863, Hugh Wilson, a Michigan railroad financier, proposed successively to the State Legislature in 1864, 1865, 1866, and 1867 that he be granted a franchise to build, at his own expense, an underground subway. His proposed line would extend up Broadway, the center of commerce in the city, from Whitehall Street to Thirty Fourth Street and then up Sixth Avenue to Central Park. (68).

As this subway would require the use of city streets and

the power of the government to condemn property, he needed the approval of the government. The State Legislature had jurisdiction in transit facilities as they removed this power from the city government in 1860. Wilson's plans were continually blocked by the Legislature and the Governor because of competition between other companies for surface franchises on the same avenue. James Walker, a historian of New York City transit construction, comments, "To the unprejudiced reader of this chapter of Legislative history it would appear that the first underground railroad bill was defeated by the corporations then owning the street railroads, who did not want the competition of a subway." (69). The street railroads with 115,000,000 passengers in 1870, were not anxious to have a subway on an avenue on which they were still fighting for a franchise to operate a line. A mechanism was needed for resolving conflicts between the various commercial interests.

In 1875, through enabling State Legislative action, the Mayor of New York City was able to appoint a Commission for Rapid Transit. This Commission was empowered to designate routes for transit lines and designate corporations to build and operate them. The Commission approved a franchise for the New York Elevated Company to build lines on Third and Ninth Avenues and for the Gilbert Elevated Company for lines on Second and Sixth Avenues. By 1880, these elevated lines extended to Harlem

and were joined at the Battery. In 1879, the two elevated companies merged under the Manhattan Railroad Company. The lines prospered as the number of riders increased from 9.2 million in 1878 to 60.8 million in 1880.

Under the New York State Transit Act of 1891, the Mayor of the city formed a new commission and appointed its members. This commission had the power to determine routes and offer the franchise to build and operate them at a public auction. The new commission offered the coveted Broadway franchise. However, they received no bid. The Manhattan Railroad Company, now owned by railroad baron Jay Gould, refused to bid or add new miles to its elevated lines. Presumably a subway would only devalue the profitability of his elevated lines. The commission could regulate competition among railroad interests but it could not force a monopoly to invest in new facilities.

Following this failure, the Chamber of Commerce of the State of New York sponsored the Rapid Transit Act of 1894. Under this act the State legislature created an eight member Board of Rapid Transit. Three members were ex-officio and included the Mayor, Comptroller, and the President of the Chamber of Commerce. The five other members were appointed by the State Legislature. Beyond the powers of the previous commissions, it had the authority to submit to the voters of New York City a referendum calling for the use of the city's credit to finance the

costs of subway construction. Subsequent to the approval of the question by the voters, the commission had the power to determine routes, approve contracts, and charge the expense of the construction to the City of New York. Thus, the commission posssessed a large measure of autonomy, and a large measure of resources for the enactment of its plan. In effect, a parallel government had been formed within the jurisdiction of New York City.

In 1900, August Belmont bid successfully on a franchise to build a subway in Manhattan and the Bronx. The cost to the city was $37.7 million. The Interborough Rapid Transit Company, owned by Belmont, leased the city owned lines for a fee equal to the interest rate on the bonds plus one percent for the sinking fund. If the profits of the Company fell below five percent, rental payments would be suspended. In 1906, the Manhattan-Bronx line was complete.

In 1903, the Manhattan Elevated merged with the Interborough so that all elevated and subway lines were consolidated into one company in the Boroughs of Manhattan and the Bronx. In 1906, the Interborough merged with the Metropolitan Street Railroad Company. The latter company controlled all surface lines in Manhattan and the Bronx.

In 1907, the State Legisture replaced the Rapid Transit Commission with the Public Service Commission. All five members of the Commission were appointed by the Governor. Further, to escape from the current debt limitations of

New York City, the Commission sponsored an amendment to the New York State Constitution to exempt dock and transit bonds of New York City from the New York State constitutional limits on municipal debt. The changes approved by voters in a referendum and the State Legislature by 1910 made a new $120 million dollars in New York City debt capacity available. This was possible since the city was limited to issuing debt equal to ten percent of the assessed value of real estate. With the removal of existing dock and transit bonds from the limit, new capacity for debt was created.

With these expanded resources, the Commission entered negotiations for an unparalled expansion of urban transit facilities. In 1910, negotiations were started with the Interborough and the Brooklyn Rapid Transit Company. The result was a plan formulated for connecting the four boroughs of the Bronx, Manhattan, Brooklyn and Queens with subways using bridge and tunnel crossings. In 1911, the routes were announced and in 1913 the contracts were issued. Under the plan the nuumber of miles of elevated and subway line would increase from 296 to 620. Of the 342 miles of new track, 259 would be owned by the City of New York and 65 miles would consist of extensions of privately owned lines. In 1918, the costs were estimated at $400 million, with the city and the private companies each paying approximately half. (70). Under the terms of

the leases, the private companies would receive an established rate of profit and funds for the repayment of their mortgages prior to any rental payments to the city. Therefore, the cost of private participation in the project was a virtually guaranteed profit.

The use of private funds for the construction of the subways and the method of preferential payments to these companies to cover profits and debt continues to this day to be costly for the city. In 1940, the equipment and lines of the failing I.R.T. and Brooklyn lines were purchased by the city for $326 million. (71). In June 1980, the outstanding principal on that purchase amounted to $312 million with annual interest payments of $9 million. (72).

However, business leaders and rentiers learned a valuable lesson from the experience. They learned that independent state commissions with the power to plan, raise funds, and implement their plans could overwhelm the resistance of recalcitrant property owners and subvert the power of the local Democratic machine.

Real Estate Markets: The decentralization of the population and the beginnings of the "Headquarters Town."

As entrepreneurs intervened more directly in the production of manufactured commodities in this expanding national market, they sought the rationalization of the workplace through the coordination of a work force under a single roof. This process subverted the pattern in the commercial period of the coordination of a work force in

a neighborhood. This included a residential mix of merchants and skilled workers living on avenues, and the unskilled and poor living in the back streets and wharf areas of the city. Displacing this pattern was a real estate market with administrative offices of large manufacturing and service institutions centralized in downtown locations, segregated districts of heavy and light industry located near transportation facilities or . skilled . laborers, and decentrallized sectors of income-segregated residential areas. This reorganization of the real estate market often brought different parts of the business community into conflict with one another; particularly within the speculative real estate market of Manhattan.

With the completion of Pennsylvannia Station in 1910, and the Grand Central Station in 1913, with connecting New York City subway lines, mid-town Manhattan became an attractive site for retail stores, corporate offices and the clothing industry. The central location within the city for the local workforce and out-of-town buyers made the area appealing to all three types of businesses.

Access-conscious clothing industries were moving uptown as the number of people employed in the industry, south of Fifty Ninth Street, expanded from 85,000 in 1900 to 198,000 in 1917. (73). With the surrounding streets filling with thousands of Eastern Europeans, the owners

of "fashionable" retail stores on Fifth Avenue formed the Fifth Avenue Association in 1907. Its purpose was to organize resistance against the encroachment on their avenue. Under pressure from this organization, the City of New York formed the Committee on City Planning in 1913. Its nineteen members were leaders in the business world whose "credits would include corporate presidencies, directorships, multiple memberships in high prestige clubs, and a diversity of activities that their primary professional occupations only suggested." (74). The purpose of the Committee was to investigate the possibility of using a zoning code to restrict land use in New York City and in mid-town in particular.

Conflicts among business interests delayed the enactment of a zoning plan suggested by a second commission until July 1916. At this time, it had the support of all major financial institutions, real estate associations, chamber of commerce, and professional associations. Through land-use and bulk restrictions, factories were in the future limited to an area between Twenty Third Street and Thirty Fourth Street. This was the first step in the activities of rentiers and corporate leaders to limit the expansion of manufacturing in New York City. By 1928, the Regional Plan Association of New York, a privately funded planning association, developed a rationale and masterplan for the transformation of

Manhattan from a mixed land use area to the corporate capital of the world. (75).

Decentralization and Segregation of the Work Force.

Between 1900 and 1930, the labor force of the city exploded from 1.5 million to 3.2 million and the population doubled from 3.4 million to 6.9 million. The resulting congestion and escalating land prices in Manhattan made it profitable to build both housing and the subways outside of Manhattan. The construction of the Interborough and Brooklyn Rapid Transit Lines in the 1910's and the Independent Lines in the 1920's, throughout Manhattan, Queens, Brooklyn and the Bronx had the impact of making hundreds of square miles of land accessible for residential development in a short period of time.

A housing slump, starting during the recession of 1907 and lasting through World War One, created an enormous pent-up demand for housing at the same time the major subway extensions were being completed. In the post-war boom, lasting from 1919 to 1929, there was a net increase of approximately 807,615 housing units in the city. This amounted to approximately thirty eight percent of all units available in the city in 1934. (76).

The pattern of population decentralization is apparent in Table 2.3 . Between 1910 and 1930, the population of Manhattan actually decreased by 465,000 people as

Table 2.3

Distribution of New York City Population by Borough between 1900 and 1930.

(In 1,000's)

Year	New York	Brooklyn	Queens	Bronx	Richmond
1900	1,850	1,167	153	201	67
1910	2,332	1,634	284	431	86
1920	2,284	2,018	469	732	117
1930	1,867	2,560	1,079	1,265	158

Source: Rosenwaike, I. Population History of New York (Syracuse: Syracuse Unoversity Press, 1972) Table 64 .

the population in the outer boroughs increasd by 2.6 million. The extent of residential development in the outer boroughs was related to accessibility to Manhattan by rapid transit.

The Bronx was the first borough connected to Manhattan directly by a dense network of elevated and subway lines. Consequently, it was packed with high density multi-family buildings.

Table 2.4

Distribution of Housing Units in 1934 by Borough and Type of Structure

(In 1,000's)

Type	New York	Brooklyn	Queens	Bronx	Richmond	Total
1-2 Unit	7	226	206	53	36	528
3+ Units	569	390	97	316	3	1,375
Other	15	98	8	38	5	164
Total	591	741	341	377	45	2,068

Source: New York City Housing Authority Property Inventory City of New York, Residential Report(New York: City of New York, 1934).

Brooklyn was directly connected to Manhattan by rapid transit after the Bronx. It was developed with a mix of private homes and multi-family buildings. Queens, whose

regions were not accessible to Manhattan until the construction of the Independent Lines in the late 1920's, was developed mostly for private homes. Richmond, the least accessible borough, grew at a much slower rate than the other boroughs.

The process of decentralization left Manhattan with a disproportationate number of older units as well as cheaper and higher priced housing. (77). In 1934, with thirty two percent of the 1,500,000 rental units in the city, Manhattan had forty percent of the units renting for less than 30 dollars and seventy nine percent of the units renting for over 100 dollars. Furthermore, in 1934, apartment vacancies in Manhattan rose to eighteen percent while the other boroughs averaged ten percent.

The rush to the outer boroughs was led by the growing lower middle and middle class of the city who sought moderate priced apartments and homes. For instance, Brooklyn, with thirty four percent of the rental apartments in the city, had forty seven percent of the apartments renting between $50 and $99. The resulting decline in the value of Manhattan real estate led one leading urban economist, Homer Hoyt, to suggest: "It is of vital importance to conserve property values in existing structures which are threatened by infiltration of diverse racial groups..." (78). This person held that the growth of segregated Black ghettos in Manhattan was partly

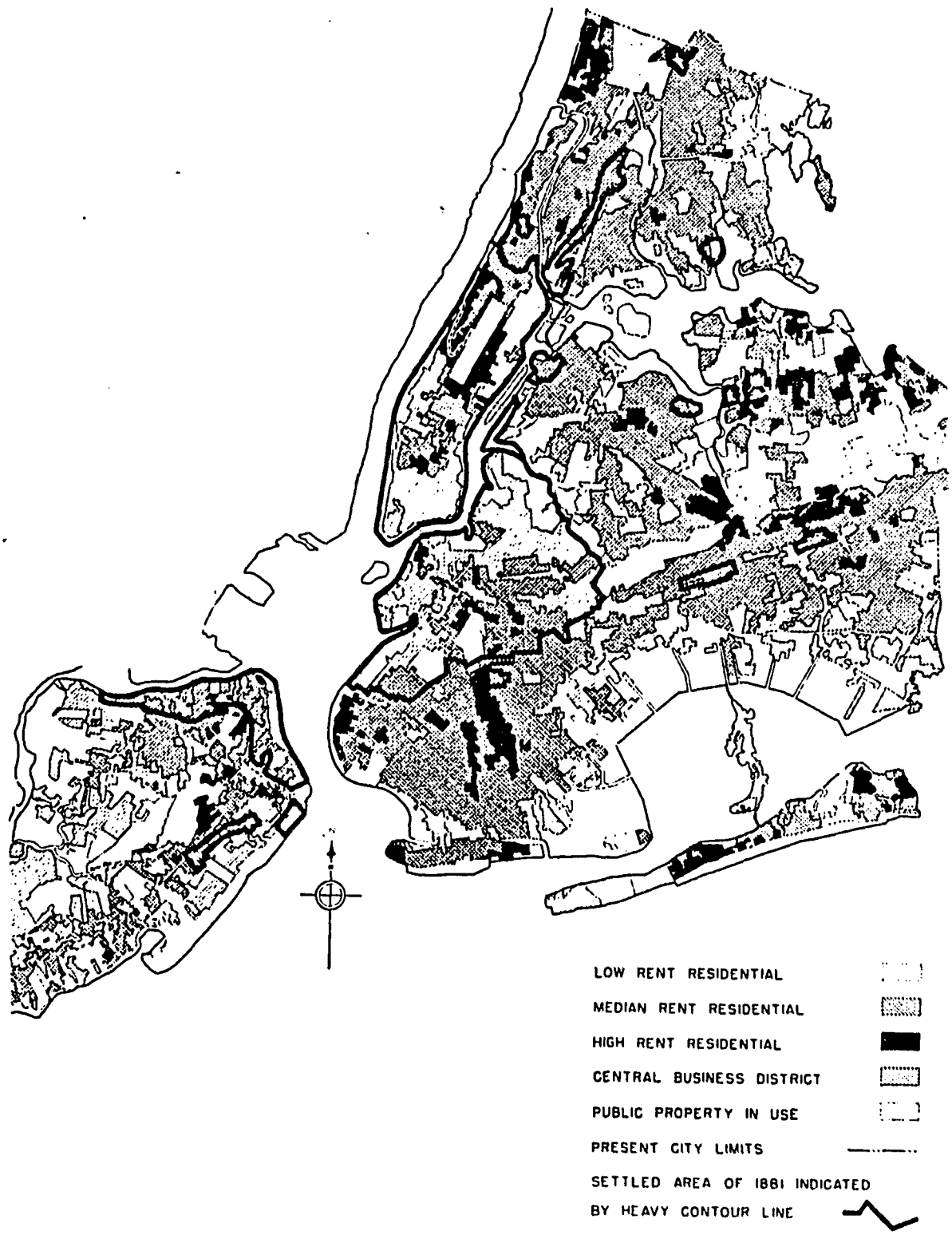
responsible for local declining real estate values.

Accompanying the rapid decentralization of the population there was a large population shift within neighborhoods of Manhattan. In the lower east side of Manhattan, one of the lowest income sectors of the city, housing built for the working class suffered increasing vacancies as the population moved into nearby Brooklyn. (79). In Greenwich Village, housing vacated by the working class, also moving to Brooklyn, was re-occupied by the expanding professional and white collar sector of the work force. (80). In East Harlem, as White lower-middle and middle class households moved up to the newly constructed apartments in the Bronx, the area attracted and became an increasingly segregated and poor Black ghetto. (81). As Map 2:1 displays, the center of Manhattan, including the Central Park and Riverside Drive sections, became the preserve of the wealthy surrounded by low rent sectors along the waterfront.

In the Bronx, Queens, and Brooklyn the newly developing residential areas were composed of alternatively income segregated sectors. Generally, the high income areas pre-empted the most centrally located or geographically attractive areas.

In Brooklyn, the largest high income sector was in the centrally located district of southern Flatbush Avenue. Other districts included the bluffs over-

Map 2.1
Distribution of Rental Areas in 1934, Compared with Settled Areas of 1881 in New York City



Source: Hoyt, Homer The Structure and Growth of American Cities (Washington, D.C.:Government Printing Office, 1939) Figure 27.

looking the Narrows in Bay Ridge, Sea Gate and Brighton Beach on the Altantic Ocean, Park Slope on the edges of Prospect Park, and Brooklyn Heights on bluffs overlooking the East River. In Queens, the high income districts were located along the northern and southern hills while the low lying flatlands remained vacant. In the Bronx, the high rent district was in the bluffs overlooking the Hudson River.

In the earliest settled neighborhoods of northern Brooklyn, a reorganization of the population accompanied the introduction of Borough-wide rail service. The traditional upper and middle class community of Bedford Stuyvesant in the northern section of Brooklyn, witnessed an exodus of these households to the newly opening southern sections of Brooklyn. They were replaced by an expanding segregated Black population. The northern most and eastern section of the Borough, a traditional lower middle and working class sector, including the neighborhoods of Greenpoint, Williamsburg ,. Bushwick and East New York, extended further south toward Jamica Bay. (82).

National Economy in the Corporate Period (1930-Present)

During the corporate period, leading corporations have continued to centralize ownership of the means of production, maintain stable market shares of industrial commodities, invest substantially in production, sales and supply facilities abroad, and have diversified into

the production of a wider variety of products and services. In this structure of economic growth, one of the chief means of increasing corporate profits has been to increasingly rationalize the production and distribution of commodities, including the substitution of machine power for human labor and the decentralization of production facilities throughout the country.

Between 1930 and 1970, the gross national product of the United States increased nearly 300 percent. (83). As this social product has increased, ownership of the means of production has come under the control of a decreasing number of enormous corporations. In 1970, for instance, the 200 largest industrial corporations controlled over sixty percent of all manufacturing assets. This equals a share of assets held by the largest 1,000 corporations in 1941. (84).

Corporations have also maintained a steady share of the market for commodities within industries. Between 1947 and 1970, within 166 different industries, the proportion of output accounted for by four firms has been steadily over forty percent. (85). The greatest market concentration is found in the most heavily capitalized industries; e.g., chemicals, pretroleum, primary metals, electrical machinery and transportation equipment. Furthermore, the largest corporations are to be found in the most concentrated industries. (86).

As large corporations have maintained control over

shares of the markets for their commodities, they have used corporate profits to invest in new product lines by merging with smaller companies. Indeed, between 1948 and 1971, seventy five percent of the growth in assets of the largest 200 industrial corporations was accounted for by merger activity as against twenty five percent growth in prior assets.(87) Samuel Reid, an economist, describes the scale of this recent merger activity.

> "The number of large firms (those with $10 million and over of assets) acquired during the 1955 - 1970 period was 1,439, involving close to $68 billion. In addition, the 200 largest firms were very active, as they acquired or merged 622 of the large firms involving assets of close to $49 billion. Most of this activity was in the 1965 - 1970 period when the big 200 merged 315 other large firms with assets of over $27 billion, with little government opposition." (88).

In general, the aim of this merger activity was to increase corporate product mix. In the process, large corporations became involved in a greater variety of production facilities and commodity markets. (89).

Corporations have also increased foreign investments in production, sales and supply facilities. Mira Wilkins, business historian, indicates the size of these investments. "In 1957, 2,800 U.S. companies had stakes in some 10,000 direct investment enterprises abroad; forty five companies had foreign direct investments of over $100 million. The sales of U.S. controlled business abroad were now known to exceed U.S. exports." (90).

Furthermore, in the 1960's direct investments abroad

increased from $32 billion to $78 billion for a 140 percent increase. For the first time in United States history, direct investments in production facilities, abroad, were larger than those invested in the extraction of raw materials. In particular, direct investments in manufacturing facilities abroad increased 610 percent in this decade, versus a 200 percent increase in mining and petroleum facilities. (91). Thus, these foreign investments were reducing the dependence of domestic corporations on a national industrial workforce.

Among the large corporations that have emerged in the later industrial and corporate periods, they have sufficient assets and market shares to resist the movement of new corporations into mature commodity markets. Furthermore, among the remaining corporations in concentrated industries, implicit and explicit mechanisms have been developed for limiting price competition: competition which could threaten to reduce the profits of all concerned corporations. (92).

With the elimination of price competition, competition between corporations has centered on measures to increase the productivity of labor and to reduce production costs. With price competition substantially eliminated, reduced production costs allow producers in concentrated industries to realize greater profits than their competitors. The corporation with the greatest profits would be in the best position to increase its market

share as it could invest more in the sales effort, product mix, product design and research, and new domestic and foreign production facilities.

In the United States, efforts to reduce the costs of production have centered on the replacement of human labor by machine power. Indicative of these trends, between 1947 and 1970, the number of production workers in manufacturing has increased from 11.9 million workers to 13.5 million (a thirteen percent increase). In the same period, value added by manufacturing increased from $74.3 billion to $330.2 billion or a 305 percent increase. (93).

Table 2.5

Occupation of the U.S. Labor Force, 1940-1970

(In 100,000's)

Occupation	1940	1950	1960	1970	Percent Change 1940-1970
Total	51.7	59	68	79.8	54%
White Collar	16.0	21.6	27.2	37.9	137%
Manual	20.7	24.3	25.6	29.2	41%
Service	6.0	6.2	7.6	10.3	72%
Farmworkers	9.0	7.0	4.0	2.4	-73%

Source: U.S. Census Bureau Historical Statistics of the United States (Washington, D.C.: Government Printing Office, 1976) Table D 182-232.

The impact of corporate growth and rationalization of the production process on the structure of U.S. labor markets is apparent in Table 2.5 . As the number of white collar workers increased 137 percent between 1940 and 1970, the number of manual workers increased only

thirty two percent while the number of farmworkers decreased seventy four percent.

The structure of economic growth during the corporate period has allowed industry to substantially decentralize production and distribution facilities throughout the country as evidenced in Table 2.6. In particular, the

Table 2.6

Employment in the United States by Region, 1940 - 1970.

(In 100,000's)

Region	1940	1950	1960	1970	Percent Change 1940-1970
New England	3.1	3.7	4.1	4.9	60%
Mid-East	10.9	13.4	14.9	16.9	56%
Great Lakes	9.3	11.9	13.4	15.7	70%
Plains	4.5	5.4	5.7	6.4	42%
Southeast	9.9	11.9	13.4	16.5	67%
Southwest	3.0	4.0	5.0	6.3	104%
Rocky Mountain	.9	1.3	1.6	1.9	107%
Far West, Alaska & Hawaii	3.8	5.9	8.2	10.7	183%
	45.4	57.5	66.4	79.3	75%

Source: Bureau of Labor Statistics Regional Employment, 1940-1970 (Washington, D.C.: Government Printing Office, 1976) Table 1.

industrial regions of New England and the Mid-East lagged behind the national employment growth rate between 1940 and 1970. In the Southeast, the growth rate was also below the national level. However, this does not take into account the substantial changes in this region. Here demand for labor in agricultural production declined from 3.5 million workers in 1940 to .75 million in 1970.

At the same time, those employed in manufacturing increased from 1.7 million to 4 million workers. In effect, the surplus labor force created by the reduced demand for agriculture created a cheap and unorganized labor market for manufacturing companies.

New York City in the Corporate Period

The structure of economic growth in the nation during the corporate period has had a dramatic impact on business institutions and labor markets in New York City. The national trend toward the agglomeration of business activity by increasingly gaint corporations initially resulted in a Post World War Two slowdown in employment growth in New York City and in the 1970's an absolute decline in both New York City and the Metropolitan Region. This transformation of the city's economy has included an absolute decline in the number of blue collar jobs in small competitive sector industries and an expansion of clerical, administrative, technical and professional occupations in the monopoly and government sectors. This shift has reduced the chances of younger minority families, particularly Hispanics, to economically improve their social position, and has widened the income gaps between White and other minority families.

Between 1954 and 1970, employment in the New York City Metropolitan Region grew twenty one percent. (See Table 2.7). Its suburban counties accounted for sixty five percent of this growth as they doubled in employment.

Table 2.7

Employment in New York City Metropolitan Area, 1954 to 1979

(In 1,000's) Industry	1954	1960	1970	1979	Change 1954-70	Change 1970-1979
Metropolitan Area						
Total	3,996	4,259	4,846	4,574	850	-272
Mining	2	3	3	3	1	-1
Construction	150	178	172	121	22	-51
Manufacture	1,192	1,149	1,010	770	-182	-240
Transport, Utilities, & Communication	360	358	380	315	20	-65
Wholesale & Retail	834	900	1,010	944	176	-66
Finance, Insurance, & Real Estate	371	416	510	493	139	-17
Services	608	728	993	1,138	385	145
Government	479	527	769	791	290	22
Suburban Counties *						
Total	547	721	1,101	1,322	544	221
Mining	-	1	1	1	-	-
Construction	46	53	62	51	16	-11
Manufacture	177	202	244	251	67	7
Transport, Utilities, & Communication	35	40	57	57	22	-
Wholesale & Retail	101	155	274	332	173	58
Finance, Insurance, & Real Estate	21	30	50	69	29	19
Services	81	121	208	304	127	96
Government	85	119	206	257	121	51
New York City						
Total	3,450	3,538	3,745	3,251	296	-494
Mining	2	2	2	1	-	-1
Construction	104	125	110	70	6	-40
Manufacture	1,015	947	766	519	-249	-247
Transport, Utilities, & Communication	325	318	323	258	-2	-65
Wholesale & Retail	733	745	736	612	3	-124
Finance, Insurance, & Real Estate	350	386	460	424	110	-36
Services	527	607	785	834	258	49
Government	394	408	563	534	169	-29

Source: Bureau of Labor Statistics Employment & Earnings, States & Areas, 1939 - 1977 (Washington, D.C.: Government Printing Office, 1978); Bureau of Labor Statistics Employment & Earnings (Washington, D.C.: Government Printing Office, monthly).

* Suburban Counties include Nassau, Rockland, Suffolk & Westchester.

New York City accounted for only thirty five percent of these gains and only grew by nine percent. However, the 1969 recession had a disastrous impact on the job market of New York City.

Between 1970 and 1979, all gains in employment made since the 1930's were wiped out as the city lost 494,000 jobs or thirteen percent of its employment. Although the suburban counties gained another 221,000 jobs, a twenty percent increase, these were insufficient to overcome losses in New York City. Thus, employment in the entire Metropolitan Region declined by 272,000 jobs for an overall decline of six percent.

The slow growth of New York City employment and its more recent absolute declines, has been primarily due to the loss of 496,000 manufacturing jobs, for a forty nine percent decline since 1954. These losses were accompanied by the additional loss of 222,000 jobs in construction, trades, transportation, utilities and communication, for a nineteen percent decline. These losses were partly offset by gains of 521,000 jobs in the information and service oriented industries of finance, insurance, real estate, government and other services, for a forty one percent increase in this sector between 1954 and 1979.

This changing mix of business activity has fundamentally altered the structure of the labor market in New York City. As illustrated in Table 2.8, in 1940, thirty six percent of the resident labor force of New York City was employed

in blue collar occupations. By 1978, this percent was reduced to twenty four. In the same period, white collar positions increased from forty seven to sixty percent of the resident labor force.

Table 2.8

Occupation of the New York City Resident Labor Force, 1940 to 1978

	1940	1950	1960	1970	1978
White Collar	1,319	1,601	1,590	1,847	1,650
Prof. & Managers	548	718	657	753	792
Sales & Clerical	771	883	933	1,094	858
Blue Collar	1,024	1,215	1,083	904	663
Service	469	422	400	431	450
Not Reported	26	38	234	-	-
Total	2,838	3,276	3,307	3,182	2,763

Source: U.S. Census Bureau 18nth, 19nth, 20nth & 21st U.S. Population Census, &; Bureau of Labor Statistics Geographical Profile of Employment and Unemployment (Washington, D.C.: Government Printing Office, Oct.,1979).

The loss of employment in New York City does not represent a simple decentralization of industries to surrounding suburban counties. Indeed, as New York City lost 496,000 manufacturing jobs between 1954 and 1979, the suburban counties gained only 74,000. These manufacturing jobs are leaving the Metropolitan Region as a whole for other parts of the country and the world. This trend is most apparent in the apparel and textile industries.

The apparel and textile industries accounted for 341,000 manufacturing jobs in New York City in 1950, or one third of all such positions. In 1978, employment in

these industries was down to 158,000. (94). This loss occurred as national employment in these industries increased from 1,070,252 in 1950 to 1,306,732 in 1970. (95). In this period, these industries increased employment in the Southeast from 136,000 to 443,000 jobs. The major advantage these states possessed over New York City is a non-unionized workforce with lower wages. In 1978, while the prevailing wage for garment workers in New York City was $4.81 per hour, it was $3.61 in Alabama. (96). Lower wages were made possible by a large surplus labor force produced by the mechanization of farm production.

New York City as Corporate Headquarter's Town and Decline of Small Business.

The changing mix of business activity within New York City is a by-product of the national trend toward the centralization of business assets within a diminishing number of corporations and their diversification into a greater number of industries. The dense network of economic facilities within New York City was important during the industrial period for emerging industries. They are less important for corporations capable of internalizing many of the economic role that facilities in the city previously performed.

As the major corporations have grown in size there is less room for small companies to capture larger market shares through innovative product design and marketing techniques. Smaller companies simply do not have access to

markets, possess capital reserves, or own production, distribution or research facilities sufficient to compete successfully with large corporations. Therefore, in general, as small companies grow and leave the city or go out of business, they are not replaced at a rate sufficient to maintain stable levels of employment in manufacturing. While the city has become economically obsolete as a site for production, it has become a national center for the management of corporations with enormous and complex business operations. These business trends prevail throughout the New York City tri-state area.

In the thirty one county tri-state region, there was a loss of 332,000 jobs in the for-profit business sector between 1972 and 1975, for a five percent decline. These losses were concentrated in small businesses which average thirteen workers per firm in contrast to publicly traded corporations which employ an average of 975 workers in the region. Regina Armstrong, an urban economist, describes this trend.

> "Between 1972 and 1975, not one major industry, except communications, experienced a growth in output among smaller firms. Their total operations declined by 9.1 percent in constant dollars, accounting for more than all of the loss in business output in the Region. This meant a loss of 310,000 jobs, a more than 10 percent drop in purchasing power of wages and benefits, and a 16 percent reduction in producers' earnings adjusted for inflation." (97).

This loss of 310,000 jobs in the competitive business sector represented a loss of 6 percent between 1972 and

1975. In the same period, the 1,135 publicly traded corporations in the Region, reduced employment by 22,400 for a two percent decline, reduced labor payments by four percent, increased their gross product originating in the Region by three percent, and increased profits from operations by sixteen percent. Thus, in contrast to the competitive sector, while reducing labor payments and employment, these corporations increased their gross product and profits. (98).

The importance of New York City as a center for corporate business can, in turn, be seen in trends of corporate merger activity and the types of corporations with headquarters in Manhattan. Between 1948 and 1968, the 200 largest manufacturing corporations, in interstate merger activity, acquired 2,913 corporations with assets of $40 billion. Among the corporations with headquarters in New York State, they acquired thirty three percent of all interstate mergers. No other state or region approximated this level of activity.(99).

This growth in corporate power in New York State was accompanied by a parallel boom in office construction in New York City. From 1947 to 1966, sixty five million square feet of new office space was constructed. This was equal to fifty percent of all office space existing in the city in 1947. In the next seven years, from 1967 to 1973, another sixty seven million square feet was constructed. This boom collapsed in the following six

years when only approximately ten million square feet was added. (100).

While the scale of corporate activity has increased in New York City, the number of large corporations with headquarters in Manhattan has been steadily dropping. In 1960, among Fortune's 500 largest industrial corporations, 131 had headquarters in Manhattan in 1970 this was down to 116, and by 1981, only 77 had their main offices there. (101). What distinguishes the large corporations that remain from those that leave is their size and product lines.

In 1975, among the 1,397 publicly traded nonmanufacturing corporations in the nation, 135 were located in Manhattan. It specializes in conglomerates (23 percent of industry headquarters), communication (19 percent), services (14 percent), transportation (13 percent), and finance, insurance, and real estate (12 percent). Among the 1,940 publicly traded manufacturing corporations in the nation, Manhattan was the headquarters site for 191. Two thirds of this number were nondurable manufacturers with the most specialized nondurable industries being petroleum, chemicals, paper, tobacco, and textiles. (103).

Characteristic of the both types of industry specializing in Manhattan locations is the large variety of business inputs and outputs involved in the management of the business. These industries require an accessibility

to a variety of consumers and business services which a Manhattan location can provide.

A second characteristic of corporations headquarted in Manhattan is their size relative to other corporations. Comprising ten percent of the publicly traded corporations, the Manhattan corporations issued twenty seven percent of all corporate dividend payments and remitted thirty eight percent of all corporate profit taxes in 1975. Among the nondurable manufacturers, they generated thirty six percent of the national output and sixty three percent of the profit in the soft goods industries. Indeed, Manhattan based corporations exceeded $1 billion in sales, on the average, while those publicly traded corporations headquartered elsewhere in the tri-state region, averaged only $400 million in net sales in 1975. (104). It could be assumed that the scale of these Manhattan based corporations compounds their need to remain accessible to other consumers and business services.

Impact of Economic Changes on Labor Markets.

The Bureau of Labor Statistics has estimated that between 1981 and 1985 there will be approximately 9,000 blue collar jobs available annually for equipment operators, craftworkers, and laborers. At the same time, approximately 80,000 white collar jobs would be available annually for clerical, professional, managerial and sales personnel. (105).

As the publicly traded corporations in Manhattan, with

their primarily white collar employment, paid wages approximately forty percent higher than the average worker in the private sector in New York City, it could be expected that competition would be severe in the labor market for the white collar jobs opening up in New York City. This competition would be compounded by the overall decline for labor in the tri-state area. Accordingly, there is every reason to believe that white collar employers would hire only the most highly educated and trained workers, leaving little opportunity for the relatively unskilled worker.

Additionally, the loss of blue collar jobs in the small competitive sector of New York City's economy reduces the traditional job opportunities for unskilled, semi-skilled and newly arriving immigrant groups. These two trends should be having the effect of reinforcing social and racial divisions within New York City.

As evidence of the impact of this dual labor market, Table 2.9 presents the income of New York City households by race, ethnicity and housing tenure. Between 1949 and 1969, the median income of renter households (approximately seventy five percent of all households in New York City) increased in constant dollars. However, from 1969 through 1977, the median income for renter households fell by twenty six percent bringing the median income to the same level as 1949. The income of White tenants decreased by twenty two percent in these

Table 2.9

Median Income of Households by Race & Tenure in New York City, 1949 to 1977

Median Income
(Constant 1967 Dollars)

	1949	1964	1969	1974	1977
All Households				6303	5604
Owner Households				8707	8371
Renter Households	4700	5900	6500	5400	4800
White, Non-Puerto Rican		6600	7400	6500	5800
Black, Non-Puerto Rican			5100	4700	4000
Puerto Rican		4100	4400	3600	3200
Other				6700	5300

Source: Marcuse, Peter Rental Housing in the City of New York New York: New York City Department of Housing & Preservation, 1979) Tables B2, 2B2, & B1 .

years but remained forty five percent higher than Black tenant households. White tenant household incomes, however, rose from sixty eight percent higher than Puerto Rican families in 1969 to eighty five percent higher in 1977 as their income dropped twenty seven percent.

There is evidence that higher income groups have been hurt less by the softening of the job market. Households owning their homes had incomes sixty one percent higher than tenant households in 1974. This increased to seventy four percent over tenants in 1977. This occured as owner households suffered a loss in income of only four percent between 1974 and 1977 with tenants down twenty

six percent.

Public Facilities: Planning for "Headquarters Town."

Between 1930 and 1960, when billions of federal, state, city and local public authority dollars would be used to alter the face of New York City, the single public document available to direct the long term growth of the city was a zoning resolution passed in 1916. Indeed, the City of New York had no planning commission or any other city agency capable of long range planning or the engineering work necessary for the construction of the major elements of the city's infrastructure. As late as 1980, the City Planning Commission would complain in its capital budget statement to the Board of Estimate that city agencies still did not even have the technical capacity to plan for the maintenance of city streets and sewers. (106)

With the passage of the city's first zoning resolution in 1916, the Committee on City Planning went out of existence. The Charter of 1936 created the first permanent planning commission. It was responsible for developing a master plan, zoning resolutions, and capital budgeting. It proved ineffective in each of these endeavors. In fact the first major revision of the 1916 zoning resolution was not passed by the Board of Estimate until 1960. A historian of the Planning Commission, Stanislaw Makielski, comments on its effectiveness in the 1950's.

> "The Planning Commission - the weapon for implementing comprehensive zoning - was in an unenviable position... Consistently beaten on its zoning proposals, completely ineffectual in its other Charter-mandated duties, the commission was having difficulty keeping the thin shreds of prestige that remained to it. In a changing city, the Planning Commission seemed unable to control its own activities, much less impose a guiding hand on the physical development of the city."(107)

The ineffectiveness of the City Planning Commission in its mandated duties does not mean there were no plans for the development of the major elements of the city's infrastructure. There were plans, but they were composed by private organizations and public authorities beyond the power of the city government's influence.

In the 1920's, the Regional Plan Association of New York, a private organization funded by private businesses, conducted the most extensive analysis of the city's economic base in its history. On the basis of this analysis, the Association formulated a plan for the construction of the infrastructure necessary to support private economic growth in the city. In essence, its plan for the Metropolitan Region called for the construction of an infrastructure that would tie together industries decentralizing to suburban areas and promote the growth of the Central Business District as the "National Business Center" for the United States. The detailed plan called for the construction of suburban passenger trains, metropolitan highway systems, and a network of parks and housing renewal projects in the

city. (108)

The central element of the plan was the construction of a metropolitan highway loop and intersecting radial links. The loop would circle fourteen miles from the CBD on the eastern boundary of Queens, the southern edge of Brooklyn, and by way of a bay crossing into Staten Island, into New Jersey and up the eastern border of New Jersey connecting to the George Washington Bridge, and, finally, connecting to Queens by new highway and bridge links. The radial routes consisted of dozens of highway and water crossings that would connect the five boroughs of the city with the metropolitan loop and other highways in the tri-state area. In 1964 with the completion of the Narrows crossing between Brooklyn and Staten Island, all of the major elements of the plan were realized.

A critic of the Regional Plan Association suggests that the central interest of the Association was to position the city's rentiers to gain from the growth of corporate offices in Manhattan.

> "...the plan for the New York Metropolitan Region set priorities for the city's business leadership. The single emphasis was to be placed in the upbuilding of New York City as a "National Center."As the National Center or America's Front Office, the city not only added to the skyline, but its leading citizens positioned themselves to serve as landlords and bankers to the growing number of national and multi-national corporations that began to locate in the city. Of the surplus value produced nationally and internationally, New York would get its share in the form of rents, mortgages, construction loans

> in high rise office buildings, and in the appreciation of the world's highest land values." (109).

In other words, as the new highway system would accelerate the decentralization of industry and people out to suburban locations, and reduce congestion in the Central Business District, the city's rentiers could profit from the assemblage and sale of parcels for lucrative office building construction, from the construction and mortgage loans on these buildings, and from the spill-over effects of this new economic activity.

However, as the capital funds of New York City had already been committed to the construction of a subway system, it did not have the ability to finance the construction of the highway system. Only the federal government had the necessary resources. Neverthless, in 1942, just 14 years after the announcement of the plan, the Association was able to boast that substantial work on its program had already been completed. (110).

The highway program was implemented through agencies created by the New York State Legislature and largely funded with federal funds for public works. While the use of city capital funds gave the city government some element of control over subway construction and limited the scope of construction, the use of fderal funds funneled through state agencies would remove essential control by the city over highway construction.

In 1934, newly elected Fusion Mayor La Guardia needed programs for public works that would qualify for loans from the Federal Reconstruction Finance Corporation and the Works Progress Administration. The man with the greatest public authority and technical ability in public works was Robert Moses. In 1934, he was already Chairman of the Long Island State Park Commission, the New York State Council of Parks, the Jones Beach State Park Authority, the Bethpage State Park Authority and the State Emergency Public Works Commission. La Guardia appointed him Commissioner of the New York City Department of Parks and with New York State Legislative approval, Chairman of the Marine Parkway Bridge Authority and the Triborough Bridge Authority. With these later appointments, Moses was in control over every state and city agency concerned with parks and highways in the New York Metropolitan Region. (111). More importantly for the implementation of the Regional Association's plan, in 1930 Moses had already publicly supported a highway system for the Region that duplicated the Regional Plan Association's. (112).

With the degree of public power that was vested in Robert Moses, he was indeed very successful in completing large public works in the city. However, his own success created a political situation where the city was largely unable to influence the rate and direction of construction

of public works. As a consequence, the lion's share of the 1.15 billion dollars for public works contributed by the Civilian Works Administration, the Works Progess Administration, and the Public Works Administration went for the construction of parks and highways. Meanwhile, the construction of other elements of the city went underfunded, such as police precincts, hospitals, fire houses, colleges, and neighborhood preservation. (113)

With the slowdown in federal public work grants and loans in the late 1930's, Moses needed to develop alternative sources of funds. He found these funds in the debt capacity of his own authorities and in new postwar federal programs. Through enabling New York State Legislative action in the 1930's, the Triborough Bridge and Tunnel Authority was empowered to sell bonds for the construction of new bridges and highways. These bonds were financed by toll collections on Authority bridges and tunnels. In turn, the Federal Aid Highway Act of 1944 and the Interstate Highway Act of 1956 created funds for the construction of interstate highways within cities with the federal government paying up to ninety percent of the costs of construction. Furthermore, with Moses appointment as Chairman of the Mayor's Slum Clearance Committee in 1949 by Mayor O'Dwyer, he was to control vast sums of urban renewal funds available under the Federal Housing Act of 1949.

Robert Caro, a Moses biographer, describes the extent of Moses power in New York City in the Post-World War Two period.

> "During the fifteen years after the war...agencies controlled by Moses and largely independent of any supervision by the city's government spent on public works within the city close to four and a half billion dollars. The city's government - Mayor, Board of Estimate, City Council - was able during that period to spend less than three and three quarter billion dollars. Robert Moses spent on public works within the City of New York more - far more - than the city spent. (114).

The authority vested in Moses was used to further the development of the city as the international business center as originally outlined by the Regional Plan Association. By 1964, when the highway program of agencies controlled by Moses and the Port Authority of New York were completed, 899 miles of highways were built in the metropolitan region. (115). No other region of the country contained as many miles (Los Angeles had only 459 miles of highways). Within the brief span of ten years between 1955 and 1965, nearly two and three quarter billion dollars had been spent building 439 miles of highways. Additionally, the billion dollars used for slum clearance contributed by all levels of government was largely used to eliminanate Blacks and other minorities from sites in the city to be replaced by luxury and subsidized middle class housing. (116).

The power of Robert Moses was not due to his capacity for working long hours or his expertise as an engineer.

He was powerful as he represented the interests of capital within the nation, state and city as his ultimate demise at the hands of Governor Nelson Rockefeller and David Rockefeller, Chairman of Chase Manhattan Bank, clearly illustrated. When there was no longer any need for a grand highway program, Moses was disposed of power. He could influence state and federal legislatures only as long as he acted in the interests of business interests in the region. He could finance sales of Tri-Borough Bridge and Tunnel Authority bonds only as long as the commercial banks found it in their interest to do so. Robert Caro describes the source of Moses' power.

> "...the decades during which its vast open spaces were filling up and being shaped on a significant scale - it was not the shouts of the people but the whispers of banks, labor unions, insurance companies, big construction companies, big business, and, of course, the Retainer Regiment that determined what public works would be built in New York. He (Robert Moses) centralized in his person and in his projects all those forces in the city that have little to do with the decision-making process in the city's government but in reality have everything to do with it, and by centralization he made them strong." (117).

Residential Real Estate Markets

The median income of tenants in New York City increased by thirty eight percent between 1949 and 1969, in constant dollars. (Table 2.9). These increases outpaced rents as they increased from $49 to $109, a real increase of only thirty four percent. (Table 2.10). With tenant income rising, the number of occupied housing units

Table 2.10

Housing Inventory of New York City and Suburban Counties, 1950 to 1976

(In 1,000's) Inventory, Race & Tenure	New York City			Suburban Counties*		
	1950	1970	1976	1950	1970	1976
Total Year Round Units	2433	2918	2841	527	1074	1200
Occupied Units	2358	2837	2663	458	1040	1144
Owner Occupied	450	669	704	289	758	844
White Owner	434	580	581	286	732	805
Black Owner	16	83	112	3	23	32
Renter Occupied	1908	2168	1959	169	281	301
White Tenant	1728	1690	1396	158	248	254
Black Tenant	173	439	500	10	32	39
Vacant	72	81	178	62	34	56
Size of Building						
1-4 Units	933	1021	1102	461	914	1020
5 + Units	1500	1898	1739	67	159	180
Rent						
Median Gross Rent	49	109	190	-	161	256
Median Income Tenants	-	7200	8900	-	8,800	11,600
Ratio Rent/Inc.		20	26		22	26
Owners						
Median Value Single Family	11,919	25,900	45,500	-	29,600	48,400
Median Income of All Owners	-	11,700	16,500		14,000	21,700

Source: U.S. Census Bureau 17nth, & 19nth Census of Population and Housing, &; U.S. Census Bureau Annual Housing Survey, 1976, New York City SMSA (Washington,D.C.: Government Printing Office, 1979).

* Suburban Counties include: Nassau, Suffolk, Westchester and Rockland.

in the city, expanded by 479,000 units, a twenty percent increase. Thus, even with the concurrent expansion of the suburban counties, through the 1950's and 1960's the job market of New York City was strong enough to both increase the real wages of residents and expand the size of the city's housing market.

The period after 1970 witnessed a historical reversal of the New York City housing market. Between 1970 and 1976, the number of occupied units declined by 174,000, a six percent decline. These losses all occured in the rental market as 209,000 occupied rental units were lost, a ten percent decline. These losses occurred as the real income of tenants declined by twenty two percent, and the ratio of household income to gross rent rose from twenty to twenty six percent.

This loss of occupied units was the consequence of the loss of 293,000 White households out of the New York City housing market. Black families only partially offset this loss with the addition of 61,000 new Black tenant households and 29,000 new Black owner households. Therefore, this contraction of the city's housing market was not due to the expansion of the number of lower income Black households, but a thirteen percent drop in the number of White households in the city: a percentage which not coincidentally matches the degree of employment losses in the city in this period.

While the New York City housing market grew moderately

between 1950 and 1970, the suburban real estate market exploded. With the completion of a metropolitan highway system, and the decentralization and growth of industry, the stock of occupied housing expanded by over one hundred percent, matching the rate of employment growth in this region. In addition, with the continued expansion of job opportunities in the suburbs during the 1970's, occupied housing units increased another twelve percent between 1970 and 1976.

As seventy four percent of the occupied housing stock in the suburbs is owner occupied, compared to twenty five percent in New York City, and eighty five percent of all housing units are in one-to-four unit buildings, compared to thirty nine percent in the city, it could be expected that disproportionate numbers of high income families live in this sector of the Metropolitan Region. Indeed,

Table 2.11
Household Income in New York City and Suburban Counties, 1976

(In 1,000's)

	Percent Distribution		
Income Class	New York City	Suburbs	Total
Less than $5,000	86%	14%	780
$5,000 to $9,999	80%	20%	751
$10,000 to $14,999	77%	23%	659
$15,000 to $24,999	61%	39%	905
$25,000 Plus	48%	52%	713
Total	70%	30%	3,808

Source: U.S. Census Bureau Annual Housing Survey, 1976, New York City SMSA (Washington D.C.: Government Printing Office, 1979).

as Table 2.11 displays, the suburban counties of Westchester, Rockland, Nassau and Suffolk have both a high proportion of high income families and a small proportion of lower income families.

Furthermore, these suburban counties accounted for sixty nine percent of the growth in occupied housing units between 1950 and 1976 in the Metropolitan Region. However, they accounted for only twelve percent of the increase in Black households. Indeed, as the proportion of Black families increased from eight to twenty three percent between 1950 and 1976 in New York City, the ratios in the suburban counties were three and six percent, respectively. The pattern of growth in suburban real estate markets has acted to reinforce the racial segregation of Blacks within New York City.

In sum during the corporate period, the suburban housing market was developed to capture the White middle and upper-middle class sector and exclude racial minorities and lower income families. As a consequence, relatively few apartments were constructed and the number of Black homeowners was kept small.

Changes within New York City Residential Real Estate Markets

The process of the decentralization of middle class White families to the suburbs, the economic transformation of New York City, and the recession of the 1970's have had a variable impact on the residential sectors of the city.

In Table 2.12 is displayed the median income of tenant households, by borough. Between 1969 and 1977,

Table 2.12

Median Income of Tenant Households by Borough, 1964 to 1977
(In 1967 Constant Dollars)

Borough	1964	1969	1974	1977	Percent Change 1969-77	Percent Change 1974-77
New York City	5900	6500	5400	4800	-26.0%	-11.1%
Bronx	5600	6000	4700	400	-33.3%	-14.9%
Brooklyn	5800	6000	4900	4200	-30.0%	-14.3%
Manhattan	5500	6100	5400	5500	- 9.8%	+ 1.9%
Queens	7100	8100	7000	5800	-28.4%	-17.1%
Richmond	7100	7700	7100	6100	-20.7%	-14.1%

Source: Marcuse, Peter Rental Housing in the City of New York (New York: Department of Housing & Preservation, 1979) Table 2B2.

tenants in the Boroughs of Brooklyn and the Bronx suffered the largest decreases in real income, with losses over thirty percent. Even the more prosperous Boroughs of Queens and Richmond suffered real loses of tenant income of over twenty percent. Manhattan is an exception to the above trends.

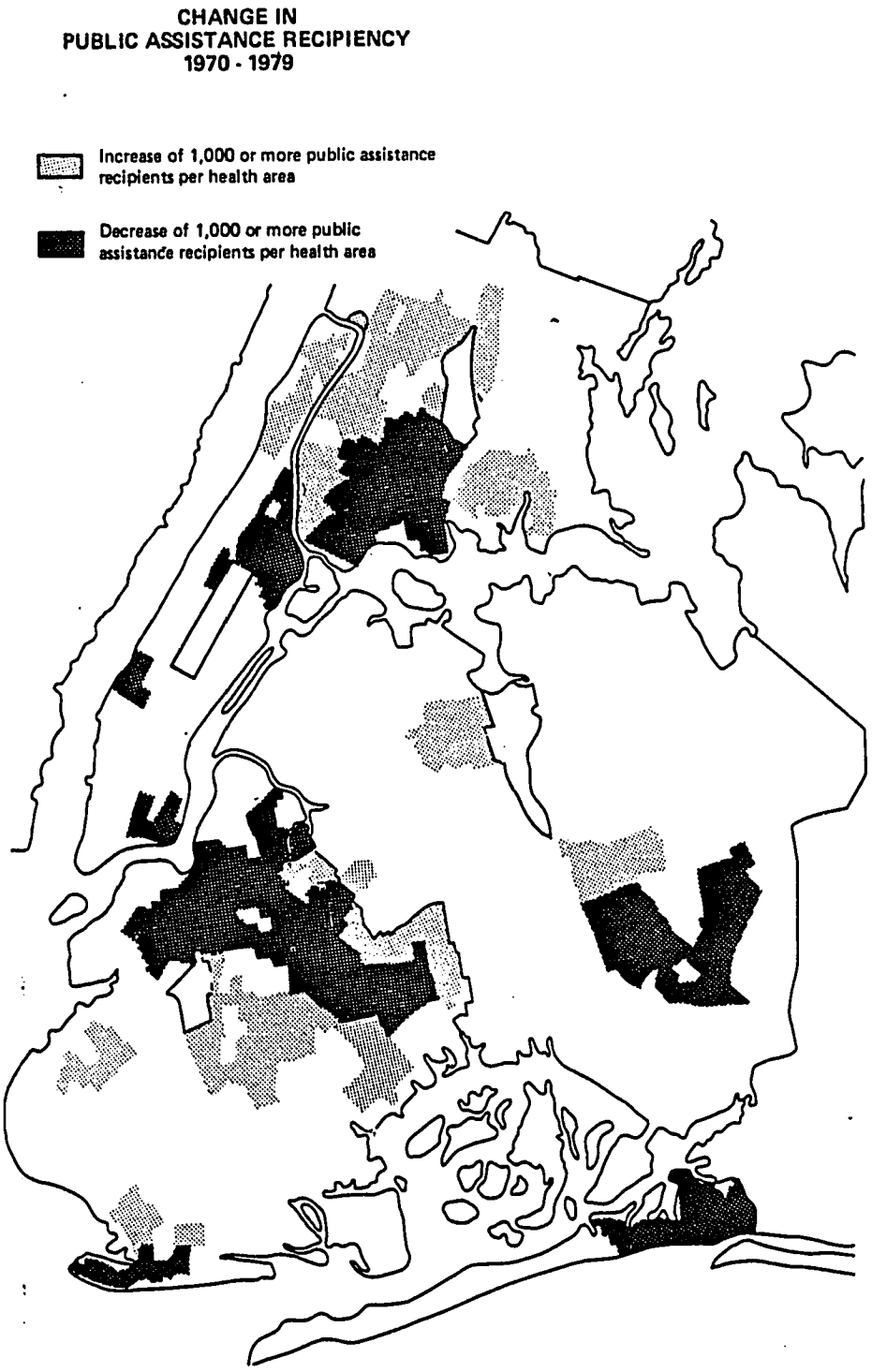
As the real income of tenants in the city decreased by twenty six percent between 1969 and 1977, in Manhattan they declined by only approximately ten percent. However, all of these losses were recorded between 1969 and 1974 as real income actually increased in Manhattan between 1974 and 1977 by two percent. Thus, the Borough that suffered the loss of middle class tenants at the end of the industrial period to the outer broughs, now alone has a strengthening rental market.

In summary, the housing market of the Metropolitan Region consists of a strengthening market in Manhattan, contracting markets in the outer boroughs, and suburban counties which exclude the bulk of New York City residents by the criteria of race and income. Thus, the outer boroughs are becoming reservations for an increasingly poor and obsolete labor force excluded from both the prospering residential markets of Manhattan and the suburban counties on their borders.

With the loss of six percent or 174,000 of the households in the city's real estate market, a drop of real tenant income by twenty two percent, and a loss of 293,000 White households between 1970 and 1976, the contraction of the city's housing market has taken on a recognizable pattern. In Map 2.2. is illustrated the residential movement of persons on the public assistance caseload of New York City between 1970 and 1979. In 1979, the 852,000 persons on public assistance were moving out of the residential sectors with the highest absolute concentrations of low income people to immediately surrounding areas. (118).

In Brooklyn, these lower income households were moving out of the northeastern neighborhoods of Bedford Stuyvesant, Bushwick, and East New York into the southeastern neighborhoods of East Flatbush. In Harlem and the South Bronx communities, lower income families were moving northward into Washington Heights in Manhattan and

Map 2.2



Source: New York City Planning Commission Capital Needs & Priorities (New York: City of New York, 1981, Map 1.2).

the Fordham Road section of the Bronx.

In contrast to the aggregate decline of residential real estate markets during the 1970's, there has developed a parallel, less economically significant, expansion of high rental districts throughout central and lower Manhattan and some northern neighborhoods of Brooklyn and Queens. This is a by-product of a growing demand by young white collar workers for apartments and cooperatives in the prime residential neighborhoods of Manhattan; e.g., the East and West Side and Greenwich Village. This growing demand is due to the slow yet dynamic growth of white collar employment in the city.

The combination of high costs for new construction and high rents in the most desirable areas, has led the less prosperous white collar workers to seek housing in commercial districts of Manhattan developed for light industry in the industrial period, and select neighborhoods in Brooklyn and Queens. In northern Queens, these neighborhoods include Flushing, Sunnyside, Woodside and Long Island City. In northern Brooklyn, they include the communities of Brooklyn Heights, Boreum Hill, Park Slope and Fort Greene. Characteristically, these neighborhoods are accessible to Manhattan business districts, have limited and declining demand by lower income families, and often possess high quality older housing. (119).

The process of selecting apartments in other than the most expensive neighborhoods in Manhattan is defined by

this class as requiring a compromise in standards of housing quality and social status. However, this compromise is described as socially acceptable since families can often get good housing at bargain prices, as this quote from a New York Times reporter demonstrates. "Houses in Bedford Stuyvesant, Harlem and even in the South Bronx are becoming sought after as people interested in buying a town house are discovering that every New York neighborhood, no matter how poor its public image, has beautiful blocks and can offer them moderately priced homes." (120). Ironically, it is the reduced demand by working class families for housing in the city that is producing these "bargains" in neighborhoods with poor public reputation.

Social Climate: Response of City to Fiscal Crisis

The long term erosion of the city's economic base and the transformation of the city into a headquarters' town creates the boundaries in which it must formulate expense and capital budget policies. The immediate consequence of this transformation has been a reduction in the size of the social product generated in the city and a diminished capacity of the city to raise local tax revenues.

With the drop in city employment from 3.7 million workers in 1970 to 3.3 million in 1979, the slowdown in new commercial and residential construction, and the abandonment of thousands of commercial and residential

properties, the amount of tax revenues collected by the city has decreased. In particular, the assessed value of real estate,(which contributes half of the city's tax revenues), diminished in value by thirty six percent, in constant dollars, between 1971 and 1979. The sales tax, (which constitutes fourteen percent of city tax revenue), declined by eleven percent between 1971 and 1977. The payroll tax (another ten percent of local revenue) also decreased by twenty three percent, in constant dollars, between 1972 and 1977. (121).

This loss of tax revenues in combination with reductions of federal and state grants, has led to reductions in total expenditures by the city. For example, in the 1976 fiscal year, total city expenditures amounted to 13.2 billion dollars. The authorized budget for the 1982 fiscal year, amounted to $14.7 billion or a reduction of approximately twenty five percent, in constant dollars, over 1976. (122). However, these budget reductions have been achieved only after a series of protracted political crises involving all levels of government and the major financial institutions of New York City.

The increasing city budget deficits incurred in the late 1960's and early 1970's, consequent upon a declining economic base in the city, were dealt with by the administrations of Mayors Lindsey and Beame by increasing the funded debt of the city. Between 1966 and 1974, the funded debt expanded from $5 billion to $7.7 billion.

Underestimating the severity and permanency of the erosion of the city's economic base, a substantial portion of the increased debt was financed with short term debt instruments. The short term debt of the city increased from $747 million in 1969 to $3.4 billion in 1974. (123). Charles Morris, a former assistant to the New York City Budget Director, describes the vulnerability of the city government at this time.

> "... the most serious consequence of borrowing short in such quantity, and a problem that seems not to have been at all understood by the city leadership at the time, was that the city became dangerously dependent upon the willingness of the financial community to supply cash to keep the city's paper turning over. Because the average maturity of city paper was about six months in 1973-74, for instance, the city had to go to the markets for $7.3 billion throughout the year to finance the $3.4 billion outstanding on June 30. When the financial community turned out to be a fragile reed in 1975, the whole complicated fiscal edifice tottered and collapsed, leaving the city in ransom." (124).

In late 1974 and early 1975, the debt policies of the city collided with the liquidity problems of the major commercial banks caused by the recession of 1974. Needing cash to shore up insolvent subsidiary real estate investment trusts, among other failing ventures, they withdrew from the market for city bonds and notes, leaving the city increasingly vulnerable to fiscal collapse.

In the spring through the fall of 1975, threatened by massive layoffs of city workers and a crippling impact on city operations, mechanisms were constructed by the State Legislature to encourage financial institutions

to re-enter the market for city notes and bonds. In September, the Emergency Financial Control Board was created. With the voting majority of the Board controlled by the State Legislature, all revenue received by the city was deposited with the Board and only released after its approval of detailed city spending plans. It was also given financial control over most city contracts passed by the New York City Board of Estimate. In the summer of 1978, the life of the Board was extended for another thirty years or until the city could pay off specific portions of its debt, could balance its budget for three consecutive years and re-enter the credit market on its own.

In addition, the financial community wanted immediate reductions in city services and payrolls. During 1975, transit fares were increased forty three percent, free tuition at city colleges was eliminated, and employment in essential services was reduced an average of thirteen percent. (125) In a final move, financial institutions wanted federal guarantees for new debt issues of the city. These were approved by the federal government in 1975 and again in 1978. (126).

Thus, as city revenues and services diminished and continue to diminish, mechanisms were created by various levels of government to protect the capital investments of major commercial banks. However, no comparable mechanism was created to protect city residents against the erosion

of their personal income, poor quality city services, deteriorating housing conditions, and escalating crime rates.

Formulation of Public Response to Fiscal Crisis.

The limited and circumspect role of city government in the political economy of the nation creates the boundaries within which operating and capital budget policies can be formulated. This position is outlined in the 1979 Capital Needs and Priorities statement of the City Planning Commission.

> "City government is, of course, limited in what it can do on its own to affect employment and the tax base. Federal economic policies, and basic economic forces not subject to much influence by any level of government are the dominant factors determining the level and stability of employment, at the local as well as the national level. City policies can be most effective in increasing employment by focusing on areas over which the City has some control, by building on New York's strengths and resources, and by not undertaking economic development activities which run counter to basic economic trends." (127).

Interestingly, the city government defines its role as accommodating to basic economic forces beyond its control. The conditions the Planning Commission considered relevant were an eroding economic base, a declining population, and declining tax revenues to run the city. The city government must, therefore, conserve its resources as it plans for a city with fewer employment opportunities and a smaller population.

The Planning Commission concluded its 1979 statement with its most controversial policy initiative.

"Adjusting the existing capital plant to present and

> future realities will be extraordinarily difficult. It will involve consolidation and shrinkage and one will almost certainly produce some dissatisfaction among the public. But it must be done so that capital money can be spent most effectively and so that savings can be made in the Expense budget...the greatest savings opportunities for consolidation and shrinkage exists in the area of capital planning for human services ... Beyond that, the Commission believes that portions of the infrastructure can be consolidated even though the process for doing so will be harder to implement. An obvious illustration would be mass transit. There consolidations will involve reducing the number of stations and route miles." (128).

To date, the policy of consolidation of human services proceded with the closing of two municipal hospitals in Harlem, although strongly resisted by the Black community.

Housing Policy and Implementation.

In 1979, the Department of City Planning estimated that forty one percent of the city's occupied housing stock was substandard and required replacement or rehabilitation, or 1,085,000 housing units. To deal with this social problem, they proposed, at best, an annual replacement and rehabilitation of 35,000 units or 3.2 percent of the substandard housing. (129). By even this crude measure, it is clear that city resources are inadequate to meet the minimial housing needs of the public.

Considering this paradox, the policy of the city is to concentrate its funds where they can be used to aid the private market. The City Planning Department outlines its policy.

> "Much of the private housing stock has suffered from years of deferred maintenance. Billions of dollars would be required to reverse these conditions and

> the government funds available in any given year can never be enough. Therefore, the City must work through the dynamics of the private sector. Policies and programs which maximize limited public funds by leveraging private sector investment are described later in this chapter." (130).

The compromise involved in such a consideration is neglecting the housing needs of the poorest families in the poorest neighborhoods. The private market has no obvious economic interest in these households or neighborhoods. This effect is demonstrable in the two largest city housing programs for subsidizing new residential construction or rehabilitation in the private sector.

In Table 2.13 is presented the distribution by borough of new residential units sponsored by New York City's Section 421 program. In this program, the costs of new

Table 2.13

Distribution of Housing Units in 421 Program by Borough, January 1978 to June 1979

Borough	421 Units	Percent
Bronx	249	4%
Brooklyn	144	2%
Manhattan	3,334	48%
Queens	1,338	19%
Staten Island	1,898	27%
	6,693	100%

Source: Department of Housing Preservation and Development, Memo to Mayor Koch on Borough Planning Efforts, August 17, 1979.

construction is subsidized through partial property tax exemptions for property improvements for up to ten years. Forty eight percent of the units funded in this program were located in the strongest sector of New York City's

real estate market; i.e. Manhattan. In turn, Brooklyn and the Bronx with the lowest tenant household incomes were the location for only six percent of the new 421 Program units.

Furthermore, in a 1977 survey of the households living in new multifamily Section 421 units, it was found that the average income was $24,268, seventy two percent were highly skilled white collar workers, ninety two percent were White, and eighty three percent of the families had no children. (131). It appears the Section 421 Program largely subsidies higher income households in higher rental locations of the city with few benefits for the socially deserving. The same trend is apparent in the city's largest program for subsidizing the rehabilitation of private residential units.

In the New York City J-51 Program, improvements made in the conversion of commercial property to residential use, or improvements in existing residential buildings, are exempt from property tax assessments for up to twelve years. In addition, up to ninety percent of the certified reasonable construction costs are credited against property taxes due on current property assessments over a period of twenty years. According to a review of the program by the Office of the President of the Council in 1981, nearly three quarters of the projects completed in 1977, 1979 and 1980 were located in Manhattan. Futhermore, from a review of the neighborhoods throughout

New York City where J-51 projects have been completed, it concludes:"...J-51 is used primarily by property owners in prosperous neighborhoods and almost never by those in marginal or badly deteriorated areas. There are, to be sure, some notable exceptions to this tendency, but the overall pattern is clear. Intentionally or not, the City is subsidizing investment in luxury and speculative housing markets." (132). By 1981, the accumulated costs of past, present, and future tax exemptions and abatements under the program amounted to over $1 billion, with a loss of fifty nine million dollars in tax revenues in fiscal year 1981, alone. (133).

As hundreds of millions of local property tax revenue dollars are used to subsidize the construction and rehabilitation of middle and upper class housing in high rental districts, there is evidence the city is seriously underfunding its programs for the management of residential properties foreclosed for property tax arrears. The New York City Department of Housing and Preservation (HPD) estimated in 1979, that it would be responsible for a total of 67,810 occupied foreclosed units between September of 1979 and 1980. Additionally, it would be responsible for the disposition of 163,560 vacant units. Furthermore, during the years of 1980 and 1981, HPD estimated that it would take in another 19,900 and 18,330 occupied units, respectively. (134).

To handle the equivalent of approximately four percent of the occupied rental market, HPD developed a program for the management and disposition of the above units. (135). It noted that the great majority of foreclosed residential properties sold at public auction in the past, were soon again in tax arrears and recovered later by the city in foreclosure proceedings in even worse condition. It proposed a program for the repair of structural problems in buildings that were essentially sound and occupied and the movement of tenants out of buildings with high vacancies and serious structural deficiencies. Buildings prepared for profitable operation would be transferred in negiotiated sales to non-profit or profit oriented organizations with a demonstrable capacity to manage them. Additional buildings would be sold at public auctions.

In the 1980 fiscal year, HPD estimated the cost of the program at $170 million. Forty six million dollars would be collected from rents and another $125 million in federal Community Development funds was requested. Fifty four percent of the outlined $170 million was to be used for the rehabilitation of occupied units. However, the City of New York supplied a total of $82 million of Community Development funds, instead of the suggested $125 million. The majority of cuts in the program that had to be made were in the repair and rehabilitation sections. For the 1981 fiscal year, HPD originally proposed the need for $166 million in Community Development

funds. The Mayor proposed spending $86 Million. (136).

Summary

The central concept stressed throughout this chapter has been that there is a central political and economic dynamic in the United States. This dynamic has directly influenced the development of New York City's business institutions, social climate and infrastructure including its public facilities and residential real estate markets. This central dynamic consists of the dominant mode of capital accumulation. As transformations have occurred in modes of capital accumulation, there are corresponding shifts in the role of New York City in the process of the reinvestment of the surplus product in capitalistic enterprises, structural changes in the mechanism needed to maintain a proper business climate, and facilities to accommodate to the needs of business institutions and the resident labor force.

In the next chapter, the impact of this historical process will be examined on the development of one residential community in Brooklyn, Park Slope. In particular, through the industrial and corporate periods of capital accumulation, the development of New York City's business enterprises, social climate and infrastructure will be examined as they influence the process of change in Park Slope.

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Chapter Three

Stages of Change in Park Slope, 1850 to 1980

Park Slope in the Industrial Period

The main proposition of this chapter is that the changing patterns of settlement in Park Slope are a by-product of the interaction between the unique physical and social conditions of the community and the processes of reinvestment of the surplus product within New York City. The changing patterns of settlement are not the result of slow incremental change in the attributes of the community. They are instead the outcome of the changing position of the community within the political economy of New York City. The aim of this chapter is to outline the dynamics of this interaction.

Park Slope, in the borough of Brooklyn, is separated from Manhattan by the East River. Its eastern border rises to an elevation of approximately 180 feet on the crest of a terminal morain which is the current site of Prospect Park. To the west, it "slopes" downward from the Park to sea level at the site of Gowanus Canal, the location of a pre-existing salt water marsh. Three miles to the north are the bluffs of Brooklyn Heights and one mile further, across the East River, lie City Hall and Wall Street.

The area is located within the southern boudaries of

of the original City of Brooklyn, incorporated in 1854. At that time, land within Park Slope was owned by a dozen families who were either descendants of original farm families or members of Brooklyn's social elite. (1). These properties were divided into rectangular lots which stretched from inside the present site of Prospect Park to the Gowanus Canal. In the 1840's the salt marshes were drained with the private construction of the Gowanus Canal.

In 1852, Edwin Litchfield, son of a former speaker of the New York State Assembly, officer and later President of the Michigan, Southern and Northern Indiana Railroad, and partner in the New York City law firm of Litchfield and Tracy, bought the farmland of the Cortelyou family for $150,000. This farm extended from above the present site of Prospect Park West to the Gowanus Canal and from First to Fifth Street. Subsequent purchases of other estates in the 1850's and 1860's would extend his land holdings to the present location of Ninth Street with the additional investment of $100,000. With this total investment of $250,000, Litchfield became the owner of approximately one third of the present area of Park Slope and its largest land owner and rentier.(2).

In 1854, Edwin Litchfield built a country estate for his family at the top of his property at Fourth Street and inside the present site of Prospect Park. Standing in the tower of his home, which extended another sixty feet

above the crest of the hill, Litchfield could clearly see the development of residential areas along the southern extensions of both Court and Fulton Streets in Brooklyn in the 1850's. He could also see the expansion of industrial facilities along the waterfront of Brooklyn and the Gowanus Canal to the west. In Manhattan, he could see the northward expansion of residential and business districts as far as four miles from City Hall by the beginning of the Civil War. His land, separated from Manhattan by the East River, was closer to City Hall than was Central Park, already under construction in the 1850's. Litchfield understood that continued business expansion in the region and proper investments in local facilities could only greatly appreciate the value of his property. With a fortune built on railroad speculation in the Mid-West and with the correct family political ties, as a rentier, Litchfield was in the right position to benefit from this business expansion.

During the 1860's, he held onto his acquisitions while investing $1 million in improvements. Half of this amount was spent improving his frontage on the Gowanus Canal below Fourth Avenue. He constructed canal extensions and warehouses for expanding lumber, coal, and brick yards. The other half was spent constructing roads that criss-crossed his property between Fourth Avenue and Prospect Park West. To partly finance his street improvements, through a unique special act of the State Legislature,

Litchfield borrowed $250,000 from the City of Brooklyn. Litchfield's overall strategy was to develop the land below Fourth Avenue for industrial uses and to exclusively develop upland properties for residential uses. (3).

Litchfield's greatest coup as real estate speculator was the construction of a 526 acre park on the eastern edge of his estate. This Park, Prospect Park, was designed by the landscape firm of Frederick Olmsted and Calvert Vaux and completed in 1873. (4). The Brooklyn Daily Eagle suggested that conversations between Litchfield and Egbert Viele, the Superintendent of Central Park and later business partner with Litchfield in the Brooklyn Improvement Corporation, led to the initial public consideration for the development of the Park.

> "The first suggestion of it came from General Egbert L. Viele, who was Mr. Litchfield's guest at dinner one day about the year 1858. Central Park was a new creation, and General Viele suggested that the magnificant piece of woodland adjacent to the marsh should be converted into a great park. This idea impressed the host so favorably that he took vigorous hold of the scheme; he associated himself with the late Thomas G. Talmanage, and other friends; they prepared the necessary bills and went to Albany personally to obtain the necessary legislation. When the park commissioners were to be named it became necessary to place one or more Republicans upon the Commission, and Mr. Litchfield was instrumental in having James S.T. Stranahan named as one of them." (5)

Thomas Talmanage was a useful friend as he owned property adjoining Litchfield's and was a former President of the Board of Alderman and Mayor of the City of Brooklyn. After Talmanage's death in 1863, Litchfield bought his estate.

In 1860, the State Legislature approved the proposal for Prospect Park and created the Brooklyn Park Commission to execute the program and issue capital bonds to be repaid from tax receipts from Brooklyn property taxes. In 1861, the Commission, with James Stranahan as its President, approved plans of Egbert Viele for the Park. However, execution was postponed by the Civil War and in 1865 Olmsted and Vaux were hired by the Commission to develop new plans. Subsequently, they requested an extension of the Viele park boundaries, west from Tenth Avenue to Prospect Park West and, south, from Ninth Street to Fifteen Street.

Over the objections of Litchfield, as four blocks of his estate including his mansion were located within the area of the extension, the State Legislature approved the new plans in 1869. In 1869, for the acquisition of approximately four blocks of Litchfield's estate, the City of Brooklyn paid $552,000. (6)

More was involved in the park construction than a program to benefit a single rentier intent on profiting from industrial expansion in the region. It was also a program for the City of Brooklyn to increase property tax revenues. In particular, Park Slope was considered by business and public leaders as a center for future residential housing for the upper classes. Its superb physical attributes in the core of the old City of Brooklyn, accentuated by the marvelously crafted Park

were believed sufficient to attract upper class residents from Manhattan. Indeed, it was this belief that was used to justify the expansion of the City of Brooklyn's debt to construct the Park. James Stranahan, President of the Brooklyn Parks Commission, describes this belief.

> "The question which was pressed upon us was, therefore simply this: Whether any plan of improvement would be devised and undertaken which would be adequate to attract and hold among us a large share of that class of citizens which it was necessary should be attracted if we were to avoid throwing upon our people of modest means, and upon the poor, an excessive and crushing burden of taxation. If not, it was certainly very questionable whether we could afford to enter any plan..." (7)

As upper class households were attracted to Park Slope, it was assumed that the consequent increases in property tax assessments would be sufficient to pay for the park program and stabilize property taxes in the city.

In contrast, property owners in the eastern district of Brooklyn opposed the use of their property taxes to pay for Prospect Park or any other park in Brooklyn. They felt, presumably, that a park was not necessary to attract more working classes households to their section of Brooklyn. In response, the State Legislature, on May 2 1861, relieved the eastern district from responsibility for park assessments and eliminated plans for a parade ground in this district. (8).

Emergence of Working Class and Upper Class Real Estate Markets in Park Slope, 1860 to 1880.

Although by the early 1870's millions of dollars had been spent improving Park Slope with park and street

improvements, the area remained on the fringes of urban development. Investments based on an expansion of a upper class real estate market remained speculative. (See, Map 3.1). During the 1860's, the pattern of expansion from the downtown section of Brooklyn, was south along the waterfront avenue of Court Street or southeast along Fulton Street, the main commercial street of Brooklyn. This pattern of expansion was due to the cost and difficulty of traveling between the cities of Brooklyn and New York.

Within visible reach of New York, it required three fares to travel there from Brooklyn. One fare was needed to take a horsecar down one of Brooklyn's major avenues to one of the dozen ferries that crossed the East River to New York. Another fare was paid to use the crowded and unreliable steam ferries. Finally, a third fare would be needed to travel from the ferry, on a horsecar, to the job site. As a consequence of the cost and long travel times, housing was largely confined to waterfront areas. In the tight competition for accessible locations, new housing in Brooklyn consisted largely of attached brick and wood frame homes. Typically, they were constructed on twenty by one hundred foot lots.

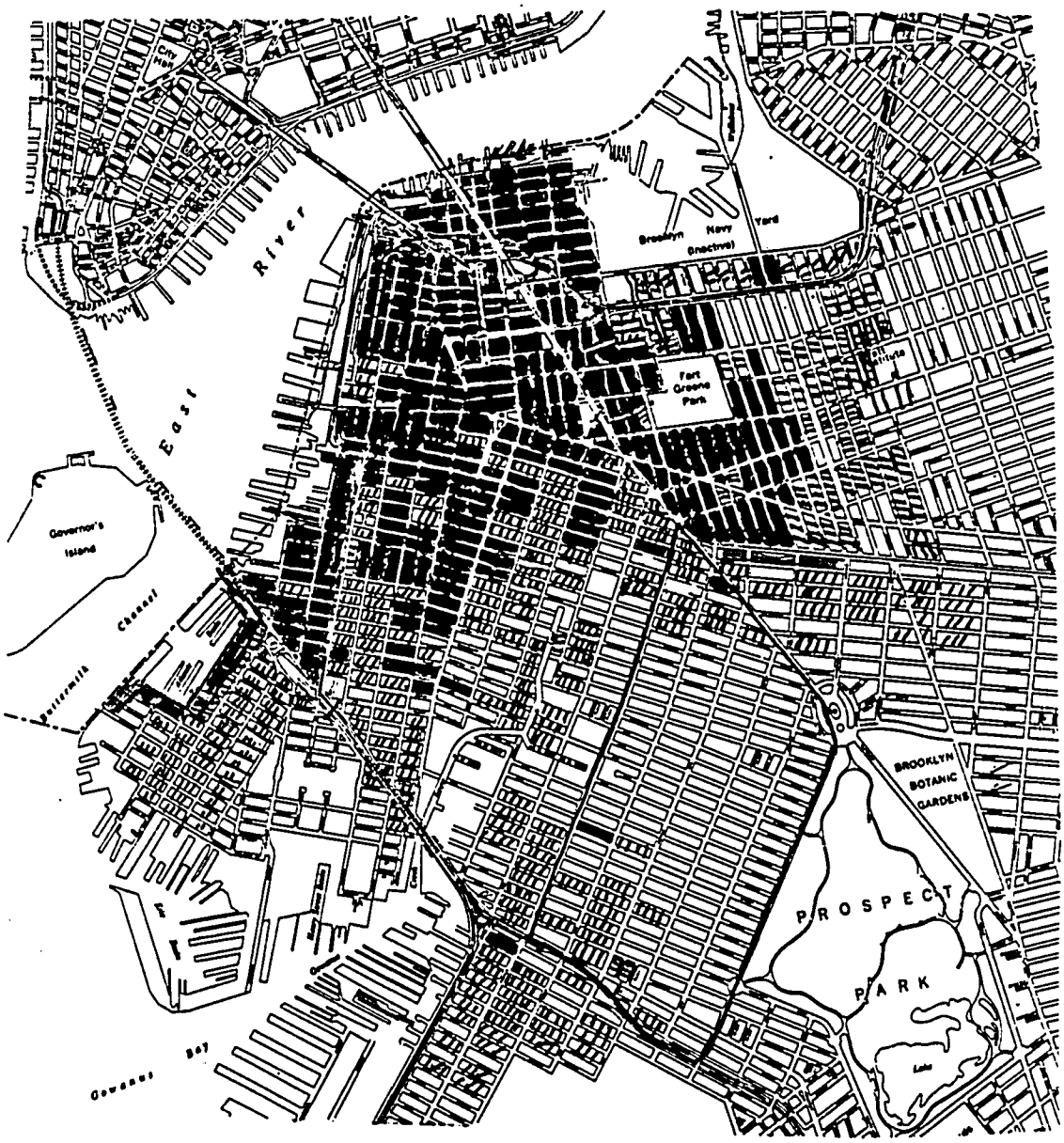
The 1875 New York State Census provides a relatively detailed picture of residential differentiation in the City of Brooklyn. The area north of Fulton Street and west of Court Street, or the current neighborhood of

Map 3.1

Downtown Brooklyn Residential Development, 1869

Fifty-Ninety Percent of Residential Lots Developed

Ninety Percent or More of Residential Lots Developed



Source: Dripps, M. Map of the City of Brooklyn (Brooklyn: M. Dripps, 1869).

Brooklyn Heights, was the most segregated upper class section. From this district, upper class families could look down from the bluffs of the Heights onto the Fulton Street Ferry that would take them to work in Manhattan, and the piers and warehouses along the waterfront which were the sources of their wealth.

This upper class district spread directly southward along Court Street: a street attractive because of its high elevation and physical distance from waterfront activities. Additionally, the upper classes moved southeast along Fulton Street past Flatbush Avenue. The working class was concentrated in waterfront districts north of Fulton Street, east of Court Street, and along the Gowanus Canal.

Given the inaccessibility of Manhattan for the working class, the relatively greater availability of land, and the specialization of industries along the Gowanus Bay in the handling of bulk merchandise such as coal, lumber, bricks, rope, asphalt, and grain storage which are not labor intensive industries, there was less competition for land in the working class districts of downtown Brooklyn than in Manhattan. Consequently, unlike Manhattan, the predominant type of working class housing was two or three story wood frame buildings on a fifteen by eighty foot lot. Rows of such homes were built in the Gowanus Canal and Navy Yard districts. Map 3.2 displays the

Map 3.2
Distribution of Wood Frame Dwellings in
Downtown Brooklyn, 1911

Fifty Percent or More
of Dwellings Wood Frame



Source: Hyde & Co. Atlas of Brooklyn, Vol 1 (Philadelphia: E.P. & C. Restin, 1898) &; Hyde & Co. Atlas of Brooklyn, Vol 1, 2nd Edition (Brooklyn: Hyde & Co.)

the distribution of wood frame homes in downtown Brooklyn in 1911.

In Park Slope, by 1880, residential development was occurring in separate southern and northern sectors with the center of the community undeveloped. (See Map 3.3). The center and park blocks were largely the property of Edwin Litchfield. The northern sector was developed as an extension of the upper and middle class districts expanding along Fulton Street and Flatbush Avenue. In this section, three and four story one family brownstones were being built. As this sector moved up Flatbush Avenue toward Prospect Park, residents could easily reach the Fulton Street Ferry by using horsecars on Flatbush Avenue.

In contrast, the southern sector of Park Slope was developed for working class households. This area was accessible to the waterfront and the Gowanus Canal by means of a horsecar that traveled over the Ninth Street Bridge. This section offered a attractive alternative to the industrially congested waterfront districts and the lowlying marsh lands of the Gowanus Canal. Unlike the northern sector, housing in this sector was largely two or three story wood frame homes.

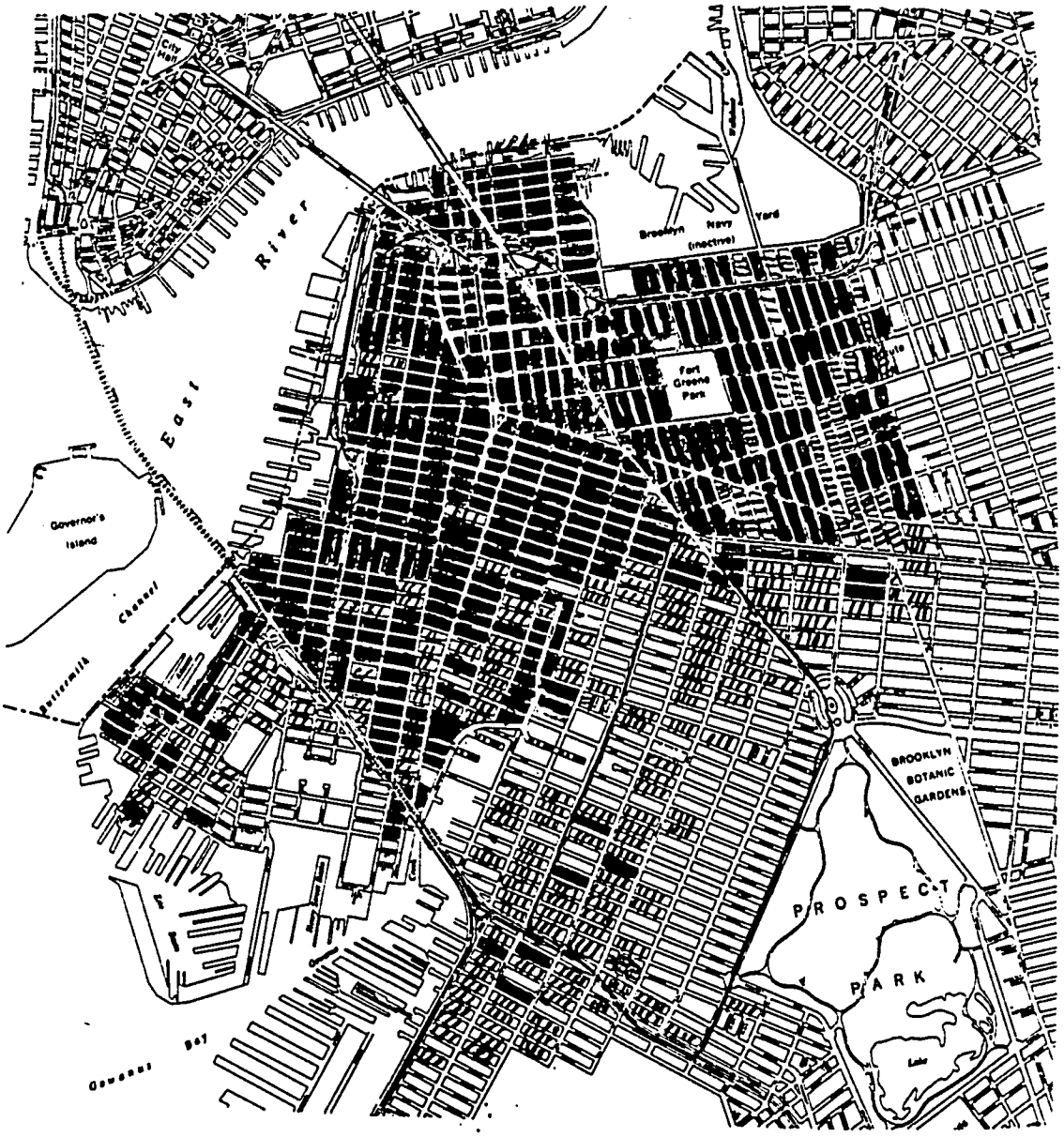
The first of such homes, as indicated by the irregularity of lot size and building design, were built by workers themselves. In the 1880's, as residential

Map 3.3

Downtown Brooklyn Residential Development, 1880

Fifty-Ninety Percent of Residential Lots Developed

Ninety Percent or More of Residential Lots Developed



Source: Bromley, G.W. & Co. Atlas of the Entire City of Brooklyn (New York: G.W. Bromley & E. Robinson, 1880).

development moved up toward the Park, housing was built by contractors who frequently built eight and ten homes at a time, either brick or wood frame. Further, unlike the northern sector, there was less segregation of industrial facilities and workers' housing. For instance, the Ansonia Clock Company had a large factory at Seventh Avenue and Twelfth Street. In the 1890's the factory employed approximately 1,500 workers. (9).

Thus by the 1880's, two different sectors were emerging within Park Slope as the center and park blocks of the community remained undeveloped. The factor determining which sector would dominate the community was the opening of the Brooklyn Bridge in 1883.

Brooklyn Rentiers look to Brooklyn Bridge for Economic Expansion.

In 1867, the State Legislature chartered the New York Bridge Company to build the East River crossing and sell $5 million in capital stock. Three million dollars of the stock was to be bought by the City of Brooklyn, $1.5 million by the City of New York, and one half million by private investors who would actually have executive control over the bridge while actually sharing in only ten percent of the capital risk. The benefits of the Bridge's construction, under the supervision of engineer John Roebling, is described by David McCullough, the bridge's historian.

> "In Brooklyn, where interest was keenest, it was said the Bridge would make Brooklyn important, that it

> would make Brooklyn prosper. Property values would soar. Roebling the alchemist would turn vacant lots and corn patches into pure gold. Everyone would benefit. Brooklyn was already expanding like a boom-town, and the Bridge was going to double the pace, the way steam ferries had. Merchants could expect untold numbers of new customers as disaffected New Yorkers flocked across the river to make Brooklyn their home. Manufacturers would have closer ties with New York markets. Long Island farmers and Brooklyn brewers could get their wares over the river more readily." (10)

With the commitment of the City of Brooklyn to buy the required capital stock, the Bridge's principal proponents William Kinsley, one of Brooklyn's largest real estate developers, and Henry Murphy, a State Senator, sought the commitment of the City of New York. In 1868, Murphy and Kinsley bribed Boss Tweed to get the commitment of the City of New York to buy its required $1.5 million in stock. The bribe consisted of an outright payment of $50,000 dollars to members of the New York City Board of Alderman and a gift of 1,680 shares of capital stock in the Bridge, valued at $100 dollars a share, to four members of the Tweed Ring: Boss Tweed, Hugh Smith, Peter Sweeny, and Richard Connolly. (11). In the autumn of 1869 when construction of the Bridge actually commenced, the privately held and controlling shares of the corporation were held by the Tweed Ring with 1,680 and Kinsley's firm with another 1600. (12).

Thus, the speculative construction of the world's largest suspension bridge in the most heavily navigated river in the country, was initially pursued and controlled

by a corrupt group of private and public rentiers. That it was ever completed speaks highly of the integrity of the Roebling family.

With the opening of the Bridge in 1883, commuters between Manhattan and Brooklyn no longer needed to be dependent upon the vagaries of steam ferries troubled by tides, fog, blizzards, and ice flows. They could instead take one of the rapid transit cars traversing the Bridge. In the first year of operation, the Bridge trains carried over nine million passengers. In 1888, with the extension of connecting elevated rapid transit lines in Brooklyn, the Bridge trains carried thirty million passengers. By 1889, Park Slope's Fifth Avenue was connected to the Bridge terminal by the elevated lines of the Union Elevated Railroad Company. (13).

In the 1880's, the real estate market of Park Slope, then known as Prospect Hill, took off. In the last half of the 1880's, newspapers regularly described rising prices for lots and residences in the northern half of the community. (14). According to these reports, the prospect of the elevated rapid transit line on Fifth Avenue made real estate in the area both accessible to Manhattan and a relative bargain over Manhattan real estate prices.

As recorded in an account of prices in 1886, brokers said that homes from Flatbush Avenue to Third Street between Eighth Avenue and Prospect Park West sold from

$20,000 to $30,000. In the same area between Eighth and Sixth Avenues, houses sold from $12,000 to $20,000. From Third to Tenth Street between Eighth and Sixth Avenues, houses sold from $6,500 to $10,000. Finally, houses south of Tenth Street were the lowest prices and sold from $2,500 to $6,000.(15).

While offering the same amenities as the fashionable and expensive Broadway in Manhattan, the Eight Avenue section of Park Slope was described as a comparable bargain. A Court Street broker describes the advantages.

> "Houses on Eighth Avenue, four story brownstone residences, we sell for $28,000 and $30,000. The same class of dwelling in New York on the west side from seventieth up along that fashionable district, command from $50,000 to $55,000 each, while some sell for $60,000. Well now, you see our properties are the best investment, being about fifty percent less than New York." (16).

By 1911, all of the residential lots within Park Slope had been developed with mostly one family brownstones and a lesser number of walkup apartment buildings constructed in the northern sector and along the Park blocks. (17).

As demand for housing in Park Slope increased during the turn of the century, the new predominant type of housing built on undeveloped lots were four and eight family apartment buildings. (18). The quality and size of these apartments varied widely with their distance from the highest priced section. The highest quality walkups were built on double lots, forty five by one hundred feet, and had central heating and varied room

arrangements. The poorer quality walkups, largely built west of Seventh Avenue or south of Tenth Street, were built on twenty five by one hundred foot lots and were cold water flats.

Matching the rapid expansion of the Park Slope real estate market, local institutions were quickly built in the late nineteenth century. In the 1880's and 1890's four public schools were built, Methodist Hospital in 1881, Berkeley Institute in 1883, nearly two dozen churches by 1892, and the Montauk Club in 1891. In 1902 electric trolleys were introduced and Seventh and Fifth Avenues became the main commercial avenues.

As indicated by the number and value of church buildings, English, German, Scottish, and Dutch descendants commanded the early social life of Park Slope and represented the economic and social elites of Brooklyn. The oldest congregations moved from locations in Brooklyn Heights. For instance, a congregation of the First Reformed Protestant Dutch Church, one of the oldest in Brooklyn, moved from Brooklyn Heights to Park Slope in 1891. The St Johns Episcopal, founded in 1826, moved to its Park Slope location in 1869. However, the majority of the eighteen Protestant and five Catholic churches in 1892, represented new congregations. (19).

The Montauk Club, at Eighth Avenue and St Johns Place, typified the early dominance of the area by the social and economic elites of the City of Brooklyn. It was

founded in 1891 to substitute for clubs in Manhattan that members could not conveniently reach from Brooklyn. Its members included corporate presidents, a United States Senator, A Mayor of New York City, judges, and witnessed visits from Presidents Cleveland, McKinley, Taft, and Hoover. However, measured by the ebb of the club's fortune in the 1930's, Park Slope's social life became less attractive for upper class families. With a membership falling from 1,000 in the 1900's to 350 in 1934, the club was faced with fiscal collapse. (20).

New Rapid Transit Lines Alter Demand for Housing.

The completion of the Dual Subway Contract of 1913 and the Independent Line in the 1930's, progressively transformed the entire City of New York into a one fare zone. Simultaneously, the city's population increased from 3,438,000 in 1900 to 6,930,000 in 1930, doubling the demand for housing in thirty years. These population and transportation changes increased the demand by the working class for housing in the settled areas of the outer boroughs and provided vast amounts of land for new settlement by the middle and upper classes.

Park Slope was connected to Manhattan by a single fare subway ride with the extension of the IRT to the Long Island Railroad Station at Altantic Avenue in 1908, the construction of the Fourth Avenue RR and the Seventh Avenue Brighton Beach Lines in 1920, and the Independent F Line, through Ninth Street, in the 1930's. The rapid

integration of Park Slope into this dense network of public transit altered the local demand for housing.

There was increased demand by the working and lower middle class escaping from congested Manhattan and undesirable sections of the Brooklyn waterfront. This made profitable the conversion of single family brownstones to multifamily buildings. This conversion also made the area less socially desirable for the upper classes who were now moving to the outer edges of the Metropolitan Region.

In particular, Irish Catholics who originally settled along the Gowanus Canal district in the nineteenth century, moved up toward the Park. This swelled the membership of Catholic parishes in eastern Park Slope. At the same time, Italian families were moving from congested Manhattan and waterfront districts to lower Park Slope, centering at Third Avenue and Carroll Street. For instance, in 1929, the officially designated Italian parish of Our Lady of Peace on Third Avenue and Carroll Street, was the largest parish in Park Slope with a membership of 18,000. (21).

In the 1920's and the 1930's, the social life of Park Slope was increasingly controlled by a circle of Catholic related activities, including parish activities, social clubs, and schools. (Of the eight Catholic parishes, seven had grammar schools, and two had high schools). Separate Italian and Irish Catholic middle and working

class social networks replaced the previous commanding Protestant social networks.

In a study of the local social contacts of households on one block near Prospect Park in 1938, one researcher found that the majority of intimate social contacts between neighbors were made off the block at school, club, church and business activities. Comparatively, Protestants were more isolated from their neighbors than Catholics on the block.

> "In the case of Catholic families, who were far more homogenous than other families on the block in such matters as home furnishings, school and club affiliation, there was a suggestion of a social circle; and there was also the semblance of a neighborhood in the fact that some of these Catholic families had at least heard of their neighboring Catholics even though they did not know them." (22).

This dominance of local social networks by Irish and Italian Catholic institutions continued through the 1960's when a second major re-alignment would occur in Park Slope.

In summary, in the 1860's the largest property owner in Park Slope and the City of Brooklyn cooperated in the speculative development of the northern sector of Park Slope as an upper class residential area. Both planned to profit from high land rents in the area if it developed as an upper class residential area. Simultaneously, the southern sector of Park Slope was developing as a mixed use working class and industrial area.

Subsequently, with the construction of the Brooklyn Bridge and the extension of an elevated transit line

to Fifth Avenue by 1889, the northern sector of Park Slope became a high rental district for Brooklyn's social and economic elite. Still on the fringes of settled areas at the turn of the century, the progessive extension of subway lines throughout Park Slope and the rapidly growing New York City area, altered the nature of class demand for housing in Park Slope.By the 1920's and 1930's, working and lower-middle class families were starting to outbid the upper classes for housing in Park Slope's high rental district. It became profitably to convert one family brownstones into multi-family buildings. This social change made the area less attractive to the area's upper classes who were moving to the outer regions of New York City. In turn, the early social influence by Protestant social networks ebbed and were replaced by Irish and Italian Catholic institutions.

It could be presumed that at this period, Park Slope's social elite would have characterized the area as increasingly unmanageable as the fortune of their social institutions declined and as the social status of the area ebbed. In contrast, the area would have become more manageable for working and lower-middle class Catholics as their numbers and social institutions increased in size and social influence.

Park Slope in the Corporate Period

Starting in the 1920's and through the late 1940's, approximately a dozen elevator apartment buildings were

constructed in the high rent sections of Eighth Avenue and Prospect Park West. (23). However, the main source of new apartments in Park Slope, after the 1930's, consisted of the subdivision of one family brownstones into multi-family buildings.

Exhibit 3.1 discloses the number of apartments and their median rent in Park Slope by census tract between 1934 and 1970. The seven census tracts with the highest median rents were those east of Sixth Avenue and north of Ninth Street. The average median rent in these tracts was over $123 in 1934, in constant 1967 dollars. This exceeded by forty percent, the average median rent in the remaining eleven Park Slope census tracts.

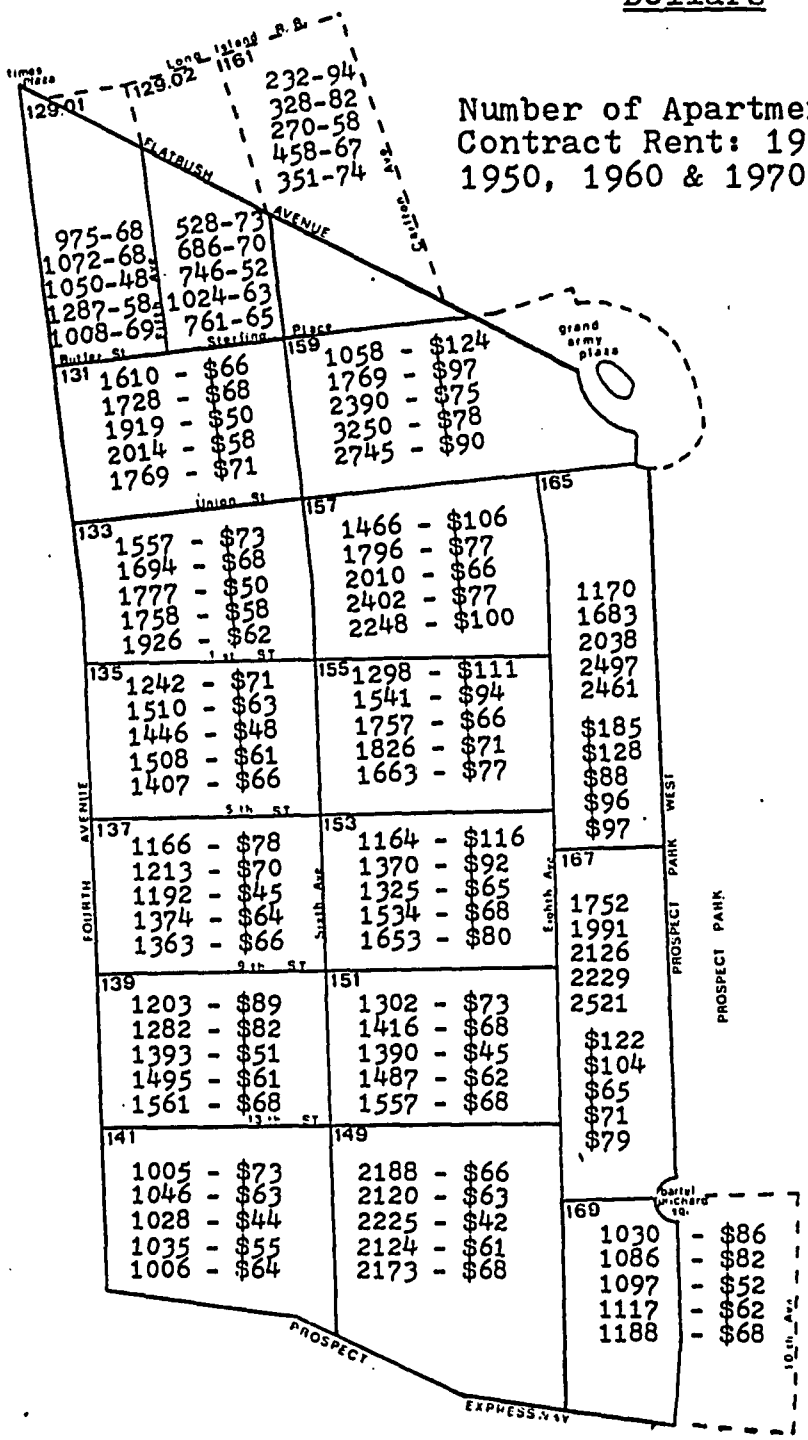
However, between 1934 and 1950, rents in this district declined by forty four percent from $123 to $69, in constant dollars. These rent reductions were accompanied by a great expansion in the number of housing units in the area. Between 1934 and 1960, the number of apartments increased from 8,140 to 14,200, or a seventy four percent increase.

The great majority of these increases were due to subdivisions of apartments as the number of apartments with no private bath, in these seven tracts, increased from fifty in 1934 to 2,106 in 1960.

The eleven tracts west of Sixth Avenue or south of Ninth Street had median rents which declined from $74 in 1934 to $48 in 1950, or a decline of thirty five percent.

Exhibit 3.1

Median Contract Rent in Park Slope, 1934 to 1970, in Constant 1967 Dollars



Source: New York City Housing Authority Real Property Inventory, 1934 (N.Y.: City of New York, 1934); Citizens Census Committee Statistics for Census Tracts, 1940 (N.Y.: Citizens Census Committee, 1942) &; U.S. Census Bureau 16nth, 17nth, 18nth & 19nth Census of Population and Housing.

These reductions in this low rent district, however, were not accompanied by the subdivision of homes into smaller units. In particular, between 1934 and 1960, the number of units increased from 13,800 to 16,200, or an eighteen percent increase as compared to the seventy five percent increase in the high rent district.

The general rise in tenant household income throughout New York City between 1950 and 1970, had an impact on rents in Park Slope. In this period, median rent in the high rent sector increased from an average of $69 to $85, or a twenty three percent increase. In the low rent district, median rent rose from an average of $48 to $67, or a forty percent increase. This increase is nearly twice the size of the rise in rents in the high rent district. As a consequence, the rent differential between the two districts decreased from forty percent in 1934, to thirty percent in 1950, to twenty percent in 1970.

Further, with these increases in real income, owners of property in the low rent district were able to significantly upgrade the condition of their apartments. Indicative of this trend, the number of apartments with no central heating in the low rent district, declined from forty nine percent in 1934, to thirty one percent in 1950, and to seven percent in 1970.

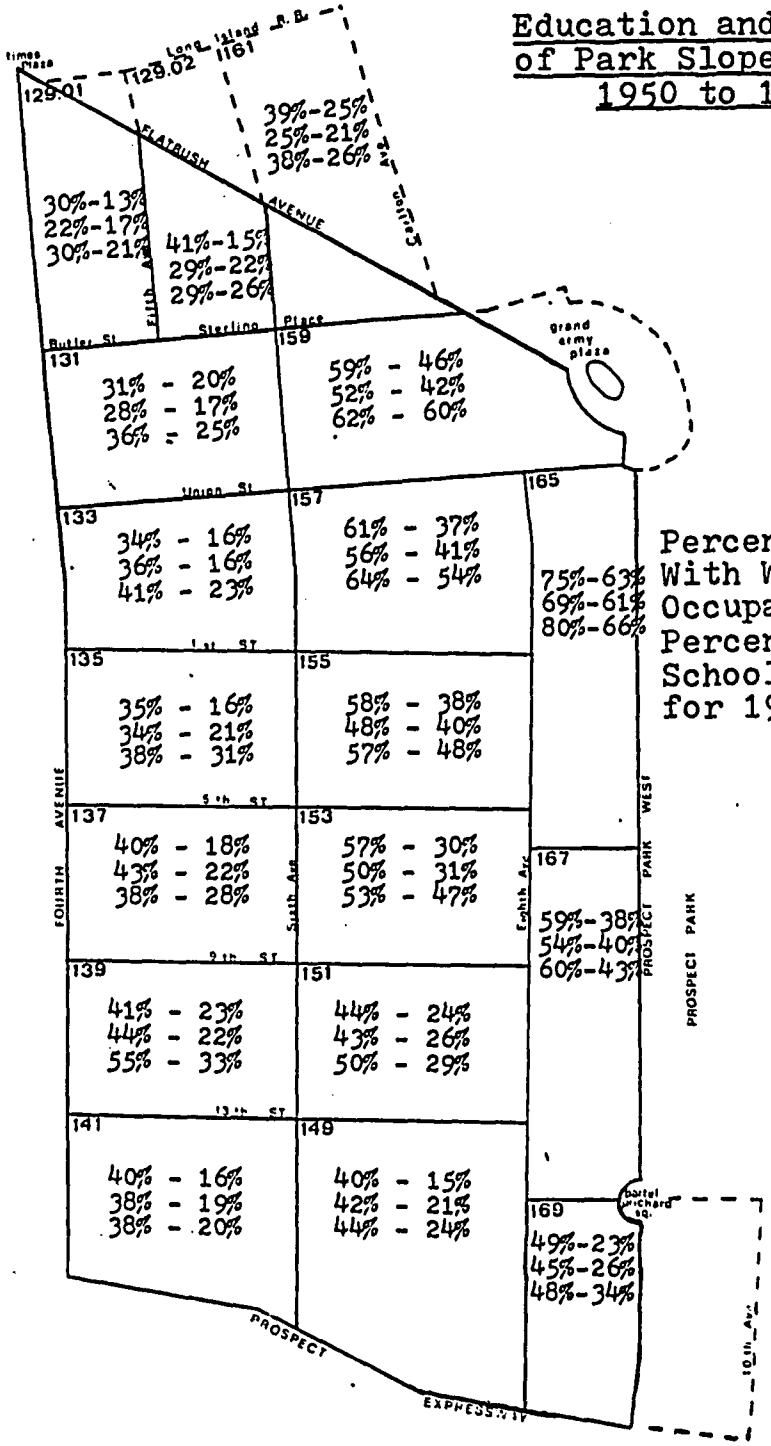
In summary, conditioned by the transformation in the 1920's of the City of New York into a single fare zone, an expanding working class population was able to outbid

the middle and upper classes for housing in Park Slope. In turn, the mobile middle and upper classes were attracted to newly developing areas on the fringes of New York City. Accordingly, as median rents dropped by forty percent in the high rent district between 1934 and 1950, there was an expansion of the size of the rental market by seventy four percent between 1934 and 1960. This growth was sufficient to maintain equivalent gross rental income from each subdivided building.

In the low rent district, median rents decreased by thirty four percent between 1934 and 1950. However, there was fewer subdivisions of apartments. Further, between 1950 and 1970, median rent increased by forty percent. This provided sufficient real increases in rental income for owners to upgrade the condition of apartments. Thus, in the thirty six year period between 1934 and 1970, it was the high rent district that suffered the greatest relative decline in housing conditions as its apartments were subdivided into smaller units and increases in median rents lagged behind increases in the low rent district.

Exhibit 3.2 displays the distribution of adults with high school degrees and white collar occupations by census tract. In 1950, in the low rent district, an average of thirty nine percent of the labor force had white collar occupations. In 1970, the same ratio was forty one percent. Furthermore, the percentage of adults with high school educations increased from eighteen percent in 1950

Exhibit 3.2
Education and Occupation of Park Slope Residents, 1950 to 1970



Percent of Workers With White Collar Occupations - Percent of Adults, High School Graduates, for 1950, 1960 & 1970.

Source: U.S. Census Bureau 17nth, 18nth & 19nth Census of Population & Housing

to twenty seven percent in 1970, or a fifty percent increase. Thus, for this twenty year period, the low rent district was a relatively stable blue collar community.

The education and occupation of adults in the high rent district was also relatively stable. In 1950, an average of fifty eight percent of the labor force had white collar occupations and in 1970, an average of fifty nine percent of adults were so employed. Similarly, the ratio of adults with high school educations increased from forty percent in 1950 to forty eight percent in 1970.

As evidenced by rent payments, housing conditions, and social status indicators, the low rent sector of Park Slope remained a relatively stable working and lower middle class area throughout the period under examination. The high rent district with significant rent decreases in constant dollars between 1934 and 1950, large numbers of apartment subdivisions between 1934 and 1960, and rent increases which lagged behind those in the low rent sector between 1950 and 1970, suffered the greatest relative declines in housing conditions.

Dual Housing Market in Park Slope.

Since the 1920's the Black population of Brooklyn has been segregated within a ghetto centering on Nostrand Avenue and Fulton Street. This intersection is less than two miles northeast of Park Slope. (24). Puerto Ricans, although with lower incomes than Blacks, have been less

segregated and have acted as a buffer between Whites and Blacks in Brooklyn. The Black and Puerto Rican populations of Brooklyn have expanded proportionally from seven percent and one percent in 1950, respectively, to fourteen and five percent in 1960, and twenty five and ten percent in 1970. (25). With this growth, the Black and Puerto Rican sector of the Borough has increased in size. By 1970, the northern boundary of Park Slope was clearly within the Black and Puerto Rican sector.

Exhibit 3.3 outlines the distribution of Blacks and Puerto Ricans within Park Slope by census tract. Between 1950 and 1970, Black and Puerto Rican families became a majority of the general population in the area north of Fifth Street and west of Sixth Avenue. South of Ninth Street, Blacks were less than five percent of the general population. Puerto Rican households, acting as a buffer between the White and Black population, comprised between six and eighteen percent of the general population in the area south of Ninth Street.

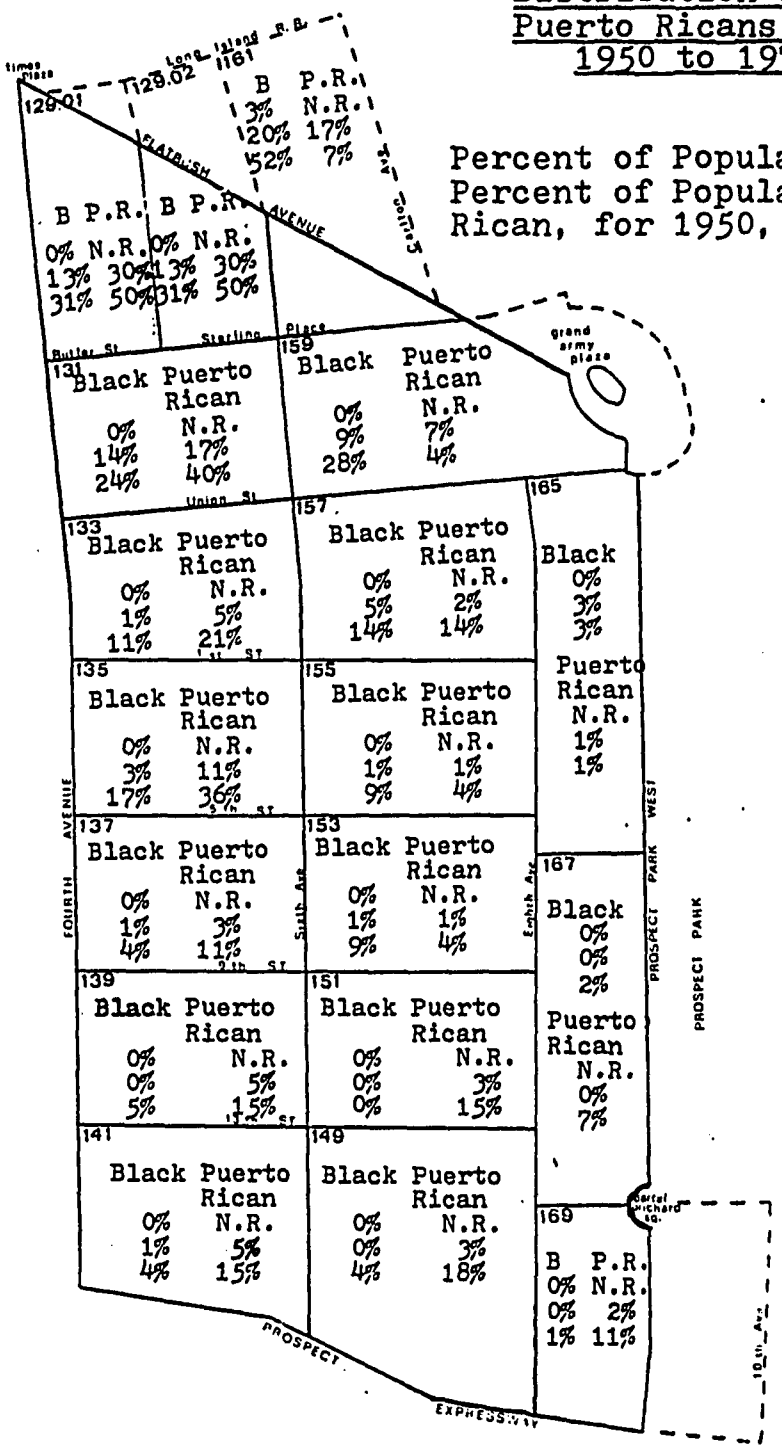
Within the high rent district, the Black and Puerto Rican population remained a tiny minority of the population.

Map 3.4 displays the results of a field survey of the distribution of the Black and native Spanish speaking population in Park Slope in 1977. Conducted eight years after the 1970 U.S. Population Census, the Map reveals the distribution of Black and Spanish households has

Exhibit 3.3

Distribution of Blacks & Puerto Ricans in Park Slope, 1950 to 1970

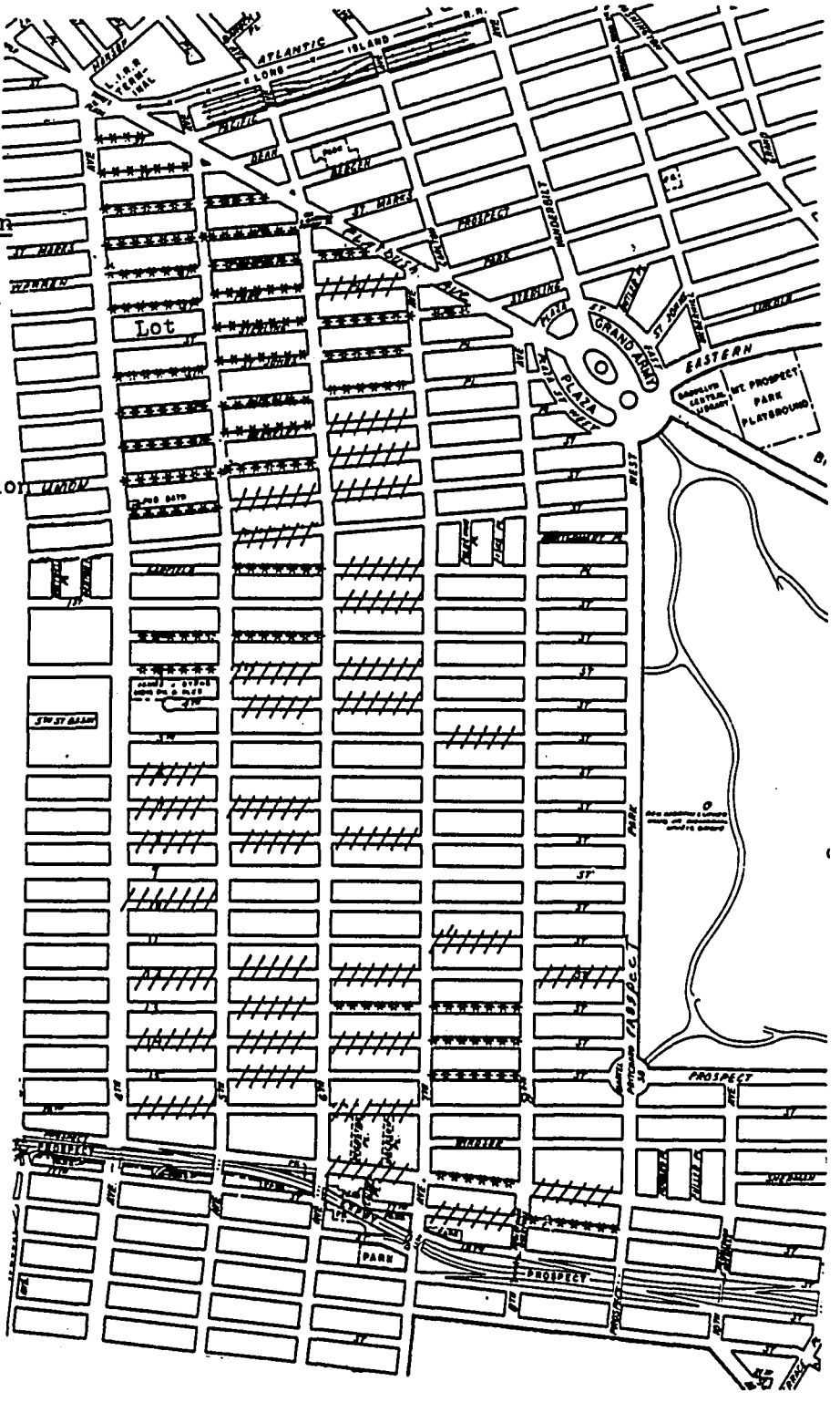
Percent of Population Black - Percent of Population Puerto Rican, for 1950, 1960 & 1970



Source: U.S. Census Bureau 17nth, 18nth & 19nth Census of Population & Housing.

Map 3.4

Block Distribution of Black & Native Spanish Speaking Population, 1977



Fifty Percent or More Black & Native Spanish Speaking Population

****

Fifteen to Forty Nine Percent Black & Spanish

////////////

Source: Field Survey in Summer of 1977.

remained relatively stable.

In summary, with the expansion of the Black and Puerto Rican sector of Brooklyn's real estate market into the northeastern section of Park Slope, the low rent district has increasingly become ethnically and racially integrated. In 1970, the northeastern section of Park Slope was largely Black and Puerto Rican.

Response of Community Institutions to Neighborhood Change.

In 1947, the President of the South Brooklyn Board of Trade, (which changed its name in the 1950's to the Park Slope Civic Council), called attention to deteriorating housing conditions in Park Slope. He attributed the decline to the obsolescence of large one family brownstone buildings and the local appearance of new types of residents. He suggested the answer to the area's housing problem was the construction of more elevator apartment houses such as those being constructed on Prospect Park West. (26).

Echoing the opinion of this civic leader, a columnist for the Brooklyn Daily Eagle in 1949 reported Brooklyn homes were becoming rundown and obsolescent. In Park Slope he suggested for a cost of $6,000, the high stoops on brownstones could be removed, parking garages made to replaced them on the first floor, and plumbing and kitchen fixtures modernized. (27). Differing in tactical approach, both authors believed there were simple

technical solutions for the housing "problem" of Park Slope. Neither scheme attracted the interest of other local institutions as during the 1950's and early 1960's the major local social concern was controlling working class youth.

In the 1950's, local institutions, including the YMCA, Catholic parishes, the Police Athletic League, and the New York City Youth Board, formulated programs and coalitions for working class youth. These programs included after school athletic programs at such places as the St Francis Lyceum, social events for teenagers at the YMCA, and the placement of youth workers with notorious street gangs. (28).

In 1960, another President of the Park Slope Civic Council restated the housing issue for the community.

> "(A)s everyone knows, since the last war the blight of deterioration has been creeping into a house here, another there, a block down the hill, a neighborhood yonder, threatening the civic health of the whole area... (A) run-down house lowers the morals of the occupants and brings in new tenants or owners whose way of living may be less exacting, so aggravating the decline. Deterioration of a house cannot go uncorrected without resulting in further damages and an eventual cost for repairs far higher than originally necessary. Continued deterioration of a community in its houses leads inevitably not only to enormous loss but to the lowering of human standard and subsequent social problems that money alone cannot solve. Action must be taken before the cancer spreads beyond remedy." (29).

Again a President of the Civic Council suggests a technical solution for adjusting to the post-war housing market: a market which included better housing for the working class but a less affluent high rent district. Bad

housing lowers individuals' moral and lowers social standards. This trend leads to more physical deterioration. The solution to the housing "problem" as explored by the Civic Council was various private and government programs for housing renovation.

Joining the problem of housing deterioration in the early 1960's was a concern about block busting. In September of 1962, the Civic Council took notice of real estate brokers who were sending out postcards and fliers soliciting houses for sale. (30). In the spring of 1963, the New York City Commission on Human Rights held meetings with clergy associations, the parishes of St Francis and St Saviors, and the Park Slope Civic Council. In March over 400 people attended a public meeting sponsored by the Civic Council on the issue of block busting. At the meeting, the tactics of block busting were described and the virtues of the neighborhood described; i.e., its physical attractiveness and accessibility to public facilities. However, no permanent solution appeared to have developed for dealing with the problem beyond the placement of signs in windows informing neighbors that this resident did not plan on moving. (31).

In the summer of 1965, debate was initiated among local institutions about the merits of seeking designation of Park Slope as a Neighborhood Conservation District. Under this program, New York City housing inspectors would

inspect multifamily buildings for housing violations. Also, community sponsors would be given funds to hire a staff of ten to work on neighborhood housing issues. The area to be so designated was to be from Flatbush Avenue to the Prospect Expressway between Prospect Park West and Fourth Avenue.

By the beginning of 1966, twenty four local organizations had agreed to co-sponsor the program. They included fifteen churches, three block associations, the YMCA, Methodist Hospital, the Park Slope Education Committee, and the Park Slope Civic Council. (32). However, in March of 1966, the City of New York informed the sponsors that there were no federal funds available to finance the community controlled program. Instead, the City of New York proposed a City controlled program with $1 million for code enforcement and capital improvements. (33).

As debate and applications pended on the code enforcement program, alterations in the real estate market were suggesting a redefinition of the housing "problem" from a technical to a social problem. Beginning in the late 1950's, the community of Brooklyn Heights began to attract an expanding white collar group from Manhattan. Moving south along Court Street, these households were buying rooming houses and multifamily buildings and converting them into dwellings suitable for themselves. Initially encountering resistance from lending institutions, the strength of the alterations in the market were

sufficient to attract new investment capital into the neighborhood for this conversion to take place. (34)

Through the early 1960's this white collar population continued to outbid lower income households for housing in this area. In 1966, the process had gone south past Altantic Avenue and down Court Street, into the neighborhood of Cobble Hill. Witnessing this process, some middle class property owners of Park Slope anticipated this market would eventually jump across to Park Slope as it had a century ago. (35).

In the summer of 1966, a group of individuals associated with the Park Slope Civic Council formed the Park Slope Betterment Committee. Noting an increase in the sale price of real estate above Seventh Avenue during the late 1960's, they believed the new white collar population would find it attractive to move even below Seventh Avenue. They believed this because the houses in Park Slope were as attractive as those in Brooklyn Heights, yet much more modestly priced.

To accelerate this trend, the Betterment Committee solicited homes for sale from brokers and they advertised these buildings to white collar workers. The aim of the group was "stablizing the neighborhood by encouraging families - especially young families - to buy homes that come up for sale here." A member of the group describes the purpose of the group in a New York Times article.

"There is one thing that I want to stress," Mr Ferris

> said. "Park Slope is an integrated neighborhood - one of the most decently integrated neighborhoods in this city. We want to keep the slope open and attractive to Negro families. This is one of the stated purposes of our organization. What we object to are absentee landlords who own apartments or rooming houses here who just collect rents, and have no interest in the community. Those are the houses that are never cared for and fall into decay..." (For houses that have fallen into decay, Ferris suggests) "We need somebody like the artists who have come into the neighborhood and ripped out the top floor to make a studio and who redid the rest from the bottom up." (36).

This statement by the Betterment Committee signals a redefinition in the housing "problem" of Park Slope. No longer needed are programs to modernize brownstones and rid buildings of housing code violations. Instead, what is needed is new young families who will renovate buildings for their own occupancy. Presumably, this process would include the conversion of multifamily buildings into one and two family homes.

In 1968, two years after the Park Slope Betterment Committee was formed, its successes were reviewed in the publication of the Park Slope Civic Council. In order to overcome the resistance of commercial lenders to mortgage properties in Park Slope, cocktail parties were held with bankers and highly regarded families were attracted to the area. "Newcomers are of an extraordinarily high caliber: lawyers, architects, engineers, editors, photographers, writers, teachers, businessmen." (37). There was no mention of the number of Black households attracted nor blue collar families.

Thus, by the late 1960's, at least within the high rent district of Park Slope, market forces had altered and technical solutions to housing deterioration were obsolete. The answer to the housing question was new white collar families who would renovate.

Indicative of this altered set of expectations, the Park Slope Civic Council voted in June of 1969 to oppose the designation of Park Slope as a New York City code enforcement area. Furthermore, they sent a letter to other local institutions asking them to withdraw their support. The letter as written, follows.

> "Park Slope is not a community threatened by economic or social problems. Private initiative is swiftly improving housing, streets, commerce and public service. The problems of youth of all races are being attacked by local organizations. We feel that our problems are well within the control of our community and that government resources should be used in more critical areas in our Borough.
>
> We request that you join us in opposing the designation of Park Slope as a Federal Code Enforcement Program." (38).

At its best, this set of expectations reveals a concern with only a narrow segement of Park Slope; i.e., its high rent district. Indeed, in March of 1971, the Director of FHA would send a memo to his New York City office describing Park Slope as one neighborhood in Brooklyn, among others, where block busting real estate brokers dominated the real estate market. (39). Brokers were purchasing homes with cash from families in the low rent district west of Seventh Avenue. They were quickly sold for twice their purchase price to Hispanic and Black

families. These sales were financed with FHA guaranteed mortgages secured through FHA approved mortgage companies.

The rapid ethnic and racial transition that accompanied these block busting activities generated violent racial disturbances. In the summer of 1973, after years of accumulated street conflicts, a dispute over a street robbery between a group of Italians and a single Puerto Rican flamed into an armed street battle in which four Puerto Ricans were wounded by gunfire. In the following two weeks, under the constant surveillance of riot police, street fighting continued until another eight people were wounded. These disturbances subsided after protracted negotiations among the local youth leaders of the opposing factions.

More significantly, on the Fifth Avenue faceblock between Sackett and Degraw, the early 1970's saw the explosion of narcotics trafficking. Operating in a city-wide market, non-local traffickers moved their businesses onto the Avenue. The proliferation of the market also brought an expansion in the number of local addicts, thieves and the ruthless. Preying on local residents by the late 1970's nearly all of the retail stores on this faceblock as well as the tenants above, disappeared.

As the number of households of "extraordinarily high caliber" expanded in the high rent district and started moving west of Seventh Avenue, they started to develop a new network of social organizations to consolidate

their new social and economic power and to initiate physical and social changes in the community. In civic affairs, they organized a network of block associations, new neighborhood civic organizations, and would become actively involved in public debate over the development of housing and other public facilities in the community.

At the most local level, the members of the new white collar group moving into the community organized block associations. The aim of the associations was to develop social contacts among the new residents and to work on the reconditioning of the physical and social attributes of their faceblock. In the winter of 1975, this author was hired by the United Block Association of Park Slope to survey active block associations and inquire about their activities. (40). From a list of forty one self-defined active associations, interviews were held with twenty. Ninety nine members of these twenty associations took part in the survey, with a median of five members from each block. Their characteristics and activities strongly illustrate the process of network construction by the new white collar class.

Over half of the people interviewed were block association officers and were, therefore, among their most active members. Of the ninety nine interviewed, seventy three were White, they had a median age of thirty four, a median household size of two, a median education of sixteen years, and sixty of the seventy employed had

white collar occupations. Additionally, they had lived on their block for a median of three and a half years, and sixty nine were homeowners. Thus, the members of these associations tended to be to an extraordinary degree, highly educated and young upwardly mobile home owners.

The great majority of cooperative activities planned by the associations were social events, such as block parties and dinners, or block care projects, such as block sweeps and tree plantings. Issues the associations worked on included sanitation, block security, social disturbances, and other property owner's maintenance of their buildings.

When members were asked how conditions had changed on the block, sixteen associations believed conditions had improved. Almost all of these associations made references to young homeowners and "renovators" who had moved onto the block. These changes were accompanied by other changes in the block's population; e.g., the conversion of rooming houses to one and two family homes, fewer children, fewer "undesirables" and new young transients and stable neighbors. Physical changes included more trees, less noise, building improvements, occupancy of vacant buildings, and cleaner streets. Clearly, these block associations saw the operation of the private market as fostering a social and physical environment congruent with their needs and aspirations.

At the community level, a number of new organizations were formed. These included the United Block Association of Park Slope in 1973, the Seventh Avenue Betterment Committee (7 ABC) in 1974, Rehabilitation of Seventh Avenue South (ROSAS) in 1977, South Brooklyn Against Investment Discrimination (AID) in 1977, the Fifth Avenue Committee (FAC) in 1976, and the Park Slope Improvement Committee (PSIC) in 1980. With the exception of FAC, all of these organizations were dominated by property owners of the new white collar class and were largely optimistic about the ability of the private market to generate physical and social improvements in Park Slope.

Indicative of the belief in the value of the private market, the main activity of the Park Slope Civic Council has been an annual house tour. This house tour has attracted over 1500 people annually from all over New York City. The purpose of the tour has been to attract more white collar households to Park Slope. The main activity of the 7 ABC was the laying of brick sidewalks and tree plantings along Seventh Avenue, and the operation of a privately funded mechanical sweeper on the sidewalks of the Avenue. ROSAS' main ambition, operating in the district of Seventh Avenue south of Ninth Street, has been the conversion of industrially occupied lofts and vacant residential buildings into cooperative apartments.

AID, an organization whose aim was stabilizing the

community through the elimination of arbitary mortgage disinvestment practices by savings and commercial banks, attained perhaps the greatest notoriety in the city at large. (41). Conducting public meetings and street demonstrations that attracted city-wide press and drew hundreds of participants over its three year existence between 1977 and 1979, its tactics aimed at ending lending policies of institutions that discriminated against credit-worthy applicants. Early in its program formulation, however, its membership eliminated from its agenda the problems of lower income tenants and households that could not afford mortgage credit to improve their housing conditions. As a consequence of its activity, mortgage credit was indeed in greater supply during the late 1970's for middle class households. Local commercial and savings institutions, including Greater New York Savings and Citibank, initiated liberal mortgage programs in Park Slope in 1979. This author worked full time for this organization between 1978 and 1979.

Given the dependence of the above organizations upon the private market for the distribution of necessary goods and services, they became organizations constantly looking for activities to justify their existence. With a constituency largely meeting their personal needs in the market place, there is little justification for establishing service programs that would require government funding and a staff.

In contrast, when members of the white collar class initiated the organization of the Fifth Avenue Committee in 1976, they encountered a constituency with a set of social needs not met by the private market. Consequently, its program formulation has been in the direction of a mixed involvement with private development and state funded service programs.

Operating in the self defined boundaries of Third to Sixth Avenues between Flatbush Avenue and Twenty Fourth Street, local residents are largely second and third generation Irish and Italian, Hispanic and Black working and lower-middle class families. In this environment, the construction of a publicly legitimate organization by FAC has required a more inclusive definition of local issues. The group formulated an agenda with a combination of commercial development, housing rehabilitation for moderate and low income families, and tenant services. This program for the improvement of Fifth Avenue became eligible for a succession of grants from Catholic Charities, the federal CETA program, the New York State Supplementary budget, New York City Community Development Funds, and from local commercial banks and AETNA Insurance Company. Its racially mixed staff of over ten in 1980, worked on projects that aided the private development of commercial and residential facilities, and tenant services for low and moderate income families whose needs were not being met by the market place. However, its program

to construct publicly subsidized private homes for low and moderate income families ran into opposition and mixed support from other Park Slope civic organizations and qualified support from the City of New York.

In particular, in 1980, with a start-up grant of $30,000 from the AETNA Insurance Company and a commitment of permanent financing, FAC was able to initiate public debate on development of a city owned vacant lot at Baltic Street and Fifth Avenue. (42). Congruent with its organizational goals, FAC proposed to the local Community Planning Board and to New York City public officials, the construction of approximately 200 housing units and a 15,000 square foot supermarket. In order for rental apartments to be affordable to local residents, they sought federal Section 8 rent subsidies for apartments in what was hoped owner occupied three family buildings. In opposition to this plan and the other activities of FAC, a white collar property owners associations, the PSIC was organized in the winter of 1980.

In a flier distributed to 10,000 households in November of 1980, the PSIC opposed Section 8 housing and other federal housing subsidies for low income families because "The tremendous fallout from compact subsidized housing, just in terms of crime, affects us all." Through public meetings and mailings, the PSIC argued that a 30,000 square foot supermarket should be built on the site.

FAC and its supporters argued in public meetings and in letters to the community newspaper that social justice and social equity demanded that low income tenants, who were being driven out of the community by escalating rents in an expanding high rent district, be provided decent and affordable housing in Park Slope. The PSIC argued, in turn, that the competitive private real estate market was the most equitable system for allocating housing. Social justice included the protection of their rights from disturbances caused by criminals among low income families and physical deterioration: deterioration that only the private market could properly eliminate.

In March of 1981, the New York City Department of Housing and Preservation (HPD) issued a Request for Proposals for the city owned Baltic Street Site. The criteria for proposal evaluation included provisions for a 30,000 square foot supermarket, up to 150 housing units for moderate and middle income families and a preference for proposals "which require the minimium of city investments and which maximize city revenue." There was no provision for Section 8 subsidies. Essentially, the position of HPD was that owner occupied homes and a large supermarket would accelerate the expansion of Park Slope's high rent district into the Fifth Avenue section. The private market was to be the main mechanism

for the improvement of local conditions.

Given these restrictions and the uncertainly of securing other federal housing subsidies, FAC co-sponsored a housing plan for 150 three family buildings with two rental units, at a cost of approximately $120,000 each. The costs of home ownership were to be partly offset by a below market interest twelve percent permanent financing loan by AETNA. However, even with this subsidy, the costs of home ownership and apartment rental would be beyond the ability of the great majority of local residents.

In July of 1981, HPD approved the FAC housing proposal because of the AETNA commitment and an additional proposal for a 30,000 square foot supermarket submitted by another developer. (43).

Therefore, even with FAC's social commitment to providing housing for lower income and working class residents, the ultimate restriction on the implementation of their program was lack of federal housing subsidies and a policy of the City of New York to depend upon the private market to produce social goods and services and tax revenue.

Fragmentation of Working Class Institutions with Expansion of High Rent District

As the social networks of the white collar class have become more extensive in Park Slope, those of the blue collar class have become more fragmented. This is due

to the simultaneous penetration of the low rent blue collar district by the Black and Hispanic sector of the dual real estate market and the expansion of the high rent white collar districts throughout Downtown Brooklyn. This fragmentation is observable in the shifting fortunes of religious and political institutions in Park Slope.

Between the 1920's and the late 1960's, the locus of the dominant social and political networks in Park Slope were Catholic parishes and a circle of religious and ethnically affiliated social and political organizations. In the early twentieth century, the Irish and Italians comprised the majority of residents in Park Slope and brought their common Catholic institutions but separate religious leaders to the area. These ethnic groups established their own institutions in opposition to the Protestants who controlled existing religious institutions, social clubs and the public school system.

With the movement of Park Slope into the Black and Hispanic sector of the housing market in the 1960's, the religious and ethnic heterogeneity of the area greatly increased. Furthermore, neither the Black or Hispanic population is ethnically or religiously homogenous. The Black population includes large numbers of Carribean Blacks who shares Protestant, Catholic and French Haitian religious backgrounds and American Blacks who share Protestant traditions. The Hispanic population, which

is largely Puerto Rican, includes Central American and South American natives, shares Catholic, Pentecostal, and Protestant religious traditions. Indicative of the diversity among a single ethnic and racial group, Haitians in Park Slope belong separately to a Haitian Pentecostal Church with services in Creole, a Haitian Solcil Society with services in French, and Catholic St Augustine's with services in Creole. Hispanics have formed eleven different congregations, mainly Pentecostal, they have become members in substantial numbers of a Lutheran church, and in 1978, five of the eight Catholic parishes were offering separate Spanish Services.

The problems of assimilating different ethnic and racial groups and its impact on a Catholic parish is vividily illustrated by St Augustine's. Built for the Irish middle class in the 1900's, the church suffered enormous membership losses in the past two decades. In the late 1960's, it closed its high school and in 1978 closed its grammar school. Its membership of approximately 1,000 is divided among elderly Irish and Italian families, young Hispanic households, and Haitian families. Each group has its own services in English, Spanish or Creole. Further, its fortunes are limited as membership is being reduced by both housing abandonment along Fifth Avenue and the conversion of multifamily buildings into single family and cooperative houses for the white collar class along Sixth and Seventh Avenues.

To the south, the small White European and Hispanic congregation of the Catholic St Stanislaus church was closed in 1979. The defacto Hispanic parish of Catholic Holy Family had its school closed in 1979. The school population of the remaining five Catholic parishes has been reduced by fifty percent in the past ten years. The two more institutionally secure Catholic parishes, St Saviors and Holy Name, are located in districts that have remained largely White European and Catholic. Therefore, they have not been shaken by the problems of assimilating new racial and ethnic groups of different language and social class. Both are in the southeastern section of Park Slope.

The expansion of the high rent districts throughout Downtown Brooklyn has also been a contributing factor in the breakup of the near monopoly power the regular Democratic machine had in this area. Since the 1930's, the electorate of Park Slope has been divided along class lines. Generally, the area east of Seventh Avenue in the high rent district voted Republican in both national and local elections through the 1960's. As such the district was a liability in the overwhelming Democratic South Brooklyn area. Therefore, the area was, through political gerrymanding, connected with fragments of other distant communities and isolated politically from the rest of Park Slope. (44).

In contrast, the area west of Seventh Avenue in the low rent district was aligned with the United Mazzini Club, between 1934 and 1972. This regular Democratic organization was located on Union Street between Fourth and Fifth Avenues. The State Assembly district of this club was largely contained in the area between Court Street and Sixth Avenue and from Altantic Avenue to Hamilton Avenue.

Formed in 1928, the United Mazzini Club ran candidates for the State Assembly unsuccessfully against an older Irish political club until 1934. In this year, after a political deal was made, political power in the district was transferred to James Mangano, the leader of the United Mazzini Club. For the next thirty six years until 1970, there was not a single contested local Democratic primary in the district.

In this largely Italian working class district, centered along the industrial Gowanus Canal, local political power was maintained dialectically through a combination of the delivery of patronage to local constitutents supplied by the Democratic County machine and the in kind delivery of the district's electorate for state and city elections. The formula is described by James Managano in a 1978 interview.

> "We were powerful locally because, one, we were dedicated to serving the community. Second, there wasn't any organization that I wasn't acquainted with. Third, our district became strong and developed

a reputation for being strong. We could benefit from that." (45).

Indeed, service to the community was the base rock of loyalty to the organization. On Tuesday and Thursday nights, dozens of people would line up outside the office of James Mangano requesting political favors and personal service. Those politically ambitious and dependent upon the organization for employment became block captains. They were organized into a tight network of campaign workers who could deliver the district for local elections. Additionally, local institutions, including Catholic parishes, ethnic organizations and business interests worked cooperatively with the club which could deliver needed protection, franchises, park and school improvements, and public housing.

A late instance of this cooperation concerns the first non-profit renovation of multi-family brownstones in Park Slope for low and moderate income families. In 1965, the deterioration of brownstones on St Johns Place between Fifth And Sixth Avenues became the focus of concern of two local churches: St Augustine's and St John's Episcopal. With the assistance of members of the regular Democratic machine, including district leader James Mangano, Congressman Hugh Carey, and Senator Robert Kennedy, a program for the rehabilitation of an initial seventeen buildings with seventy six apartments was prepared. The Richmond Foundation, founded by millionaire Fred Richmond ,the aide to the

regular Democrat Congressman,William Rooney, was to act as the developer for the project. With $1.5 million in financing from a federal mortgage subsidy program, and encountering no resistance from local institutions, work on this subsidized low and moderate income project was started in October 1966. In the summer of 1968 work was completed on the first seventy six apartments and the sponsors commenced work on an additional six buildings. Both before and after the rehabilitation work was completed, the majority of residents on the block were Black. (46).

The cost to the community for the maintenance of the club was the civic concession to the Mazzini Club monopoly control over the local delivery of city and state services to the district. Independent service organizations outside the network of the club's affiliations were not tolerated and were actively resisted. A succession of regular Democratic mayors from William O'Dwyer through Robert Wagner guaranteed that no independent service organization could survive in the district.

The first crack in this monopoly over political information and service delivery occurred during Mayor Lindsay's administration. Lacking a network of political clubs for electoral support, Lindsay as a liberal Republican, organized a decentralized network of neighborhood service task forces headed by city commissioners. These local neighborhood task forces provided the information and political contacts in South Brooklyn that were

the previous preserve of the United Mazzini Club. Additionally, Linday used an expanding city payroll and business interests to support new reform Democratic political clubs.

In 1969, a social network of white collar workers in the Court Street area of South Brooklyn, organized the Independent Neighborhood Democrats. The club's organizers had previously worked together on projects, including the conversion of the Gowanus Canal from an industrial to a residential district, the construction of a new public high school, and other local improvements. As their civic activity represented an attempt by an independent network of service organization to develop programs in South Brooklyn, their activity was actively resisted by those affiliated with the Mazzini Club. This opposition convinced the independent civic activists of the necessity for a new political club. Essentially, these activists perceived the Mazzini Club as an obstacle to the revitalization of the community.

In 1972, the Independent Neighborhood Democrats (IND) fielded its first full slate of candidates for local party and public office positions, including candidates for Democratic district leader, State Assembly, and State Senator. This campaign activity coincided with two other significant events. In 1972 the district was reapportioned to include Brooklyn Heights. This community was now solidly a professional white collar residential community and the

home of the 1950's reform club of the West Brooklyn Independent Democrats (WBID). (See Map 3.5). Second, the local primaries were scheduled at the same time as those for the Democratic National Presidential Convention.

With an infusion of McGovern campaign funds and volunteers plus networks of white collar workers involved in civic associations, the clubs of IND and WBID ran a campaign based on the issues of political support for the new white collar dominated civic associations and support for liberal issues inimical to the more conservative regular Democratic constitutency, such as abortion rights, and an end to the Vietnam War.

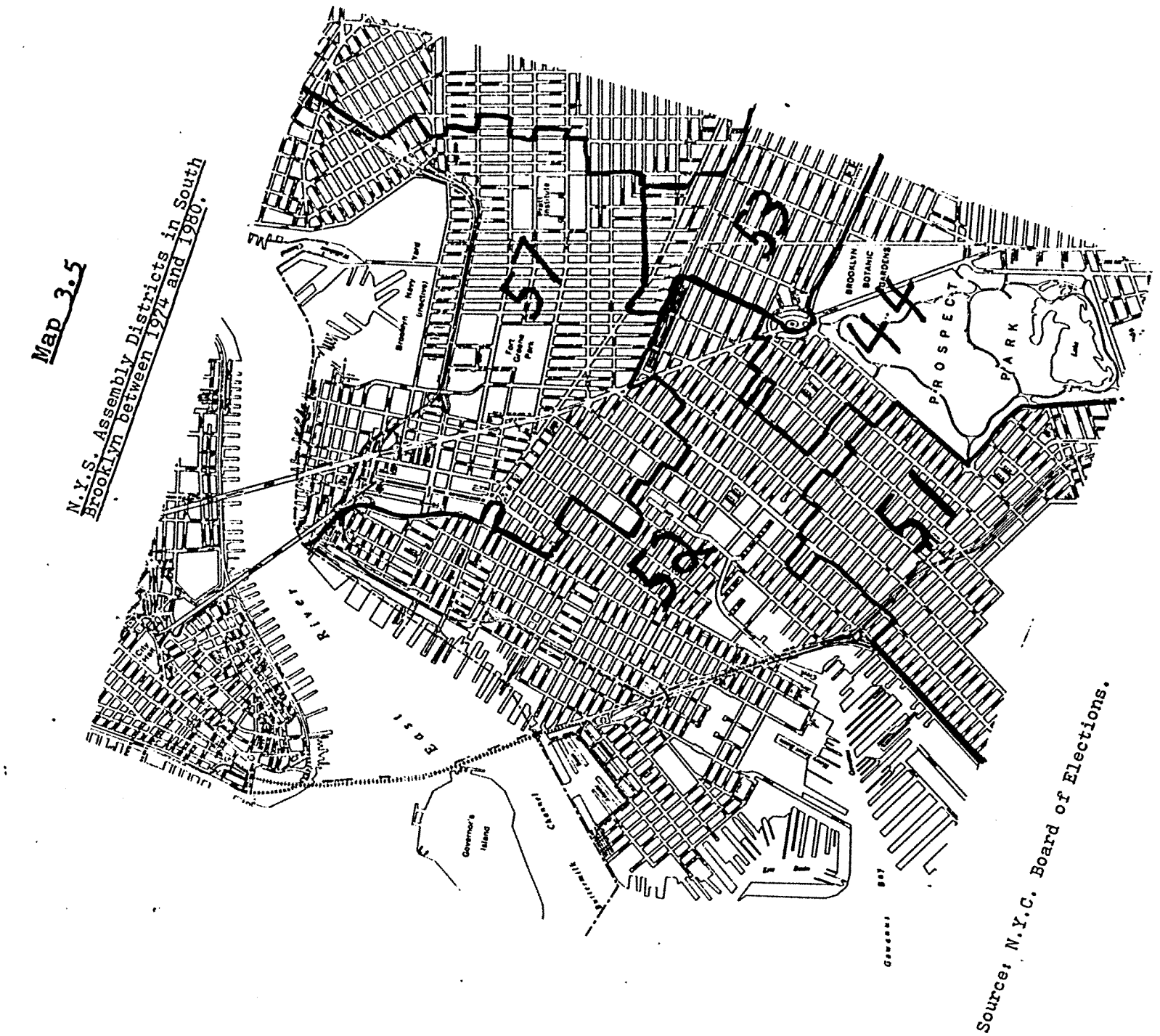
In the Democratic primary, the reformers won the State Assembly and Senate positions by a few hundred votes but lost the party positions for district leaders to James Mangano and his running mate, by over a 1,000 votes. However, in successive primaries in 1974, 1976, and 1980, the reformers captured and held onto the two party position of district leader as the political power of the regular Democratic machine in South Brooklyn, ebbed.

Summary

In the 1930's through the 1960's, the social life and housing market of the Park Slope community was largely defined by the needs and abilities of a White working and lower-middle class population. In a prospering New York City job market, the real wages of tenant households throughout New York City were increasing. Locally, the

Map 3.5

N.Y.S. Assembly Districts in South Brooklyn between 1974 and 1980.



Source: N.Y.C. Board of Elections.

tenants of Park Slope's low rent sector were able to purchase relatively better housing and maintain strong local social and political organizations. The strength of the low rent sector reduced the social status of Park Slope's high rent sector as upper income families moved to the outer edges of the Metropolitan Region.

There was an overall decline in New York City's job market in the 1970's, with a loss of 477,000 resident workers in blue collar, sales and clerical positions between 1970 and 1978 and a drop in housing demand by Whites. This created conditions sufficient for a real drop in the household income of tenants throughout New York City and for the expansion of the Black side of Brooklyn's dual real estate market in Park Slope. The simultaneous increase in the number of resident professional, technical and managerial workers since 1960 in New York City, with an addition of 39,000 between 1970 and 1979, set in motion another trend in Park Slope. This has been an expansion of demand by white collar workers for housing in Park Slope's high rent sector.

These twin trends have created unstable conditions in the real estate market of the low rent sector and have weakened the ability of social institutions in the low rent sector to define and serve the interests of their minority and White constitutency. At the same time, an expanding white collar population has sought through new civic associations to redefine the social status of the

community. This group essentially defines progress for the community as an expansion of upper and middle income real estate and institutional markets.

In this context, it could be presumed that, in contrast to the late industrial period in Park Slope, upper income residents would find local housing and social conditions positive and personally manageable. In turn, the working and lower-middle class White and minority families would define the community as increasingly unmanageable and negative.

In the next chapter, alterations in Park Slope's housing market through the 1970's will be examined in detail. This will be done through the examination of reports by local real estate brokers and property owners, and by surveys of housing conditions, sales transactions, and property tax arrears.

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(35) New York Daily News August 7, 1966.

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(39) Office of Director, Department of HUD, FHA, "FHA Circular Listing Speculator Dominated Areas in New York, March 29, 1971," p. 206. In Committee on the Judiciary, Subcommittee on Antitrust and Monopoly, 92nd Congress, 2nd Session. Competition in Real Estate and Mortgage Lending, Part 2A and 2B. (Washington, D.C.: Government Printing Office, 1972).

(40) O'Hanlon, Timothy Survey of Park Slope Block Associations (Mimeo, United Block Association of Park Slope, 1976).

(41) As an illustration of the publicity received by AID in the New York City Press, see: New York Daily News, Sunday Edition, Brooklyn Section, p. 1.

(42) The involvement of AETNA in FAC's activities was due to earlier protests by AID and the National People's Action organization against AETNA's discriminatory insurance underwriting policies. AETNA responded by offering financial support to Park Slope and other urban communities in the United States.

(43) For references to the debate on the Baltic Street site, see: Phoenix "Fifth Avenue Development Points to a New Future for Deteriorated Northern Section," April 9, 1981; Phoenix "CB6 Selects

Co-Sponsoring Proposal for Baltic Street Lot," June 25, 1981; New York Times "Baltic Street Waiting to Move Past Go," June 28, 1981, p. 42 &; Phoenix "Two Developers Chosen for Baltic Street Lot," July 23, 1981.

(44) In 1966, the area east of Seventh Avenue in the high rent district was included in the new 51st A.D. This assembly district was created to produce a Republican assemblyman. From 1966 through 1974, the district was controlled by a Park Slope Republican, Vincent Riccio, who faced weak opposition from the regular Democratic club which was in the southern part of the district. However, by 1970, a group of anti-war activists who formed the Central Brooklyn Independent Democrats (CBID) in Park Slope, were fielding slates for local office and were increasingly successful in opposing Vincent Riccio. Therefore, in 1972 and 1974, the high rent district of Park Slope was progressively gerrymanded out of the 51st A.D. It was connected with the 44th A.D. which is centered in East Flatbush and distant from Park Slope.

(45) James Mangano, June 1978, interview with author.

(46) Park Slope Civic Council Civic News 1966, 29(2); Civic News 1966 29(5); Civic News 1969, 32(3) & ; New York Daily News November 27, 1966.

Chapter Four

Park Slope Real Estate Market, 1965 to 1980

Households are not simply consumers, nor are neighborhoods simply a collection of consumers who share similar residential preferences. Households are made up of adults who sell their labor in the marketplace and whose wages and capital assets are used to purchase shelter and housing services. These workers cannot freely move from one industrial sector to another. At any one time, job opportunities in the monopoly, competitive or public service sectors will be relatively limited and various union, civil service, or educational restrictions would apply to job applicants. Workers in any particular segment of the labor market will tend to share educational, wage, career and job security similarities. These variables will influence a worker's ability to purchase shelter and the bundle of expectations the worker would have for a residential neighborhood.

With the growth or contraction of segments of the labor market there could be expected to follow alterations in the residential markets that service these workers. Commercial financing and construction companies will respond to these alterations by trying to protect their existing investments in residential areas while creating

new mechanisms for profiting from new residential submarkets.

Richard Edwards has outlined three labor market sectors. (1). The secondary labor market consists of low skilled jobs in small non-unionized manufacturing, service, retail and wholesale businesses, and the lowest level clerical positions. These jobs require little previous experience or education and offer low wages and little job protection.

The subordinate primary market consists of production jobs in unionized mass-production industries, and union positions in lower level sales, clerical and administrative occupations in major retailining, utilities and manufacturing corporations. These routine and repetitive work tasks offer stable employment and prospects for advancement based on seniority within the firm.

The independent primary market includes three groups: the middle echelon of corporations characterized by long term employment for clerical, sales, technical and managerial staff. The second group is craft workers in industries with professional standards such as plumbers, carpenters, and electricans. The third group consists of professional workers such as lawyers, accountants, and educators. The craft and professional occupations are characterized by general rather than specific skills, requirements for advanced or specialized schooling, and imply career movement between firms while retaining traditional patterns of career advancement. Wage payments in this sector of the

labor market are substantially higher than those in the subordinate labor market.

Shifts in Labor Market Sectors of New York City

In the corporate period, New York City has become increasingly obsolete as a site for the production and distribution of industrial commodities. With the more recent technical rationalization of routine administrative work tasks in corporations, low level clerical employment has stagnated. With these alterations, the secondary and subordinate primary labor markets in New York City have been contracting. In a parallel fashion, the city has increased its importance as a site for the administration and servicing of corporations operating in national and international markets. Consequently, there has been a steady growth in the independent primary market for managers, professionals, and kindred workers who administer and service increasingly complex business operations.

In New York City, the number of residents employed decreased from 3.18 million in 1970 to 2.76 million in 1978, a decline of 419,000 jobs. (Table 2.8). In this period, the number of sales, clerical and blue collar workers decreased from 1.99 million to 1.52 million, a a loss of 477,000 jobs. In contrast, residents with professional or managerial occupations increased from 753,000 to 792,000, an increase of 39,000. Therefore, within the contracting labor markets of New York City, those employed in the independent primary labor market

have become increasingly important in the economic life of the city.

Impact of Labor Market on Residential Real Estate

With the contraction of New York City labor markets, the household income of tenants, in constant 1967 dollars, decreased from $6,500 to $4,800 between 1969 and 1977. (Table 2.9). With diminished income, rent as a proportion of household income rose from twenty to twenty six percent between 1970 and 1976, and continues to rise. With the loss of employment, the number of occupied housing units dropped from 2.83 million to 2.66 million between 1970 and 1978, a loss of 180,000 occupied units. These losses were predicated by a loss of over 300,000 White tenant households. (Table 2.10). The drop in demand for housing in New York City has been largely concentrated in segregated Black and Hispanic communities.

Meanwhile, as the independent primary labor market has expanded, residential submarkets that service this group have prospered and expanded. These include markets south of Ninety Sixth Street in Manhattan, and those brownstone communities ringing the downtown area of Brooklyn. Dramatically increasing rents in the traditional upper income districts of the east and west side of Manhattan and Greenwich Village have led increasing numbers of professional white collar workers to seek cheaper accommodations in districts of Brooklyn.

The major proposition to emerge from this study of the

impact of these trends on the real estate market of Park Slope is that simultaneously the new professional white collar class has been outbidding blue collar workers in sectors for housing while in other sectors housing has moved into the Black side of the dual housing market and has suffered the consequences of institutional disinvestment.

Review of the Literature

One of the most consistent findings about the distribution of races in American cities has been the segregation of Blacks in one or more areas. (2). In an examination of ethnic and racial segregation in Chicago at the turn of the century, a social historian concludes,

> "Robert Park, Ernest Burgress, and Louis Wirth, the pillars of the Chicago school of sociology, believed and taught their students to believe that all ethnic neighborhoods were - or once had been - ghettos, like the Black Belt. They viewed Negroes as just another ethnic group, whose segregation was largely voluntary and would prove to be only temporary. They subjected Chicago's social life to "blinding scrutiny," but they never saw the difference between the ethnic enclave and the Black ghetto."
>
> "The Negro ghetto, it turns out, was Chicago's only real ghetto. To begin with, the White "colonies" were anything but homogenous... By contrast, more than nine out of ten Black Chicagoans lives in areas over 80 percent Negro. No immigrant group was, or ever had been, so impacted." (3).

In an examination of ethnic and racial segregation in American cities between 1940 and 1960, the Taubers conclude,

> "A high degree of racial residential segregation is universal in American cities. Whether a city is a metropolitan center or a suburb; whether it is in the North or South; whether the Negro population is small or large - in every case, White and Negro households

> are highly segregated from each other. Negroes are more segregated residentially than are Orientals, Mexican Americans, Puerto Ricans, or any other nationality group. In fact, Negroes are by far the most residentially segregated urban minority in recent American history." (4).

In 1968, the National Advisory Commission on Civil Disorders, after reviewing the growing segregation of Blacks in cities and the White population in suburban regions, concluded "Our nation is moving toward two societies, one black, and one white - separate and unequal." (5). In 1979, the Regional Plan Association of New York, in a review of 1970 population census for the New York tri-state region, found,

> "In 1970, nearly two-thirds of the Region's black families were confined to about 1.35 percent of the Region's residential land in five major ghetto areas in central Brooklyn, Harlem, the south Bronx, Essex County, and southeast Queens. The remaining third lived mostly at their fringe, or in some 50 smaller ghetto areas." (6).

Controlling for income the Regional Plan Association found that "only 6 percent of the racial imbalance in the New York Region could be explained by the income inability of Black families to move into White areas; the remaining ninety four percent of the racial segregation is due to non-economic reasons." (7).

Noting trends in the Region between 1970 and 1976, the Association observed continuation of racial segregation.

> "The diffusion of blacks into the huge, white-only portions of the Region has been small. The main process has been one of an outward expansion of ghetto areas, accompanied by a depopulation of many of their inner portions. Many areas adjacent to ghettos in

> Brooklyn, Queens and the Bronx which showed up as having a white imbalance in the 1970 Census now have a black imbalance." (8).

Mechanisms for the Maintenance of the Dual Market

The methods for the exclusion of Blacks from large areas of a metropolitan real estate market have historically included a combination of discriminatory practices by real estate brokers, financial institutions, government policy, and organized public resistance. (9). In this section, mechanisms which disrupt the free exchange and circulation of capital in Black neighborhoods will be examined.

In one of the first investigations of the role of financial institutions in the maintenance of a dual housing market, the Chicago Commission on Race Relations of 1922 concludes,

> "An important factor in the housing problem is the low security rating given by real estate concerns to property tenanted by Negroes. Because of this Negroes are charged more than white people for loans, find it more difficult to secure them, and thus are greatly handicapped in efforts to buy or improve property." (10).

In a 1955 investigation of the practices of real estate brokers in Chicago, Helper found widespread resistance to the sale of homes to Blacks in White areas. These discriminatory practices were reinforced by the policies of financial institutions.

> "In sum, over half of the respondents have felt the "boot" of the lending agency at one time or another when trying to make a sale to a Negro buyer, especially in a nearly white area. A loan from an agency for a

> sale to a Negro in a white area is out of the question in the opinion of all respondents, and such selling would gain the broker permanent ouster from practically all agencies. A few respondents have not been refused loans to Negroes by certain agencies, but the threat and fear of having loans withdrawn if they sell to Negroes soon deters such sales." (11).

In case studies of the housing markets in nine cities during the 1960's, Case found persistent discrimination against both lower income and Black households regardless of their respective credit histories.

> "The inner-core residents are not "trustworthy" appears to be a prevalent attitude on the part of many loan officers and executives of financial institutions. Lumping inner-city residents together rather than dealing with them as individuals with differing capacities and aspirations results in fewer mortgage loans for inner-core residents.". (12).

In a case study of the predominantely Black housing market of Baltimore in the late 1960's, Grigsby found that the lack of institutional financing led to the development of expensive land installment contracts. Sellers and buyers lacking institutional financing relied on credit from local investors. The cost of these privately negiotated mortgages doubled the cost of purchasing and financing home ownership. Ironically, the local investors borrowed their capital from the same institutions that would not loan money to individual home buyers. (13).

Bradford in a review of the credit and underwriting policies of private financial institutions and the FHA demonstrated that racial discrimination has been a historic

policy of capital markets. These underwriting policies have emphasized the unsubstantiated high risk characteristics of Blacks and inner city neighborhoods. However, research on the subject indicates that the character of the loan (loan to value ratios) and financial difficulties of the applicant (job loss, marital difficulties) are more important indicators of risk than age of property or the race of the applicant. (14).

Racial Discrimination by Financial Institutions in New York City.

In a recent survey of the practices of real estate brokers in the New York Metropolitan Region, as reported by the Regional Plan Association of New York, evidence of racial discrimination was found. From 140 Black/White testing of real estate offices, it was found that Blacks were offered fewer apartments and home listings, invited to inspect fewer units, required to disclose more personal information, and allowed less frequently to complete applications. The effectiveness of New York City, New York State and federal agencies in combatting racial discrimination in housing was rated as "modest." (15).

In response to charges of racial and neighborhood redlining practices by financial institutions by civic associations, the New York State Banking Department and the Savings Bank Association of New York have performed a number of investigations on mortgage lending practices.

The New York State Savings Bank Association performed

one of the most comprehensive studies. (16). It was concerned with determining what variables are associated with delinquent mortgages. From a sample of savings banks in New York City, the files of delinquent and foreclosed mortgages were matched with the characteristics of the mortgagor and the mortgagee, the characteristics of the mortgaged property and its location. In corroboration of Bradford's conclusions, they found,

> "After accounting for the characteristics of the borrower, the loan, and the property, risk of loss is not consistently associated with the age of the property, the age of the housing stock in the neighborhood, or the location of the property in the area alleged to be redlined." (17).

While determining that the financial attributes of borrowers are more important than neighborhood characteristics in estimating the rate of mortgage delinquencies, the same study found bank underwriting practices reversed the equation. Controlling for income, the underwriting decisions for Blacks and Whites were compared.

> "In general, applications for mortgages on Kings and Queens county properties are more likely to be modified prior to approval than are applications for mortgages on suburban properties."
>
> "...whites and other minorities who apply for mortgages on properties in predominantely black neighborhoods of the New York and Nassau-Suffolk metropolitan area are more likely to have their applications modified than if they had applied for mortgages on properties in predominantely white neighborhoods."
>
> "...in the New York and Nassau-Suffolk metropolitan area, the chance of denial for blacks is 21 percent compared to 11 percent for similarily situated whites..." (18).

In a final aspect of this study, an attempt was made to determine if banks had unfairly disinvested from Black communities. Controlling for neighborhood household income, property deterioration and age of housing stock, the flow of mortgage originations in 1975 was compared to the racial characteristics of neighborhoods. This comparision demonstrated that New York City areas with high concentration of non-Whites received proportionately less in conventional mortgages than predominantely White areas. Additionally, neighborhoods undergoing racial transition received greater numbers of FHA mortgages.

These findings were substantiated by research conducted by the New York State Banking Department. (20). In a study of ten neighborhoods in New York City, the originator of mortgage credit, (bank, mortgage brokers, or private seller mortgages),for a sample of homes was examined from 1962 through 1977. It found that mortgage companies, originating FHA mortgages, are the predominante lenders in racially changing communities. Further, while controlling for neighborhood income, they found banks originate fewer conventional loans in minority neighborhoods than in comparable White neighborhoods.

Consequences of Dual Housing Market.

In general, Black households could be expected to pay more for poorer quality housing than White households. This would be the result of discrimination of capital markets against Black neighborhoods and the restrictions on the

availability of housing for Black families. With artificial restrictions on the availability of credit, owners would be unable to provide comparable quality housing, With restriction on housing availability, Blacks would simply not have the full range of quality housing available to them.

Case, in his review of nine cities, suggests that Blacks pay more for poorer quality housing due to restrictions on housing choice.

> "The implicit concensus of our findings is that the typical non-white inner-city family is at a consistent disadvantage in finding housing simply because that family is consistently excluded from most of the suburban housing supply. Such families typically pay a higher proportion of their income for housing than do majority families, and in return they obtain smaller accommodations of inferior quality and are subject to greater crowding." (21).

A study by the New York State Banking Department suggests the scale of the impact of institutional disinvestment in Black neighborhoods. (22). It examined the value of outstanding mortgages on one to four family dwellings held by a sample of savings banks in areas of different racial composition. In Brooklyn, it found in totally White areas, the value of outstanding conventional and FHA loans amounted to $405 per person. In areas from 20.1 percent to 80 percent Black, the value of outstanding mortgage credit amounted to $26 per person. These enormous differences dramatically illustrate how the current methods for the allocation and distribution of capital for home financing

favors all-White districts.

This method of home financing restricts capital investments in Black neighborhoods and diverts capital to White neighborhoods. This creates a contextual situation where speculative activity in all White areas is bound to succeed. With institutional credit available for the purchase of property, owners in White areas would maintain a long term interest in their buildings as they could eventually recapture their equity through the sale of their buildings. In contrast, property owners in Black neighborhoods would not be able to comparably recapture their equity position and would maintain the quality of their buildings accordingly.

The relatively poorer quality of housing in Black areas would simply increase the demand for the relatively better maintained properties in White areas. This would incease the competitive return on investments in White areas. Consequently, during periods of decreasing demand in a city's real estate market, losses can be consolidated in the Black sector without banks suffering capital losses to a significant degree.

Neighborhood Change in a Dual Housing Market

Leven et al., have performed the only longitudinal comparative examination of neighborhood change in an American city. (23). Comparative changes in the socio-economic conditions of neighborhoods were examined from 1930 through 1970 in the City of St Louis and surrounding

communities.

During this period, St Louis was becoming obsolete as a site for industrial production. Indicative of the trend, the amount of manufacturing and warehouse space in St Louis dropped from 9.5 million square feet in 1955 to 3.8 million square feet in 1971. Reaching a peak of 857,000 in 1950, the city's population declined to 622,000 in 1970. This loss of population was due primarily to the out-migration of Whites; the proportion of Blacks in the city increased from eighteen to forty one percent between 1950 and 1970. At the same time, the largely White population in suburban St Louis increased from 898,000 to 1,741,000.

During this period of transition, Leven, et. al., found the erosion of the residential real estate market occurred largely within the Black side of St Louis's dual housing market. Within an expanding Black sector, they observed rapid overall declines in housing values in coterminous neighborhoods, followed by declines in household income. These changes occurred in a "wavelike cycle as a block by block advance along particular streets, as a sequence between coterminous neighborhoods and as the transition of white suburbs." (24).

In particular, anticipating racial change, housing was devalued by Whites in the path of transition. The largest demand for this housing, on the edge of the path of transition, was by middle class Blacks who bid up the price. However, once their immediate demand was met, values

declined to a new low. Lower income Black households soon replaced middle class households who again moved to the new edge of transition. Subsequently, rental income on property was reduced and vacancies increased, leading to a cycle of reduced operating income and building abandonment.

According to Leven, et al., the original devaluation of homes in the path of transition by Whites was the outcome of lowered expectations for the neighborhood. Residents downranked the future value of neighborhood amenities as a consequence of anticipated Black occupancy and future declines in household incomes.

In contrast, different patterns of neighborhood change were observed outside the path of transition. Outside this sector, neighborhoods that varied in racial mix, household income, age of housing stock, and distance from the Central Business District, remained stable over long periods of time. No universal pattern of decline was observed among them. Abandoned housing was almost exclusively found within the path of transition.

Leven, et al., concludes, "In the end, householders, be they black or white, do not object to a racial mix so long as neighborhood standards are maintained at an acceptable level and they have expectations that standards will remain acceptable." (25).

The study of St Louis provides strong evidence that neighborhoods do not follow "stages" of decline. More

important than age of housing stock, household income, racial mix, or distance from the Central Business District, is the expansion of the Black side of a dual market in contracting local economy.

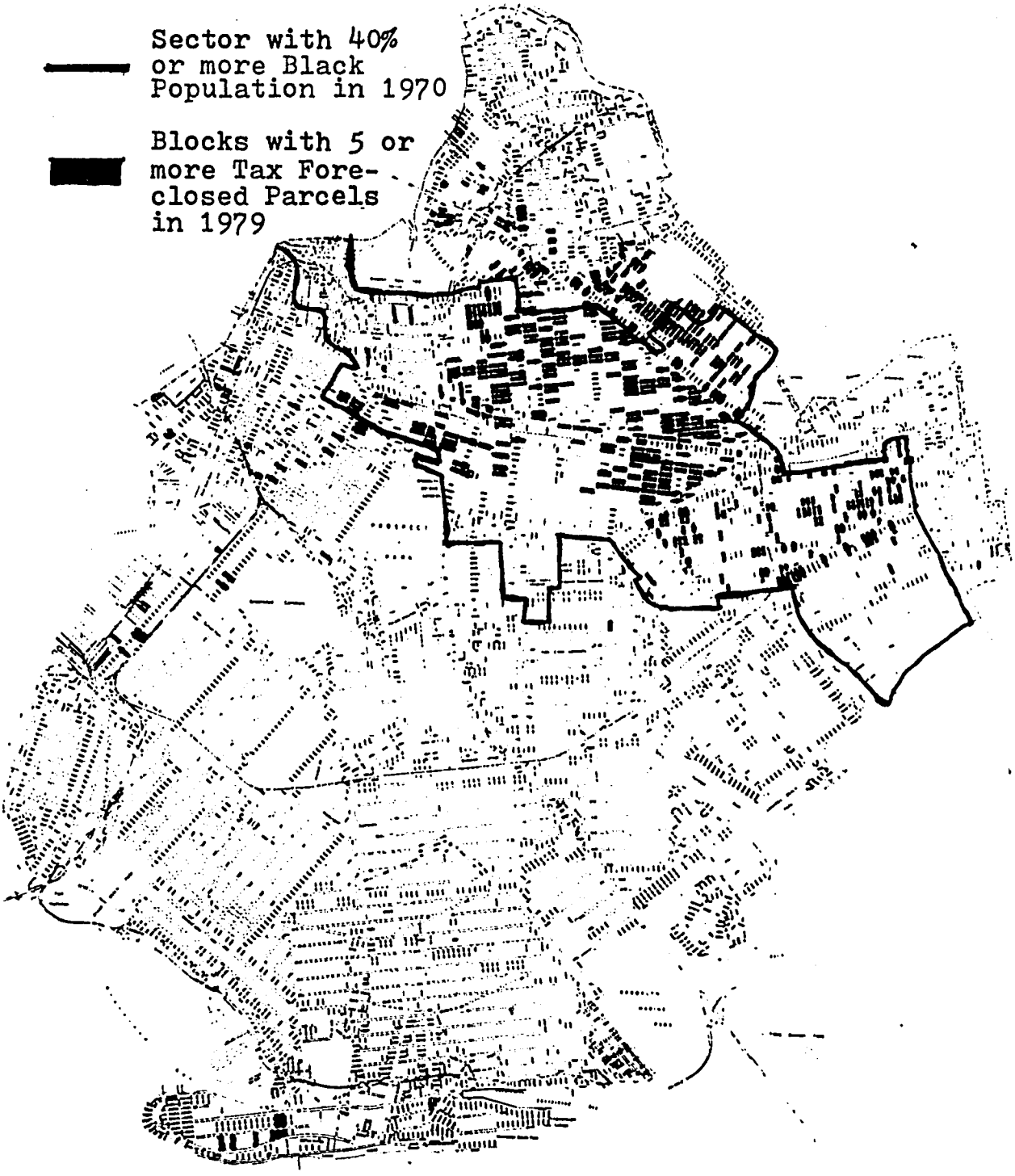
Black Side of the Dual Market in Brooklyn

Map 4.1 outlines the thirty five coterminous health districts with Blacks making up forty percent or more of the general population in Brooklyn in 1970. These districts contained seventy eight percent of Brooklyn's Black population of 656,000 in 1970. Among the districts, Blacks, on the average, made up over sixty eight percent of the general population. The Black sector stretches from the foot of the Brooklyn Bridge at the northern edge of Brooklyn, and runs southeast along Atlantic Avenue to Jamica Bay. Of particular importance, the sector includes the extreme northwestern edge of Park Slope.

Map 4.1 also displays the distribution of the 525 city blocks with five or more parcels foreclosed by the City of New York for nonpayment of property taxes in 1979. (27). Among these 525 blocks, the city foreclosed on a total of 4,230 parcels for an average of eight parcels per block. This represents over half of the total of 8,400 parcels foreclosed by the City of New York in Brooklyn in 1979. Of particular importance, approximately 400 of these 525 blocks were within the Black sector of the Brooklyn real estate market. This information provides strong evidence

Map 4.1

Black Sector of Brooklyn's Real Estate Market, 1970



Source: Community Council of Greater New York Characteristics of the Population in N.Y.C. Health Districts: 1970 (New York: Community Council of G.N.Y., 1974, pp. 53-59); Office of Brooklyn Property Registrar Action 32 (Mimeo, 1979).

that the erosion of Brooklyn's real estate market in the 1970's has occurred predominantely within the Black side of the dual real estate market.

Gentrification in American Cities.

The major transformation, occurring in nineteenth century industrial city neighborhoods in the past generation, has been the increasing obsolescence of moderately priced homes for blue collar workers. However, a second trend, of smaller scale, has been the expansion of professional white collar neighborhoods. This trend is apparent to even the casual observer in such cities as Boston, Chicago, Washington, D.C., Philadelphia and San Francisco. The British term of gentrification is commonly borrowed to describe this trend. It is used to describe the transfer of housing in a neighborhood from working class occupancy to occupancy by upper-middle class white collar families. Frequently, this transfer is accompanied by the reconstruction of residential and commercial properties to meet the standards of the new upper-middle class.

In recent collections of research on gentrification, a number of similar variables are used to describe this process. (28). First, the movement into working class neighborhoods is led by members of the post-war baby boom cohort. These households are not refugees from the suburbs but previous residents and workers in a city's central business district. Faced with rising rents and housing

prices in already fashionable areas, these "pioneers" move into adjacent neighborhoods with comparable accessibility and physical attributes. While the type of housing in these districts may vary from brick row houses to commercial loft buildings, functionally they are annexes to already fashionable districts. Peter Salins describes these conditions in New York City.

> "In every case these prototypes also correspond to some prevailing modes of already fashionable , more expensive housing. The gentrified brownstone areas are surrogates for already established ones. The converted commercial and tenement structures are surrogates for luxury apartment houses. The picturesque Victorian villages and integrated railroad suburbs are surrogates for established and expensive fashionable suburban communities. The common denominators are, on the demand side, the desire on the part of the less affluent or less extravagant members of a growing gentry class to find the "next best thing" to what they would really like, and, on the supply side, the expansion of established gentry neighborhoods, where location is a critical factor, into adjacent territory." (29).

Therefore, gentrification represents not a break with the historical residential preferences of the upper-middle class, but rather an accommodation to new conditions in urban housing markets.

As a social movement characterized by leaders and organizations capable or representing the interests of these upper-middle class residents in gentrifying areas, the trend has become imbued with a constellation of ideological components. Even though economic and practical considerations may explain the choice of city residence, the social and economic diversity of centrally located neighborhoods is defined as a positive

asset. The physically close proximity of people of diverse racial, ethnic, and economic circumstances is defined as an enrichment to everyday life. This diversity is usually contrasted to the more socially homogenous suburban communities. However, this ideological commitment is not without qualification. One observer of the trend comments.

> "The diversity that is so much valued does not, however, include all of the variety of city life, The ethnic diversity that is values, when it is valued, is that of communities whose residents are not so socially different or hostile as to threaten peace in the street. The ethnicity of the lower classes, perennially viewed as the "dangerous classes," usually is not part of the diversity sought by the new settlers. Some of those seeking a new community ambience are hoping to find Old World, European cafe charm, while the reality also includes (and increasingly so) transplanted settlements of Third World Poverty and threatening street life." (30).

Indeed, among the less affluent white collar households who move into still largely working class neighborhoods, it could be expected they believe eventually market forces will replace economic diversity with a more "acceptable social order."

Gentrification in Park Slope

The process of gentrification in the northern section of Brooklyn began in the late 1950's in Brooklyn Heights. By the mid-1960's, the process had traveled down Court Street as far as Atlantic Avenue. (31). As prices escalated in this area, the professional white collar class traveled into the more "fringe" working class areas and into Park Slope, along Prospect Park. Attracted by

the relatively low cost for intact brownstones occupied by previous generations of upper class households, these new families considered themselves risk takers and "pioneers." However, by the mid-1970's, the prices of homes in the most naturally attractive sites had increased from $20,000 to $30,000 in the 1960's, to over $100,000.

With these increases in sale prices, it was no longer the less affluent who bought homes but affluent families who were looking for socially and economically stable areas. The new fringe areas became neighborhoods north of Flatbush Avenue in predominantely Black areas of Fort Greene, and Prospect Heights, and east from the park along Park Slope's Fifth Avenue. (32).

The motif the brownstone neighborhoods offered to the status conscious in the established areas and the hopeful in the fringe areas was of the sophisticated East Side townhouse. A reporter for the local community newspaper serving the professional white collar class, describes the motif for interior home layouts.

> "1. Antiques are a must, even if contemporary furniture is to prevail...
> 2. An Eames chair, a pair of Wassily chairs, or a half dozen Breuer chrome and cane number on the dining room...
> 3. A chrome coffee table base with 3/4 inch plate glass top, which will be strewn with magazines such as Architecture Forum...
> 4. Lighting in all sorts of innovative shapes and forms is a must...
> 5. A jungle of trees and plants, in addition to containers of cut flowers or leaves...
> 6. If the kitchen is not renovated to include a stainless steel sink, and butcher block counter, it can still look very nifty with pots, pans, onions,

> wire baskets, antique kitchen utensils hung all about...
> 7. Lots of baskets to hold plants, magazines, apples, nuts, mail..." (33).

The motif also requires the parlour floor windows to be barren of blinds or shades and the floor open to public display from the street.

As the process of gentrification requires some families to be willing to compromise their social status in fringe areas later expected to improve, there are bound to be those who feel they compromised too much. The local community newspaper ran a story about a number of couples who decided to move out of fringe areas in South Brooklyn and out to the suburbs: always the unspoken option. One couple describes the content of their disappointment.

> "It was not a snap decision, says Ellen. As time went by, we just grew more and more disillusioned with the neighborhood. Just like everyone else, I guess we thought we were going to turn the area into another Brooklyn Heights." (34).

In 1978, the Village Voice ran a similar story about a couple from Park Slope who decided to move to the suburbs.

> "And we began to realize that lines were being drawn - not just the red ones contributed by the banks, but a ragged DMZ that ran block by block, sometimes house by house, around the Slope. Some places were all right to live; others no one would take a house if it were given away. Our block was considered "good," but we seemed to be on the brink. Where were the people who were going to follow us and extend the boundaries? In fact, the lines were hardening. Seventh Avenue got a Haagen Daz ice-cream store; Fifth Avenue got Medicaid Mills." (35).

In both reported situations, the perceived social

dissimilarity in social standards and class between themselves and neighbors, and the unacceptable condition of public facilities including streets, schools, and stores, caused sufficient discomfort for these families to lead them to decide to move.

Method for Survey of Park Slope Housing Market

The aim of this case study of the real estate market in Park Slope was to develop a comprehensive description of how the market was changing and to develop hypothesis to account for these trends. To meet this end, information was needed that would allow for detailed block by block descriptions of the market on an annual basis. Additionally, information was needed to help explain this process of change. To meet these requirements, two different categories of information were collected.

To derive a description of change in the market, three different types of information were collected: sales activity, property tax arrearage, and field surveys of vacant properties. All three types of information are available on an annual basis at the level of the city block. To attain an understanding of the dynamics of the market, interviews with local real estate brokers and owners of vacant property were performed. The schedule for the collection of this information is listed below in Table 4.1.

One main proposition has guided the analysis of this survey's results: changes in Park Slope can be understood

as a consequence of the simultaneous expansion of the Black side of the dual real estate market in the low rent sectors of Park Slope and the expansion of a white collar residential market in the high rent sector .

Table 4.1

Schedule for Survey of Real Estate Market in Park Slope

Method	1965	1970	1975	1976	1977	1978	1979	1980
Sales Activity	X	X	X			X		X
Property Tax Arrears		X	X	X	X	X	X	X
Vacant Building Field Survey			X	X	X	X	X	X
Interviews with Brokers						X		
Interviews with Owners of Vacant Buildings						X		

Sales Activity

The Real Estate Register of Brooklyn is a privately published listing of deed transfers and mortgage liens. This information is published in a monthly and annual report. The Register lists by street address deed transfers, sale price of property transfers, amount and originator of mortgage liens, and type of property. From this Register information on the sale price and method of financing sales for residential buildings was collected. This information was drawn from the annual reports ending March 15 th of 1965, 1970, 1975, and 1978. The same information was collected from the monthly reports for the period August

16, 1979 through August 15, 1980.

Tax Arrears

All real estate parcels are listed by block and lot number with type of improvements for Brooklyn properties in the records of the Tax Collection Department in the Brooklyn Municipal Building. On a quarterly basis, taxes outstanding on these parcels are recorded. In this survey, the number of residential properties which were five or more quarters in property tax arrears were recorded for each block in the survey area. This information was collected for the blocks from the June quarterly reports of 1970, and 1975 through 1980.

Vacant Building Survey

Vacant buildings were defined as residential structures that in their observed condition were uninhabitable and not undergoing reconstruction or condemned for other public purposes. In particular, structures with boarded-up doors and windows, burnt out interiors, broken windows, or vandalized interiors were considered vacant and uninhabitable. The buildings so classified are not necessarily abandoned by their owners.

Field surveys of vacant buildings were conducted in October of 1975 through 1980. Additionally, as the condition of vacant buildings could be updated on subsequent surveys, the condition of initially observed vacant property was recorded in subsequent surveys; e.g. building demolished, undergoing reconstruction, re-occupied

or still vacant.

Interviews with Real Estate Brokers

The population was limited to professional real estate brokers with active offices within the study site. A field survey uncovered twenty one offices in 1978. However, these offices were not equally distributed throughout the study area. Eleven were located in a narrow area from Fifth Street to Flatbush Avenue between Seventh Avenue and Prospect Park West. As information on the dynamics of the various submarkets of Park Slope was desired, a stratified sampling technique was used. Six of the eleven brokers in the concentrated area were sampled and nine of the ten in the remaining sections were sampled. The interviews were conducted in February and March of 1978 in the brokers' offices. None refused to participate.

The interview schedule was constructed to cover three topics: the professional activity of the broker including rentals, sales and management of property; the character of demand for owner-occupied housing including types of people in the market with variations by building type and location; and the character of owners of rental property and the character of demand for, and the costs of supplying, rental properties with variations by building type and location.

Interviews with Owners of Vacant Buildings

For three successive years a field survey of vacant properties was conducted; i.e., 1975, 1976 and 1977.

Cumulative records of the disposition of these buildings were kept including whether they were still vacant, demolished, under reconstruction, or re-occupied. From this record, ownership searches were performed on all vacant buildings except those demolished. Using deed and mortgage records in the Brooklyn Registrar's Office, and tax records in the Tax Collector's Office in Brooklyn, the names and addresses of current owners and mortgagees was constructed. From this information, searches were made for the phone numbers of both owners and mortgagees. The greatest difficulty encountered was that public records could list the address of the owner at the address of the property currently vacant. In those cases searchers were made of phone directories for people with similar names. If this proved unsuccessful, attempts were made to contact the owner through the mortgagee or to obtain the mortgagee's account of the owner's disposition of the building.

The total population consisted of 139 buildings of which 120 were vacant and 19 were under construction or re-occupied in February of 1978. These buildings were owned by 113 different owners. Phone interviews were completed with 49 owners, mortgagees or other representatives of 62 buildings, or forty three percent of owners and forty four percent of all buildings. Another thirteen owners were contacted but refused repeated requests to participate in the interviews.

Interviews were constructed to elicit information about three different areas: characteristics of the owner, including reasons for purchasing property, race, number of other properties owned, and perceptions about the future of the area; factors relating to the costs of operating the buildings including those attributable to the size of the building, tenants, use of management service, cost and availability of credit, and the social and environmental externalities of the site; and finally, market demand for the building.

Results

To simplify the presentation of descriptive information, city blocks within the study site have been grouped into fourteen sections. These sections are used in exhibits and tables presenting information on sales, tax arrears and vacant properties.

Sales Activity

Exhibit 4.1 provides sale price information for years 1965, 1970, 1975 and 1980. Table 4.2 includes additional information for the year 1978. In the area of Park Slope between Flatbush Avenue and Ninth Street, housing prices escalate upward toward the park. South of Ninth Street, housing prices do not demonstrate the same graduation in values with all sections being relatively low priced.

In particular, the sections above Seventh Avenue between Flatbush Avenue and Ninth Street are the highest priced and have been steadily increasing in value since

Exhibit 4.1

Sale Price of Residential Buildings in Park Slope, in Constant 1967 Dollars, 1965 to 1980

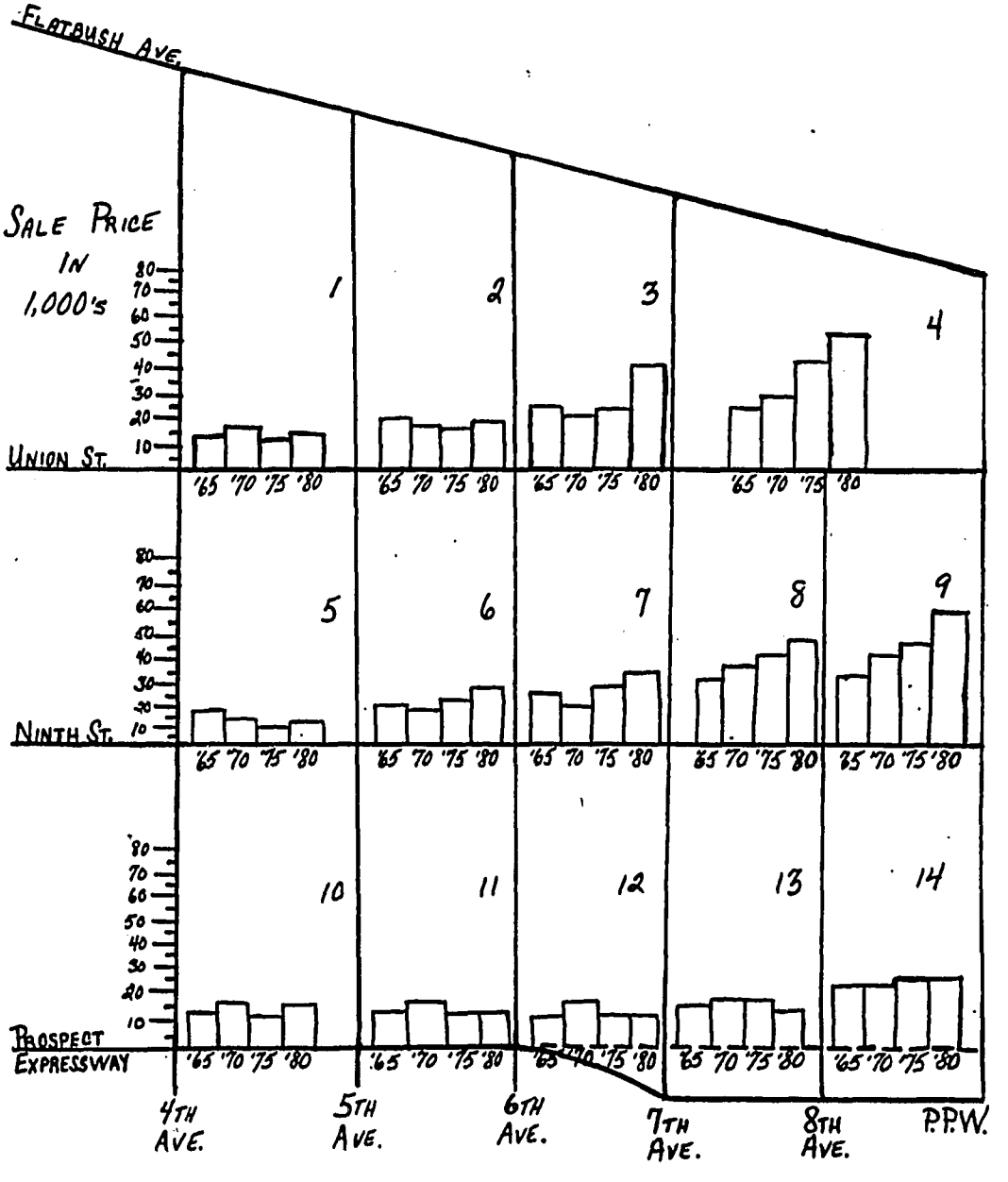


Table 4.2

Sale Price for Private and Walkup Residential Buildings, 1965 to 1980

Section	March 1964/65 Sale Price	N	March 1969/70 Sale Price	N	March 1974/75 Sale Price	N	March 1977/78 Sale Price	N	August 1979/80 Sale Price	N
1	12,300	61	17,300	85	17,600	31	23,000	45	27,400	37
2	17,400	37	17,800	58	24,300	30	32,000	33	41,000	50
3	19,400	32	21,000	44	36,100	19	61,200	35	91,500	39
4	23,100	18	32,800	25	66,800	10	63,900	24	122,800	19
5	15,500	22	15,500	31	15,200	25	24,600	27	25,000	31
6	17,000	64	19,300	89	29,600	57	36,100	57	58,200	74
7	20,200	51	22,000	68	39,000	35	41,000	42	70,600	53
8	27,400	40	39,300	60	66,500	28	73,900	30	107,700	33
9	29,400	34	47,100	58	76,200	26	83,400	51	142,900	29
10	12,500	18	16,400	16	19,500	23	25,300	16	35,000	16
11	12,400	27	16,900	34	18,800	29	24,200	30	28,000	42
12	10,500	34	19,100	65	21,600	42	23,500	33	32,400	59
13	12,700	26	17,400	54	25,000	35	29,100	35	39,200	50
14	19,300	30	23,500	43	34,200	36	39,600	34	49,500	35

Sale Price in Constant 1967 Dollars (1)

Section	1964/65 Sale Price	1969/70 Sale Price	1974/75 Sale Price	1977/78 Sale Price	1979/80 Sale Price
1	13,200	15,400	11,100	12,200	12,100
2	18,700	15,900	15,300	17,100	18,100
3	20,800	18,700	22,700	32,700	40,400
4	24,800	29,200	42,100	34,100	55,300
5	16,700	13,800	9,600	13,100	11,100
6	18,200	17,200	18,600	19,300	25,700
7	21,700	19,600	24,500	21,800	31,200
8	29,400	35,100	41,900	39,400	47,700
9	31,500	42,000	48,000	44,600	63,200
10	13,400	14,600	12,300	13,500	15,500
11	13,300	15,100	11,900	13,000	12,400
12	11,200	17,000	13,600	12,600	14,300
13	13,700	15,500	15,700	15,500	12,900
14	20,700	21,000	21,600	21,100	21,900

Source: Brooklyn Real Estate Register (Brooklyn: Real Estate Register, Inc., published monthly).
(1) Bureau of Labor Statistics Consumer Price Index for New York City - Northeastern New Jersey for September of 1964, 1969, 1974, and 1977, and January 1980.

since 1965. In the fifteen year period between 1965 and 1980, housing prices in this area, (Sections 4, 8 and 9), have jumped by approximately 100 percent, in constant 1967 dollars. These trends are startling as tenant household income in New York City has declined nineteen percent between 1964 and 1977, in constant 1967 dollars. (Table 2.9).

As values have increased in this high priced district, they have pulled up the value of housing in western bordering sections. Between 1975 and 1980, housing values between Sixth and Seventh Avenues from Flatbush Avenue to Union Street, (Section 3), increased one hundred percent, in constant 1967 dollars. In the area between Sixth and Seventh Avenues from Union to Ninth Street, (Section 7), they increased fifty percent between 1978 and 1980.

In contrast, the sections below Sixth Avenue,(Sections 1, 2, 5 and 6), or south of Ninth Street, (Sections 10 to 14), have stable low priced housing. As a consequence, housing prices in the highest priced sections have risen from approximately 200 percent higher than those in the low priced sections in 1965 to over 400 percent higher in 1980. Therefore, it could be expected entrepreneurs would have a strong interest in expanding the boundaries of the high priced district into the low priced districts.

Table 4.3 lists the methods for financing sales of residential property in Park Slope.

Table 4.3

Methods of Financing Sales of Residential Property in Park Slope, 1965 to 1980

Method	1965	1970	1975	1978	1980
Cash	78	170	106	109	126
Subject Mortgage	33	38	37	35	23
Private Mortgage	180	188	207	164	220
Mortgage Company	41	175	9	18	5
Bank Mortgage	162	159	81	173	193
	494	730	440	499	567

The analysis of sales activity for the years 1965 and 1970 provides strong evidence of disinvestment by financial institutions and the operation of a dual housing market in Park Slope. In 1965, thirty two different banks originated 162 mortgages on residential property. This indicates a widespread institutional policy of capital reinvestment within the community. However, FHA approved mortgage companies originated forty one mortgages. Twenty three of these involved the resale within twelve months of homes at 150 percent of their original purchase price. Typically, the first sale was made with cash and resold within months with an FHA mortgage.

In 1970, twenty two banks originated 159 mortgages. However, one savings banks, The Greater New York Savings, originated 107 of these, or sixty seven percent. Furthermore, the great majority of the Greater New York mortgages were FHA guaranteed. For 1970, this indicates financial institutions were withdrawing from the mortgage market in Park Slope. At the same time, mortgage companies, who

only originate FHA guaranteed mortgages, originated more mortgages than banks with 175. An examination of sales activity demonstrates these companies were engaging in block busting activity. In 1970, seventy seven properties were sold at least twice within twelve months at a price at least 150 percent over the original sales price. With these seventy seven properties sold at least twice in a year, they would account for 154 of the 730 property sales in 1970, or twenty one percent.

Typically, these properties would be bought for cash for less than $12,000 and would be resold within six months for over $20,000. Ninety percent or more of the sales price would be financed by an FHA guaranteed mortgage originated by a mortgage company.

1975 sales information indicates an end to the block busting activity by mortgage companies, but a continuation of the disinvestment policies by institutional lenders. Mortgage companies originated only nine mortgages in this year, down from 175 in 1970. However, the vacuum left by their departure was not filled by banks. In 1975, banks originated eighty one mortgages for eighteen percent of transferred properties, down from thirty three percent in 1965, and twenty two percent in 1970. The Greater New York Savings Banks, the only savings bank located in Park Slope, almost completely withdrew from the local mortgage market. In 1970 it originated 107 mortgages and in 1975 it originated ten.

In contrast to the above trend, information for 1978 and 1980 indicate a reversal in institutional policies for capital disinvestment in Park Slope. In 1978, 173 mortgages were originated by banks, or thirty five percent of sales. This was due to the liberalization of mortgage terms by a few banks, including Bowery Savings. This bank offered mortgages with eighty percent financing of sale price on one to two family homes. Consequently, it originated fifty mortgages, or twenty nine percent of all bank mortgages. In 1980 the trend continued. In this year, Citibank and Dime Savings were offering mortgages in Park Slope with ninety percent financing on one to two family buildings, and the Greater New York Savings offered eighty percent financing on one to four family buildings. Collectively, these three banks accounted for 120 of the 193 institutional mortgages originated in Park Slope in 1980.

The withdrawal of institutional lenders from Park Slope in the late 1960's and early 1970's with the simultaneous block busting activity of mortgage companies , had a differential impact on different sections. Table 4.4 displays methods of financing sales in three different districts of Park Slope.

The district above Sixth Avenue from Flatbush Avenue to Ninth Street, (Sections 3, 4, 7, 8 and 9) has had the highest percentage of bank financing for home sales. Furthermore, during the height of activity by mortgage

Table 4.4

Residential Financing Methods in Three Districts of Park Slope, 1965 to 1980

Above Sixth Avenue Between Flatbush Ave. and Ninth St.

Method	1965	1970	1975	1978	1980
Bank	42%	33%	32%	52%	42%
Mortgage Co.	9%	8%	2%	2%	-
Other	49%	59%	66%	47%	58%
Total	100%	100%	100%	100%	100%

Below Sixth Avenue Between Flatbush Ave. and Ninth St.

Method	1965	1970	1975	1978	1980
Bank	20%	8%	7%	23%	32%
Mortgage Co.	13%	37%	3%	5%	-
Other	66%	55%	89%	71%	68%
Total	99%	100%	99%	99%	100%

South of Ninth Street

Method	1965	1970	1975	1978	1980
Bank	40%	25%	18%	26%	29%
Mortgage Co.	1%	27%	1%	4%	2%
Other	60%	48%	80%	70%	69%
Total	101%	100%	99%	100%	100%

Source: Brooklyn Real Estate Register (Brooklyn: Real Estate Register, Inc., published monthly).

companies, they financed only a small percentage of sales. Therefore, throughout the period of disinvestment by financial institutions in Park Slope, this district remained attractive to banks.

The area below Sixth Avenue between Flatbush Avenue and Ninth Street, (Sections 1, 2, 5, and 6), was most severely hit by the dual process of bank disinvestment and block busting by mortgage companies. Bank financed sales dropped from twenty percent of sales in 1965, to eight percent in 1970 and seven percent in 1975. Simultaneously, mortgage companies increased their activity from thirteen percent of sales in 1965 to thirty seven percent in 1970. With the withdrawal of these companies from the local market in 1975, eighty nine percent of sales in the district were financed with cash, subject mortgages or private mortgages. With the rapid escalation of housing prices in the district above Sixth Avenue, bank financing has increased to twenty three percent of property sales in 1978 and thirty two percent in 1980. So, by the late 1970's, this district of Park Slope had moved back into the White side of Brooklyn's dual housing market.

The area south of Ninth Street, (Sections 10 to 14), with its range of low priced housing, has consistently had a smaller percentage of sales financed by banks than the highest priced district. However, it has not experienced, to the same degree as the area below Sixth Avenue, the

simultaneous disinvestment by banks and the block busting tactics of mortgage companies. This is due to the distance of this largely White district from the center of the Black population at Flatbush and Fifth Avenues.

Tax Arrears

Exhibit 4.2 displays by section the percentage of residential properties five or more quarters in tax arrears in years 1970, 1975 and 1980. Table 4.5 presents the same information for years 1970 and 1975 through 1980. This information confirms the existences of three distinct submarkets as just described with sales data.

Sections 1, 2 and 5, which are below Sixth Avenue, have consistently had the highest percentage of property in tax arrears since 1970. Through the 1970's, the percentage of propery in arrears in these sections has increased from between seven and eleven percent in 1970 to between fourteen and twenty percent in 1980. In turn, the highest priced district of Park Slope, (Sections 3, 4, 7, 8, and 9), have had among the lowest rates. However, the district south of Ninth Street, (Sections 10 to 14), with the lowest priced housing in Park Slope, has also had consistently low levels of property tax arrears. Again, this is due to the distance of the district from the center of the Black side of the dual market.

Survey of Vacant Properties

In Table 4.6 is listed the results of six repeated field surveys of vacant properties between October 1975

Exhibit 4.2
Residential Buildings Five Quarters in Tax Arrears, 1970 to 1980

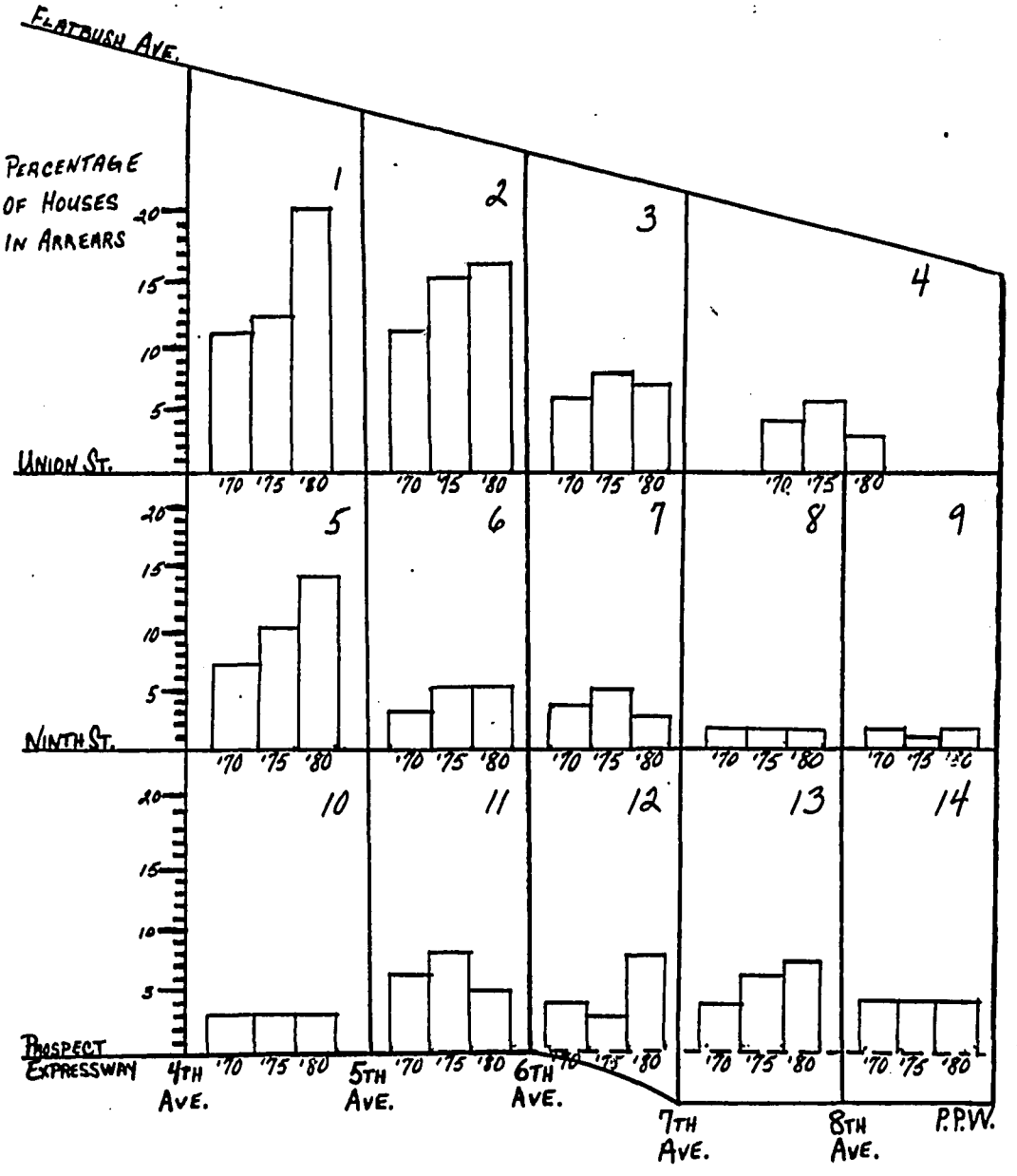


Table 4.5

Percent of Residential Buildings Five Quarters in Tax Arrears in Park Slope, 1970 to 1980

Section	Buildings	Percent in Arrears 1970	1975	1976	1977	1978	1979	1980
1	479	11	12	19	16	15	18	20
2	486	11	15	17	15	16	17	16
3	356	6	8	10	6	6	7	7
4	231	4	6	5	5	3	5	3
5	325	7	10	14	14	14	14	14
6	756	3	5	5	6	4	5	5
7	573	4	5	7	5	4	4	3
8	620	2	2	2	2	1	2	2
9	676	2	1	1	1	2	2	2
10	425	3	3	4	3	2	2	3
11	438	6	8	7	6	5	5	5
12	666	4	3	6	6	5	8	8
13	567	4	6	5	6	5	6	7
14	619	4	4	4	4	3	4	4
Total	7,217	4.9	5.8	7.1	6.3	5.6	6.6	6.6

Source: Brooklyn Tax Collection Department.

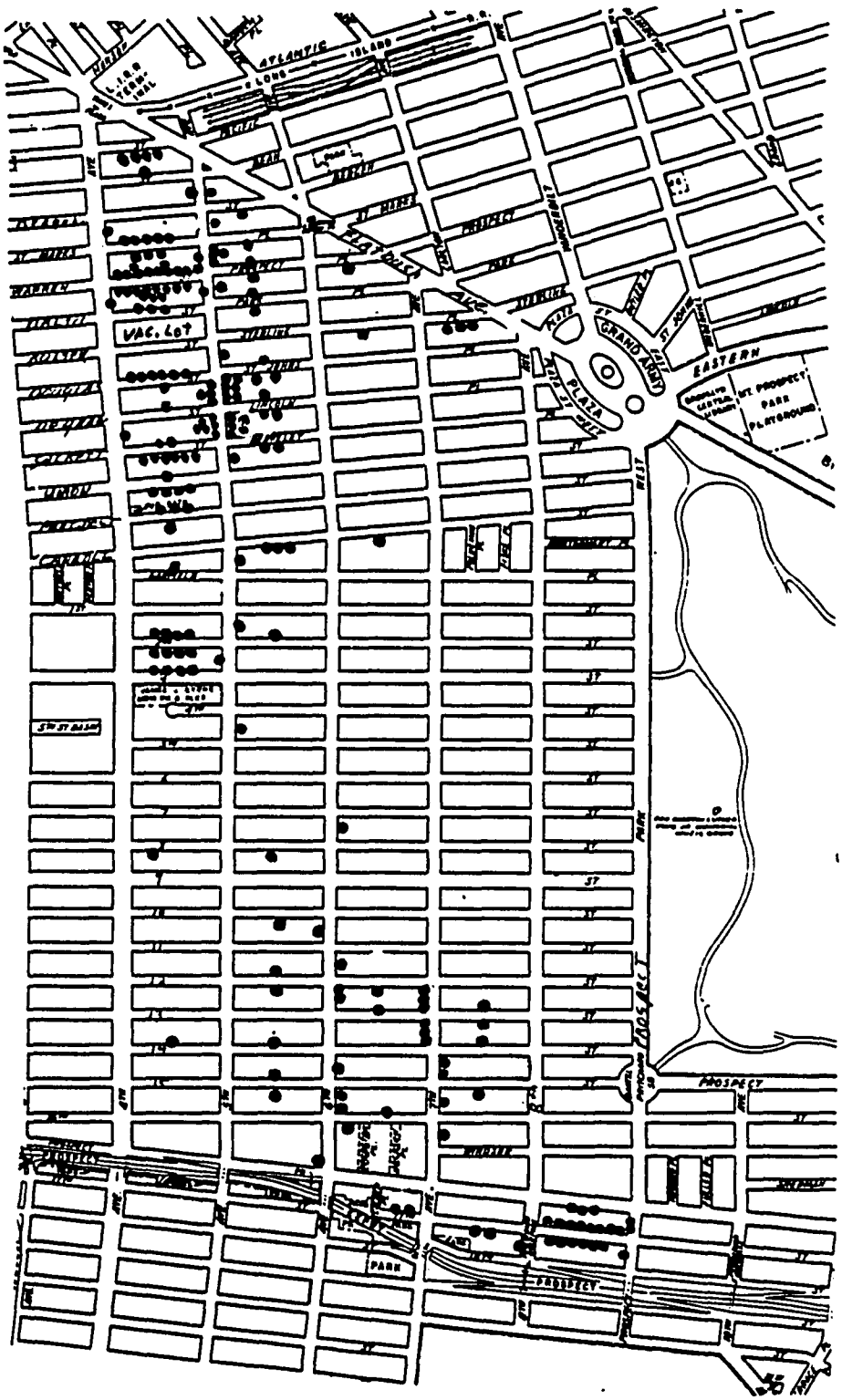
and October 1980. In this period, a total of 283 buildings were observed vacant or demolished. However, eighty two were re-occupied or undergoing construction during the period from 1976 through 1980. Thus, a net of 201 vacant buildings were observed in 1980. This was up from a total of sixty eight in 1975. The distribution of vacant and demolished buildings in 1980 is displayed in Map 4.2 .

In 1980, the largest concentration of vacant and demolished buildings was in sections 1, 2 and 5 with respectively fifteen percent, seven percent and seven percent of the housing stock in such a condition. These are also the sections with the largest percentage of properties in tax arrears and the lowest percentage of bank financing for home sales.

The area south of Ninth Street,(Sections 10 to 14), demonstrated a very slow but steady increase in vacancies. Generally, these losses are not concentrated in any particular section or block with the exception of Seventeenth Street between Eighth Avenue and Prospect Park West. This suggests housing values in the district are not high enough to justify the rehabilitation of severely deteriorated buildings. In the high priced district of Park Slope, (Sections 3, 4, 7, 8, and 9), the few buildings that did become vacant were quickly rehabilitated. This occurred as the value of neighboring real estate justifies such investments. Indeed, in this district housing was

Map 4.2

Distribution of Vacant and Demolished Residential Buildings in Park Slope, 1980



Source: Field Survey in October 1980.

Table 4.6

Disposition of Vacant Buildings in Park Slope, 1975 to 1980

Number of Vacant or Demolished Buildings

Section	1975	1976	1977	1978	1979	1980
1	24	28	39	52	65	71
2	8	7	14	19	25	34
3	3	2	4	1	1	2
4	-	-	2	2	1	3
5	6	13	19	18	23	23
6	2	5	7	7	7	8
7	9	9	11	10	2	2
8	-	1	-	-	-	-
9	-	-	1	-	-	-
10	-	-	-	2	3	1
11	3	3	7	11	11	8
12	5	6	7	13	15	18
13	-	1	6	8	10	11
14	8	8	16	16	18	20
Total	68	82	133	159	181	201

Vacant Buildings Re-Occupied or Under-Construction

Section	1976	1977	1978	1979	1980
1	6	7	11	14	19
2	2	3	7	8	9
3	1	1	4	5	5
4	-	-	-	1	1
5	1	1	3	4	6
6	-	1	3	5	6
7	-	-	1	9	9
8	-	1	1	1	1
9	-	-	1	1	1
10	-	-	-	-	2
11	-	-	1	4	7
12	-	-	2	3	5
13	-	-	2	3	5
14	2	2	5	5	5
Total	12	18	41	66	82

Source: Field Surveys, 1975 through 1980.

often deliberately vacated of lower income families for future conversion into co-operative apartments.

Different building types had dissimilar probabilities of becoming vacant. Comprising over half of the housing stock, one and two family buildings accounted for only eighty one of the 283 buildings observed vacant during the five year survey period. Furthermore, thirty six of these eighty one buildings were either re-occupied or were undergoing reconstruction by 1980. In contrast, three-or-more unit walkup buildings accounted for 202 of the 283 vacant or demolished buildings. However, only forty six of them were re-occupied or undergoing reconstruction by 1980. Thus, the problem of abandonment is most severe for multi-family properties.

An unanticipated finding of this survey is that the cycle of housing abandonment is not a simple linear process. As the survey results illustrate, vacant housing is frequently re-occupied. Section 1, for instance, which had the highest number of vacant buildings also had the highest number of re-occupied buildings. This suggest for studies of housing abandonment, the main question should not be why houses are abandoned, but rather why the private market is unable to re-coup and recover vacant and deteriorated houses.

In summary, information on sale prices, methods for financing sales, tax arrears, and housing vacancy has

provided overlapping indicators of the direction of change in the submarkets of Park Slope. The district above Sixth Avenue between Flatbush Avenue and Ninth Street has been the center for escalating real estate prices, the lowest rates of housing vacancy and tax arrears. The continued strength of this submarket has pulled up the economic value of residential property on the area's periphery. In contrast, the district below Sixth Avenue between Flatbush Avenue and Ninth Street has witnessed a dual process of bank disinvestment and mortgage company block busting in the late 1960's. This was followed by an increasingly high rate of tax arrears and housing vacancy in the 1970's. The district south of Ninth Street has had low and stable sale prices and rates of tax arrears. Residential vacancy has only recently been increasing in the district.

Analysis of Information on Dynamics of Market: Interviews with Real Estate Brokers.

The fifteen brokers interviewed had offices located in the community for an average of twenty seven years with a range of one to eighty years. All engaged in selling residential property and the renting of apartments. Only eleven managed residential buildings, with an average of fifteen per office and a range of two to over forty. Among the fifteen brokers, nine had their primary service area north of Ninth Street. The remaining six had their local primary service area south of Ninth Street. As the markets

within these service areas differ substantially, the interviews will be analyzed by the location of the broker's primary service area.

Demand for Owner Occupied Housing: North of Ninth Street

All nine brokers agreed demand for owner occupied housing was increasing in this area of Park Slope. When asked the cause of this, one broker offered this explanation.

> "I don't know why it is all happening. Twenty years ago you could have bought anything you wanted from Flatbush to Carroll for $12,000. Colored people were moving in and people thought it would be another Harlem. Businesses sold out. Then all the young hippies moved in. They started it. They liked original wood and their friends came and everybody wanted old things. Then the papers started playing it up. But why today, I don't know."

Another broker was more specific.

> "Brownstone neighborhoods appeal to people now. Park Slope especially as transportation to the city is good. Also Brooklyn Heights and the East Side of Manhattan are too expensive. In comparision to Crown Heights and Bed Stuy, it is a very safe place to raise a family. Safety is a key issue as far as comparisons for brownstone areas is concerned."

Park Slope is a second choice after Brooklyn Heights and the East Side of Manhattan, but better than the brownstone communities of Crown Heights and Bedford Stuvesyant which area largely Black communities.

When asked what type of family was buying homes in the area, the brokers all agreed it was now predominantely White professional. These households are characterized as single and working couples with few children. White collar Black households made up a small percentage of the market

while the majority of Black, Hispanic and White working class families were priced out of the market. But, it was the White working class families who were doing the selling. One broker characterizes the new buyers.

> "Jewish families, well educated, work for CBS, publishing, universities. Ninety percent of home buyers are Jewish professionals. No Blacks are buying and I've never seen a Spanish professional. Working class are the ones doing the selling. They're moving upstate, Florida, and the Island. Blacks and Spanish are discouraged from buying. Neighbors on the blocks tell you not to sell to them."

The new homeowners were overwhelmingly described as coming from Manhattan, other brownstone communities in Brooklyn and from out-of-town.

The brokers, in varying detail, described the locational preferences of the White professional families. Most agreed above Seventh Avenue between Flatbush and Third Street was the most sought after location. Areas south and west of these streets were less desired and evaluated on a block-by-block basis. One broker describes the process.

> "Everybody wants to be from Flatbush to Fourth Street as close to the park as possible. As you move west of Seventh Avenue it becomes a block-by-block decision. Like between Fifth and Sixth Avenues on Second Street, is no good. Why? There are too many tenement houses, a Black block, a very rough crowd. Yet on Garfield or First Street between Fifth and Sixth Avenues we have a great demand and never had a problem. On Fifth Avenue between Flatbush and Union Street, it is a disaster area. It's burnt out and dangerous."

(Garfield and First Street between Fifth and Sixth Avenues are comprised largely of White families in one and two family brownstones.)

When asked what types of homes and interiors these new home buyers preferred, most of the brokers agreed they wanted one and two family homes with original wood and plaster details. These details include fireplaces, parquet floors, wood trim and tin or plaster ornate ceilings. Two family homes were considered an asset as one apartment could be used for rental income.

When asked if bank mortgages and terms had been adequate to meet the demand, the brokers agreed the market had loosened recently. Mortgages were not difficult to acquire for one and two family homes but were much harder to obtain for three and four unit homes. Only recently had banks made terms applicable for these homes.

When predicting future demand for homes, the brokers generally agreed demand would continue at its current strong pace.

South of Ninth Street

Brokers in this district recognized the increased demand for brownstones among white collar families but their own clients were more diverse in composition. The six brokers tended to specialize in serving different ethnic and racial groups. Two of the six brokers explicitly stated they did not service Black or Hispanic families. Two other brokers clearly specialized in serving these two groups.

The home-buying clients of these brokers were relocating from areas as diverse as their backgrounds. White collar

families were coming from Manhattan and out-of-town, Blacks were coming from areas north of Flatbush Avenue, and the Hispanic families were coming from nearby areas.

The locational preferences of home-buyers were described as pragmatic. Brownstones near the park were the preferred homes of the white collar families but the Hispanic and Black families were more restricted in personal assets. They would choose a home and location by its affordability. One broker describes these trends.

> "They prefer what they can afford. Each block has a different price tag and the professional with money prefers the expensive blocks. The people without money, and they are often professional, may not prefer but they take worse blocks. What constitutes best and worst blocks? The best are homogenous, all brick, all brownstones, all one's and two's. Then comes a block with maybe one or two frame houses, still one's and two's. Then comes a block with maybe one multi on it and from there it is downhill."

On type of house preferred, brokers said White professionals desired homes with original details, and other income groups had to decided between brick or wood frame homes. Brick homes were preferred but wood frame were bought when personal finances left no other option.

Serving lower-income families, brokers in this district were more aware of the difficulties in acquiring bank mortgages. Lower-income families had less personal savings to meet the mortgage terms of banks providing only seventy five percent or less financing. Accordingly, brokers were aware of FHA mortgage terms and of banks which offered mortgages with low financing requirements. One broker

describes the problems encountered.

> "FHA and VA insured mortgages do not exist any longer for this area because of the sub-standard housing. The houses are old, have stone foundations difficult to change, they have no fire walls between buildings, no steel lalle columns, no 220 wiring, none of the things required by FHA. Although since this redlining business, mortgages have eased up... I'm now getting Citibank. The reason this is so terrific is that they take ten percent down. I have many Spanish families that have $2,500 to put down on a $25,000 house and now I've already done one with Citibank."

Another broker explained it is especially difficult to get mortgages for wood frame homes since insurance companies will not insure them, and banks require property insurance on financed property. So, not surprisingly, lower income families with little personal savings, buying wood frame homes have the greatest difficult acquiring insurance and bank mortgages.

Among the brokers, reviews were mixed on the future of the demand for owner-occupied housing. Blocks with mixed land uses, multi-family and wood frame homes depending upon lower income families for demand were considered problematic. Expensive brownstone blocks along the park were evaluated more favorably.

Market for Multi-Family Buildings: North of Ninth Street

Only a small majority of the nine brokers in this district believed demand for multi-family buildings among investors had increased in the past few years. On locational preferences, the majority said above Seventh Avenue or close to the park was the most desired. The

rest in answering this question, said location was unimportant as long as the building had a high rent roll and provided a high return on equity.

When asked where rent rolls were keeping up with increases in operating costs, opinions were mixed. One third believed they were not keeping up anywhere. One third believed only above Seventh Avenue were they keeping up. Another believed they were keeping up all over, especially if a building had no rent controlled units. On the question of vacancy rates for units by location, most brokers agreed above Sixth Avenue vacancy rates were very low. Only near Fifth Avenue and on certain blocks were vacancies high. By very low rates, brokers used estimates of between one and zero percent.

On the question of bank financing for the purchase of multi-family buildings, all agreed it was nearly impossible. When available banks require owners to incorporate and charge commercial interest rates. Therefore, most financing was done through the use of privately financed mortgages. On the future of multi-family buildings, the majority were optimistic. Generally, they saw the continued movement of more small families and singles into the district and a growing interest by investors in property.

In summary, among these brokers, they were optimistic about investment opportunities in multi-family homes. They also saw the greatest demand among investors for buildings above Seventh Avenue and very low vacancies as you

approached the park. However, bank financing remained difficult and expensive to obtain.

All of the brokers thought demand for apartments in the district had increased in the past few years. The types of tenants looking for apartments tended to be White singles and couples with no children seeking brownstone apartments, and to a lesser extent, poor Black and Hispanic families seeking apartments for larger families. All agreed the most desirable areas were those close to the park. But, as the demand was matched by higher rents, lower income families moved further west toward Sixth and Fifth Avenues.

Because of the large influx of young White singles and couples, the apartments most in demand were studios and one bedroom apartments in brownstones with fireplaces, parquet floors, and original wood and plaster mouldings.

The new tenants were described as relocating from a combination of places including Manhattan, other brownstone communities, the southern part of Brooklyn, such as Sheepshead Bay and Kings Highway, and from the local community. Thus, Park Slope was operating as a center for relocating tenants in a city-wide network and not dependent solely upon local demand for expansion of the high rent district.

Expecting a stable demand for apartments with the exception of the area along Fifth Avenue, all were optimistic about the future of the rental market.

Their optimism was based on the expectation of a continued demand by people from Manhattan and other parts of the city. When inquiries were made asking why this demand would continue, one broker replied the "Whole city is decaying and people are fleeing to small areas where the city will survive and this is one of them." None of the brokers made reference to the changing composition of the city's labor market with its expansion of professional and managerial occupations.

South of Ninth Street

With a small majority of brokers in the northern district believing demand by investors for multi-family buildings had increased, the brokers in the southern district generally believed it was a buyers' market. Some recognized a preference by investors for buildings near the park, but most said investors evaluated buildings on their individual condition. Those near abandoned or deteriorated properties were avoided, and those sought, were those with high rent rolls and tenants who paid their rent promptly.

Asked where rents were keeping up with operating costs, these six brokers stressed not location but building condition. Buildings with rent controlled apartments were perceived as losing propositions. Households with welfare housing allowances were believed to pay higher rents than other families. Welfare shelter allowances were widely known among these brokers being $183 for a family of two,

$194 for a family of three, $218 for a family of four, etc. However, buildings with large proportions of welfare families were seen as short term investments as these families often did not pay their rent promptly and their large families generated high maintenance costs. One broker put the matter bluntly.

> "Only one type of property is profitable: welfare properties. In these buildings you provide no services, pay no taxes and cut the mortgage and you have a high turnover of tenants. The only way you can make a profit is not to pay anything for costs of services, mortgage, taxes, etc."

(During this interview a person came into the office to serve the broker with a court subpoena and he took a phone call from an employee who was in court.)

Another broker discussed the manner of balancing the distribution of welfare and working class families in a building in order to maintain the profitability of it.

> "This is not at all by area but by building. It really depends upon rent control. If you have one rent control apartment in an eight family building and it gets $60 then you have to take a large welfare family who pays $303 per month to make up the difference. You can't take a good White tenant for $185 or $200. Whereas if there are no rent controlled apartments you could take working people for both apartments for $200 each and be O-K."

The above two brokers clearly have two different tactics for building management. The former is simply interested in exploiting the personal need for shelter to make a profit, and the later is interested in maintaining the long term profitability of his buildings.

The brokers believed vacancy rates were highest in the

poorest and most deteriorated blocks and areas. In particular, the highest vacancy rates were on blocks with abandoned or deteriorated buildings. One place frequently mentioned was Seventh Avenue between Twelfth and Sixteenth Streets. On sound blocks, where owners kept buildings in good condition, vacancies were believed to be low. With higher vacancy rates in poor blocks and areas, brokers saw poor families as having more choices in housing while landlords competed for them. At the same time, demand remained high in higher income neighborhoods. two brokers explain both sides of this process. One broker who specialized in serving Black and Hispanic families states:

> "Vacancies are high all over the area. That's why landlords are willing to rent to welfare. They don't even check references. They take anybody. Evidence is that they are willing to pay one half a month's rent to the broker who gets them tenants."

Another broker who manages 600 units in Park Slope, states:

> "Last year vacancy rates were higher than this year. I don't know why. From Seventh Avenue to Prospect Park West the vacancy rate is one to two percent; from Fourth Avenue to Seventh Avenue the vacancy rate is from four to seven percent. The reason it is so low and more people are moving in, is because places to live are getting more and more scarce as there is no new construction and other places are falling apart."

Like the brokers in the northern district of Park Slope, these brokers all agreed it was very difficult or impossible to acquire bank financing for multi-family buildings.

Nearly all of these brokers south of Ninth Street were

pessimistic about the future of multi-family buildings. One broker describes the pattern of his expectations.

> "It will die unless we can eliminate rent control. The future is very dim. Also unless the courts do something about those who vandalize property and don't pay rent, the landlords will continue to accumulate losses.
>
> Evictions take six to seven months. How's that? Welfare pays on the fifteenth and thirtieth of each month. Say they pay on the fifteenth but not on the thirtieth, and then they don't pay again on the fifteenth. So very quickly they owe a month's rent. We then file for eviction but this takes seven weeks to file. It's now already three months. And it usually takes a few months after that if they request a show cause and no back rent is ever paid to the landlord.
>
> Why do you rent to welfare families? No choice. No one else wants to live on the block or in the area. Eighty five percent of the people on public assistance are responsible. The rest don't pay rent and vandalize apartments."

This broker blames lax housing courts for housing deterioration as they fail to extract due rents from poor families who live in buildings no one else wants to occupy.

The majority of brokers believed demand for apartments had increased recently. They saw future demand by two types of clients: working class Hispanic and Black families, and younger professional couples with small families. White working class families made up a small minority of their business.

Hispanics and Blacks were believed to be coming from worse communities of Brooklyn and other nearby areas. White professionals were coming from Manhattan and other outlying areas. As to locational preferences, the professional tenants wanted park blocks, and lower

income families valued good buildings on good blocks. According to one broker, professionals in 1978 paid $225 for three rooms, and $275 for four rooms in brownstones near the park. Hispanics paid $195 for four rooms and $165 for three rooms in walkups on good blocks.

Dual Market in Park Slope: North of Ninth Street

The nine brokers in this district were asked if it was true that some building owners did not rent to Black or Hispanic families. Of the nine, only one said there was no racial prejudice. Two said it was not a matter of prejudice but of affordability; i.e., not many Black or Hispanic families could afford the rents in this district. The predominance of white clients was due to their ability and willingness to pay more for apartments. The other six brokers said there was indeed overt discrimination. It was said to be based on fear of crime from Blacks, the supposed arrogance of Blacks toward Whites, fears property values would sink, or fears other Whites would not rent in a building with Black tenants.

All nine brokers were asked if Blacks and Hispanics paid more for comparable apartments in the area. Six said they pay comparable rents. Two said Blacks would not pay a premium to live above Seventh Avenue and another said Whites pay less below Seventh Avenue. Asked where racial discrimination was the most prevelant, three offered it was worst by the park blocks, two said it existed throughout Park Slope, two replied older White European homeowners

discriminated the most, and only one,(apparently aware of the state penalties for discrimination),said there was no discrimination anywhere.

South of Ninth Street

Among these six brokers, all but one said there was racial discrimination in rentals. The other broker said there was no discrimination as vacancy rates were too high to allow it. A couple of brokers volunteered that discrimination was worse against Blacks compared to Hispanics. One observes:

> "The real discrimination around here though is against Blacks. Spanish has become O-K because you can't keep your apartment vacant forever. Blacks are still taboo. They just don't want them. People who don't want Spanish will take them when apartments stay vacant for months, but they would rather have vacant apartments than take Blacks. They believe they will be dirty, vandalize apartments and mostly that crime will arrive when they come in."

Another broker describes patterns of discrimination against both Black and Hispanic families.

> "First you have the Spanish family that comes in and shows you pictures of their apartments to try to show you that they are decent people. It is really pitiful when people have to come in and show the broker and owner of the building that they are really O-K. They will even invite you to come to their apartment to show how nice they keep it. I mean it, they do that...
> Then there is the other side when you get out of your car on the block and the residents of the block know who I am and they come up to you begging, "Please don't bring Blacks." I can't afford to do justice to one couple on a rental or a sale and lose an entire block and sometimes more than one block. Everyone around here knows who you are and you have to respect people's wishes."

Asked if Blacks and Hispanics pay more for apartments in the district, four brokers said rents were comparable.

The other two brokers said welfare rent schedules were higher than what White working class families would pay.

In summary, among the fifteen brokers interviewed in February and March of 1978, the great majority agreed there was discrimination against Blacks and to a lesser extent against Hispanics. Brokers north of Ninth Street, in their coordination of supply and demand for homes and apartments, described the greatest demand for housing among White professional singles and couples. They were believed to be relocating from Manhattan in particular. Their ability and willingness to pay was simply greater than Black and Hispanic families. Therefore, in the operation of this submarket, White professional families were outbidding other groups for housing. Therefore, the possibility is strong for the maintenance and expansion of the White side of the dual market within this district of Park Slope.

On the boundaries of this White professional market, including Fifth Avenue and the district south of Ninth Street, the greatest demand for housing was among lower income Hispanic and Black families. Therefore, there is a possibility of the expansion of the Black side of the dual housing market within this area of Park Slope. The job of brokers in this district is to coordinate the movement of low income Hispanic and Black families into a previously low income White area while maintaining the economic value of their investments and businesses.

With the movement of the Black side of the dual market within the low rent sector of Park Slope in the 1970's, with receding demand for apartments by White working class families and later by working class Black and Hispanic families, certain blocks and buildings have been subject to disinvestment by private investors; e.g., Seventh Avenue between Twelfth and Sixteenth Street, and Fifth Avenue between Flatbush Avenue and Union Street. In the following interviews with owners of vacant buildings, the process of this disinvestment process will be explored.

Interviews with Owners of Vacant Buildings

Interviews were completed with 49 owners of 62 buildings. This sample was from a population of 113 owners of 139 vacant, reconstructed, or re-occupied buildings. These include interviews with 14 owners of 16 buildings re-occupied or undergoing reconstruction from a subpopulation of 18 owners of 19 such buildings. Of the second subpopulation of 95 owners of 120 vacant buildings, interviews were completed with 35 owners of 46 buildings.

Among this later sampled group, 7 owners of 15 vacant buildings said they retained responsibility for the disposition of their property. The remaining 28 owners of 31 buildings had literally abandoned their property. All interviews will be analyzed in two categories: those who abandoned their property, (28 owners of 31 buildings),

and those who retained responsibility for their property including re-occupied buildings, (21 owners of 32 buildings.

Abandoned Buildings

Of the thirty one abandoned buildings, two were purchased for owner occupancy, three were inherited, and twenty six were for rental income. These buildings were owned by the same party for a median of eight years prior to 1978. Thus, the majority were bought in the period when private disinvestment in the Black side of Park Slope's dual market had accelerated.

Nine of the buildings had one-to-three apartments, eighteen had six-to-eight units, and three had nine-to-sixteen units, with a median of eight units per building. With information on thirty, the last tenants were predominantly White in three, largely Black or Hispanic in twenty five, and two were bought vacant. With information on twenty seven owners, one was Hispanic, five were Black, and twenty one were White.

Among the twenty eight owners, nine were real estate brokers or full time real estate managers. With information on twenty three owners, they owned a median of two buildings. Fourteen owned three or less, seven owned four-to-ten, and two owned more than ten buildings, outside the population of buildings in this survey. Therefore, the majority of owners were small property owners.

At the time the owners decided to abandon their buildings, none lived in them. With information on 29 build-

ings, 24 were still occupied by tenants when abandoned. Only five were completely vacant when abandoned.

In general, when a decision was made to abandon property, the majority of buildings were owned by White absentee landlords who rented to minority families in multi-family buildings for rental income to supplement the owner's personal income.

In only a minority of cases could the decision to abandon property be attributed to a single predominate factor. This was most true in two cases where the owners died, and another eight cases where the building was either partially or completely damaged by a fire. In general, the abandonment of property reflected a complex set of judgements about the present and future economic value of the property.

Of the remaining twenty cases where information was available, nine attributed their decision to abandon because of a breakdown in landlord/tenant relations. In these cases, a tenant or a number of tenants would stop paying rent on schedule. The owner would start eviction procedures. As these proceedings can take months to complete, these landlords lost months of past due rent. Further, they complained evicted tenants vandalized their apartments by ruining bathroom or kitchen fixtures. The loss of rent, the cost of vandalism, and the prospect of going through the procedure again if they rented the

apartment led the landlord to abandon the building.

These owners and others interviewed usually held the New York City welfare office and housing court responsible for this process. Renting units in poor neighborhoods, these landlords had little demand for apartments except among lower income families including those on public assistance. The owners regularly charged the maximium allowable under the welfare office's shelter allowance schedule. For instance, in 1974 through 1981, a family of four on public assistance would receive a monthly shelter allowance of $218 and a $248 basic family allowance to cover all other family expenses. However, the owners did not consider the shelter allowance the tenants' personal income. They believed the welfare office should seek restitution from any family who spent their shelter allowance on anything but rent payments. Accordingly, they blamed the welfare office for not sending out two party checks to be co-signed by the tenant and the landlord when the rent was not paid regularly.

The housing courts were also held responsible for lost rents as they could order a landlord to make repairs before rent would be ordered paid. However, if the tenant left without paying the rent, the courts would not seek retribution against the tenant whether they were on welfare or not.

One landlord offers his version of the cycle.

> "Here are some of the problems with welfare clients. First, many don't pay the rent on time and sometimes not for months. When you get a dispossess, it takes four months to get the people out. When they do leave, they often vandalize the apartment which costs thousands of dollars. So you end up with no rent for six-to-eight months after two nonpayment and four dispossess notices plus perhaps $2,000 in damages. This makes it impossible to continue to invest...
>
> The courts are pro-tenant only. There is never any justice for the landlord. You can't tell a tenant what to do. The court will tell you to make repairs and most often these repairs are caused by the tenants not taking care of the property..."

Five owners said problems associated with them losing social control over events within the building or on nearby public spaces were responsible for the abandonment. With loss of social control in the building, vacant units were burglarized and tenants would be robbed. With the loss of social control outside the building, tenants would be mugged or robbed and no new tenants would want to live in the building. One landlord describes how this loss of control led him to abandon his property.

> "It has a lower duplex and two floor throughs. Working people rented it. They were robbed and mugged and left. No one stayed more than six months. The day someone moved out, the plumbing in the vacant apartments was ripped out, the appliances were stolen and the apartment vandalized. Twice we put in plumbing and twice it was ripped out. Appliances were stolen three times. Drug addicts. We called the police and they did nothing..."

In only one of the thirty buildings with information provided, did the owner state simple increases in operating costs accounted for the decision to abandon. In this case, a couple owned a three family home and the husband did the maintenance work. When the couple

separated, the wife could not afford to contract out maintenance work on the building.

In five cases, owners offered multiple reasons for abandonment including deterioration of landlord/tenant relations, loss of social condition, and higher operating costs. One owner describes the events that led him to abandon.

> "The fire made it vacant. That was the last straw. There was nothing to milk. The fire wasn't that bad but the fire insurance went to the first mortgagee. I bought the building with 180 violations. I had trouble before the fire.
>
> One tenant didn't pay the rent for three months. Started dispossess and the tenant vandalized the apartment before moving. It cost $3,000 to fix plus no rent. Had a rent controlled apartment paying $65.50. The fuel company was suing for a bill and I couldn't afford fuel or taxes. The drug center on the corner of Lincoln Place kept the middle class from coming to the area. A vacant apartment was vandalized. The city was after me for 180 violations that I couldn't control."

While fires, loss of social control or the breakdown of landlord/tenant relations might have led the landlords to stop providing services, these owners also gave up responsibility for their buildings and actually forfeited their property rights. These basic decisions were in part based on future expectations for the area which will now be explored.

The owners were asked if they attempted to acquire credit to reconstruct their property. Most did not as they considered the buildings a bad investment. When asked if they attempted to sell the buildings, half said they did not, as the buildings were worthless. The other half

who did, either had no buyers or the buyers defaulted on the purchase mortgage.

The owners were asked how the area how changed between the time they bought their building until the time they abandoned it. With information from twenty three, fifteen described deteriorating social conditions, seven said it remained the same, and one stressed physical deterioration in the area. Of those who mentioned social conditions, the common elements included the neighborhood transition from White to poor Black and Hispanic residents. The latter were described as not paying their rent on time and not properly maintaining the buildings. Some descriptions of social change were:

> "It was Italian and it is now Spanish and Black. It is welfare and the welfare low-lifes. There are some legitimate welfare, but the area is finished."

> "The area changed fast. All welfare now. The worst people. I live in Queens and they are coming here, too. All real estate is going. All my work is for nothing. I'm sixty two years old and I've learned that it is all for nothing."

> "People were very nice and remained nice. Houses that became vacant were burnt out. On Douglas, I sold on that block until people began to walk away. Once a building is vacant, even for a day, the junkies begin pulling out the pipes and sell them. When they rent to people, especially welfare, you are in trouble. They wreck the place and working people won't go there."

Of the seven owners who said the area remained the same, six said the area was physically and social deteriorating. Thus, in general, these owners believed conditions had gotten worse while they owned their buildings or had already been quite bad.

The owners were asked to anticipate future conditions in the area. With information from twenty three, fourteen believed it would be in worse shape, six believed the white collar district might expand into their area, and three offered mixed opinions. Among fourteen who predicted worse conditions, most offered global pessimistic reports on the future of the neighborhood and the city.

> "Like the South Bronx. It will all be vacant in ten years."
>
> "In ten years, New York will disappear from the earth. Not because of the atomic bomb but because of the welfare bureauracy."
>
> "A hell hole. You well meaning people are making it four steps in the road to hell."

Included in the pessimistic reports were factors including the behavior of people on welfare, the welfare bureaucracy, criminals, housing deterioration or the economic decline of the city.

In contrast, six owners believed the white collar high rent district would eventually expand block-by-block into the poorest areas. This expansion would include the reconstruction of abandoned homes and businesses. Their own misfortune was to own a building on a block the high rent district had not yet expanded to include.

Owners were asked what could be done to improve the area. Twenty two gave twenty nine different answers. Almost all replies included greater societal control over residents, in particular, those on welfare and vandals; increasing landlord control over tenants; providing government

subsidies for landlords; or programs for reconstructing residential blocks, preferably on a block-by-block basis with government or private funds.

The measures aimed at greater societal control included changes in the welfare, court and education systems to instill the work ethic and respect for others' property and social rights. There appeared to be a general belief that families on welfare, receiving an income without work, did not learn or accept proper social norms about property rights. It was also generally believed criminals could more or less operate without fear of retribution from the criminal justice system.

Among those asking for greater landlord control over tenants, they believed they did not have sufficient power to rid their apartments of "undesirables," collect delinquent rent, or charge market rents because of permissive government attitudes toward tenants. For those who suggested housing rehabilitation, they believed it would have to be done on a massive scale using private or state funds. Work would have to be done on a block-by-block basis. Only work on a large scale on separate blocks would be sufficient to offset the negative externalities of nearby physical and social deterioration.

The emphasis by the owners on social control over residents and tenants as a means for improving the neighborhood follows from their overwhelming attribution of disruptions of landlord/tenant relations or loss of

social control as the cause of abandonment; their definition of social change as the most salient aspect of neighborhood change; and their belief these conditions would only be getting worse in the future.

Given the relatively meager resources and assets of the majority of these landlords and their role in the real estate market, these attitudes are understandable but not justifiable. They can only own and operate buildings on the fringes of economically marginal neighborhoods. It is in these neighborhoods that they operate buildings for an extraction of a profit. In this process the problems they encounter are fires, disruptive tenants and vandals. Even if they were aware of the operations of the dual housing market and its impact on their businesses, it is hard to imagine what they could do about it. The only alternatives they would have would be to not invest at all in real estate, as many have done, or look for other poor neighborhoods and hope to find a good building on a good block. From their individual business perspective, as long as they remain in marginal areas, to prolong the economic usefulness of their property, they would need to have greater social control over tenants and neighbors. However, these measures would not alter the operations of the dual market in Brooklyn but merely temporarily protect the interests of individual property owners.

In summary, the abandonment of property by these owners represent a confluence of events. These include a

contraction of aggregate demand for housing in Brooklyn and the expansion of the Black side of Brooklyn's dual real estate market in Park Slope. The process of capital disinvestment by financial institutions, housing deterioration, and reduced demand by lower-middle and working class families which the operations of this market entail, reduced demand for the owners' apartments as they increased the social and economic costs of providing housing services. With no expectation for change in the future, they walked away from their property.

In particular, only the poorest families would rent units in their buildings that were generally on deteriorating blocks. High maintenance costs and frequently interrupted rent payments reduced profits on buildings. This condition was aggravated by unmanageable social conditions which threatened the security of both tenants and owners. This led to a high turnover of tenants and the vandalism of vacant apartments. The operation of the buildings was seen as an out-of-the pocket expense with little social reward as few of the owners lived in the buildings and they were primarily White owners serving the housing needs of lower social status minorities.

Vacant, Reconstructed and Re-Occupied Buildings

Included in this category are twenty one owners of thirty one buildings. All of these buildings were bought within seven years of 1978, and were owned for a median of two years. Nineteen had one-to-three units and twelve had

five-to-ten apartments, with a median of two units per building. Twelve were bought for rehabilitation and re-sale, ten for owner occupancy, five for rehabilitation and rental income, three for short term capital gain, and one for business use. With information on twenty nine buildings, twenty two were bought vacant and seven were bought occupied and vacated by the owner.

Among the twenty one owners, ten were White, six were Black, four were Hispanic, and one was Asian. Professionally, two were real estate brokers, and seven were construction contractors. These owners tended to be small property owners as outside this sample of buildings, with information from nineteen, they owned a median of one building, with fifteen owning three or less, and four owning five or more.

These owners were asked if they sought credit to finance the reconstruction of the buildings. As these owners were generally small property owners operating with meager personal and business resources, and buying properties on the periphery of a strong housing market, obtaining credit was very difficult.

In general, obtaining institutional credit for reconstruction of vacant buildings in marginal areas is difficult as the collateral for the loan is an empty shell. From an institution's perspective, as the collateral is so meager, they want the owner to invest substantial equity in the property before they will make a loan.

However, as these owners tended to be small investors, they could only invest the required equity through substantial investments of their own cash and other private loans.

Consequently, a crazy quilt of methods were used to finance reconstruction. Among the ten owner-occupants, all managed to re-occupy their homes without the use of construction loans. Only two managed to acquire even small bank home improvement loans. Among the other investors, only one contractor who owned eight buildings, managed to acquire a simple bank construction loan and this project was located near Seventh Avenue in the high rent district. The rest used a combination of cash, home improvement loans, New York City building loans, and mortgage refinancing upon completion of work.

These owners were asked what they thought the area would be like in the future. With information from twenty, twelve believed the white collar professional district would expand to include their block and home; five stressed conditions solely on their block as good or bad; two said the area would remain stable; and, only one believed conditions would deteriorate in the future.

Therefore, the majority of owners investing in vacant buildings were speculating on the future expansion of the high rent district. They frequently outlined how they had seen sale prices on homes in surrounding areas improved, including Cobble Hill, Brooklyn Heights and Park Slope

above Seventh Avenue. They were betting on the continuation of these trends. The five owners who focused on the condition of their own block were all owner occupants on the outer edges of Park Slope. They were concerned whether other home owners would improve their homes and whether neighbors would properly maintain public spaces.

When asked to suggest what could improve the area in the future, sixteen owners offered nineteen suggestions. Predictabily, seven suggested banks should open up more funds for financing construction. Given the difficulty this group had in obtaining credit, and their basic belief in an expanding white collar market, greater availability of credit was seen as very important for the improvement of the local market. Another four responses included various actions to accelerate the expansion of the white collar market including more public amenties and better local publicity. Four responses included actions to reduce or control lower income people in the area.

Essentially, these owners saw neighborhood improvements contingent upon the transformation of the area from a lower income to an upper income district. In contrast, the owners of abandoned buildings believed local improvements were contingent upon greater societal control over tenants and residents accompanied by physical reconstruction.

This difference in vision is understandable as these

owners were primarily interested in owner occupancy or the sale of rehabilitated buildings to new home owners and not the management of rental income properties. They are anticipating the expansion of the high rent district.

On the issue of the more frequent abandonment of multi-family buildings along with their less frequent reconstruction, in comparision to smaller buildings, a few generalizations can be offered. Multi-family buildings operated by absentee landlords in low income areas are more vulnerable to abandonment as they are generally owned for the extraction of a profit from rents. When expenses exceed income, they will be abandoned. In high rent areas, in contrast, temporary losses can be justified because of the long range profitability of a building. Furthermore, the combination of the relative unavailability of institutional construction loans, and the risk of operating a building at a loss until the white collar market reaches the building, reduces the probability of the reconstruction of a multi-family building on an economically marginal block.

Smaller homes are reconstructed at a greater rate as their small size reduces the amount of capital needed for repairs. Also the owner-occupants can enjoy the benefit of occupancy while waiting for the expansion of the white collar district without worrying about possible operating losses from rental units. Thus, in the case of the interpenetration of an expanding upper income and contracting low income housing market, the first housing conversions will be of small

owner occupied housing to be followed by the conversion of multi-family properties.

Conclusion

Information on sale prices, methods of financing sales, tax arrears, and building vacancy provided overlapping information on the direction of change in Park Slope. It demonstrated that blocks near Prospect Park had appreciated in value by over one hundred percent, in constant dollars, between 1965 and 1980; had few vacant buildings; had low rates of tax arrears; and remained attractive to institutional investment capital. This high priced district had expanded onto blocks as far as Fifth Avenue by 1980. This was indicated by the escalation of sale prices and the movement of institutional credit back into this previously redlined area.

In a parallel fashion, during the late 1960's and through the 1970's, the low rent districts of Park Slope west of Sixth Avenue and south of Ninth Street suffered from building vacancies, high rates of tax arrears and institutional disinvestment. The center of this cycle of decline was in the northwestern section of Park Slope at Fifth and Flatbush Avenues. This area was identified in Map 4.1 as on the boundary of the 1970 Black dual market.

Information obtained from real estate brokers and owners of vacant property helped explain the forces behind these trends. The exceptional escalation of housing

prices in the high rent district was due to a city-wide demand by White professional families. They sought the homes built for the upper class during the industrial period of New York City. This trend represented an extension of the white collar housing markets in Brooklyn Heights and high rent districts of Manhattan. Park Slope represented a high quality second choice for these families.

These white collar workers were also outbidding working class Hispanic, Black and White families for housing in areas bordering the high rent district and this was leading to the expansion of the high rent area. With the expectation this trend would continue, contractors and new home owners bought vacant buildings, or vacated them of tenants, to rehabilitate them.

Paradoxically, as rents and home values in the high rent district increased, the process of institutional disinvestment accelerated in the low rent districts below Sixth Avenue and south of Ninth Street. Here the problem for property owners was to maintain the economic value of their buildings as the area was converted from a low income White to a progressively poorer Black and Hispanic community. Absentee landlords renting to minority tenants, suffering from a breakdown in landlord/tenant relations and losing social control over their property and environs, simply walked away from their buildings. Often these abandoned buildings were occupied by tenants.

These trends are not the consequence of slow incremental changes in the attributes of the community. They are instead a byproduct of the interaction of local conditions with the processes of the reinvestment of the social surplus product within New York City. In particular, they are a consequence of the transformation of the city from an industrial to a corporate economy.

During this period of transition, it is the blue collar work force and unemployed of the community which is bearing the costs of these changes while sharing little in the gains. The operation of the dual market in Brooklyn which reduced private investment in the low rent district and increased the social insecurity of both White and minority residents, has ironically made the unimpeded conversion of housing for the new white collar work force possible. Indeed, as a second choice among other brownstone areas, Park Slope's attractiveness was a combination of its central location and high quality homes that could be purchased at bargain prices in the late 1960's.

Indicative of the ability of financial institutions to manipulate a local real estate market, thorough research of the deeds of vacant buildings over five years by this author uncovered only one mortgage foreclosure on an abandoned building by a bank. This was a small private home which subsequently was re-occupied.

This ability to withdraw from a weakening real estate market has been accomplished through mortgage underwriting

policies which historically have discriminated against Blacks, multi-family buildings and working class families in general. For instance, in 1978 and 1980, forty nine percent of the 517 one-to-two family buildings sold in Park Slope were financed with bank mortgages. In contrast, only twenty one percent of the 541 three-or-more unit buildings sold, were financed with bank mortgages.

Indicative of the discriminatory mortgage policies of banks, the thirteen savings banks chartered in Brooklyn had a total of $14.4 billion in deposits in their New York City branches in 1977. Only nineteen percent or $2.7 billion of the deposits were invested in mortgages on New York City residential properties. In contrast, among the same banks, they had $3.3 billion in deposits from their suburban branches. Seventy one percent of these deposits, or $2.3 billion, were invested in suburban residential mortgages. (36). Thus, while continuing to accept deposits from New York City residents, the general policy of these savings banks has been to divert their assets to higher income substantially White suburban areas.

At the same time, Park Slope real estate brokers and property owners have attempted to profit from the maintenance of the dual real estate market. Extracting higher rents and sale prices on homes from Whites attempting to preserve their racial prerogatives, brokers readily admit to discriminatory rental policies against Blacks.

When declining White demand made it profitable to convert rental units from White to Black occupancy, other brokers and property owners were ready to charge minority families on public assistance the highest rates allowable under the New York City public assistance shelter allowance schedule.State laws against racial discrimination had little impact on the business operations of these brokers and property owners. Nor has the state been particularly vigorous in combating racial discrimination in Park Slope or most other communities in the Metropolitan Region.

As a postscript, in the continued hot real estate market of Park Slope, heavily financed developers have moved into the local real estate market. In particular, they are becoming most active in the conversion of industrial buildings to co-operative apartments. These projects include the conversion of warehouses on Seventh Avenue and Twelfth Street, a former hospital on President Street between Sixth and Seventh Avenues, a parking garage on Sterling Place between Sixth and Seventh Avenues, and a warehouse on Eighth Street between Fourth and Fifth Avenues. As predicted by the results of this survey, they have largely moved into areas where small investors have already substantially bid up the price of property, and reconverted homes into occupancy for white collar workers.

Notes to Chapter Four

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Chapter Five
Residents' Perception of Change in Park Slope

Introduction

In this chapter residents' perception of change in Park Slope will be examined and interpreted in relation to the patterns of political and economic change in New York City and the nation.

It will be argued that the transformation from an industrial to a corporate national economy has altered occupational and residential constraints and opportunities within the country. This transformation includes the decentralization of employment from older industrial centers with the most severe implications for blue collar, and semi-skilled service and white collar workers. This economic transformation has affected the ability of these workers to construct and manage a comparatively satisfactorily social life in older industrial cities. These differences and experiences shape the way they conceptualize and predict patterns of neighborhood change.

Manageability and Perception of Neighborhood Change in the Political Economy of the United States

Useful for understanding a person's relationship to his environment is the concept of environmental manageability. It includes the adequacy of a person's goals, resources, and field of opportunities and constraints for the construction of a satisfactory social life. Transactions

with the environment require the tacit or conscious organization of goals, resources, and knowledge of environmental contingencies in the construction of a social life. The overall aim of the process within a particular setting and over the life of a person is to expand the potential range of goal-oriented activity. (1).

Success in this activity depends upon a proper ordering of goals, an expansion of resources including an ability to evaluate and alter environmental conditions, a capacity to formulate plans, and an ability to perform and evaluate the consequences of these plans. It is in the process of negotiating and managing goal-oriented activity that individuals learn cues for identifying environmental contingencies, develop categories for organizing information and inferential structures for the interpretation of environmental contingencies. In particular, it is during this process that aspects of environmental change are identified and their significance determined.

Constructs useful in describing environmental settings include: permeability, legibility, and predictability. Environmental permeability refers to the extent an environmental setting is open to the introduction of new elements which could potentially alter its character. Environmental settings are open dynamic systems characterized by both stability and change. The stability of behavior in a setting over time is due to the organization

of its specific supports and constraints. Elements which alter the nature of these supports and constraints would alter the definition of the setting and the behavioral patterns to be found within them.

As the concept of environmental permeability implies, settings can be organized to be selective to new elements which can be introduced. Settings can vary to the extent they are capable of controlling the introduction of novel elements. The permeability of a setting will affect a person's ability to identify and interpret patterns of change. A setting open to unpredictable new elements which can alter the setting's system of supports and constraints will have implications for the manageability of the setting.

Environmental legibility refers to the extent an individual can unambiguously identify, categorize and interpret patterns of environmental contingencies in a setting. The majority of research in environmental perception and cognition has concerned the issue of how the physical attributes of places are comprehensible to people who travel through them. For instance, the legibility of the physical structure of a city is described as a consequence of the clarity of its major streets, intersections, and the pattern of their distribution. (2). Curiously, little research has been performed on how patterns of change in the spatial relationships between objects due, for instance, to economic changes, affects

individuals' environmental knowledge or how individuals in different social reference groups identify and interpret these patterns of change. (3).

In the United States, the predominant mode for the allocation of goods and services is the mechanism of the private market. It has been argued in other chapters that city communities are artifacts of the process of the reinvestments of the surplus product within cities. Structural changes in the economic functions performed within cities will variably impact the ability of social institutions and entrepreneurs to provide goods and services in local markets. As city communities are primarily sites for the consumption of goods and services for the sustenance of workers, patterns of change in consumption will affect residents' expectations about their ability to manage these changes.

Furthermore, to manage household affairs and attain some measure of social status, it is essentially the burden of each family and family member to learn and demonstrate the skills necessary for the selling of their labor in the market place. Lacking such an ability or opportunity, family members suffer from an inability to successfully provide for their own sustenance.

For most workers, wages have to be carefully managed in order to attain the simplest levels of physical and social security. Even in retirement, most families fail

to acquire sufficient resources to guarantee physical and social security. They simply lack the economic power in the market place to construct a manageable social life. Also, they are frequently vulnerable to major economic and public institutions which may declare their neighborhood to be economically and politically irrelevant and obsolete.

Families are thrust into a lifelong position of depending upon their own ability and that of their neighbors, to sell their labor and afford community goods and services capable of sustaining a manageable and respectable social existence. Paradoxically, as most people are now dependent upon the value of their labor in the market place, they are also increasingly dependent upon a similar ability by their neighbors. The continuation of a manageable social and economic order in a community depends upon a common commitment of residents to the values and requirements of the private labor market.

Violators or apparent violators of this elementary code of public ethic are held to be contemptible by other residents for two reasons. First, they are believed to demonstrate an unwillingness to accept the burden of social responsibility which other workers must bear. Second, lacking a commitment to the values of the dominant social and economic order, they threaten the respectability and manageability of the community for other residents.

Within this framework, the possession and presentation of material goods in a residential community can be read as an indication of the character of residents. Presumably, the most able and socially committed to the requirements of the labor market would be able to afford to present the best material image. A prospering high income residential community would be less permeable to unwanted and unpredictable changes. Local markets would be selective in the purchase of goods and the distribution to individuals. As the area became less permeable and more predictable, the variety of cues demonstrating its stability and upward mobility would increase. This would increase its legibility as a respectable community.

In a deteriorating low income community, there would be available a wide range of cues to negatively evaluate the character of residents. Decreases in the local consumption of goods and services among area residents would also reduce the manageability of the area. With declining profit margins, and the erosion of stored equity, businesses and real estate companies would become less selective in the purchase of supplies and the distribution to individuals. With decreased maintenance and selectivity, the premeability of the setting would increase as well as the variety of cues demonstrating the area's decline.

A second important mechanism for the allocation of goods and services is the operation of the state. The state performs two roles in this regard: the support of the

private reproduction of the social product, and social legitimization. Given the inability of the state to substantially fill in the gaps of publicly needed goods and services in the absence of the reinvestment of the surplus product, the state does not substitute for the mechanisms of the private market as much as it complements them.

However, periodically, programs for maintaining social legitimization conflict with the interests of the private market. Homes for the indigent and ill must be placed in some communities. Patterns of inequitable racial segregation in schools, industry and housing must be negotiated in order to maintain social harmony. The measured responses to these social problems frequently require over-riding the interests of sectors of the private market.

These programs are usually resisted whenever they interfere with a stable or growing circulation and exchange of capital in an area. This resistance is joined by most segements of the affected population as the state does not possess adequate mechanisms for rewarding or compensating individuals for the particular sacrifices of cooperation with the state's attempts in maintenance of social harmony.

Furthermore, these ideological considerations also ill-prepare city residents to identify and estimate the importance of structural changes in a city's economic base on their daily lives. In particular, the decentralization of blue collar jobs and the White population, as well as the

ravages of private disinvestment in neighborhoods, in older industrial cities is not due to the unwillingness of city residents to seek employment. It is due to the increasing concentration and centralization of economic power within private corporations.

Furthermore, the importance of the central business district for administrative functions is not due to the character of upper and middle class residents but to the economic functions the district serves for large corporations and their subsidiaries. Nor are the operations of a dual real estate market which consolidates losses in Black areas the by-product of the character of Blacks. It is a function of economic and political institutions which perpetuate racial segregation because, at the least, it does not interfere with the accumulation of profits.

Ironically, as the class position of city residents strongly influences the manner they conceive of themselves, this same perspective also leads them to defend a system which binds them to their own relatively insecure social positions. This occurs as they will defend their own class and racial prerogatives in a social systems which provides few, if any, organizational and ideological options.

Political and Economic Trends in New York City and Park Slope

In the Post World War Two expanding national economy, the leading private corporations have enlarged

their concentration of manufacturing assets, maintained stable market shares, diversified into the production of a wider variety of products and services, increased productivity through the sale and innovation of labor saving production techiques, and invested substantially in production facilities abroad. This growing control over the business cycle has allowed a greater decentralization of production and distribution facilities throughout the country; reduced the need, domestically, for production workers; and increased the need for public service and professional white collar workers to manage the increasingly complex variables of the business cycle.

Within this business climate, the fastest growing regions of the country have been the West and Southwest with job growth in the Northeast lagging behind national growth rates. In New York City, between 1954 and 1970, there was a gain of 296,000 jobs, or a nine percent gain. Its four suburban counties gained 544,000 jobs, in the same period, or a one hundred percent gain. In the next nine years, the City of New York lost 494,000 jobs ,or a thirteen percent decline. At the same time, the suburban counties continued to experience a job growth of 221,000 jobs, or a twenty percent increase. (Table 2.7).

As the contraction of the New York City economy was predicated upon the loss of small consumer-oriented manufacturing and trade companies, the business activity of large corporations increasingly dominated the economic

activity in the region. Accordingly, the structure of the New York City labor market has dramatically changed. Between 1970 and 1978, the number of city residents with blue collar or semi-skilled white collar jobs has decreased from 2,098,000 to 1,521,000. In the same period, professional, managerial, and service resident workers has increased from 1,140,000 to 1,242,000: a small but significant increase in a contracting economy. (Table 2.8).

Within this labor market, between 1969 and 1977, the real income of renter households, (which comprise seventy four percent of New York City households), declined by a whopping twenty six percent. (Table 2.9). Rent as a proportion of household income increased from twenty to twenty six percent between 1970 and 1976, and continued to rise. In this economically contracting housing market, there was a loss of 174,000 occupied housing units between 1970 and 1976, or a six percent decline. This loss was based on a loss of 294,000 White tenant families, or seventeen percent of all White families in 1970. (Table 2.10). This White population was not driven out by an expanding poorer minority population but pulled out by growing housing and economic opportunities throughout the metropolitan and national landscape.

In these contracting labor and housing markets, losses in the housing market were consolidated within an expanding Black side of a dual real estate market. As arson, housing

abandonment, and personal bankruptcy increased in the traditionally underfinanced Black sector of the dual real estate market, the high rent districts of Manhattan which serviced the expanding professional white collar class, were expanding and spreading out to the outer five boroughs.

Within Park Slope, by the late 1960's, the housing market began to undergo the contradictory trends of the expansion of the white collar high rent district and the contraction of the blue collar low rent district. As the low rent district west of Sixth Avenue near Flatbush Avenue entered into the Black side of the dual real estate market, the high rent district east of Sixth Avenue between Flatbush Avenue and Ninth Street was expanding. In Park Slope's Black sector, major financial institutions withdrew from the home mortgage market in the late 1960's, preceding major housing abandonment by five or six years. Bankers were replaced by speculative real estate brokers whose activity was financed by FHA guaranteed mortgage funds.

Subsequently, beset by increasing social disorder in the neighborhood, the breakdown in landlord/tenant relations, and the loss of demand by the working class for apartments in deteriorating buildings, absentee landlords started walking away from their buildings. By 1980, fifteen percent of the residential buildings from Flatbush Avenue to Union Street between Fourth and Fifth Avenues were vacant.

In contrast, between 1965 and 1980, in the high rent district east of Sixth Avenue, the sale price of homes, in constant dollars, increased by seventy five percent. (Table 4.2). The increasing strength of this market was due to an increasing demand by professional white collar workers seeking an alternative to the high rent districts of Manhattan. This demand was sufficient to enable real estate brokers and property owners to exclude Black and Puerto Rican families from the area, thus precluding the expansion of the Black side of the dual market into the district.

Method for Investigation of Residents' Perceptions of Neighborhood Change.

One of the main objectives of this research has been to examine how people identify and interpret the process of change in Park Slope. From initial field work and surveys, it was determined there were areas of Park Slope with characteristically different patterns of ethnic, racial and economic succession. Thus, it was anticipated people would identify different patterns of neighborhood change in these different submarkets. Further, it was anticipated that residential faceblocks would be a useful spatial unit for understanding residents' perceptions of change. This was anticipated as the most frequently used spatial unit in a resident's use of his neighborhood is his own faceblock. A methodology was desired which could examine residents' perceptions of change throughout the study site while also examining perceptions of change

in various submarkets and faceblocks.

Additionally, interviews were chosen as the best method for examining residents' perceptions as it offered the most systematic and detailed information for this exploratory investigation. Within these guidelines, it was decided the most fruitful method for conducting interviews would be through random sampling of households on five different faceblocks within the four different submarkets of Park Slope.

Sample

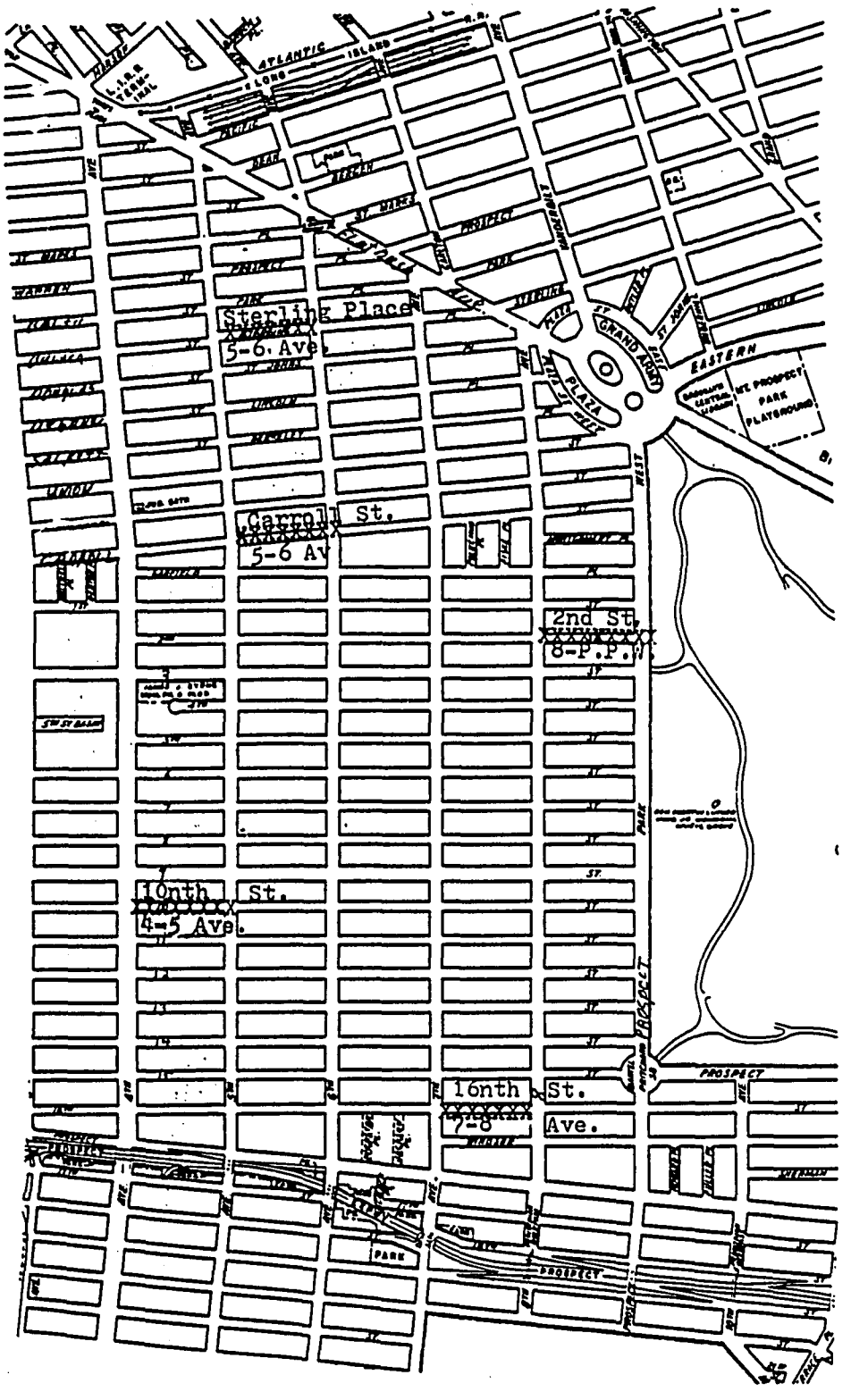
The five faceblocks chosen for the sampling of families are listed in Map 5.1 . These faceblocks were chosen as it was believed they were representative of the type of conditions to be found within other blocks in their submarket.

A. Second Street between Eighth Avenue and Prospect Park West.

This block is located in the midst of the highest priced housing submarket of Park Slope. Above Eighth Avenue from Union to Ninth Street, housing prices jumped from an average of $29,000 in 1965, to $84,000 in 1978, and $142,000 in 1980. With practically no housing abandonment and property tax arrears, the area has had the highest proportion of bank financed property sales in Park Slope.

Private housing was constructed in the area for upper class families from the 1880's through the 1910's. Luxury apartment houses were built on the avenues from the late 1920's through the 1940's. While upper class demand ebbed

Map 5.1
Faceblocks Chosen for Resident Interviews



in the Post World War Two period, housing prices remained over one hundred percent higher than in the rest of Park Slope. Since the late 1960's, escalating prices have been due to an expanding number of upper-middle class families seeking an alternative to Manhattan's high rent districts. These families have been replacing an aging White population.

In 1977, the sides of Second Street were lined with fifty large brownstones, with two multi-family walkups on the western corners of the block. With a total of one hundred and twenty one apartments, buildings on the block averaged only 2.3 apartments per building. Forty seven of the properties were owner-occupied with no Black or Hispanic owners. By 1981, only one new Hispanic professional owner had been added to the block. In addition, in 1981 one four unit building had been converted to co-operative ownership.

B. Sterling Place between Fifth and Sixth Avenues.

This block is located within the submarket extending from Flatbush Avenue to Union Street between Fourth and Sixth Avenues. In the area neat rows of brick and brownstone homes were built for the middle class between 1870 and the 1900's. As the subway system made the area more accessible in the early 1910's, the middle class was replaced by the city's expanding working class population.

By the 1950's, an increasing number of Black and Hispanic families were moving into the area. In 1970, they comprised a majority of the population. This expansion

of a working class minority population was accompanied by the withdrawal of bank financing, speculative real estate activity, higher rates of property tax arrears, and housing abandonment. In 1977, five percent of the housing stock in the submarket was vacant, and in 1980, nine percent. The great majority of vacant buildings were located on Fifth Avenue and on a couple of devastated residential streets.

This cycle of private disinvestment was compounded by plans of the City of New York to replace a seventy year old grammar school with a new combination grammar and junior high school, on Baltic Street and Fifth Avenue. After the expenditure of 2.5 million dollars for the condemnation and demolition of buildings and the relocation of 624 families, plans for the school were canceled in 1973. (4).

In the late 1970's, the intersection of two related developments altered this trend of decay. First, as housing prices continued to escalate in the high rent district, the cheaper priced housing of this area became attractive to larger numbers of middle income families. Further, the Fifth Avenue Committee, organized in 1977 to deal with housing and commercial deterioration on the avenue, lobbied for a successive series of plans for the improvement of the Baltic Steet lot.

Consequently, the City of New York approved in the summer of 1981, plans for the construction of fifty-six

three family privately financed homes, priced at $120,000. It also approved plans for a 28,000 square foot supermarket. Additionally, the City of New York organized a special auction of city owned commercial buildings on Fifth Avenue to attract new commercial renovation. The vision which directed the response of city agencies for Fifth Avenue was that in ten years, with its help, the area could become another middle class community such as Seventh Avenue. Conversion of the area from a lower and working class district to a middle class district was considered a solution to the area's problems. (5).

In 1977, on Sterling Place there were forty one residential buildings with a total of 135 housing units. The buildings were all brick or brownstone three or four story buildings. Twenty four of the buildings were owner-occupied and fourteen were owned by Black or Hispanic families. Among the residents of the block, Black and Hispanic working and lower-middle class families were the oldest and largest group with a smaller minority of new middle class White families.

In the four year period between 1977 and 1981, thirteen buildings were sold on the block. With these sales, the number of owner-occupied buildings increased from twenty-four to thirty-one. The number of apartments was reduced from 135 to 119. Typically, when the new middle class owner-occupants would purchase a building with four or more units, they would renovate the building and reduce

the number of apartments, and raise the rents. According to a current resident, the number of people on the block has been reduced tremendously as a consequence of the conversions and renovations. Most of the displaced have been lower and working class Blacks and Hispanics.

C. Carroll between Fifth and Sixth Avenue.

This block is located in the submarket from Union to Ninth Street between Sixth and Fourth Avenues. Housing was constructed in the area from the 1880's through the 1910's with walk-up tenements built in lots left vacant after the earlier construction of single family brownstone buildings. This working and lower-middle class area also attracted large numbers of Italian immigrants with the construction of the officially designated Italian Catholic Church on Third Avenue and Carroll Street.

In the late 1960's Hispanic and Black families moved into the walkup tenements between Fourth and Fifth Avenues, and later between Fifth and Sixth Avenues. With this slow expansion of the Black side of the dual market into this area bank disinvestment, property tax arrears and abandonment increased; particularly on blocks with large numbers of walkup tenements such as Second and Third Streets. Through the 1970's, the minority population remained at less than forty percent of the general population.

In 1977, on Carroll Street there were fifty one buildings with 223 apartments, including five eight unit buildings

and one thirty-eight unit building. Forty two of the buildings were owner-occupied, and eight owners were Black or Hispanic. The majority of residents were White lower-middle and working class, with Black and Puerto Rican families tenants in the eight and thirty-eight unit buildings. Beginning in 1975, these multi-family buildings became the center of controversy on the block.

In one building, in particular, an absentee landlord made it his policy to rent to large families on public assistance as their rent schedules increased his rent roll. The race and behavior of the children from this building enraged older White residents throughout the summer of 1975 and 1976. In 1976, after one family became embroiled in a conflict with a local White teenage gang, the building was bombed by explosives. The incident became a matter of public meetings at the nearby Catholic Church. Later, in the same year, a fire destroyed this building and a neighboring eight family, thereby displacing sixteen families. (6).

Between 1977 and 1981, fourteen buildings were sold. This transfer of property has had a dramatic impact. In the sale of nine buildings, thirty nine units were permanently removed from the lower income rental market. In one case, a co-operative developer bought three eight-family buildings vacated of tenants, in two cases by speculators, and in one case by fire. In two four-family buildings, absentee landlords evicted tenants to renovate

them for higher income tenants. In another four cases, new owner-occupants reduced the units in their buildings for a loss of another seven apartments. The expansion of the high rental market into Carroll Street has entailed the renovation of apartments for higher income families and the displacement of lower income White and minority households.

D. Tenth Street between Fourth and Fifth Avenues.

In the submarket south of Ninth Street, housing was built from the 1870's through the 1910's, for working class and lower-middle class families. Housing type varies block-by-block with rows of two family wood frame, brick or brownstone homes, and walkup tenements interspersed with occasional factories, storage facilities, gasoline stations and wholesale outlets.

The shift of the middle class to the suburbs did not affect the stability of this working class neighborhood as it did the high rent district. Improved housing conditions were more characteristic of this area as apartments with central heating and hot water replaced cold water flats.

Along with low rates of tax arrears and abandonment, housing prices remained modest in the area: they averaged $13,500 in 1965 and rose to $33,800 in 1980, Into this largely Irish, Polish and Italian community, in the 1960's Hispanic families started moving into the area's multi-family buildings and later into owner-occupied homes.

In the immediate vicinity of Tenth Street exists the

largest commercial center of Park Slope. Extending solidly from Fifth through Twenthieth Street along Fifth Avenue are the stores catering to the working and lower-middle class population of Park Slope. At the center of controversy in the area since late 1976 has been the proposal of Goya Foods to develop a shopping mall in its vacant distribution facilities on Twelfth Street and Second Avenue. The proposal includes a 45,000 square food supermarket and an additional 23,000 square feet of satellite stores. The merchants of Fifth Avenue have led the opposition to this plan as they argue it would drain business off Fifth Avenue and force the closing of stores, ruining the area. However, the seven million dollar project, even with substantial government subsidies, has had trouble securing private financing. (7).

On the south side of Tenth Street are twenty six one-to-three family brick homes and two twenty-six unit buildings. All of the one-to-three family homes are owner occupied with only one Black owner. Frequently, a relative of the owner lives in the second apartment. On the north side of the block is a fifteen story, 154 unit apartment house. Constructed in the late 1960's, this privately owned building was financed with mortgage subsidies from the New York City Mitchel-Lama Housing Program. It replaced a vacant lot.

As rents in the building have increased 100 percent

between 1974 and 1980, (for example, rents on a two bedroom apartment have risen from $204 per month to $303), the building changed from approximately sixty percent White to sixty percent Black and Hispanic. This social change has not altered the stability of the block. For instance, between 1977 and 1981, only three of the twenty seven homes were sold and all were bought by middle class White homeowners.

E. Sixteenth Street Between Seventh and Eighth Avenues.

Located in the same submarket as Tenth Street, the most significant social change within the area of Sixteenth street has been the deterioration of Seventh Avenue between Twelfth and Sixteenth Streets. Since the late 1960's, this section suffered from an increasing number of store vacancies in the walkup tenements which line the Avenue. As the stores closed, poor working class Whites were replaced by even poorer Hispanic families. By 1980, nine tenements on the Avenue had been abandoned.

While continued housing abandonment appeared to be the most likely trend for Seventh Avenue, by 1981, the high rent district had expanded into the area. In the spring of 1981, officers of the Helmsly-Spear real estate corporation had bought the 100,000 square foot Ansonia Clock factory on Seventh Avenue and Twelfth Street. Plans for the project included the building's conversion into seventy eight co-operative townhouses priced at $100,000 each. (8).

Additionally, in 1976, a ninety seven year old nursing

home on Eighth Avenue and Sixteenth Street was closed because of serious fire code violations. In the spring of 1977, Catholic Charities announced plans to demolish the building and replace it with a federally subsidized housing project for the elderly. In the spring of 1980, the 200 unit building was completed.

On Sixteenth Street there are fifty five residential buildings and fifty one are owner-occupied. These modest brick filled frame and brick buildings averaged only 2.3 units per building. In 1977, all but one of the owners was White. By 1981, only two were owned by Hispanic families. With nine of the buildings sold between 1977 and 1981, the number of owner-occupants has remained the same.

Sampling Technique.

In the spring of 1977, a complete survey of all residential units on the five sampled blocks was completed. From this list, forty units were randomnly chosen for sampling. Letters introducing the research were mailed to each of these households. Attempts were subsequently made to schedule an interview with an adult member of the household. This process was continued until over fifteen families were sampled on each block. A total of eighty five interviews were completed with an average of seventeen on each block. The interviews were tape recorded.

Instrument

The interview consisted of open ended questions. The

first set of questions examined residents' identification and description of Park Slope, their own neighborhood, and the other neighborhoods in the sample. The intent was to examine how residents conceptualize the social status of the above areas.

Next residents were given a series of questions which asked them to evaluate the condition of their neighborhood, their personal recommendations for the area, and their future residential relocation plans. These questions were formulated to understand what attributes of the area were important in residents' management of personal affairs.

Furthermore , residents were asked to describe past conditions on their block and in their neighborhood and to make predictions about future conditions. This set of questions was organized to elicit concepts used in the identification and interpretation of neighborhood change.

Finally, the interviewees were asked to complete a questionnaire describing the occupation, education, race, ethnicity, housing tenure, and family status of the members of the household.

Results

The characteristics of the sampled families are listed in Table 5.1 . Indicative of the submarket where it is located, seventy four percent of the family heads had completed college and fifty three percent had professional or managerial occupations on Second Street. Ninety five percent of the sampled residents were White.

Table 5.1
Characteristics of Households by Block

Race & Ethnicity

Ethnicity	Total Frequency	2 St.	Sterling	Carroll	10 St.	16 St.
White	55	95%	29%	63%	44%	88%
Hispanic	12	-	29%	13%	19%	12%
Black	18	5%	41%	25%	38%	-
Total	85	19	17	16	16	17

Housing Tenure

Tenure	Total Frequency	2 St.	Sterling	Carroll	10 St.	16 St.
Tenant	52	58%	53%	75%	88%	35%
Owner	33	42%	47%	25%	13%	65%
Total	85	19	17	16	16	17

Education of Chief Wage Earner (1)

Years Completed	Total Frequency	2 St.	Sterling	Carroll	10 St.	16 St.
1 - 8	7	-	18%	13%	-	12%
9 - 12	44	21%	35%	63%	56%	88%
13 - 15	9	5%	12%	13%	25%	-
16+	24	74%	29%	13%	19%	-
No Ans.	1		6%			
Total	85	19	17	16	16	17

Length of Residence in Downtown Brooklyn (2)

Years	Total Frequency	2 St.	Sterling	Carroll	10 St.	16 St.
0 - 10	35	63%	53%	44%	38%	6%
11 - 20	12	5%	29%	18%	13%	6%
21+	37	32%	18%	38%	50%	82%
No Ans.	1					6%
Total	85	19	17	16	16	17

Table 5.1 (Continued)

Occupation of Chief Wage Earner

Occupation	Total Frequency	2 St.	Sterling	Carroll	10 St	16 St.
Professional, Managers & Kindred Workers	23	53%	35%	19%	25%	-
Sales, Clerical & Kindred Workers	16	21%	6%	25%	19%	24%
Craftsman, Foreman, Operators, & Laborers	17	5%	18%	13%	19%	47%
Service Workers	11	-	24%	6%	25%	12%
Retired or Disabled.	12	21%	12%	13%	13%	12%
Public Assistance.	6	-	6%	25%	-	6%
Total	85	19	17	16	16	17

(1) Includes the highest paid permanant wage earner.

(2) Includes member of household who has lived the longest in the area bounded by Prospect Park, Twenty Fourth Street, the waterfront, and Washington Avenue.

Sixteenth Street with its predominance of private homes in a working class submarket was eighty eight percent White, but forty seven percent of the household heads had blue collar occupations and none had a college education. Over eighty percent of the households had lived in Downtown Brooklyn for more than twenty one years. Tenth Street, in the same submarket but occupied by a new middle class apartment house, had a greater and more prosperous social mix than Tenth Street. More than half of the families were Black or Hispanic but forty four percent of the family heads had some college eduction and twenty five percent had professional or managerial occupations.

Sterling Place and Carroll Street are in similar submarkets as both were experiencing residential succession by an expanding White high rent district and a Black lower rent district. Accordingly, both had a wide variation in family ethnicity, length of residency in Downtown Brooklyn, and occupation and education of household heads. In particular, on Sterling Place, fifty nine percent of the families were Black or Hispanic, and eighteen percent of family heads had eight or fewer years of education while another twenty nine percent were college graduates. On Carroll Street, with thirty eight percent of the families Black or Hispanic, forty four percent of household heads had white collar occupations and twenty five percent were receiving public assistance.

Reputation of Park Slope

In the first question of the interview, the respondents were asked to identify the name of the community, its boundaries, the reasons for choosing these boundaries, and the public reputation of the community. Seventy seven residents, or ninety percent of the sample, identified the community as Park Slope. Sixty five of them were able to define four continuous boundaries for the community. The average size of Park Slope, in city-blocks, for these residents is presented in Table 5.2.

Table 5.2
Average Size of Park Slope in City-Blocks, by Block

	Total	2 St.	Sterling	Carroll	10 St.	16 St.
Number of Responses	65	18	10	12	13	12
Average Size	128	89	132	137	147	155

Among the blocks, the residents of Second Street defined Park Slope the most exclusively. This difference in means between the blocks was statistically significant. ($F= 3.49$, d.f. $= 4, 61$; $F_{.95}= 2.52$).

There was a wide consensus on the choice of only two boundaries with sixty five percent naming Flatbush Avenue or Plaza Street for the northern boundary, and eighty seven percent using Prospect Park for the eastern boundary. Other large physical boundaries such as Greenwood Cemetery to the south or Fourth Avenue on the west were mentioned by less then forty five percent of the

residents. Thus, physical definitions of Park Slope were not simple reconstructions of natural boundaries and streets.

Indeed, there was a strong tendency for the residents to define the center of Park Slope in sight of their own block while eliminating more distant blocks. For instance, the residents of Tenth and Sixteenth Streets tended to define Union Street as the northern boundary which is short of Flatbush Avenue. They also tended to extend the southern boundary toward Fortieth Street, which few other residents did. Furthermore, among the blocks in the low rent districts there appeared to be no systematic attempt to exclude other similar areas while including the high rent district within their definition of Park Slope. For instance, the residents of Carroll Street typically included the largely minority area between Union Street and Flatbush Avenue as well as the high rent district above Seventh Avenue. However, among Second Street residents there was a tendency to exclude lower income areas. In particular, one third defined Park Slope as being within the boundaries of the Park, Sixth Avenue, Flatbush Avenue and Fifteenth Street.

When asked for the factors which influenced their choice of boundaries, of the sixty five in the sample, sixty two offered seventy five different answers. Sixty five percent of the answers indicated the residents believed the definition of Park Slope was a matter

determined by social consensus. These social factors included the location of bordering communities, consensus among local residents, newspaper accounts, and a lifetime familarity with the area.

Physical features in the landscape including the Park, the canal, major intersections, or appearance of homes, accounted for only fourteen percent of the answers. The range of local activity orbits including the use of local facilities and the location of friends, accounted for only another ten percent of the responses. Explicit references to class differences within the area accounted for three percent of the reasons given. In general, the physical features of the topography appear simply to limit options in the search for a social concensus rather than determining them.

Additionally, seven of the eight respondents who used their local activity orbits to define the boundaries of Park Slope lived on Second Street. This is interesting as this use of activity orbits appears to include perceptions of social differences in the community: social differences which restrict local activity. A White professional on Second Street, who defined Park Slope as Flatbush Avenue to Ninth Street, between the Park and Seventh Avenue, states her opinion.

> "Ninth Street because that is where the subway stop is. It's pretty residential up there and there isn't anything drawing me up there. The same with the Park. Flatbush Avenue is not too savory. And the shopping

> area is Seventh Avenue and I don't feel obliged to go past it. I know there is shopping on Fifth Avenue. It's a little hard to get there because the neighborhood changes so much from block-to-block depending upon how many industrious, enterprising people live on the block as you go down below. Some blocks are not too hot. When you go down to Fifth Avenue, there's a lot of variance down there."

For the seventy seven residents who said they lived in Park Slope, Table 5.3 displays their opinions about the reputation of the community. The great majority of Second Street residents described its reputation as a cosmopolitan residential area or an upward transitional area. The chief element of the former category is the belief adventurous upper-middle class families desire it as an alternative to the congested and anonymous high rent districts of Manhattan. It is sought as it is a quiet and cohesive community which supports a sophisticated lifestyle. Thus, the community represents the synthesis of the contradictory social values of a career oriented sophisticated lifestyle, and the search for a parochial residential community.

A White professional tenant on Second Street states:

> "I think there is a great deal of pride in it. I think maybe because it wasn't a given. A lot of people had to do a lot of work to make it the way it is. There was a pioneer, settler spirit about it. I think everyone wanted it to have the same spirt that the West Village or the Upper West Side had. A lot of people who lived in these areas and have seen the problems with the chains, fast food places. They wanted it to be very community oriented."

A White professional homeowner on Second Street states:

> "The people who live here like it for its true neighborhood quality. Storekeepers know you; you can walk the streets and meet people from your church, or

Table 5.3

Reputation of Park Slope, by Block

Reputation	Total	2 St.	Sterling	Carroll	10 St.	16 St.
Cosmopolitan Residential Area.	18	11	3	3		1
Upward Transitional Area.	6	2	2	2		
Respectable Area.	12	1		2	7	2
Positive or Comparatively Good.	8	2	1	1	3	1
Internally Differentiated.	10	1	1	2		6
Bad Reputation or Shifting Downward.	10	1		3	3	3
Bad or Diverse Opinions Among Outsiders.	6	1	2	2		1
Don't Know Reputation.	6		4		2	
No Answer.	1					1
	77	19	13	15	15	15

> school or synagogue, or whatever. You're not anonymous in considering yourself part of the totality of the city. That's why most people like it."

Another White professional homeowner on Sterling Place continues on the same theme.

> "My sense is that it has a reputation where no-one lives unless they are somewhat adventurous. It has some of the characteristics of the Village where I work. But I think the people are creative even if they are not in the creative arts. People who approach life in a creative way. They feel it's important to renovate a brownstone or be in that kind of atmosphere."

A curious aspect of this search for a cosmopolitan community is that it neutralizes the social significance of the older blue collar White and minority residents. By defining the new professional residents as 'pioneers' attempting to reconstruct a new set of local institutions and values, the values of existing local community institutions and residents are defined as irrelevant or hostile.

On Sterling Place, Park Slope's reputation is variably described. One minority described it as a cosmopolitan or upward transitional area, another as an area with a bad reputation, and another didn't know what the reputation was. A White professional homeowner describes the elements of a upward transitional reputation.

> "...up until about seven years ago Park Slope was inhabited by poor Blacks. And then a lot of White middle class people who were looking for a home of their own started moving in: people who were interested in living in a neighborhood that was nice and also integrated. For example, when I first moved here there were about five White families. Now its about fifty-fifty. And most of the people on this

> block are middle class in terms of earnings. So this neighborhood has changed and is now composed of people who are middle class."

For this resident, the most socially significant aspect of Park Slope's reputation has been its transition from a poor Black area to an increasingly White middle class area.

For the residents of Sterling Place who did not know the area's reputation, this was due, by their own accounts, to their social isolation. This group tended to be working class minority families. A Hispanic working class tenant states:

> "I really haven't spoke to anybody about it. We don't tend to socialize."

Another Hispanic garment worker tenant states:

> "As I tell you the other day, I like good relationships with my neighbors, but I want to live my own life: you in your house and me in my house."

Thus, the belief by 'pioneers' that the area is composed of a simple cohesive network of households with similar values and interests is a myth as all reputations are.

On Carroll Street, opinions about the reputation of the community were also diverse. One third believed the area had a reputation as a cosmopolitan or upward transitional area, twenty percent believed it had a respectable or comparatively good reputation, and forty seven percent believed it had a bad or divided reputation.

Those who believed the area had a bad reputation tended to be older Italian families. As the following quote from the wife of an Italian technical worker, illustrates, this

belief was based on perceptions of a breakdown in the social order of the community.

> "Years ago it was beautiful but now it has been changing rapidly...First of all there is welfare in the neighborhood. When you have welfare you have people who don't take much interest in the property. ... They're here for the short time and it's just a waiting period before they are out again and leave the rooms behind them and find somewhere else to live.
>
> When you are born here, you improve and keep on improving... When I was growing up it was families and if a daughter got married, she got the apartment in the building that was vacant. It was passed on. But no more today. Today... all the old people are gone. They sold the houses and whoever buys them, the first thing they want to make is big money. They don't care. And hardly any owners live here anymore. So that's why there is so much destruction."

In other words, the reputation has changed as original owners sold to profit-oriented absentee landlords who ignored traditional social customs and values and rented to transient welfare families.

On Tenth Street, in the center of a stable working class submarket, two-thirds of the respondents believed the area to have a respectable or comparatively good reputation. The category for a respectable area includes a belief that a secure social order, including lack of crime and maintained homes, is the effect of having responsible people as neighbors. Responsible neighbors are those who accept the social values and perform the work necessary to earn a living and to maintain a socially viable environment for their families. The following two quotes illustrate this concept. The first is by a Hispanic technical worker and tenant on Tenth Street.

> "It's a very good neighborhood. Around here not a lot of things happening like in other parts of Brooklyn. It's a very quiet neighborhood. We have no crime here. We don't know anything about people being held-up. Here it is very quiet and nice people. Ten years ago it was a better neighborhood, but now there are some people who don't work. (Still) it is a good neighborhood."

The wife of a White service worker and tenant on Tenth Street, states:

> "It has a pretty good reputation. Most people have pride in the neighborhood and they try and keep it up; especially the private houses. You know, the old way. You have mostly old people who have been here for years and they try to keep the property the way it was years ago."

As a matter of contrast, two-thirds of the residents of Sixteenth Street believed the reputation of Park Slope was bad or divided. In particular, the community was most often characterized as internally differentiated with good and bad sections or blocks. Most of the attention focused on the recent deterioration of Seventh Avenue between Twelfth and Sixteenth Streets. A quote from a White clerical worker on Sixteenth Street illustrates this belief.

> "I don't think as an area (as) much as the block. One block is so different from the next. One block is good, the next block is bad. I don't think they think about the area as much as the block. They're more concerned about who's living on their block than who's living in the area."

With the deterioration of nearby blocks and avenues, the residents depend upon their immediate neighbors for the maintenance of a respectable social order and the reputation of the community reflects this social fact.

In summary, there was widespread agreement among the residents about the name of the community and on two of its boundaries. However, between the blocks and different occupational groups there were interesting differences in beliefs about Park Slope's reputation. Among professional white collar families on Second Street, Sterling Place and Carroll Street there was a tendency to describe Park Slope as a cosmopolitan or upward transitional area supportive of sophisticated lifestyles. Among the semi-skilled white collar and blue collar workers there was a tendency to describe a reputation contingent upon the character of neighbors and the maintenance of an acceptable social order. It was not the wealth or the sophisticated interests of their neighbors which interested them. They were primarily concerned whether neighbors were responsible enough to guard against social and physical disorder in the community.

Reputation of Neighborhood

The next set of questions to be analyzed concerns residents' definition of the boundaries of their own immediate neighborhood, (in contrast to the boundaries of the community of Park Slope), the reasons for choosing these boundaries, a description of their neighborhood for a friend outside the area, and their opinion about the reputation of the other blocks in the sample. The aim of these questions was to elicit the concepts used to categorize the social status of neighborhoods.

Seventy eight residents offered boundaries and the

average and median definitions are presented in Table 5.4.

Table 5.4

Size of Neighborhood in City Blocks, by Block

	Total	2 St.	Sterling	Carroll	10 St.	16 St.
Number of Responses	78	17	15	14	16	16
Average Size	58	52	15	79	76	66
Median Size	27	41	1	60	45	8

With an average of fifty eight city blocks, these neighborhoods are fifty five percent smaller than the 128 city-block average for the definition of Park Slope. With the Sterling Place neighborhood defined sixty percent smaller than the sample average, there were significant differences in the means between the sampled blocks. ($F = 2.9$, df. $= 4,73$; $F_{.95} = 2.50$). Also, Sterling Place and Sixteenth Street had comparably small medians.

The residents were asked what factors influenced their choice of neighborhood boundaries. Of the seventy eight in the sample, sixty nine offered opinions. Among these replies, sixty one percent included references to local activity orbits. This category includes location of friends, location of frequently used public facilities, familar areas, areas of previous local residence, and walking distance from home. The majority of residents on all of the sampled blocks, with the exception of Sterling Place, used this criterion for the choice of

neighborhood boundaries.

A White professional worker and homeowner on Second Street simply describes this relationship between activity orbits and neighborhood.

> "It is because it fulfills my social needs, my children's education needs, and daily needs, my shopping needs, my banking needs. All of these needs are fulfilled in this area."

Another twenty three percent of the residents defined their own faceblock or immediate area as their neighborhood as this was the territory where they felt safest, a sense of solidarity and familarity with neighbors, or where they restricted most of their activity. Interestingly, only on Sterling Place did a majority of residents define their neighborhood by these criteria. The wife of a Hispanic blue collar worker and tenant on Sterling Place describes why she chose her block as her neighborhood.

> "We are very sheltered people. We stay in the house all the time. We go out to buy necessities, otherwise we stay home."

A White professional homeowner on the same block describes why he chose his block.

> "I don't have any friends on the next block or the surrounding blocks. I don't happen to have any. And I know most of the people on this block. During the day or the night if I want to go out, I would just walk around and talk to people on the street."

It is conjectured that the poorer social and physical conditions of this submarket of Park Slope have led residents to restrict their activity in the area. As they restrict their activity, they rely more on their own block

and house as a source of social support. In less threatening areas, the definition of a neighborhood would be based more upon the use of local facilities.

Finally, six percent of the residents chose their neighborhood boundaries based on class and ethnic lines of division in the community, and another ten percent on a community or city-at-large consensus on the boundaries of their neighborhood.

Next residents were asked to describe their neighborhood to a friend who did not live in Brooklyn. The answers to this question are listed in Table 5.5. On Second Street, seventy five percent of the residents described their neighborhood as cosmopolitan. A similar proportion also described the reputation of Park Slope in the same manner. In this category, a White professional couple on the block describe their neighborhood.

> Husband, "I would say it was a beautiful area of concentrated brownstones. I guess I would describe it physically as having nice tree lined blocks of beautiful brownstone houses that were lived in by a mix of people: a fair number of young professionals as well as young people, single people and older people. It's wholesome and on the edge of a beautiful park. What would you add?" Wife, "And it's near New York City with its great restaurants." Husband, "Its proximity I accept for granted. I wouldn't live anywhere that was not proximate."

For this couple, the neighborhood's physical and social attributes in combination with its proximity to Manhattan reinforce the area's legibility as a high status neighborhood.

On Sterling Place, the great majority of residents

Table 5.5

Description of Neighborhood for Friend Who Does not live in Brooklyn, by Block

Reputation	Total	2 St.	Sterling	Carroll	10 St.	16 St.
Cosmopolitan.	15	12		3		
Upward Transitional.	5		5			
Respectable.	18	1	5	4	3	5
Respectable with Good Public Facilities.	6		1	1	3	1
Other Positive Descriptions.	9	1	3	1	1	1
Defensive Description for Outsiders.	9	1		3	1	4
Internally Differentiated.	5		1		2	2
Bad or Shifting Downward.	6	1	1	1	1	2
Other.	5			1	2	2
No Answer.	7	3	1	2	1	
	85	19	17	16	16	17

described their neighborhood as upward transitional, respectable, or good. It was the new middle class homeowners who used the former category while the lower income minority families used the latter two categories.

A Hispanic clerical worker and tenant describes the respectability of the neighborhood.

> "To everyone I tell them my neighborhood is the best. My neighborhood is quiet, never a problem. Never on this block do I see people kill other people. Never do I hear about someone being held up on this block. Now you take for example in Queens, in good sections, somebody killed some other lady. This never happened in this neighborhood. It's something different."

On both Carroll Street and Tenth Street, a majority of the residents described their neighborhood positively with a minority describing it as bad or offering defensive descriptions. On Sixteenth Street, as in their definition of Park Slope's reputation, these working class residents were divided as to whether the neighborhood was respectable or declining.

Interestingly, on both Carroll and Sixteenth Streets, the majority of concerns about a bad description for the neighborhood involved the necessity to defend the area to outsiders. Furthermore, of the nine residents who offered defensive descriptions, eight were White and only one had a professional or managerial occupation. Essentially, it was working and lower-middle class Whites who felt compelled to defend their neighborhood.

As a matter of illustration, the statement of the professional in this category from Second Street below can

be compared with the subsequent statements by lower income Whites.

> "I try to explain to people that they shouldn't be horrified when they hear the word Brooklyn. You say to somebody "Why don't you come to my house in Brooklyn?" (and) they act as if you were talking about Idaho or the moon or someplace beyond their wildest dreams. I tell them that it is sort of an enclave of Victorian that is very green and old fashioned looking. It is clean and safe and comfortable and that they will probably be surprised when they see it... When they come to the house they're just - their months are just hanging open. I send them along Prospect Park West and they're quite impressed."

This resident was defensive but confident his ultimate claim to high social status would be validated by the appearance of his neighborhood. The other eight residents in this category were not so sure. A White service worker and homeowner on Sixteenth Street states:

> "I mean we have relatives who live in New Jersey and Long Island who rarely come to visit because they're under the illusion that people are being stabbed here. And I've said no. We had this family over one night and .... asked if it was safe to go to the corner store. I got very insulted and annoyed... I mean I would not raise my children here if anything out there was existing like this."

Presumably, the visitor's observation of the immediately surrounding racially and economically integrated area undermined the host's claim to a respectable social status. A second White clerical worker and homeowner on Sixteenth Street states:

> "I tell you I don't bother to describe it. You tell them Brooklyn and they say "Brooklyn, Oh, that's a place." I couldn't care less what they think as long as I have no problems. And the people down in Bay Ridge. You say "I'm living down in Park Slope" and

> they say "Oh down there, that's bad." I don't know what's bad about it. I couldn't bother to convince someone whether it's bad or good. I could not care less."

For this resident, frustrated by attempts to establish a respectable social status in his neighborhood, he has declared himself indifferent.

In summary, there were two discernible trends in the answers to this question. First, the upper-middle and middle class residents of Second Street were generally secure in their claim for high social status in a social reference network which includes peers in Manhattan. This claim was supported by a clearly legible upper social status residential area. In turn, the White lower-middle and working class residents were less secure about their neighborhood status in a reference group which includes neighborhoods in the outer-boroughs and suburban areas. However, on all the blocks a near majority of the residents were able to offer positive descriptions for their neighborhoods.

In the last question to be analyzed in this series, the respondents were asked to compare their own block to each of the other four sampled and adjoining blocks. In Table 5.6 are presented the residents' descriptions of the sampled blocks. Second Street was unanimously described as a higher social status and respectable area. The comments of the respondents demonstrate how strongly personal wealth is associated with beliefs about

Table 5.6
Local Reputation of Sampled Blocks, by Block

Reputation	Total	2 St.	Sterling	Carroll	10 St.	16 St.
Higher Social Status, or More Respectable.	25	25				
Upward Transitional.	3		2	1		
Respectable.	38	14	2	4	11	
Respectable White European Ethnic Area	8			3	2	3
Positive or Comparatively Good.	28	12		3	8	5
Internally Differentiated	5			2		3
Integrated with Low Social Status or Poor Social Order.	41		20	16	2	3
Lower Social Status or Poor Social Order.	52		17	19	10	6
Commercial District/ Large Apartment House.	7				7	
Did not Recognize Block.	127	14	26	19	27	41
No Answer	6	1	1	2	2	
	340	66	68	69	69	68

about personal character and the social order of a neighborhood. Furthermore, they demonstrate how the physical environment can be read to infer the wealth and character of its residents as well as its social order.

A White service worker and homeowner couple on Sixteenth Street describes the relationship between the wealth and character of Second Street residents.

> Husband,"It's a good area, a rich area: doctors, lawyers. They're not on relief. Look I'm not knocking relief. If a guy is really against it, give it to him. Help him out." Wife, "My mother was on it when I was a kid." Husband, "I was on it when I was a kid, but it was not your way of life. You always got out of it: Up and over the hill."

A Black technical worker and tenant on Tenth Street describes how the wealth, social order and physical attributes of the area are mutually reinforcing.

> "That's a wealthy neighborhood: exclusive neighborhood with high windows, carved stones. Very quiet neighborhood: less noise and more stores. That's the pride of the neighborhood. Sometimes I choose to drive down Seventh Avenue so I can see the buildings. ...I was looking for an apartment there but it's very expensive."

The wife of a Black blue collar worker on Tenth Street describes her beliefs about the physical environment can be used to infer the race and social character of residents, and the administrative policies of New York City.

> "That area is very nice. The streets are very clean and the buildings are kept up. I don't know who lives there but I presume that they must be all White. On the whole when you have Blacks and Puerto Ricans in an area, the area is never kept up as well. Sometimes the city falls lax on areas. I knew East New York as I worked in that area."

> Welfare doesn't give people an incentive. For the majority of people on welfare, it doesn't give them any incentive to bring themselves up... On the whole, welfare chills the morale of people."

As unanimously as the respondents described Second Street as a high social status respectable area, they described Sterling Place as an integrated area with poor social order. A Second Street White professional describes his associations about a low social status integrated area.

> "I'd only be guessing what those streets looked like. My image is that they are not as affluent. That not only are they not as affluent but the buildings were never as good as these to begin with."**(People?)** " I imagine that there are more Third World people."

A White clerical worker and tenant on Second Street describes the connection between physical conditions, poverty and neighborhood social order.

> "It's bad. There's nothing that I can say. You know, broken glass in the street. There's abandoned housing. There is people sitting on the stoops drinking beer and wine. There's a very low class of people down there. I'm scared to death to go down there. I always take the car ."

The wife of a White technical worker on Carroll Street describes an association between poverty, social character and social order.

> "...it has turned into all welfare. They're disconcerned people. I fear them. I fear the fact that they're not here permanently and they're here for the destruction and mugging and whatever. That's where most of this is going on now. If you see a police car, where is it racing towards: Sterling Place, St Johns, Lincoln. They have the highest amount of trouble in that area."

A Black clerical worker and homeowner on Carroll Street describes another type of commitment to the dominant social order believed lacking on Sterling Place.

> "It's not as nice. It's not as clean. The people are not as nice as the people on Carroll Street. I don't think they care. The apartments are rented out and you will find...when you rent to people they don't keep it up as well as people who are owners."

In general, Sterling Place and environs were perceived to be lower in income, integrated and in poor physical condition. There are indeed relatively true facts about the area. However, it was also inferred people in the area had little commitment to the dominant social order and as such were unpredictable and potentially violent. In contrast, the majority of Sterling Place residents earlier described their neighborhood,(albiet a relatively small area),as good or respectable.

Among the forty eight respondents who had an opinion about Carroll Street and immediately adjoining blocks, seventy seven percent believed it was an area with low social statutus or poor social order. This contrasts with the majority of Carroll Street residents who also earlier described their own neighborhood as good or respectable.

Despite the absence of large numbers of vacant stores and buildings, the respondents on other blocks were still likely to infer this integrated working class district had a less than respectable social order. A White professional homeowner on Sterling Place compares his own block with Carroll Street.

> "This is much nicer. The houses here are much better kept. It looks better. You don't see people or hear a lot of loud music. You don't see a lot of people underneath their cars. You don't see a lot of kids playing out in the street. I'm not against that per se, but when it occurs en masse, it's sort of junky. I think that in this block there are more homeowners and that really makes all the difference." (Why is it better with more homeowners?) "I think the old territorial instinct. If you don't own your own space, you don't tend to take care of it. If it's not yours you don't regard it as important."

In this case, the respondent attributes a poor or unrespectable social order to a lack of homeowners on the block. In substance, however, this person described all working class districts as "junky."

For the forty respondents who offered opinions about the Tenth Street area, fifty percent believed the area was respectable or comparatively good. Another eighteen percent described it neutrally as a commercial center and the location of a large apartment house.

A White clerical worker and tenant on Sixteenth Street describes the respectable appearance of the blocks.

> "I have a girlfriend who lives on Eleventh Street. That's a very nice block. ("What makes it nice?") Nice and clean. It's all basically the same thing, people caring about the places that they're living in. As far as who's living on the block I have no idea, but it seems like a well-kept block. People seem to be caring for their block.... And Tenth Street, that seems like a nice block too. They have the apartment house on it."

However, even this stable working and lower-middle class neighborhood was described by thirty percent of the respondents as an area with a lower social status or a poorer social order. Even this relatively stable area is

vulnerable to misinterpretation because of its less affluent housing and modest stores on Fifth Avenue.

Sixteenth Street went unrecognized by forty of the sixty eight respondents questioned about it. This is understandable as it is not near any major commercial or transportation centers. Among those who did offer an opinion, sixty percent said it had a lower social status or a poorer social order. These descriptions suggest how a working class neighborhood can offer ambiguous information about its social order. They also suggest how localized housing problems or social disturbances can further detract from an already ambiguous image.

This statement from White professional homeowners on Second Street illustrate how the interpretation of residents' character depends upon a careful reading of the area's physical attributes.

> Wife," I think of it primarily as a nice neat Italian area where the homes are well cared for and where there are usually people taking care of their property. ...Anyplace where people are taking care of their homes is great." Husband, "We both relate to places that are well kept physically. That's mid-western you know. Whether it's good or bad, I think it's good."

In contrast, a White clerical worker and homeowner on Tenth Street describes how particular social features detract from the area's reputation.

> "Fifteen I don't want no part of. Windsor Place is nice. It's comparable. As far as Fifteenth Street, it's definitely out. Did you ever drive on that block. There are a million kids there. I never saw so many gangs of kids as I did on Fifteen Street. We don't have gangs. You will see two or three boys or two or

> three girls from the block who stay within their own. When you go up that way you hit a conglomerate of kids at one time on each corner. I wouldn't walk through there, I will tell you."

In summary, in the two preceding questions about descriptions of neighborhood conditions, the concept of respectability was central. Housing and social circumstances were identified as indicators of the character of residents. The less ambiguous the presentation of a wealthy neighborhood, the greater the number of social and physical cues used to identify it as inhabited by respectable residents. In general, neighborhood conditions were seen as a by-product of the character of residents who lived there. Among residents of a faceblock, intimate knowledge about the existing social order could provide sufficient information, in an otherwise ambiguous situation, to lead them to identify the area as good or respectable. Others unfamilar with the existing social order, would make more stereotyped judgements based on the gross characteristics of the area.

In particular, in the exclusive real estate market of Second Street with its expensive and well maintained homes local conditions were believed to be a creation of highly respectable and wealthy residents. These residents were believed to be deeply committed to the dominant social order and, therefore, wealthier and committed to maintaining their homes and keeping order in public spaces.

The racially and economically integrated blocks of

Carroll Street and Sterling Place were perceived to be of a lower social status and poorer social order. With nearby abandoned buildings or groups of adults on street corners, the blocks were seen as occupied by residents without a commitment to the dominant social order. As such, they are uncaring about the maintenance of property relations and a respectable social order. The unpredictableness of the area would lead others to avoid the area.

On Tenth and Sixteenth Streets, without an affluent real estate market which could grossly state the area's respectability, respondents relied on subtle cues to identify the character of residents. Such items as clean streets, recently painted homes and lawn care are read to demonstrate owners have a commitment to social respectability. However, as this lower-middle class market lacks the exclusiveness of Second Street, other items in the neighborhood such as occassional abandoned buildings or crowds of children are used to identify the area as unpredictable and less respectable.

Evaluation of Neighborhood Conditions.

In the next set of questions, the respondents were asked to describe the best and worst aspects about living in their neighborhood, their future moving plans, and their recommendations about the neighborhood for a friend looking for a place to live. The aim of these questions was to elicit those aspects of the area salient in house-

holds' management of their local affairs. Table 5.7 lists the respondents assessment of the best features of their neighborhood. Evaluations of the local infrastructure accounted for the majority of the references about the best features of the neighborhood. These included remarks about local transportation facilities, retail stores, schools, the convenient location of the area within New York City, and the siting and appearance of homes.

The majority of references to the attractiveness of residential sections, not surprisingly, were made by families on Second Street. Essentially, these descriptions compared Park Slope to other high rent districts of New York City. However, Park Slope did not always stand up well under this type of comparison. The following statement is by a White professional and tenant on Second Street.

> "Well it's very pretty. And it's almost like coming into another world at the end of the day....There's a real sense of almost coming into the country. There's a nice sense of solidarity about it. The houses are much nicer than anything you would find in Manhattan on the whole. It has a nice Victorian quality about it that I like. That's also part of the drawback that it is like withdrawing to the country and it is very quiet.
>
> Up until a little while ago there were no restaurants to go to if you wanted to go out and eat... While it is nice to be removed, you don't want to be removed. You want to live a little more adventurous."

On all of the blocks, the majority of residents cited the quality and convenience of public facilities and the convenient location of the area within New York City. The most frequently mentioned facilities was public transportation. These facilities made accessible all of the resources

Table 5.7
Best Aspects about Living in Neighborhood, by Block

Reasons	Total	2 St.	Sterling	Carroll	10 St.	16 St.
Social Relations Respectable Social Order.	26	3	6	4	6	7
Local Friends and Relatives.	6			2		4
Socially Compatible & Accessible Neighbors.	13	9	2	2		
Privacy.	2	1	1			
Housing Conditions Affordable Rent or Home.	7	3	4			
Good Apartment or Home.	2		1	1		
Local Infrastructure. Attractive Area.	8	4	2	2		
Good Public Facilities.	54	9	7	12	16	10
Convenient Location in New York City.	12	3	6	2		1
Nothing Good.	3		1	2		
No Answer.	1					1
	134	32	30	27	22	23
N =	85	19	17	16	16	17

of New York City. This emphasis on public transportation was especially true on Tenth Street which is near two subway lines and three bus lines. To illustrate how these public facilities help a family manage their daily activity, a statement by a working couple with four teenage children is offered.

> "This neighborhborhood is the most convenient ...that I know of. I work in Manhattan and I take the IRT and it's eleven minutes on the train. You just can't beat that...My children go to St Saviors which I think is out of this world. The oldest girl goes to St Josephs which is downtown Brooklyn. All she has to do is take the Seventh Avenue bus and it's fifteen minutes. My oldest boy goes to Brooklyn Tech which is ten minutes. ... The department stores are very convenient: ten or fifteen minutes on the bus. The shopping is good. It's not the best but there is Bohack and Met food. You can get almost anything you want on Seventh Avenue... There's the park, don't forget the park."

Second to the importance of public facilities was the presence of a respectable social order in the neighborhood. The respondents' description of the public order included a definition of neighbors' actions and values which protect against social disturbances and present an image of social respectability and mutual support. On the working and lower-middle class blocks of Tenth and Sixteenth Streets, good public facilities and neighborhood respectability accounted for almost all of the positive references about the area. A Black service worker and tenant on Sterling Place describes a positive lack of disturbances.

> "When I come home at night, I have never been attacked or no one says any dirty words or things like that. So naturally to me it's a nice neighborhood. Others might have different words for it, but I only care what I feel about it."

Another Black service worker and tenant on Tenth Street agrees with the above assessment.

> "It's quiet and nobody bothers you. I've never had any problems about coming home late. I feel safe because there is always patrol cars around and nobody bothers you."

A White clerical worker and homeowner on Tenth Street describes a social order of mutual support and respectability.

> "My neighbors. We have neighbors here that are like relatives at any given house. We have new people here. We have people who have only been here a few years. Whether you need a carrot or a pint of blood, or a cup of milk..." (You own this house?) "Yes, and most of the people do. Like I say, they are second and third generation owners. So of course unless a blast comes and blows us away, I don't think anybody is going to move. So that's a great asset."

The wife of a business manager on Second Street describes her confidence in the local social order.

> "I just feel there are neighbors on all sides of me that I know and I would be able to leave my children with them if I had to. It was not like that in Brooklyn Heights. I had friends in houses but they lived a few blocks away. If any of my children had a problem they really wouldn't hesitate... (They) could really expect to go into any house on the block and get comfort and aid."

Indicative of the attempts of some white collar workers to reconcile the contradictory requirements of a valued career oriented life style and parochial residential community social ties, many valued Park Slope as a site of accessible and compatible neighbors. Residents on Second Street made seventy percent of the references in this category. A White professional homeowner on Second Street describes this reconciliation.

> "I would say the people. The people here are very much like myself; interested in the same kinds of things; have the same outlook on life; the same values and attitudes. And I feel comfortable with them. I think the people are the neighborhood's biggest asset."

The reconciliation is made possible by surrounding oneself with people with the same values and social position.

Therefore, among these residents, the area's public facilities and respectable social order allow them to adequately manage their everyday activities in a social atmosphere of mutual respect and tolerance. In a separate sub-theme, for some white collar families the area also offered an attractive residential area of high social status with compatible and accessible neighbors.

Table 5.8 lists the respondents' assessment of the worst aspects about living in their neighborhood. While a majority of the positive assessments of the neighborhood made reference to the neighborhood's infrastructure, only thirty eight percent of the negative references made reference to these facilities. Furthermore, comments about the local infrastructure included a wide variety of distinct items. These included housing abandonment, poor street sanitation, vehicle congestion and poor commercial and recreational facilities. The majority of negative comments were reserved for the area's social conditions.

In addition, comments in the different social relations categories tended to have overlapping significance. In

Table 5.8

Worst Aspects about Living in Neighborhood, by Block

Reasons	Total	2 St.	Sterling	Carroll	10 St.	16 St.
Social Relations						
Personal Insecurity, from assaults or robbery.	20	7	2	2	5	4
Social Habits of Lower Class Residents.	10		2	5		3
Expanding Numbers of Low Class Minorities.	4	1			1	2
Idiosyncratic Complaints.	12	4	2	4	1	1
Housing Conditions						
Rising Rents/ Poor Condition of Apartment.	2	1	1			
Infrastructure						
Housing Abandonment.	5	1	1	1		2
Poor Street Sanitation.	3	2	1			
Vehicle Congestion.	8	3		1	2	2
Poor Public Facilities.	11	2	2	1	4	2
General Urban Congestion.	2	2				
Inconvenient Location in New York City.	2		1	1		
Nothing Bad.	12	1	5	2	3	1
Other.	3		2	1		
No Answer.	5		1	2		2
	99	24	20	20	16	19
N =	85	19	17	16	16	17

particular, opinions about personal insecurity, the social habits of lower class residents, and expanding numbers of minority residents were frequently interconnected in the statements of the respondents. In other words, residents tended to sterotypically identify Blacks and Hispanics as poor and, as poor, uncommitted to the dominant social order and, therefore, unpredictable and irresponsible. This self-created irresponsible character is seen as leading to the deterioration of public facilities and creating an unmanageable social order which interferes with the ability of respectable families to freely use and enjoy local facilities.

In the substantially White middle and upper-middle class area of Second Street, residents tended to describe a fear of personal assaults due to the presence of minorities in the community. The following two statements illustrate this sterotypical thinking. The first is by a White professional worker and tenant on Second Street.

> "...when I see an incredible number of Black or Puerto Rican teenagers my general assumption is that they're poor and whether they'd be after me or what....Right now my association is that anybody who is Black or Puerto Rican is poor. I know that is not totally true. I know it is not totally accurate, but I think there is a great deal of that."

A White clerical worker and tenant on Second Street describes similar beliefs.

> "The neighborhood has changed over the years. You have the minorities moving in. You sort of have a block-to-block thing here. Some blocks are good and some blocks are bad. I'd be afraid to walk down some

> blocks. The garbage is thrown out... I don't mean to sound racial or negative or anything like that, But, I do think most people, especially a woman coming home at night, (are) more likely to be frightened by a Black man than by a White man. You see more and more Blacks in the neighborhood and it can make you feel insecure."

Interestingly, on the blocks in substantially integrated areas, (Sterling Place, Carroll Street and Sixteenth Street), the residents did not offer a comparable number of comments about personal insecurity. More commonly there were sterotypical complaints about lower class social habits. A Hispanic tenant on public assistance from Sixteenth Street describes a dissatisfaction with the residents of Seventh Avenue.

> "It's pretty bad, the way some people throw garbage. They have nice apartments on Seventh Avenue but I wouldn't live there. People hanging out on the stoops and listening to their music. They'd be out there until one o'clock, twelve o'clock depending upon the weather."

A White retired clerical worker and owner on Carroll Street describes her dissatisfaction with the social habits of lower income residents.

> "The people here are making slums out of it. That's the worst. They're destructive; they're filthy; they're inconsiderate. That's the truth. I'm telling you the truth. Poverty is no excuse for it. That's no excuse for filth. When our grandparents came they were just as poor. They had no linoleum on the floor. Just wooden floors and you could eat off the floors. We had neighbors with just one shirt. One neighbor had six or seven boys and she was there every night cleaning their shirts and pressing them to go to school. Now, they're giving you that they're poor. Poor is no excuse for filth. And now they get assistance. Out grandparents didn't get any assistance."

If it is not poverty which explains poor living

conditions, it must be the character of those who choose to live in such hated conditions. In other words, those living in poor conditions deserve what they get and get more than they deserve.

In summary, among the previous two questions we were interested in the identification of factors residents used to evaluate their neighborhoods. Two dimensions were the most important: the array of public facilities which make it easier for families to manage their daily affairs and a respectable social order which allows for mutual support and tolerance in the use of public facilities and maintenance of private property.

From the perspective of the residents, these attributes are dialectically related. Only in this urbanized residential community would this array of public facilities be available. Furthermore, the economically and racially heterogeneous population which maintains these facilities are held together by a thin web of mutual tolerance and self-respect necessary to survive in the community; a web residents believe is being broken by indolent and irresponsible families rather than by actions of market interests.

A second theme to emerge is the use of a slightly expanded set of criteria for residential evaluation by white collar workers. Good public facilities and a respectable social order are not sufficient criteria for an acceptable residential area. It must also be an

attractive setting with socially compatible and accessible neighbors.

Finally, the next two questions about neighborhood evaluation concern the respondents' moving plans and their recommendations of the area for another friend looking for a place to live. The aim was to provide for an overall assessment of the manageability of Park Slope. In Table 5.9 are listed the respondents' moving plans and neighborhood recommendations.

Table 5.9
Moving Plans and Neighborhood Recommendations

Recommendations for Neighborhood	Plans for Moving Out of Neighborhood: Desire to Move	No Plans to Move	
Would Not Recommend	9	4	13
Would Recommend	21	45	66
	30	49	

($X^2 = 6.45$, df = 1; $X^2_{.98} = 5.4$)

As the above Table indicates, over sixty percent of the respondents had no plans to move out of the neighborhood, and over eighty percent would recommend the area to a friend. Even among the thirty respondents planning to move, twenty one would recommend the area. Therefore, it could be concluded, generally, those planning to move are being pulled out by other attractive options instead of being pushed out by deteriorating circumstances.

However, among the nine respondents who both planned on moving and would not recommend the area, all stressed a breakdown in the area's social order as the basis for their opinions. The comments of a Hispanic clerical worker and tenant on Sterling Place illustrates this perspective.

> "Because all the time I'm on guard, watching... But, I can't live that way. I have two kids. They need to go out. They need to go to the park. They need to play. I don't like to leave my daughter and son out in the street because there is a lot of marijuana. Sometimes people come and say, "Take it, take it."...I want to give my son and daughter a good future... In case they are using narcotics, they have no future. Jail, that's it."

Simply, this man believed a poor social order in the neighborhood threatened the social respectability of his children. This person wanted to move to Florida with other relatives.

In turn, those who would recommend the area stressed its good public facilities, convenient location within New York City and its respectable social order.

Among the thirty residents who planned to move, nineteen desired to leave New York City entirely. The great majority of them specifically mentioned a desire to leave the pressures of city life and have a less demanding way of life. A Hispanic technical worker and tenant negatively assess the urban character of New York City and describes his desire for a more rural setting.

"Yes, I'd leave the state. We are heading out to

> Pennsylvannia in the Leheigh Valley, where there is a lot of grass lands...farms. You are close to nature and you don't have to put up with this. This is inhuman to tell people they must live in concrete boxes for the rest of their lives. The only time they see grass and stuff is when they go to a park. ...I'm just fed up with city living completly.
>
> Me and my wife spent a year in Mississippi when I was in the service. We (did) pretty well in the country and we enjoyed the heck out of it. We have been in Pennsylvannia a few times and part of our family lives there."

Interestingly, none of these residents included the possibility of working at traditional rural occupations such as farming or fishing. Presumably, they would be able to continue working in their city occupations while living in rural or suburban locations. It is indeed the decentralization of industry which makes such rural environments attractive.

Table 5.10

Moving Plans and Occupation of Chief Wage Earner of Household

Occupation	Total	Plan to Move Out of Area	Percent	Plan to Move Out of N.Y.C.	Percent
Professional - Manager	23	5	22	2	9
Sales-Clerical	14	7	50	5	36
Blue Collar & Service	28	11	39	9	32
Retired & Disabled	11	6	55	3	27
Public Assistance	6	1	17	-	-
	82	30		19	

Table 5.10 lists the residential choices of the respondents by the occupation of the chief wage earner

of the household. While the size of the sample and the method of its selection precludes any firm conclusions, a few tentative propositions can be offered. In the community of Park Slope, it is the semi-skilled white collar, blue collar and service worker families who both tend to desire to leave the neighborhood and the City of New York. The reverse is true of professional and managerial families. For the upper-middle class white collar families, this trend could be assumed to be a consequence of the greater job opportunities in New York City and the related ability of this class to reconstruct neighborhoods to meet their specifications through their market power.

For the semi-skilled white collar, blue collar, and service worker with moderate to mininal market power and faced with a greater decentralization of job opportunities, new expanding suburban and rural areas can appear the most attractive. The combination of the above trends is, of course, leading to the reversal of residential preferences as they existed in the industrial period.

Block and Neighborhood Change

The questions in this section concern the respondents' beliefs about the directions of change in their block and neighborhood. The aim was to elicit the concepts residents use in the identification and interpretation of change.

The first question in this series asked residents who had lived at least eighteen months on the block, how the block had changed in the past few years. Furthermore, if descriptions of change were offered, they were asked why they had occured.

On Second Street, with opinions from sixteen, nine did not believe the block had changed. Most of the remaining residents described the movement of middle and upper-middle class families in and out of the block. This mobility was described as taking place in a competitive middle class housing market with escalating housing values.

On Sterling Place, eleven of fifteen respondents believed the block had changed. These changes were described in two ways. One set said there was an expansion of the middle class housing market on the block which, in turn, reduced the number of poor minorities. Middle class families were buying inexpensive homes on this integrated block with the expectation more middle class families would follow them onto the block. This set of opinions was offered by the new white collar property owners on the block.

Exemplifying this point of view is the following statement by a White professional homeowner..

> "I came here seven years ago and there were only five families here that bought houses and were fixing them up. Now it's fifty percent...You take a typical house...which has ten poor families living in it; it's a neglected brownstone. A middle class family, whether it is Black or White, comes along and buys that house. They recondition it and they turn it into

> a two family brownstone house..."
> (Why is this occuring?) "I think the housing shortage helped to create a situation where people wanted housing very badly and it starts people coming into a neighborhood like this. They don't mind living on a block that has fifty percent or more poor, very rowdy, uneducated people that did not concern themselves with cleaning the sidewalks... The pioneers, so to speak, didn't mind too much because they saw opportunities to own a house with very little money and maybe there would be a few more that were like them already. So they took a shot and bought it. You needed that kind of start and little by little others followed suit and the neighborhood started to become converted again."

Thus, middle class families would buy homes on this block substantially inside the Black side of Brooklyn's dual housing market, as they believed there would be a countervailing expansion of a white collar real estate market. Ironically, it was the inexpensiveness of the homes in the area which made this speculation an acceptable risk.

Alternatively, a second group of respondents who tended to be working and lower-middle class minorities, described an improvement in the social order of the block with a recent reduction in the number of lower class residents. They also tended to misinterpret the motivations of the new middle class on the block and simply attributed their movement onto to the block as due to an interest in brownstone buildings. The following statement by a retired Black homeowner outlines this set of beliefs.

> "As I say, eight years ago they got rid of all the bums that were around here and it's become a very nice neighborhood to live in." (What was it like then?) "We had addicts, drunks, and people came in

> and bought the houses they were living in and got them out: young people from the Heights, the Island. We have alot of people on the street like you. I don't know them personally. Just hello. Nothing more. So I don't even know what they think of the neighborhood. I hope they think like me. I think it's alright."
> (Why is this occurring?) "People wanted the brownstones and they bought them...They fixed them up themselves and now we have nice houses."

This misinterpretation of the motivations of the new middle class is obviously due to the lack of social communication between the two groups and the absence of a common social reference group.

On Carroll Street, nine of the ten respondents believed there were changes on the block in the past few years. Here, with a current residential succession of working class Whites by minority families and a less obvious succession by white collar workers, the focus of comments concerned changes in the racial and ethnic composition of the block. The older White residents tended to believe the movement of minorities onto the block had caused a breakdown in the former respectable social order of the block; a social change in this lower rental market which occured only because minority families could afford the rent with government subsidies. The following statement by a retired White homeowner clarifies this opinion.

> "Well it changed. New influx of people in here. They all have fifteen or sixteen kids. They move every six months. It became more congested with all the kids and they're very destructive. Fire, we have been having fires. Never had as many fires on this block than we did in the past couple of years. More fires and at night more noise than there ever had been before: yelling and everything."
> (Why has this been happening?) "The apartments are large and welfare is paying the rent for them."

Only one resident, the daughter of a White service worker and tenant, described an improvement in the social order of the block. She was active in the Carroll Street Block Association.

> "Gotten better. There was no Block Association. There was separation between the people but now everyone is trying to get together; together to better the block and the neighborhood. Getting younger couples who want to buy houses and getting to know the Black and Puerto Rican people better."

Absent from the comments on this block was the belief the housing market was economically strong enough either to protect against the movement of lower class people into the block or to transform the block into a middle class area.

In the stable working class area of Tenth Street, the center of local controversy concerned the impact of the Mitchell Lama apartment house on the block and changes in stores on nearby Fifth Avenue. The impact of the racially integrated apartment house on the block is somewhat indeterminate as it is a middle class building and it replaced a rubbish-strewn lot. The following two statements by lower-middle class White homeowners display this ambiguity.

> "(We) have this big apartment building over here. It's changed but I think for the better... I see that they have it landscapped. They cut the grass, flowers. Before we had a lot over there. It was owned by the city...We used to have all kinds of rubbish in there. We were always arguing with the city and sanitation. ...People would come with their cars and drop things over there. We don't have that anymore. So to me this is an improvement."

> "Ever since the apartment building went up across the street, it has gone bad. It was comparatively quiet, clean. Now it has become noisy and very dirty... There are alot of children in there which of course you didn't have if you had homes like on this side of the block."

Interestingly, while these two residents differed in their opinions about the apartment house, both used the criterion of social respectability to evaluate the project.

On Sixteenth Street, eleven of seventeen respondents believed no changes had occured on the block. Most of the comments about block changes concerned homeowners improving their property or the movement of older families to suburban areas. The son of a White blue collar homeowner describes his beliefs about the social mobility of older families.

> "I would say most of the old faces who grew up in this area and their families have moved out. The children moved out and the parents are either gone, planning to sell or died..."
> (Why haven't the children taken over their parents' houses?) "I think they have a dream of attaining a little higher level. So they go to the house in suburbia. Staten Island...Everybody in the world seems to be moving to Staten Island."

For this resident, improvement in social status is not to occur by waiting for an expansion of the higher rental white collar market but through a move to the suburbs.

In the next question, residents who had lived in Park Slope at least eighteen months, were asked how their neighborhood had changed in the past few years. If they described any changes, they were asked why they had occured.

The replies to this question are outlined in Table 5.11 .

On Second Street, eleven of the fifteen respondents who offered opinions believed the neighborhood changed. This contrasts with the nine of sixteen respondents who said their block had not changed in the previous question. Among these eleven respondents, a majority believed the area had improved. These improvements were generally attributed to a strengthening of housing and commercial markets in the neighborhood. These changes were believed to be a consequence of a combination of new young families moving into the area, the attractiveness of the area for new middle class families, and the circulation and exchange of new capital. One professional homeowner describes the expansion and alteration of the local commercial avenue as a consequence of the consumer preferences of an expanding white collar population.

> "Seventh Avenue has changed dramatically in terms of sophistication and attractiveness. It's been a marvelous change. The Camperdown Elm typifies a very attractive sophisticated resturant...the health food store, the Leaf and Bean, the cheese stores, the plant store. It's just marvelous."
> (Why is this occuring?) "It's a change that lagged behind the immigration of a lot of well educated professional, middle class families. It's displacing the older more ethnically oriented. I think it was Italian and Irish middle class families but who were not style oriented. And that feeds on itself."

In other words, the market power of the new white collar families is sufficient to generate a change in the types of products offered by local stores.

Table 5.11
Changes in Neighborhood, by Block

Changes	Total	2 St.	Sterling	Carroll	10 St.	16 St.
No Change.	16	4	3		4	5
Improvements						
Markets Improving as Competitive Middle Class Area.	7	3	3	1		
Markets Improving with Local Reinvestment of Capital.	4	2		1	1	
New Respectable Owners Improving Property.	2	1	1			
Other.	4		3	1		
Neutral						
Minorities Replacing Older White Population.	3				3	
Poorer Conditions						
Due to the Irresponsible or Irresponsible Minorities.	22	5	1	4	4	8
Due to Operations of Private Market Interests.	3			1	1	1
Other.	5		1	2	1	1
Don't Know How Neighborhood Changed.	2	1		1		
Excluded as Less than 18 months in Park Slope	11	3	2	4	2	
No Answer.	6		3	1		2
	85	19	17	16	16	17

Another respondent, the son of a White clerical worker and homeowner on Second Street, describes an expansion in the upper-middle class housing market as due to the competitive attributes of the area.

> "Better class of people. It seems if they keep it as a one family house, you say "My God, they must do something outrageous to be able to afford an $100,000 house...There's a guy who is a vice president of a bank,... a veterinarian, there's a psychologist across the street, a psychiatrist up the block a little bit further..."
> (Why is this occurring?) "People get sick of the Island...especially the ones that work on Wall Street where I do. I see the guys in before me and they leave after me. And I know they have to spend an hour or an hour and a half traveling. So they can't see their family at all. Now, if they live in Park Slope or Brooklyn Heights, they're close enough so they can get to Manhattan and get home to see their children."

The local expansion of the upper-middle class housing market is, ironically, perceived to be due to the competitive advantages of Brooklyn over Long Island suburbs.

Five of the respondents believed there was a deterioration in the social order in the neighborhood. These changes were described, in two cases, as occurring in the northwestern section of Fifth Avenue and, in three cases, as an expansion of lower class residents throughout the area. The following Black professional and tenant on Second Street describes changes in the social order due to the intrusion of irresponsible residents who live below Seventh Avenue.

"I remember a group from Fourth Avenue and I asked

> them what they were doing on my stoop... They were drinking beer on my stoop. And they got indigant when I asked them off. "March on, take your beer off my stoop." They challenge you...(This) wouldn't happen before. It was inconceivable that people from Fifth Avenue would come across and make such a scene."
>
> (Why is this occurring?) "I just think it is the current upbringing of the current generation. The parents don't have time for the kids or don't want to be bothered with them."

For this person, the lack of respect for property rights is due to the improper training of teenagers who are identifiable as from a lower income section of Park Slope. This identification of a decline in the social order of Park Slope by a minority of Second Street respondents, along with a concern among these residents with public safety in the neighborhood (See Table 5.8) reveal the edges of class division and suspicion within the community.

On Sterling Place, nine of the twelve respondents believed the area had changed. Seven believed the area had improved and two believed the neighborhood social order had deteriorated. As was true of descriptions of changes on the block, minority respondents tended to describe changes in the local social as due to the movement in and out of the neighborhood of irresponsible or respectable residents. In turn, the new white collar residents concentrated on the attractiveness of the area for new middle class owners. One White professional homeowner described changes in the block and neighborhood in the following manner.

> "Population density on the block has dropped. Rooming houses are reverted to one and two family houses. Even the number of people living in a given unit has dropped. There used to be hundreds of kids on a warm night. There would be a mob out there. Now it's very quiet... The income level on the block has risen. I observe that just from the automobiles that are parked on the block. There used to be some of the wildest tin lizzys you ever saw. On Saturday morning it looked like an auto lot with every other car with a body under it."
>
> (Why did this occur?) "Because they could buy it inexpensively and put their own labor into it and therefore increase their own equity through sweat."

For this person, improvements in the social order were due to an expansion of the middle class housing market which displaced poorer families; an expansion which occurs as homes are financially competitive with other locations.

Among the thirty nine respondents of Carroll, Tenth and Sixteenth Streets from whom opinions were received, thirty said their neighborhood had changed in the past few years. The great majority of these, twenty three, believed conditions had worsened. Only four believed conditions had improved. Sentiments about worsening conditions focused on the local social order or commercial and housing deterioration. The most frequent set of explanations for these worsening conditions was the replacement of respectable families by what was considered more irresponsible minority families.

This cycle of declining social conditions, housing and public facility deterioration, and the replacement of respectable families was seen as an inter-related and

and self-perpetuating process. From the respondents' perspective, lower class residents have few ties to the existing political-economic system because of personal indolence and as such are uncommitted to the maintenance of a respectable social order. As the number of these families increases, the resultant declining conditions drives even more respectable residents out of the area. This leads to even worse conditions. A White blue collar homeowner couple on Sixteen Street describe their beliefs about the connection between declining commercial facilities on Seventh Avenue between Ninth and Sixteen Streets, and irresponsible families.

> (Why do you Seventh Avenue is gone?) Wife, "Well most of the shops, the vegetable stores, and the meat stores, and everything left." (Why?)"Maybe because of the Puerto Ricans. I don't know what it is with these people. I don't know whether they get a great enjoyment out of robbing these stores or breaking into them." Husband, "The Italians who used to live there used to rent to their own kind, but they started to sell to the Puerto Ricans and once one comes in, they all come in. That's how we got them."
>
> Wife, "In the meanwhile, you know these houses are slums and you know what's causing all of this, is the home relief which gives all these big rents for these slum dwellings. And I don't know whether they ever come to see what's going on. And they're paying three and four hundred dollars for these people to live in those slum dwellings."

In other words, respectable Italians were replaced by unemployed Puerto Ricans who robbed and burglarized stores out of business. Furthermore, in this moderate income area, households on public assistance could literally outbid working class families for housing with the help of government subsidies. Thus, the market power

of working class families is insufficient to exclude even the poorest families who receive even modest state housing subsidies.

A disabled White tenant on Sixteen Street describes how the breakdown in social order leads to further evacuation of the area by more respectable families.

> "Everybody is running, getting out of town. Like I said, there have been a lot of fires, robberies, burglaries, rapes."(Are the people moving in different from the people moving out?)"They're welfare people."(Even if it was a welfare family, why would that make it worse?)"Because most of the people on welfare don't work, they don't care. I don't say all. There are some people that it's bad for them. They've had a lot of bad luck. A lot of people on welfare use drugs and drink. They're not the nicest in the world. I mean they're still getting welfare and pulling their shit...."
> (Why is this occurring?) "Because it started with one or two and the people with jobs said the hell with it and move. In fact, they get out of Brooklyn, not just another neighborhood. Quite a few people are moving to Staten Island and Long Island. People with decent jobs. They all used to be in this neighborhood."

A Hispanic professional and tenant on Tenth Street outlines his belief how even the hint of racial change can panic White families and initiate the cycle of deterioration.

> "Like I said the whole neighborhood changed racially. ..(The) stores have changed. They have changed from a nicer quality store to bargain type of deals. To repeat myself, the racial balance changed.
> A lot of it has to do with the scare. It's like you have a fine suburban community and you get a Black or Puerto Rican family who have about two houses in the neighborhood. It starts a scare and they start selling out. The neighborhood changes over night. I think it has happened here. It threw a scare into the people here and they started leaving."

As the process of racial change has to start with one or two families, presumably even the presence of middle class minority families, such as the above respondent, can be used as an indicator of the cycle of deterioration.

Interestingly, the expansion or contraction of the white collar and blue collar housing markets or the Black side of Brooklyn's dual housing market, was used to interpret patterns of neighborhood change. However, the behavior of major actors and institutions in New York City's business and housing markets were infrequently linked explicitly to these patterns of change. In only three cases were such links made. The most elaborate description of this link was made by a small housing contractor on Carroll Street. He linked escalating costs of housing renovation to the actions of speculators and banks. He states:

> "I feel that the drive to renovate is dying. I hate to see it happen. There are less people doing it because the houses that are left for renovation and need work are still in the hands of slumlords who want incredible prices. When everybody came and fixed up, the values of slumlords' property went up too. Now they are going to sit on them and make the best of it. It's very sickening. I see it all the time. And, of course, the banks don't make it easier."

This person went on to explain how this speculative activity is reducing the ability of families to convert houses to private residences valued as a place of residence and social status instead of a source of profits. Indeed, by 1981 most of renovation work in Park

Slope was being done by speculators who were converting private and multi-family homes into cooperatives. While this person's unusual role in the local housing market made it important to understand its major actors, the great majority of respondents relied on the character and income of current residents to interpret patterns of neighborhood change.

In the next two questions, the respondents were asked to describe what they believed their block and neighborhood would be like in the next five years. Furthermore, they were asked the reasons for these predictions. Table 5.12 displays the respondents' predictions for their blocks.

On Second Street, fourteen of the nineteen respondents believed the block would remain the same or improve. These optimistic reports were overwhelmingly based on the belief that the block would continue to attract middle class families. A White professional tenant on Second Street believed there would be an expansion of the middle class housing market as the area was competitive.

> "(If) somebody sold here they're going to sell it for more and make a profit on it. I think this area is good for families, for people who worry about their kids and schools. Part of the myth is that this is where everybody is going and you want to be there before everybody else. It's sort of a self-perpetuating thing. My friend is worried about her kids and where they're going to school. So she'll come here and bring her kids and somebody else will bring their kids."

Implicit in this statement is that the reputation of Park Slope is widely known by middle class families

Table 5.12

Block Predictions, by Block

Predictions	Total	2 St.	Sterling	Carroll	10 St.	16 St.
Same Condition						
Stability from Market Strength.	11	7	3			1
Respectability of Current Residents.	12	2		1	5	4
Attractive Mix of Public Facilities and Homes.	3				2	1
Defensive Actions of Homeowners.	2	1				1
Other.	4	2			1	1
Improvements						
Competitive Middle Class Area.	6	2	1	2		1
Evidenced by Actions of Current Respectable Residents.	10		3	5	2	
Respectable Replacing Irresponsible Residents.	2		2			
Other.	2		1	1		
Conditional						
Need Stability of Current Respectable Residents.	10	1		2	3	4
Other.	4	1	2		1	
Poorer Social Order						
Influx of Irresponsible.	7	1	1	2	1	2
Other.	1	1				
Don't Know Future Condition	9	1	3	3	1	1
No Answer	2		1			1
	85	19	17	16	16	17

in the metropolitan region. The market demand for the block is not composed of people from local sections, but from people throughout the metropolitan region.

On Sterling Place, twelve of the sixteen respondents believed the block would be the same, improve or conditionally improve. Among the five professional and managerial homeowners interviewed, all based their predictions on the expansion of the middle class housing market. Included were descriptions of financial factors and attributes of the area which would help this sector of the market to expand. The following professional owner offered a conditional prediction based on improvements on Fifth Avenue sufficient to attract new middle class families.

> "If Fifth Avenue shows an appreciable upgrading, I think the block will change even more so in terms of what we have been talking about. There are still five or six rooming houses still on the block. All of them would be sold if the right price came along. The only problem is that the price they are asking is unrealistic for the particular neighborhood that the block is in. But if the lots are cleaned up, better stores came and better housing on Fifth Avenue then the block would naturally just become more desirable and eventually they would be sold."

In this statement, the displacement of poorer families is clearly seen as a consequence of a expansion of the middle class housing market.

In contrast, the blue collar, service, and publicly subsidized tenant and owner families tended to base their predictions on the character of the new owners rather than on the strength of the real estate market. To

elaborate, financial and market factors play less of a role in their predictions while the values and interests of residents is emphasized. A blue collar Hispanic tenant clearly expresses this sentiment.

> "It will be better. Everybody seems to be giving a face-wash to the buildings and fixing up. People are more interested. Everybody seems to enjoy it more." (Why?) "The new people coming in." (Why do they have this interest?) "The preservation thing."

A more elaborate character description is provided by a White tenant service worker.

> "People are really into fixing up. People are fixing up the outside. People are putting up trees." (Why?) "You are getting a younger set of homeowners. Most of the people are in their thirties or forties and they're active. Like I said I was never into community stuff before, but they are getting CETA slots. I never heard of stuff like this before. They are all people from the sixties. They know what organizations to go to, to get exactly what they want. People on the block have expertise with funding agencies."
> (Why do you think they are bothering to put this time and energy together?) "My personal feeling is that anyone who was involved in any kind of movement is going to use that energy. You'll find that a lot of the women in their thirties have young children and this is their home. Now they're not into playing merry housewife, but they are not into work either. So here is a cause."

This person was able to detail the organizational abilities of members of the block involved in community organizations. However, her reliance on stereotypical character inferences does not provide a reliable guide to the interests of the new white collar group, in general. For instance, a tacit assumption of both the above statements is that as the new owners are respectable they will respect and defend the rights of other residents. They

will act in a social network of mutual reciprocity.

However, this is not the model upon which the new middle class owners are evaluating their behavior and the block's future. They are, instead, using an economic model. They are depending upon strengthening market demand by other respectable middle class people to improve the block's social order. As such, the rights which will be most strongly defended are property rights. In particular, they will defend and assume the right of owners to evict tenants in order to renovate a brownstone.

On Carroll Street, a smaller proportion of professional and managerial families were interviewed than Sterling Place or Second Street. As such, the respondents relied less on market conditions for basing block predictions and more on the character of current and perspective residents. Of the twelve who offered predictions, only two based their answers on market conditions. The other ten based their predictions on the respectability of residents. One of the two predicting a strengthening of the market was a local contract construction worker and property owner. He states:

> "People who do want to buy a house now have to come this way. You can't buy up there. I has gone too high. This same house up by the park is worth $80,000. I guess I am scared of the tenant buildings that are around. Tenant buildings are very dangerous to a neighborhood in the sense that landlords aren't going to do anything. The buildings run down. You have to make a sacrifice and get a home improvement loan and do something with the building."

In particular, this person was relying on the expansion of the high rent district to make it profitable to convert tenement buildings to private homes and to improve the value of his own speculatively bought home.

More typical of comments on this block were predictions based upon the respectability and character of residents. This retired White tenant believed there would be a better social order on the block based upon the actions of current residents.

> "I think there will be quite a change because the people on the block are nice and they want a nice block. I think it will change because they are trying very hard. The people are nice. The homes are nice. I don't know about Fifth Avenue. It doesn't look like it has come up with anything yet."

The following retired homeowner offered a conditional prediction based upon the stability of current residents.

> "We shudder to think if it keeps going the way it is now. Well, if all the owners of the small houses stay put, it will remain the same, but if people start getting panicky and start selling, then it will be in a shambles."

Thus, on Carroll Street opinions about the future were generally based upon the actions and character of current residents rather than on a belief in the strength of a middle class housing market.

On Tenth and Sixteenth Streets, twenty six of the thirty two respondents said the block would remain the same, improve, or improve conditionally. Among these twenty six, nineteen based their predictions on the respectability of current residents. Of the four

respondents who predicted increased social disorder on the block, three were based on the belief current residents would be displaced by irresponsible ones.

The most common reason for assuming the stability of current residents was the low mobility of elderly and large families or of homeowners. A Hispanic tenant and professional worker, one of the three respondents to believe Tenth or Sixteenth Streets would improve, states:

> "I think there will be progess in all aspects. There are so many people with a vested interest in this area. In this building, for instance, there was a tendency for the kids to vandalize the building. I found out that some of them were angry with the super for closing the playground at 7 o'clock. So they took out their anger by writing on the walls.
>
> The tenants in the building had a petition to get rid of the super because he was bullying us too much. I called his office about this guy because he did not have the temperment for the job." (Why is this a stable area?) "If you live in the same building with me and you are a good neighbor to me and you receive my letter by mistake and later give them to me, there is a tendency for you to remain there."

In other words, a social order characterized by mutual respect and social reciprocity increases residents' commitment to the area and its social order.

This Black service worker and tenant on Tenth Street, in offering a conditional prediction based on the stability of current residents, illustrates two commonly perceived threats to a respectable social order.

> "I noticed across the street here a Black family. I don't think they are Black Americans because I heard the lady talking. They say when a Black family buys all the White people move out. However, I hope not. If the people keep it up the neighborhood won't change. It depends upon the pride the individual has.

> Usually homeowners are just concerned with a decent place to live.
>
> I have a girlfriend who lives out in Flatbush and she sold her house because the neighborhood changed so much. It changed over night. She said a lot of foreigners were buying homes and she couldn't deal with all of that. Like next door to her, a house was sold to a Haitian family. She said a lot of them lived in the house. Everything changed so much, she just sold the house.
>
> This is what happens. When the landlord don't live there, they don't care about anything but the money. They are not interested in keeping the place."

This Black resident acknowledges the common social belief that the entrance of Blacks is perceived by Whites as a threat to the local social order, but hopes the respectability of the new Black owner is sufficient to evaporate their fears. The second (assuming she believes the Haitian was an absentee landlord responsible for crowding a home with people) is that the profit motive provides an insufficient interest for the maintenance of a respectable social order. In fact, greater profits are frequently made by disregarding the rights and interests of others. A neighborhood's web of social tolerance and reciprocity can be torn apart by owners who view property as a commodity to be used for extracting a profit.

In the last question to be analyzed, the respondents were asked to predict what their neighborhood would be like in the next five years. Furthermore, they were asked to offer the reasons for these predictions. In Table 5.13 are presented the respondents' replies to this question.

On Second Street and Sterling Place, twenty seven

Table 5.13

Neighborhood Predictions, by Block

Predictions	Total	2 St.	Sterling	Carroll	10 St.	16 St.
Same Condition						
Stability from Market Strength.	3	2	1			
Respectability of Current Residents.	2					2
Predominance of Private Homes.	4				1	3
Other.	4	1	1	2		
Improvements						
Competitive Middle Class Area.	7	4	2	1		
Influx of Respectable Middle Class.	4	1	2	1		
Prospering Business District.	2				2	
Other.	2	1	1			
Conditional or Poorer Conditions						
Stability of Current Respectable versus influx of Irresponsible.	16	1	1	3	7	4
Expansion or Contraction of Middle Class District.	7	3	1	1	1	1
Impact of Specific Redevelopment Projects.	4		1		2	1
Profitability of Tenements.	2	1			1	
Employment in New York City.	2	1				1
Negative Impact of Growth of High Rent District.	3	1	1	1		
Other.	1			1		
Don't Know Future Condition.	8	1	1	5		1
No Answer.	14	2	5	1	2	4
	85	19	17	16	16	17

respondents offered neighborhood predictions. Sixteen, or a majority, said the area would be the same or improve. Among these, nine based their predictions on the strength of middle class housing demand and investment in the area, three on the influx of new respectable middle class families, and only one other based her predictions for improvements in the area on the respectability of current residents. Therefore, predictions about the stability of the neighborhood largely depended upon the demand for housing by middle class families.

Typical of the comments of professional and managerial families is this statement by a White professional tenant on Second Street.

> "What I think is that the neighborhood will be bigger. ...More and more of the boundaries I delineated before are going to expand. People are buying out and ... Seventh Avenue might not be the dividing line. Sixth Avenue might be the dividing line five years from now. ...(These) buildings between Sixth and Seventh Avenues are being bought by families and being renovated and whatever. So, if anything, the area will expand. I think it will become more expensive, higher income levels, border lines going to expand."
> (Why do you think this will happen?) "I think for a lot of people the kind of housing this area affords, the brownstones and even the apartments, compared to Manhattan prices, are still deals. Even if the real estate people are ripping you off to no end...(There) are enough of the middle class who can afford it."

This person based her predictions for an expanding high rent district on the assumption there is a large pool of middle class people looking for an alternative to higher rental districts of Manhattan. As a consequence, poorer families on nearby avenues will be displaced as middle class families outbid them for apartments and homes.

In contrast, working and lower-middle class residents tended to reply on the character of their new middle class neighbors for predicting future conditions. The following clerical worker and tenant on Second Street, for instance, based her predictions for an improving social order on the character of new middle class residents.

> "I think it will be better. I think we had our problems (and) I think there was a time when Park Slope was really on the way down. But I think there are a lot of community groups, people getting it together, people being interested in the area, and it's coming back... (It is due to) the people who have moved into Park Slope. I think they are putting it together."
> (Why is this happening?) "The brownstones. I think that was the biggest attraction. And they invested a lot of money. If you're investing your money you are going to see what you can do to keep your house, the value... I think Park Slope is very fortunate that people from outside Park Slope moved in."

For this person, the social order of Park Slope was saved by active community-minded middle class residents interested in protecting their financial investments.

On Second Street and Sterling Place, eleven respondents offered conditional or poorer condition predictions. Four of these respondents considered factors which might affect the expansion or contraction of the middle class housing district. Interestingly, they considered factors which would affect the cost and manageability of the area for middle class families. They did not invoke considerations of a changing labor market in New York City.

For instance, the following White managerial homeowner on Second Street describes Fifth Avenue as a lower income section salvagable only by middle class families looking

for a real estate bargain.

> "Well I hope to hell that it remains stable or upgrades. I hope the houses down the hill where it is still possible to buy a house for fifty to sixty thousand dollars attract people who want affordable urban housing. And that those blocks become a bit less dense... Everytime there is a fire I cringe that it's never going to be restored."

Another Second Street resident, a White retired business owner, predicted increased social disorder as the middle class finds New York City increasingly unmanageable.

> "(Maybe) for five years it will still be good but for a little longer period of time I think most of the people will move out and it will deteriorate with the rest of the neighborhood."
>
> (Why?) "For the simple reason as in the rest of the city, the middle class is moving out because of high taxes and everything else... I think they have lost one half million in the last ten years out of New York City. More than that."
>
> (Why do you think people are moving out?) "If you're in business: taxes. As far as bringing up children...there's a better environment outside, especially for young people. They can live just as well. Maybe they won't make as much money but they can live cheaper outside the state than they do here. For everything you do here you have to pay through the nose."

For this resident, New York City and his particular neighborhood are becoming relatively less manageability for the middle class as compared to suburban or out-of-state regions. Thus, in these considerations of the expansion or contraction of the middle class district, it is the relative manageability of the area, including social and financial factors, which is the basis for predictions.

Only one respondent, on these two blocks, based his prediction about neighborhood change solely on economic

changes in the city. This Black professional tenant on Second Street offers a conditional prediction.

> "The reason there is a dichotomy between this part of the hill and the lower part of the hill is because people have money... (They) think this is a good place to get people to mug and rip-off. You don't get as much burglaries as you do personal confrontations. And I think this neighborhood will attract more and more of that as the socio-economic crisis gets worse. Unless you can bring up the rest of the area to some degree you are going to have a lot more of that. It's increased tremendous.

For this person, if economic conditions get worse in New York City, the economic differences in the neighborhood will also increase, inviting increased social conflict.

Only two of the respondents on these two blocks, and a third on Carroll Street, predicted any negative consequences of an expanding high rental market. This statement is by a White professional homeowner on Sterling Place.

> "I think it will be a different group of people. People moving in now are - they are willing to renovate but not to the same extent that they were ten years ago. Perhaps there is more money among those now moving in.
>
> There was a great deal more interacting when I first moved in here in terms of Blacks (and) Whites in the block than there is now. Newcomers tend not to be as outgoing. Maybe simply because they don't have to be. They are more concerned with their own family and house than they are with the neighborhood as a whole. The problems of the neighborhood are not as pressing as they were five or six years ago. The area used to demand it."

Presumably, as the number of middle class residents increases it is becoming less necessary to negotiate differences with neighbors in order to establish a sense of mutual respectability.

A White local public school teacher on Carroll Street

elaborates on the negative social implications.

> "Well I think above Seventh Avenue is going to be extremely expensive. I think you're going to get an elitist class. I think you will get more of a class breakdown than there is right now. I think you are going to get a lot of people who never lived in Brooklyn who heard about it and will move in because it will become a new chic place to live.
> It might break down into this side of the tracks and that side of the tracks, above and below Seventh Avenue. It seems increasingly moving that way. You know you have more and more private schools in the area and less and less of a mixed group of kids going to the public schools in the area."

In the creation of new private institutions for members of their own class, the new white collar families will have even less need to negotiate differences with members of different economic groups.

On Carroll, Tenth and Sixteenth Streets, twelve of the thirty six respondents who offered neighborhood predictions, predicted stable or improved conditions for their area. Six of these predictions were based on assumptions about the stability and respectability of current residents and homeowners, two on improvements in the business district, and two on the presence of middle class families. On these blocks, assumptions about the expansion of the high rental district played less of a role in predictions than the character of current residents.

The most common reason given for local stability was the stake of homeowners in the neighborhood. This sentiment is illustrated by the statement of a White clerical worker and homeowner.on Sixteenth Street.

"I shouldn't think it will change that much."(Why?)

> "Well there's a lot of two family houses in this neighborhood and not too many people move out. And anybody that moves into a two family house is going to take care of it. It's not like an apartment house where when something goes wrong they say, "Let the super take care of it." Then if you don't have a good super who takes care of things, it hurts the block."

The second most common reason for predicting stability was the low mobility of the elderly. A White blue collar owner on Sixteenth Street states his opinion.

> "Wouldn't change. People stay here. It's the old people who die and sell their homes. There wouldn't be any change until the children grow up. This is not a transient neighborhood."

Among the twenty four on these three blocks who offered conditional or poorer predictions, fourteen were based on the respectability of residents, three on the expansion or contraction of a middle class district, and three on the impact of specific construction projects in the area, including the Goya Mall, and the senior citizen project on Eighth Avenue. Only one was based on economic conditions in New York City.

As the presence of homeowners and the elderly strongly influenced predictions about neighborhood stability, indications they may be moving influenced conditional or poorer predictions. A White clerical worker and owner on Tenth Street states her opinion.

> "Some of the blocks look very shabby. It only indicates that the people in the houses are getting older (and) not able to take care of them and whatever. In that case who would move in. If the people who move in would take care of it, then it would be the same, but you don't know what you are going to come up with."

The same sentiment is offered by a White clerical worker and homeowner on Tenth Street who predicted a poorer social order.

> "In five years I think it will stay about the same but after that it will eventually get worse because there are less and less people. They are getting older." (The generation that you grew up with?) "Right. They will eventually leave the neighborhood. Most of them are ready to retire or are already retired. I think they will have to move. They won't want to move. They feel they would have to move because they would be surrounded by an element that we don't want in the neighborhood, but there is no way to prevent it."

This person obviously does not believe her moderate income neighbor's have sufficient economic power in the private market to exclude unwanted families.

A Hispanic tenant on public assistance describes his belief on how racial change will lead to a breakdown in the local social order.

> "Now the blocks are clean and the people keep their things together and nobody is getting robbed. But as I said, as things change it's going to be like that: people getting robbed... Right now we really have people watching out for one another. To see a stranger going into somebody's house, definitely they're going to call the police and take action themselves."
> (Most of the people around here know each other?) "Right. They might not know them by name but by faces. We more-or-less know whether you're a crime type or whatever. When we first moved in they probably figured we were the crime type, but that's the way they look at it. Ya know, Puerto Ricans and Blacks, they really like to hurt people. Not everybody. They see a Black or Puerto Rican coming and they figure that he's here to rip-off the block or the people."

A poignant statement as this person acknowledges a social stereotype that racial change will led to social disorder and because of his ethnicity, he is identified as

a criminal type and a harbinger of disorder. In general, it was beliefs about the consequences of racial change and the mobility of current respectable residents, including homeowners and the elderly, which were used to predict the direction of change in these three blocks.

In summary, on Second Street and Sterling Place descriptions of block and neighborhood change focused on conditions affecting the expansion of a middle class housing market or on the character of new middle class residents. In particular, professional and managerial residents described changes as due to the competitive attributes of the area, an increase in the number of new middle class families, and the reinvestment of new capital in the area. The majority were optimistic conditions on their block and neighborhood would remain the same or improve. These predictions generally lacked reliance on the changing structure of New York City's labor market. Instead, they were based on observations of an expanding high rental market and by references to the interests and motives of peers in a Manhattan oriented white collar social reference group. In particular, Park Slope offered an affordable but acceptable alternative to the high rent districts of Manhattan.

Indeed,this basic optimism was strong enough for certain middle class families to move into integrated blocks, while compromising their own social status, with the expectation the high rental market would eventually

displace most lower income families.

In contrast, on the predominately lower-middle and working class blocks of Carroll, Tenth and Sixteenth Streets, residents were generally optimistic about the future condition of their own block, but less so about the future of their neighborhoods. These predictions were not dependent upon an economic transformation of their neighborhood but upon the respectability of their neighbors. The race, age, tenure and behavior of residents were used to predict future conditions. On their own blocks, they had the most detailed information and generally predicted stable or improved conditions. However, as their neighborhoods were filled with more contradictory information while the respondents did not possess intimate knowledge about all the neighborhood's residents, the respondents tended to make more stereotypical interpretations of neighborhood conditions.

The perceived threats to neighborhood stability were absentee landlords who milk property for rental income, and lower class families, particularly minority families, owning nothing and uncomitted to the maintenance of a respectable social order. Again few links were made to the major economic and political institutions affecting the distribution of income in New York City.

Conclusion

A major proposition of this chapter has been that the position of individuals and their neighborhoods in

the political economy of New York City strongly influences their identification and interpretation of neighborhood change. It was argued the dependence upon the labor market for personal sustenance imbues individuals with the necessity for learning the skills and values necessary for the sale of their labor. Furthermore, as community facilities are supported by the collective expenditures of residents, all community residents are dependent upon the ability of others to sell their labor in the market place. Thus, as each family is essentially solely responsible for their own sustenance, their success substantially affects the ability of other residents to manage their local family affairs. The continuation of a manageable social and economic order in a neighborhood and community depends upon a common commitment of residents to the values and requirements of the private labor market.

In this context, individuals who apparently fail to demonstrate a willingness to accept social responsibility for their own sustenance are held in low regard by others for two reasons. First, they are believed to lack the maturity to accept the burden of responsibility which other workers must bear. Second, lacking such a commitment, they undermine the respectability and manageability of the community for other residents.

Given this set of social beliefs and circumstances, the character of neighborhood residents could be presumed to be inferred from the attributes of an area. Presumably,

the most able and socially committed would be earning the highest wages in the labor market. In turn, they would be able to afford to present the best material impression in their homes and possesssions. An exclusively wealthy neighborhood would present the best physical image while a lower income neighborhood, regardless of the character of its residents, would present a relatively poorer social image.

However, the structural change of New York City from an industrial to corporate political economy differentially affected the ability of classes and races to successfully sell their labor, and their ability to support and maintain private and public community facilities. These structural changes include the loss of blue collar and semi-skilled white collar jobs and the growth of professional and managerial professions. These structural changes would tend to reinforce existing class divisions within New York City. This occurs as it would be relatively more difficult for members of blue collar and lower class families to successfully sell their labor, regardless of their individual character. Additionally, the consolidation of losses in the housing market in the historically segregated and under-capitalized Black side of the dual housing market, undermines the ability of Blacks to support community facilities and their claims for social respectability among Whites.

In the residentially segregated community of Park Slope

with a substantially complete residential and public sector infrastructure, it could be expected the most pressing concerns of residents would be the economic position and character of neighbors. In particular, among middle and upper-middle class residents in the expanding high rent white collar district, the major concerns should be the continuation of demand by other middle and upper-middle class families.

In turn, the moderate income and blue collar districts of Park Slope have witnessed the ravages of capital disinvestment and housing abandonment, and more recently the displacement of lower income families by upper income families. Here, major concerns should be the continuation of an acceptable social order: a social order essentially dependent upon the character rather than the wealth of neighbors.

This set of propositions was explored through three sets of questions. They examined residents' conception of the social status of their community and neighborhood, evaluations of neighborhood attributes, and descriptions of block and neighborhood change.

On the best features about living in their neighborhood, a majority of references by residents included descriptions of the local infrastructure, including public facilities, attractiveness of site, and location of area in New York City. On social relations, accounting for a minority of references, residents of the moderate income blocks most

frequently cited the social respectability of their neighbors, including the maintenance of streets and property, lack of social disturbances, and an atmosphere of mutual support and tolerance. In contrast, upper income residents of Second Street and other blocks, almost exclusively cited the compatability and accessibility of their neighbors as a valued attribute of the area.

On the worst features of the neighborhood, the majority of complaints concerned social relations. In particular, a series of inter-related complaints were made about feelings of personal insecurity from lower class residents, the social habits of lower class residents, and an expanding number of minorities. Essentially, it was believed lower income people, particularly minorities, were largely uncommitted to the requirements of social respectability and were thus unpredictable and possibly dangerous.

However, these complaints should be weighed against the residential relocation plans and recommendations for the area among the residents. With eighty four percent of the residents willing to recommend their neighborhood to a friend, and over sixty percent with no plans for moving, the relative attributes of the area outweigh its negative ones.

Indeed, it was a particular segment of the sample which wanted to move. It tended to be blue collar and semi-skilled white collar worker families who desired to

move, and their most frequent destination was a rural or suburban area. It was not the ravages of an integrated working class neighborhood driving them out, but the pull of more pleasant rural settings with presumably similar job opportunities. It was professional and managerial families who had the least propensity to leave New York City. These class differences are not the by-product of personality differences, but of the relative opportunities and constraints different occupations groups have in New York City. It is the upper-middle class professionals who have the greatest job opportunities in New York City plus the greatest market ability to reconstruct the social life of neighborhoods to suite their specifications.

On the questions about the reputation of Park Slope, the self-descriptions of neighborhood status, and the residents' descriptions of each other's block, there was little social concensus between blocks. The exception to this trend was Second Street.

In a substantially White section with houses priced over 140,000 dollars in 1980, Second Street residents tended to both describe the reputation of both Park Slope and their own neighborhood as cosmopolitan. This reputation included references to a place with parochial social networks yet supportive of sophisticated lifestyles. In other residents' description of the area, they made direct associations between the character, wealth,

physical appearance, and social order of the section. This prosperous well maintained area was described as a highly respectable area with socially responsible residents.

Among the remaining blocks, in largely moderate income and racially integrated areas, the majority of residents described their neighborhood as good or respectable. Interestingly, there was a tendency for moderate income White residents to defend their area as acceptable in contradiction of the opinions of peers in suburban areas. However, when describing each other's block, residents tended to be more critical, with the exception of the Second Street area, and to make invidious sterotypical social inferences. Indeed, the areas of Sterling Place and Carroll Street were nearly unanimously identified as lower class and residents irresponsible. These two substantially racially and economically integrated blocks were open to comparisons which essentially blamed residents for their poor housing conditions and poverty.

With the character of residents inferred from the condition of their neighborhood, the operations of the dual real estate market serve to confirm some White's belief that racially integrated areas are potentially disorderly. Blacks in this sample frequently acknowledged White's social beliefs about them. However, they did not, of course, hold the same beliefs about White supremacy. Instead, they tended to blame, particularly middle class

Blacks, patterns of deterioration in minority areas on systematic social discrimination against them as well as on "irresponsible" minorities. A Black blue collar tenant on Tenth Street describes how she believes landlords exploit Blacks.

> "To be honest with you, anytime you find a building that is predominantly White, it's all kept up to date. But once all the Whites move out and all Blacks and Puerto Ricans move in, the landlord is only interested in collecting rent. Never mind about services. Lefrak, the managing group, is all White. Their office is on Queens Blvd. and I have never seen a Black face over there."

A Black clerical worker and tenant on Tenth Street describes a skepticism about city policy toward Blacks.

> "I am sure among White people, they feel if they don't clean the building someone will clean the building. Just the way you go into an all White neighborhood and the streets are immaculate. I don't think they go out and clean the streets themselves. The garbage man goes there and sweeps and they go out there and make sure it's cleaned out. (The Mayor) or whoever would hear about it if they did not pick up the garbage. They have the power."

While not accepting the idea of White supremacy, Black residents still felt they had to demonstrate a social respectability, otherwise unassumed. A Black tenant on Tenth Street describes her feelings.

> "I think this is a predominantly White neighborhood and they really didn't want us and they made no secret about it. But they didn't come out and do something you could put your finger on... Now I think the same people are glad we are here...You know you get your strength from the people on the block regardless of whether you want change or not. And I imagine that they felt it would be a step down for them. But you have to show them you are not animals and you just want a better place to live."

Indeed, given the continued stability of Tenth and Sixteenth Streets, in substantially racially and economically integrated areas, by 1981, respectability of an area appears more important a criterion for neighborhood satisfaction than the race of neighbors.

Finally, on the questions of block and neighborhood change, the lower-middle and working class residents of Carroll, Tenth, and Sixteenth Streets essentially relied on the stability of current residents, homeowners and a respectable social order as a defense against local deterioration. In contrast, the middle and upper-middle class residents of Second Street and Sterling Place depended upon a metropolitan wide demand for housing in the area. The area's economic exclusiveness would protect against change.

Among this upper income population, as lower income and particularly minority families were believed to be less respectable, there was a strong tendency to view social improvements in the area as contingent upon the simple expansion of the high rental market. Few considered the negative consequences of displacement of poorer families.

Among the working and lower-middle class residents on Carroll, Sterling Place and Second Street, they generally saw the new middle class as a positive improvement to the social order of the block and neighborhood. They also expected this group to empathise and defend the rights

of all respectable residents. They did not understand their displacement was considered a neighborhood improvement by their new neighbors.

The general belief in the connection between the presentation of material goods, position in the labor market, and personal character leaves the working class in Park Slope relatively ideologically defenseless against their displacement by upper income families. The renovation of a neighborhood which includes the eviction of a working class family would tend to reconfirm their personal knowledge about their relatively low social status. In turn, the same set of beliefs would also be used by upper income families and speculators to validate their opinions about the social virtues about moving into poorer areas and displacing others. They can believe they have saved the neighborhood from further deterioration without seriously examining what the costs are for former residents.

Furthermore, these social beliefs about the value of an expanding high rental market are based in other ideological and practical considerations. First, Park Slope was valued by upper income families as an attractive residential area with socially compatible and accessible neighborhood peers. In this regard, the institutions and social networks of the older working class population were considered irrelevant or hostile to their interests.

Thus, there is little basis for this class to feel a loss in the displacement of the working class. Secondly, as the aggregate incomes of upper-middle class families will support a more attractive array of private and public facilities, as well as increasing the resale value of homes, the conversion of tenements to co-operatives would generally be celebrated as an improvement in the community. Indeed, self-respect and social commitment provides a thin defense against class and private market interests.

Notes to Chapter Five

(1) Discussions with Professor Gary Winkel led to the preliminary formulation of the concepts of environmental manageability, permeability, legibility and predictability. For his alternative definition of these concepts, see: Winkel, Gary The Perception of Neighborhood Change (Environmental Psychology Program, Graduate Center of the City University of New York, mimeo, n.d.).

(2) For reviews of literature on environmental cognition, see: Downs, Roger & Stea, David Maps in Minds (New York: Harper & Row, 1977); Ittelson, William (Ed.) Environment and Cognition (New York: Seminar Press, 1972); Liben, Lynn, Patterson, Arthur, & Newcombe, Nora (Eds.) Spatial Representation and Behavior Across the Life Span (New York: Academic Press, 1981); and Moore, Gary & Golledge, Reginald (Eds.) Environmental Knowing (Stroudsburg, Pennsylvannia: Dowden, Hutchinson & Ross, Inc., 1976).

(3) For a useful critique on the narrow focus of research in the field of environmental cognition, see: Buttimer, Anne "Exploring the social dimension of environmental knowing," pp. 214-218. In Moore, G. & Golledge, R. (Eds.) ibid.

(4) Tumolillo, Allan "How one New York neighborhood was destroyed," Council on Municipal Performance Newsletter (1977: 3).

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(8) Phoenix "South Slope's Ansonia Clock Factory Should be 78 Co-ops by Next Spring," April 9, 1981.

Chapter Six
Conclusion

The theoretical task of this case study was to relate the intact-goal-oriented activity of individuals and groups in Park Slope, and the characteristics of the community which actually foster, shape, and underlie this activity. Strategically, this task required the examination of the process of change in the New York City Metropolitan Region, the accompanying process of change in Park Slope, and the differential impact that these changes had on the perceptions and actions of residents and community groups.

In this research, residential communities of cities in the United States were conceptualized as artifacts of the process of capital accumulation. In particular, the location, attributes and manner of internal change of a city's residential communities was conceived as a by-product of the process of the reinvestment of the surplus product in the city's infrastructure.

The central political and economic dynamic of the United States was outlined. It was demonstrated how this dynamic had a controlling influence over the development of New York City's business institutions, its social climate, and its infrastructure including public facilities and residential real estate markets. Groups and individuals representing different classes, communities and racial

groups could and did formulate alternative programs for the city's development. These would include the regular Democratic machine's interest in increasing the city debt to finance their political operations, communities protesting their decimation in the highway and urban renewal programs of Robert Moses, and minority organizations resisting discrimination in jobs markets and the withdrawal of capital and social services from their communities. However, in the clash between the interests of institutions owning the means of production and these other social interests, the interests of capital were more powerful in affecting the direction of public policy.

The central political and economic dynamic of the United States has consisted of three different modes of capital accumulation. As there were transformations in the predominant mode of capital accumulation, there were corresponding shifts in the economic role of New York City. With these changes in role, there were structural changes in the activity of New York City's business institutions, in the political mechanism needed to maintain a proper social climate, and in the facilities needed to accommodate business and the resident work force.

In the current corporate period, ownership of the means of production has been increasingly concentrated in the hands of fewer and fewer gaint corporations. This concentration along with stable corporate control over market shares for industrial commodities, has given

private corporations unprecedented control over all phases of the business cycle. This control has allowed for the increasing rationalization of the production process including the substitution of machine for human labor, and for the decentralization of industrial facilities throughout the country and world.

In this national economy, New York City has become increasingly obsolete as a site for the production and distribution of industrial goods. Consequently, the number of employed New York City residents dropped from 3.2 million to 2.7 million, the number of unemployed shot from 114,000 to over four hundred thousand, and the unemployment rate rose from 3.5 percent to over thirteen percent between January 1970 and July 1976. In December of 1981, the unemployment rate dropped to nine percent only because there was been an absolute drop in the size of the labor force from 3,140,000 to 2,897,000 since July 1976. (1).

These contractions in the labor market have hurt blue collar, semi-skilled white collar, minorities and teenagers the hardest. In particular, the number of blue and semi-skilled white collar residents in New York City dropped from two million in 1970 to 1.5 million in 1978. At the same time, the number of professional and managerial workers increased by thirty nine thousand to 792,000. (Table 2.8).

Furthermore, with an unemployment rate of 8.7 percent in the third quarter of 1981, unemployment among White workers was 6.7 percent, among Blacks 13.3 percent, and

among teenagers 29.9 percent. In comparision, in 1968 the unemployment rate among teenagers was just over twelve percent. (2). Thus, it has been workers least able to afford the burdens of unemployment, (teenagers, racial minorities, and blue collar workers), that have had to disproportionately bear the costs of the economic transformation of New York City.

With these contractions in the labor market, and the emigration of a significant share of the labor force, there was a drop in the number of occupied housing units by 174,000 between 1970 and 1976. This drop in demand was based on a loss of 293,000 White families. (Table 2.10). Consequently, in 1981 the City of New York was the owner of 8,600 residential buildings foreclosed because of property tax arrears. Among them were 3,800 occupied buildings with over 100,000 low income tenants. This trend shows no sign of abating. The City of New York estimates that in the spring of 1982 it will take title to another 6,000 residential properties in Brooklyn. Three thousand of these properties are one and two family homes, with fifteen hundred still occupied, often by owners. The collapse of the housing market in certain sections of Brooklyn has obviously made it financially impossible for some owners either to sell or operate their homes. (3).

As the need for social expenses has increased to ease

the social costs of the economic transformation of New York, the city has been forced to make overall budget reductions. Under the threat of a capital strike by financial institutions and the burden of reduced revenues, New York City has suffered real budget reductions of approximately twenty five percent between 1976 and 1981. As social conditions in the city continue to deteriorate with a rise in the felony crime rate, with whole communities ravaged by housing abandonment, with the quality of public services despairingly low, and with rents consuming an ever increasing proportion of family income, the public policy of the city government has been to rely more heavily on a private market to aid a local recovery: a private market which has found increasing numbers of the local population economically obsolete.

As part of this public policy, the city government has committed itself to hundreds of millions of dollars in property tax relief for speculative upper-middle and upper class residential construction and rehabilitation. Furthermore, as public debate continues as to what, if any, tax relief programs are necessary to maintain commercial revitalization in Manhattan, office vacancies in mid-town have dropped from a high of fifteen percent in 1974 to below three percent in 1981 while office rents have tripled. (4). The Department of City Planning also estimated that there would be an additional thirty square feet of office space built in mid-town through the 1980's with

another 150,000 workers, for a twenty five percent increase. (5).

Within this prospering white collar commercial market, the power of corporations to whipsaw the local government into providing even more tax relief remains substantial.. In 1979, for instance, the New York State Legislature exempted the International Banking Facilities of commercial banks from state and city taxes. These facilities accept deposits from, and make loans to, foreign corporations and individuals. As these facilities were opened in December of 1981, it was estimated that over $125 billion would be deposited in them within a few months. (6).

Barred from the rewards of the labor market, encountering the social disorder of economically obsolete communities, and without substantial relief from the state, increasing numbers of city residents are becoming social outcasts. Indeed, in December of 1981 as the homeless overwhelmed the shelter facilities of the city, Cardinal Cooke of New York suggested that the city establish a comprehensive system of emergency and permanent accommodations for homeless men and women. In reply, the Mayor of New York said, "It's not possible for the city to do that. We are are not able to do that for people living on welfare or the working poor." He continued,"There won't be any homeless men and women in the whole country - they'll all come to New York City." (7).

Piven et. al. describes the general relation between unemployment and social alienation.

> "Ordinary life for most people is regulated by the rules of work and the rewards of work which pattern each day and week and season. Once cast out of that routine, people are cast out of the regulatory framework that it imposes. Work and the rewards of work underpin the stability of other social institutions as well... The first signs of the resulting demoralization and uncertainty are usually rising indices of crime, family breakdown, vagrancy, and vandalism. Barred from conforming to the social roles they have been reared to live through, men and women continue to stumble and struggle somehow to live, within or without the rules." (8).

Not surprisingly, when a power failure one day in the summer of 1977 paralysed the city, over 1,600 stores were looted in thirty one separate neighborhoods throughout the city. While apprehending a small proportion of the looters, over three thousand people were arrested in one twenty four hour period. The only common characteristic of those arrested was that they lived in poor racially segregated areas. This looting unmistakably demonstrated how the disruptions in the social life of the city has weakened the commitment of large numbers of individuals to the rules and obligations of society.(9). Furthermore, the drop out rate of nearly fifty percent in New York City public high schools reveals both the vastness of the current breakdown in the social order and the bleak prospects for another future generation. (10).

This breakdown in the local social order is also evidenced in soaring crime rates. With approximately the

same force of approximately 22,000 police officers, the number of reported felonies in New York City has increased from 307,000 in 1954 to over 710,000 in 1980. (11). This trend has strongly affected New Yorker's opinions about the condition of their city. A poll conducted by the New York Times in December of 1981 asked residents to describe the most serious problem facing the city. Forty six percent believed crime and the police to be the single most important problem facing the city. Additionally, eighty four percent believed crime was worse in the past four years with only two percent believing it was a less serious problem. (12).

It could only be assumed that these rising crime rates have contributed to racial tensions in the city. Among the poll respondents, some seventy two percent believed that there was at least some tension between Whites and other minority people in the city. However, the same poll results seem to indicate that there are limits to the ability of political parties to exploit racial tensions to justify deteriorating conditions. The poll indicated that forty nine percent of the respondents believe Blacks and other minorities have too little influence in city affairs, with only fourteen percent believing that they have too much influence. Furthermore, forty five percent believed too little attention was being paid to the needs of minorities with only fourteen percent disagreeing.

More importantly, the 1981 New York City election returns for local offices appear to indicate a serious questioning of the austerity program of the city government among Black voters. Incumbent Mayor Koch who presided over the dismantling of anti-poverty programs, and the closing of hospitals in Black communities as well as actively resisting affirmative minority hiring programs for city positions, failed to carry a single Black district in the Democratic mayoral primary. This dissatisfaction was also demonstrated in the New York Times poll with eighty two percent of Whites approving of Koch's handling of the office and twelve percent disapproving, and with forty six percent of Blacks approving and forty three percent disapproving.

This critical attitude toward "reform" Mayor Koch and also the operations of the Brooklyn Democratic machine has strengthened insurgent Black political activity in central Brooklyn. This nonaligned insurgent group has successfully supported the election of two Black Assemblymen and one Black State Senator. Interestingly, this group was also instrumental in swinging the Black vote to former Congresswoman Elizabeth Holtzman in a 1981 tight Democratic primary for Brooklyn District Attorney, against an unsuccessful "law and order" candidate of the Brooklyn Democratic machine. (13).

The ability of future mayors to maintain control over the dominant groups supporting the Democratic Party,(i.e.,

municipal unions, real estate interests and White ethnic and religious groups), would also appear to be problematic. For instance, the 1983 austerity budget of $15.7 billion is currently projected to include a deficit of over $850 million. With reduced federal and state aid the most probable type of assistance to be provided the city under the economic program of President Reagan, the final 1983 budget will require further cutbacks in city services and employment. In this political climate, the traditional tax relief, cash subsidies, and public works programs used by the Democratic Party to gain the support of commercial interests will appear to the populace less like economic programs to aid local recovery and more like political decisions to support one economic class over others.

The community of Park Slope, itself, started to experience the impact of the economic transformation of New York City in the late 1960's. This process included the expansion of its white collar high rent district and the contraction of its blue collar white-occupied low rent district. As the low rent district west of Sixth Avenue entered into the Black side of Brooklyn's dual housing market, the high rent district was attracting more White middle class families. In the Black sector, financial institutions withdrew from the home mortgage market in the late 1960's. This preceded major housing abandonment by

five years. Bankers were replaced by speculative real estate brokers whose activity was financed by major commerical banks through the use of FHA guaranteed mortgages.

Subsequently, beset by increasing social disorder in the neighborhood, the breakdown of landlord/tenant relations, and the loss of demand by working class families for apartments in deteriorating buildings, absentee landlords started walking away from their buildings. By 1980, fifteen percent of the residential buildings between Flatbush Avenue and Union Street from Fourth to Fifth Avenues were vacant.

In contrast, in the high rent district above Sixth Avenue, the sale price of homes, in constant dollars, increased by seventy five percent between 1965 and 1980. (Table 4.2). With the expansion of the job market for upper echelon white collar workers and the escalation of housing prices and rents in Manhattan, upper-middle class families sought out Park Slope as an affordable cosmopolitan community. This type of demand was sufficient to make it profitable to exclude Black and Hispanic families from the district and convert multi-family buildings into private residences and co-operatives.

Inspired by the class transformation of nearby communities, the white collar property owner civic associations, such as the Park Slope Civic Council, actively promoted a social reorganization of Park Slope. The operations of an upper-

middle class housing market were promoted as a solution to the community's social and physical problems.

Among the community's residents, beliefs about neighborhood trends were understandable from their role in the political economy of New York City. Among all residents, regardless of class position, there was a set of common beliefs about the requirements of social respectability: requirements engendered by the social relations of the predominant mode of capital accumulation. All believed that the successful sale of labor in the market place was related to the character of the worker. The more successful the exchange, the more talented, the more skillful, and the more perservering the individual was in learning the skills and values required by the market place. As this success is directly related to the ability to provide for one's own well-being, one's family, and one's community, it was believed successful workers demonstrated a greater willingness to accept social responsibility. As a corollary, the socially responsible were also considered to be socially predictable. They will predictably not risk their social position by engaging in socially disruptive behavior.

As working class real estate markets are unable to financially exclude most kinds of people, nor grossly state the social respectability of residents, individuals relied on the age, tenure, family status, race, and home

maintenance activity of neighbors, as well as the frequency of local social disturbances to identify and predict neighborhood conditions. These variables are used to identify the character of neighbors and their commitment to the maintenance of a respectable social order. Race is an important but single variable among a constellation used to determine neighborhood status. In general, without the aggregate market power to predictably exclude potentially socially disruptive persons or profiteers, the social respectability of neighbors is the most important and salient defense against unwanted change.

Among upper echelon professional and managerial workers, while assuming the respectability of their neighbors, they also rely on their aggregate market power to defend against unpredictable social change. Using similar variables as working class families to identify the social respectability of their neighbors, they also believed their superior market power was sufficient, given proper conditions, to transform the social character of a neighborhood. Thus, they would seek out social information which would indicate the attractiveness of the area for economic peers.

Given the scale of current economic changes in New York City and the profound impact they are having on all aspects of city life, it is relevant to inquire why residents did not tend to use these changes to predict neighborhood change. The most important reason is that patterns of change

in the city have tended to confirm the legitimacy of the social beliefs and values which the social relations of the political economy engender. In particular, changes in the labor market have hurt the poorest and disenfranchised the most severely. Meanwhile, upper echelon white collar workers have experienced few job layoffs and have encountered expanded job opportunities. This set of circumstances tends to confirm the social belief that only the irresponsible are unemployed on a large scale. Furthermore, White blue collar workers have been better able to deal with economic changes than comparable minority families. Starting with relatively greater personal assets, and not having to deal with the burdens of racial discrimination in job and residential relocation, the White working class has been leaving the city by the tens of thousands. This emigration pattern reduces the apparent impact of a declining blue collar job market for both White and Black families. Additionally, the consolidation of losses in the real estate market in Black communities also tends to confirm the social belief that neighborhood deterioration is due to "irresponsible" minorities rather than economic variables. Indeed, it was only the middle class Black families who offered any critical comments about the legitimacy of existing social relations in New York City.

A more basic question is why do the residents of Park Slope, as well as citizens throughout the country, largely accept the logic of social relations engendered by the

predominant mode of capital accumulation in the United States. In other words, why do citizens accept the logic of a system which structurally limits the ability of most to rise above the social status of their parents regardless of their native potential, or the requirement that they must plan their social lives around the needs of business for their labor. For it is not personal capacity which limits the social success of most individuals but the structure of United States' labor markets: labor markets manipulated by the owners of the means of production to extract the greatest possible profit from the labor of their workers.

The logic is accepted as the activity of private enterprise is perceived to be moderated by the actions of the state: a state which will control private enterprise in order to guarantee a fair and equitable distribution of growing national economic resources to individuals according to their effort and native skills. To quote again from Piven et. al.,

> "Power is rooted in the control of coercive force and in the control of the means of production. However, in capitalist societies this reality is not legitimated by rendering the powerful divine, but by obscuring their existence. Thus electoral-representative arrangements proclaim the franchise, not force and wealth, as the basis for the accumulation and use of power. Wealth is, to be sure, unequally distributed but by exercising the franchise men and women presumably determine who their rulers will be, and therefore what their rulers must do if they are to remain in power." (14).

However, the Post-World War Two compromise between

conservative and liberal political parties on the role of the state in the national economy has included the abandonment of methods for direct state intervention in industrial production. Liberals who sought direct state intervention and conservatives who opposed such activity, compromised. Liberals agreed to limit state policies to those which would expand the capacities of private industry by expanding the demand for their goods. Expansion of the Gross National Product and the insecurity of the private market place was substituted for a system which might provide for social security and growth through government intervention in industrial production. However, to the extent that the political parties have depended upon the growth of private industry to provide for the general social welfare and legitimate the role of the state, the more dependent they have become on the capacities of industry and powerless to direct the national economy. (15).

This scheme worked through the 1960's as the United States emerged from World War Two as the largest industrial power in the world, producing two-thirds of all industrial commodities. With commensurate control over international markets, large state subsidies for domestic infrastructure improvements, and the expansion of consumer debt, the United States witnessed an unparalleled period of national economic growth. This growth and the apparent ability of the state to stimulate economic expansion has strengthened the

commitment of citizens to the logic of the social relations of this country. It is this growth which has enabled the state to justify the trade-offs between the insecurities of a social system dominated by the needs of private industry and a social system dominated by the needs of its citizens.

Ironically, in Park Slope the social insecurity caused by gentrification and the expansion of the high rent market has replaced racial change and housing disinvestment as the community's main social problem. Throughout the South Brooklyn communities of Carroll Gardens, Red Hook and Park Slope rising rents, escalating sale prices for homes, and the financial costs of co-operative ownership are widely recognized to be resulting in the displacement of older working class Italians, Irish, Puerto Ricans and Blacks. With rising rents children can no longer afford to rent near other family members in the community, parents are being forced out of small buildings as new owners purchase them, and only upper echelon white collar workers can afford the price of new co-operative apartments. (16).

In our 1977 interviews working class families generally perceived the movement of new upper-middle class professional and managerial families into the area as adding to local respectability and expected this new class to empathise with the social position and values of existing working class families. The same set of beliefs can no longer be

said to be held unequivocally among the working class.

At the most general level, rising rents and the threat of eviction if a building is sold to a new owner has reduced the level of expectation about the benefits of this trend. Additionally, it is also recognized that these new families do not share the same concerns nor the same institutions. The new white collar families tend to be largely two career households with few if any children, and largely White. Thus, they are not socially equivalent to the families they are displacing. In particular, while being wealthier, and certainly socially respectable, they do not demonstrate the social responsibility which raising a family also demonstrates. Furthermore, being wealthier and lacking large families, they do not share the same schools, stores, churches and social clubs.

By the 1980's among community civic leaders with knowledge about the history of the programs of civic organizations, real estate trends including public discussions about commercial and housing redevelopment projects, and personal encounters with residents now being displaced, debate on the issue of gentrification has reached a fever pitch. It colors all discussions about the community.

As gentrification is no longer widely accepted as a costless solution to community revitalization, groups representing different classes, racial groups and tenants have taken predictable positions on the issue. Social

activists representing Protestant and Catholic agencies and churches, tenant organizations, minorities and low income civic organizations have actively spoken out against the social costs of gentrification. However, lacking access to state programs or private resources capable of directly intervening in the provision of housing in the community, this criticism has, to date, failed to develop a vehicle to substantially alter the market trends in Park Slope and throughout South Brooklyn.

Finally, it appears that the direction of political and economic change in the nation will only tend to intensify class and racial tensions in New York City in the short run, and generate rather unpredictable changes in the future. While the New York Times regularly advocates that the unemployed should move to other areas of the country with better job opportunities, it is unclear how realistic this policy is for the most disadvantaged in the city. In the first instance, in the recession month of December 1981, with a national unemployment rate of 8.9 percent, 12.9 percent of the blue collar labor force, 9.4 percent of service workers, and 4.6 percent of the white collar labor force was unemployed. Furthermore, among Whites the rate was 7.8 percent, Blacks 17.4 percent, and among Black and other racial minority teenagers, the unemployment rate was 39.6 percent. (17). Thus, the workers who are experiencing the greatest financial insecurity in New York

are also experiencing the greatest social insecurity throughout the nation.

Federal economic and housing policies also appear to provide little hope for relief. To stimulate corporate reinvestment in industrial production, in 1981 the federal government approved a series of tax deductions for corporations. These include accelerated tax depreciations for investments in new facilities and equipment. The U.S. Treasury Department has estimated that the 1981 Tax Code over the 1980 Code will reduce corporate tax revenues from $122 billion to $69 billion in 1986, for a savings of $53 billion. (18). However, it is unclear that corporations will use these substantial tax savings to invest in previously unplanned projects. In contradiction, in a national and international economic climate characterized by unemployment rates rising from 2.7 percent in the 1960's to over 7.5 percent in the 1980's, and industrial growth falling from five percent in the 1960's to less than two percent in the 1980's in industrialized countries, it is more likely that corporations will use their surplus cash to purchase other corporations. (19).

In fact, in 1980 over $60 billion of assets in publicly traded corporations was acquired through mergers. This was up from an average of $15 billion between 1970 and 1975. Additionally, the largest corporate mergers in United States' history occurred in the last year. This includes the $7.6 billion Dupont purchase of Conoco Oil and U.S. Steel's

$6.5 billion takeover bid for Marathon Oil. (20). The scale of this merger activity is not surprising given the climate of slackening demand for industrial commodities and the ourrent underutilization of existing industrial capacity.

Meanwhile the Congressional Budget Office has estimated that five existing tax provisions aiding home owners will cost the federal government $39 billion in tax revenues in 1982 and over $82 billion in 1986. As the size of these tax benefits increases with the value of a home, the size of a mortgage, and family income, wealthy taxpayers receive a disproportionate amount of this relief. (21).

For instance, in 1981 taxpayers reporting incomes of $20,000 or less, which comprise sixty three percent of all taxpayers, received only 7.6 percent of the $22 billion in tax deductions for mortgage interest payments. The Congressional Budget Office concluded that this unequal treatment of different income groups has led to an artificial escalation in the sale prices of homes and has made profitable the co-operative conversion of rental units. In particular, a married couple with no children, an income of $50,000, and with an $80,000 mortgage on a $100,000 house could expect property tax and mortgage interest deductions worth $5,573 or nearly forty percent of the annual costs of homeownership.

As housing subsidies for the upper-middle and upper class can be expected to increase through the 1980's, the

Reagan administration has already instituted cuts in funds for subsidized public housing. Carter's proposed housing budget of $28.8 billion for the fiscal year 1982 has already been reduced to $18.1 billion and subsequent cuts can be anticipated. Under the Reagan housing program, all new construction for public housing can be expected to cease, and rent subsidies for existing tenants to decrease. For instance, under the housing aid formula of the 1974 Housing Act, the New York City Housing Authority could have expected to receive approximately $240 million in operating subsidies for its 264 projects with 146,000 apartments. Instead, it will receive $204 million and rents, as mandated by Congress, will increase from twenty five percent to thirty percent of household income. In 1981, the New York City Housing Authority collected ninety seven percent of due rents or $256.3 million and had approximately an eighteen year waiting list for its apartments. (22).

In conclusion, President Reagan's current economic program includes a reduction in social expenses to finance corporate tax cutbacks and a bloated defense budget. This is being done as the federal government also incurrs unprecedented peacetime budget deficits. This program will increase social tensions in the country and fail to stimulate the economy. It will fail as the United States is no longer the dominant financial and industrial power in international markets that it was at the end of the war. Accordingly,

United States' industrial monopolies will not risk billions of dollars for industrial expansion in a stagnate international market which they can no longer easily manipulate. Their current program aims for diversification through acquisition of existing corporate assets.

The continuing inability of the federal government to stimulate demand in a stagnate economy will, in turn, force both Democrats and Republicans to eventually re-examine the compromise they reached at the end of the war. As in Park Slope and New York City, future economic policies which attempt to stimulate demand without an effort to equally distribute resources will rightfully be perceived as political decisions which support one economic class over another. The political solution to this impasse will be direct state intervention in the economy. Failure to do so will undermine the legitimacy of the state and the logic of the social relations engendered by the predominant mode of capital accumulation.

Notes to Chapter Six

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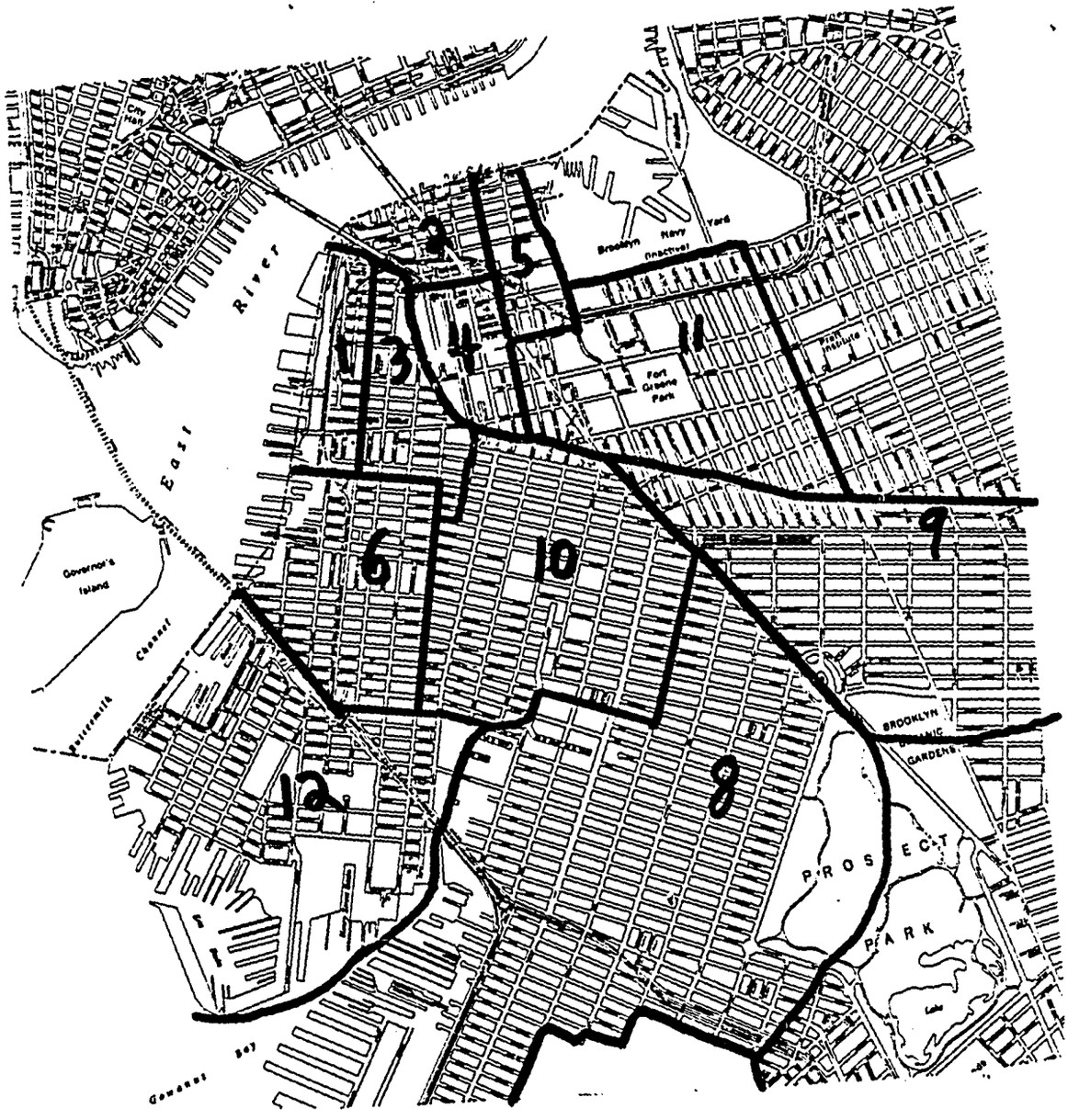
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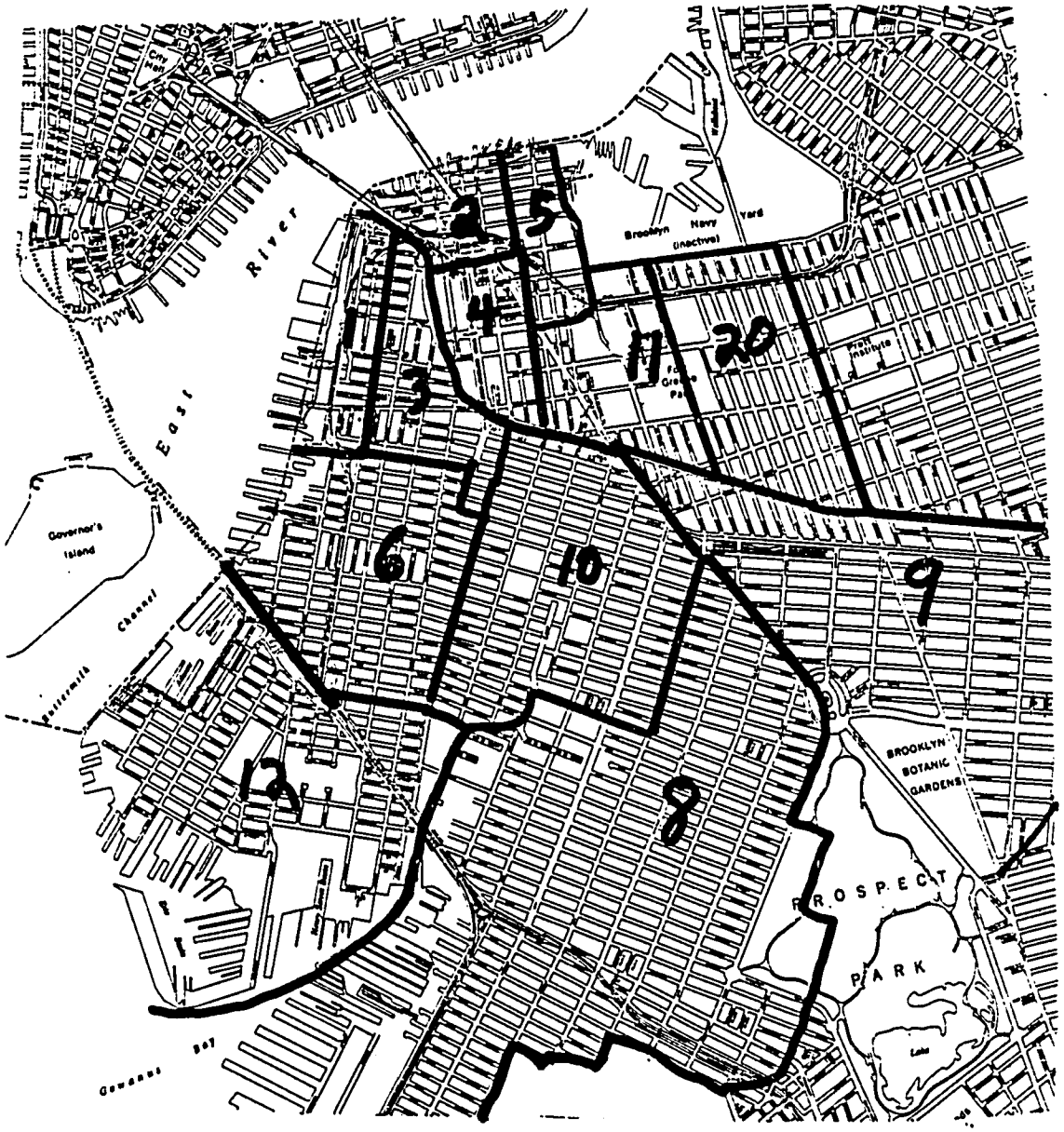
Map A.1

South Brooklyn Wards, 1860



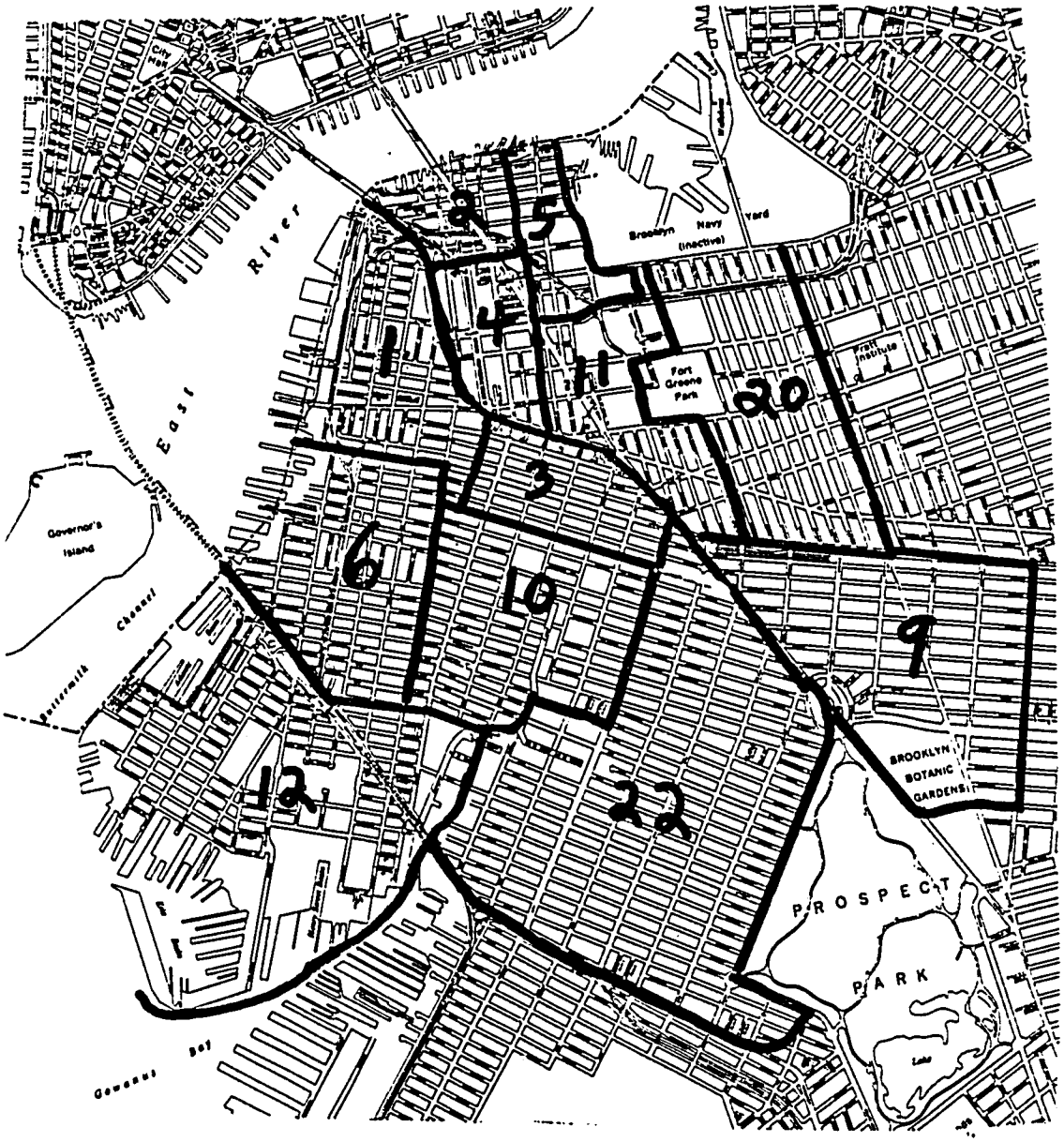
Map A.2

South Brooklyn Wards, 1870



Map A.3

South Brooklyn Wards, 1880 & 1890



Map A.4

South Brooklyn Wards, 1900 & 1910

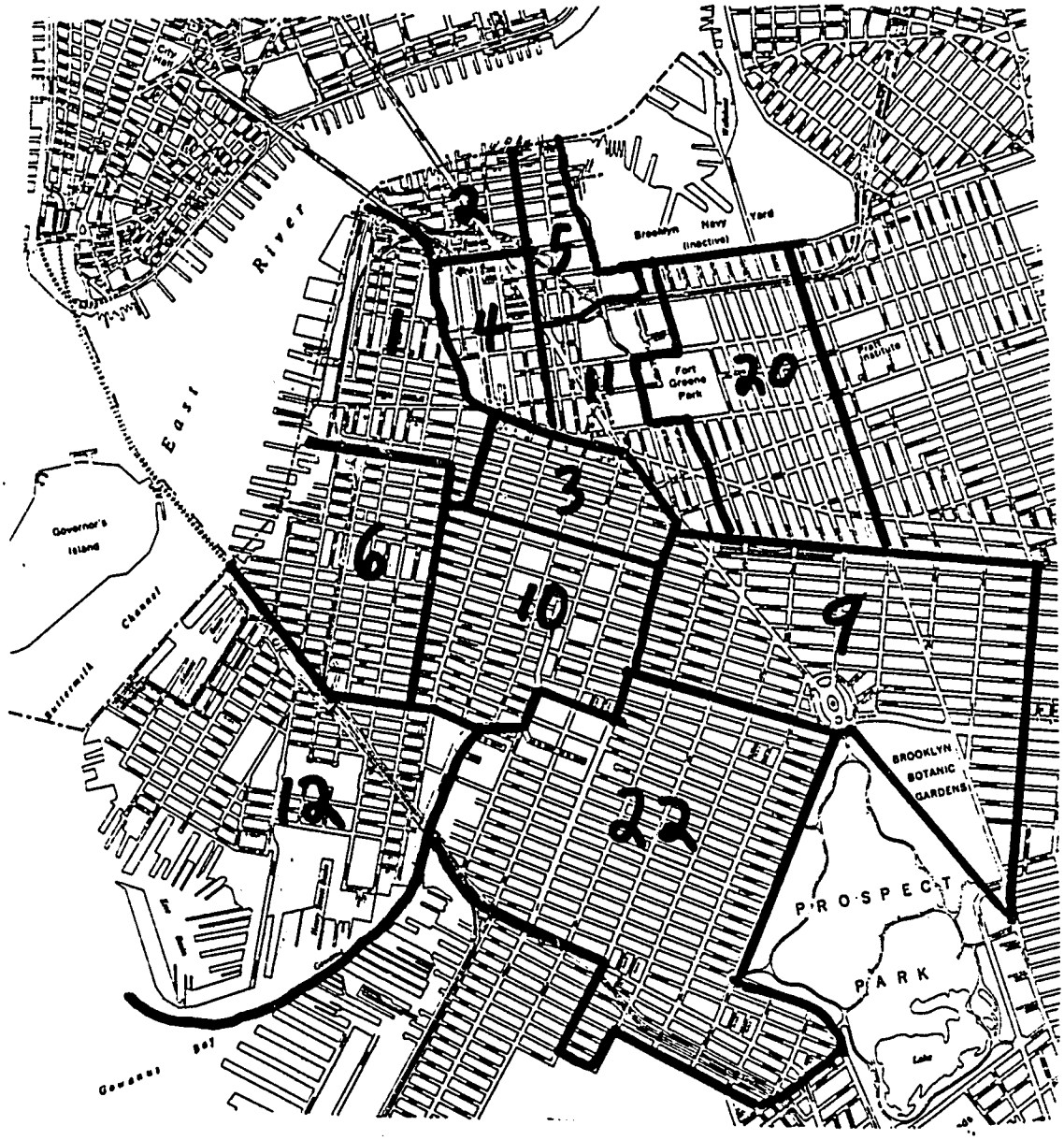


Table A.1

Economic Value of Residential Buildings in South Brooklyn, 1875

Ward	Dwellings Reporting Value	Dwellings Values Over $10,000	Percent of Total
Downtown			
1	1577	1164	74%
2	715	90	13%
4	1403	497	35%
5	1476	41	3%
Navy Yard			
11	2370	551	23%
20	2451	1352	55%
Gowanus			
3	1642	403	25%
10	2584	410	16%
Waterfront			
6	2671	1056	40%
12	1426	16	1%
Prospect Park			
9	1528	182	12%
22	2523	334	13%
Kings County	54,451	10,115	19%

Source: State of New York Census of the State of New York, Albany: Weed, Parsons & Co. Printers, 1877.

Table A.2

Population of South Brooklyn Wards 1860 through 1910

Ward	1860	1870	1880	1890	1900	1910
Downtown						
1	6,967	6,476	18,729	20,040	20,327	21,851
2	9,817	9,117	9,254	8,986	8,565	6,894
3	10,084	9,984	-	-	-	-
4	11,766	12,087	12,819	13,302	12,568	10,477
5	17,400	20,490	18,517	20,175	18,862	19,401
Subtotal	56,034	58,154	59,319	62,503	60,322	58,623
Navy Yard						
11	28,821	21,243	21,680	22,693	22,608	21,659
20	-	19,179	24,188	24,136	25,133	27,463
	28,821	40,422	45,868	46,829	47,741	49,122
Gowanus						
3	-	-	18,271	18,754	17,949	15,910
10	25,258	34,582	27,140	36,097	39,100	41,238
	25,258	34,582	45,311	54,851	57,049	57,148
Waterfront						
6	22,710	28,296	35,437	40,558	42,485	46,437
12	11,083	18,302	22,201	28,041	30,354	29,262
	33,793	46,598	57,638	68,599	72,839	75,699
Prospect Park						
8	9,190	9,595	-	-	-	-
9	17,342	15,270	15,044	17,696	42,876	50,501
22	-	-	25,473	53,171	66,575	81,283
	26,532	24,865	40,517	70,867	109,451	131,784

Source: U.S. Census Office, Statistics of Population, Ninth, Tenth, Eleventh, Twelth Census of Population; The Brooklyn Daily Eagle The Brooklyn Daily Almanac, 1912 (Bklyn: Brooklyn Daily Eagle, 1912).

Table A.3

Park Slope Housing Inventory, 1934-1970

	Tract 129.01					Tract 129.02				
Tenure	1934	1940	1950	1960	1970	1934	1940	1950	1960	1970
Total Units	975	1072	1050	1287	1008	528	686	746	1024	761
Occupied Units	845	988	1032	1239	950	458	634	731	963	670
Owner Occupied	178	140	158	184	126	96	103	122	121	91
Renter Occupied	667	848	874	1055	824	362	531	609	842	579
Vacant	130	84	18	48	58	70	52	15	61	91
Household Size and Crowding										
# Households	845	988	1032	1239	950	458	634	731	963	670
Median Size	3.5	3.3	3.0	2.5	2.8	3.6	3.4	3.0	2.1	2.4
1.01 persons or more per room	124	165	171	344	199	43	87	164	218	153
Dwell Size & Fixtures										
All Units	975	1072	1050	1287	1008	528	686	746	1024	670
Median Rooms	4.1	-	-	3.3	3.8	4.4	-	-	2.9	3.6
No Private Bath	232	120	-	376	-	101	142	-	361	-
No Central Heating	487	-	320	155	27	211	-	154	70	124
Rent										
Number Renters	667	848	874	1055	824	362	531	609	842	579
Median Contract Rent	$27	$28	$34	$50	$76	$29	$29	$37	$54	$72

	Tract 131					Tract 133				
Tenure	1934	1940	1950	1960	1970	1934	1940	1950	1960	1970
Total Units	1610	1728	1919	2014	1769	1557	1694	1777	1758	1926
Occupied Units	1361	1500	1864	1963	1676	1339	1566	1756	1716	1779
Owner Occupied	313	260	279	295	180	276	245	266	302	303
Renter Occupied	1048	1248	1605	1668	1496	1063	1321	1490	1414	1476
Vacant	249	220	35	41	93	218	127	21	42	147
Household Size and Crowding										
# Households	1361	1508	1884	1963	1676	1339	1566	1756	1716	1779
Median Size	3.6	4.3	3.3	3.0	3.0	4.6	4.2	3.4	3.1	2.5
1.01 persons or more per room	370	364	402	467	330	381	379	381	291	178
Dwell Size & Fixtures										
All Units	1610	1728	1919	2014	1769	1557	1694	1777	1758	1926
Median Rooms	4.5	-	-	4.1	4.2	4.0	-	-	4.1	4.0
No Private Bath	456	228	-	433	-	394	263	-	154	-
No Central Heating	988	-	485	132	102	725	-	435	226	137
Rent										
Number Renters	1048	1248	1605	1668	1496	1063	1321	1490	1414	1476
Median Contract Rent	$26	$28	$35	$50	$79	$29	$28	$35	$50	$69

Table A.3 (Continued)

	Tract 135					Tract 137				
Tenure	1934	1940	1950	1960	1970	1934	1940	1950	1960	1970
Total Units	1243	1510	1446	1508	1417	1166	1213	1192	1374	1363
Occupied Units	1047	1355	1430	1460	1321	1018	1124	1180	1354	1329
Owner Occupied	198	170	214	229	172	261	227	221	297	263
Renter Occupied	849	1185	1216	1231	1149	757	897	959	1057	1066
Vacant	196	155	16	48	96	148	89	12	20	34
Household Size and Crowding										
# Households	1047	1355	1430	1460	1321	1018	1124	1180	1354	1329
Median Size	3.9	4.1	3.3	3.0	2.9	4.3	4.2	3.3	2.8	2.5
1.01 persons or more per room	276	370	307	259	220	193	211	192	132	144
Dwell Size & Fixtures										
All Units	1243	1510	1446	1508	1417	1166	1213	1192	1374	1363
Median Rooms	4.3	-	-	4.2	4.1	4.5	-	-	4.4	4.3
No Private Bath	275	275	-	142	-	46	25	-	172	-
No Central Heating	702	-	350	85	62	600	-	215	85	82
Rent										
Number Renters	849	1185	1216	1231	1149	757	897	959	1057	1066
Median Contract Rent	$28	$26	$34	$52	$73	$31	$29	$32	$55	$73

	Tract 139					Tract 141				
Tenure	1934	1940	1950	1960	1970	1934	1940	1950	1960	1970
Total Units	1203	1282	1393	1495	1561	1005	1046	1028	1035	1006
Occupied Units	1044	1224	1354	1453	1486	914	1013	1019	995	973
Owner Occupied	297	270	301	353	339	251	245	269	271	279
Renter Occupied	747	954	1053	1100	1147	663	768	750	724	694
Vacant	159	57	39	42	75	91	33	9	40	33
Household Size and Crowding										
# Households	1044	1224	1354	1453	1486	914	1013	1019	995	973
Median Size	3.0	3.0	2.9	2.4	2.4	3.1	2.9	3.1	2.7	2.4
1.01 Persons or More Per Room	133	211	189	131	136	156	170	152	113	109
Dwell Size & Fixtures										
All Units	1203	1282	1393	1495	1561	1005	1046	1028	1035	1006
Median Rooms	4.1	-	-	4.2	4.3	4.0	-	-	4.4	4.3
No Private Bath	58	122	-	247	-	207	120	-	57	-
No Central Heating	486	-	275	110	61	542	-	460	138	158
Rent										
Number Renters	747	954	1053	1100	1147	663	768	750	724	694
Median Contract Rent	$35	$34	$36	$52	$75	$29	$26	$31	$47	$71

Table A.3 (Continued)

	Tract 149					Tract 151				
Tenure	1934	1940	1950	1960	1970	1934	1940	1950	1960	1970
Total Units	2188	2120	2225	2124	2173	1302	1416	1390	1487	1557
Occupied Units	1915	2038	2186	2042	2123	1152	1364	1376	1468	1514
Owner Occupied	532	448	522	564	567	279	261	303	382	377
Renter Occupied	1383	1590	1664	1478	1556	873	1103	1073	1084	1137
Vacant	273	82	39	82	50	150	52	14	19	43
Household Size and Crowding										
# Households	1915	2038	2186	2042	2123	1152	1364	1376	1468	1514
Median Size	3.5	3.0	3.2	3.0	2.8	4.0	3.0	3.2	2.7	2.3
1.01 Persons or More Per Room	438	450	292	281	270	172	239	193	153	137
Dwell Size & Fixtures										
All Units	2188	2120	2225	2124	2173	1302	1416	1390	1487	1557
Median Rooms	4.1	-	-	4.5	4.5	4.7	-	-	4.7	4.4
No Private Bath	481	262	-	312	-	72	1	-	181	-
No Central Heating	889	-	919	408	215	757	-	585	155	48
Rent										
Number Renters	1383	1590	1664	1478	1566	873	1103	1073	1084	1137
Median Contract Rent	$26	$26	$30	$52	$75	$29	$28	$32	$53	$75

	Tract 153					Tract 155				
Tenure	1934	1940	1950	1960	1970	1934	1940	1950	1960	1970
Total Units	1164	1370	1325	1534	1653	1298	1541	1757	1826	1663
Occupied Units	1027	1315	1309	1498	1578	1147	1424	1724	1801	1570
Owner Occupied	318	288	298	352	334	284	264	293	295	304
Renter Occupied	709	1027	1011	1146	1244	863	1160	1431	1506	1266
Vacant	137	55	16	36	55	151	116	33	25	93
Household Size and Crowding										
# Households	1027	1315	1309	1498	1578	1147	1424	1724	1801	1570
Median Size	3.0	3.8	3.1	2.5	2.4	3.0	2.6	2.9	2.6	2.4
1.01 Persons or More Per Room	80	158	148	122	186	144	177	294	222	161
Dwell Size and Fixtures										
All Units	1164	1370	1325	1534	1653	1298	1541	1757	1826	1663
Median Rooms	6.5	-	-	4.9	4.4	6.4	-	-	4.3	4.5
No Private Bath	9	133	-	131	-	5	72	-	140	-
No Central Heating	142	-	35	30	112	188	-	110	24	76
Rent										
Number Renters	709	1027	1011	1146	1244	863	1160	1431	1506	1266
Median Contract Rent	$46	$38	$46	$58	$89	$44	$39	$47	$61	$85

Table A.3 (Continued)

	Tract 157					Tract 159				
Tenure	1934	1940	1950	1960	1970	1934	1940	1950	1960	1970
Total Units	1466	1796	2010	2402	2248	1058	1769	2390	3259	2745
Occupied Units	1282	1665	1959	2330	2136	955	1615	2341	3090	2584
Owner Occupied	318	302	302	307	262	274	266	282	301	242
Renter Occupied	964	1363	1657	2023	1874	681	1409	2059	2789	2342
Vacant	184	131	51	72	111					
Household Size and Crowding										
# Households	1282	1665	1959	2330	2136	955	1615	2341	3090	2584
Median Size	4.1	2.4	2.6	2.1	2.0	2.7	1.8	2.2	1.7	1.7
1.01 Persons or More Per Room	108	186	264	205	205	78	258	440	351	155
Dwell Size & Fixtures										
All Units	1466	1796	2010	2402	2248	1058	1769	2390	3259	2745
Median Rooms	6.6	-	-	3.7	3.9	5.0	-	-	2.6	3.0
No Private Bath	11	115	-	260	-	10	248	-	1040	-
No Central Heating	177	-	65	43	137	107	-	5	20	225
Rent										
Number Renters	964	1363	1657	2023	1874	681	1409	2059	2789	2342
Median Contract Rent	$42	$32	$47	$66	$92	$49	$40	$53	$67	$100.

	Tract 161					Tract 165				
Tenure	1934	1940	1950	1960	1970	1934	1940	1950	1960	1970
Total Units	232	328	270	458	351	1170	1683	2038	2497	2461
Occupied Units	180	305	239	439	329	1045	1474	1986	2400	2386
Owner Occupied	39	44	32	50	39	415	328	443	436	494
Renter Occupied	141	261	207	389	290	630	1146	1543	1964	1892
Vacant	52	23	31	19	22	125	209	52	97	75
Household Size & Crowding										
# Households	180	305	239	439	329	1045	1474	1986	2400	2386
Median Size	3.1	3.0	2.9	2.0	1.9	3.0	2.3	2.4	2.0	1.8
1.01 Persons or More Per Room	13	48	57	79	42	18	109	260	168	113
Dwell Size and Fixtures										
All Units	232	328	270	458	351	1170	1683	2038	2497	2461
Median Rooms	5.1	-	-	2.9	2.9	6.7	-	-	3.4	3.4
No Private Bath	9	59	-	151	-	1	149	-	288	-
No Central Heating	65	-	42	13	18	8	-	0	36	56
Rent										
Number Renters	141	261	207	389	290	630	1474	1986	2400	2386
Median Contract Rent	$37	$34	$41	$57	$82	$73	$53	$62	$82	$107

Table A.3 (Continued)

	Tract 167					Tract 169				
Tenure	1934	1940	1950	1960	1970	1934	1940	1950	1960	1970
Total Units	1752	1991	2126	2229	2521	1030	1086	1097	1117	1188
Occupied Units	1596	1874	2111	2174	2459	928	1029	1085	1090	1154
Owner Occupied	374	339	375	444	445	246	223	236	286	277
Renter Occupied	1222	1535	1736	1730	2014	682	806	849	804	877
Vacant	156	115	15	55	62	102	57	12	27	34
Household Size and Crowding										
# Households	1596	1874	2111	2174	2459	928	1029	1985	1090	1154
Median Size	3.3	2.9	3.0	2.6	2.3	3.6	3.2	3.4	3.0	2.7
1.01 Persons or More Per Room	154	212	225	157	180	184	190	170	125	132
Dwell.Size & Fixtures										
All Units	1752	1991	2126	2229	2521	1030	1086	1097	1117	1188
Median Rooms	4.9	-	-	4.7	4.5	4.6	-	-	4.8	4.7
No Private Bath	5	81	-	96	-	94	78	-	77	-
No Central Heating	182	-	50	20	57	338	-	220	50	65
Rent										
Number Renters	1222	1535	1736	1730	2014	682	806	849	804	877
Median Contract Rent	$48	$43	$46	$61	$87	$34	$34	$37	$53	$75

Note: For those census tracts that extended beyond the boundaries of the study site, block statistics were used to construct ratios of the general population that resided within the study site. These ratios were used to calculate the value of variables with cardinal values.

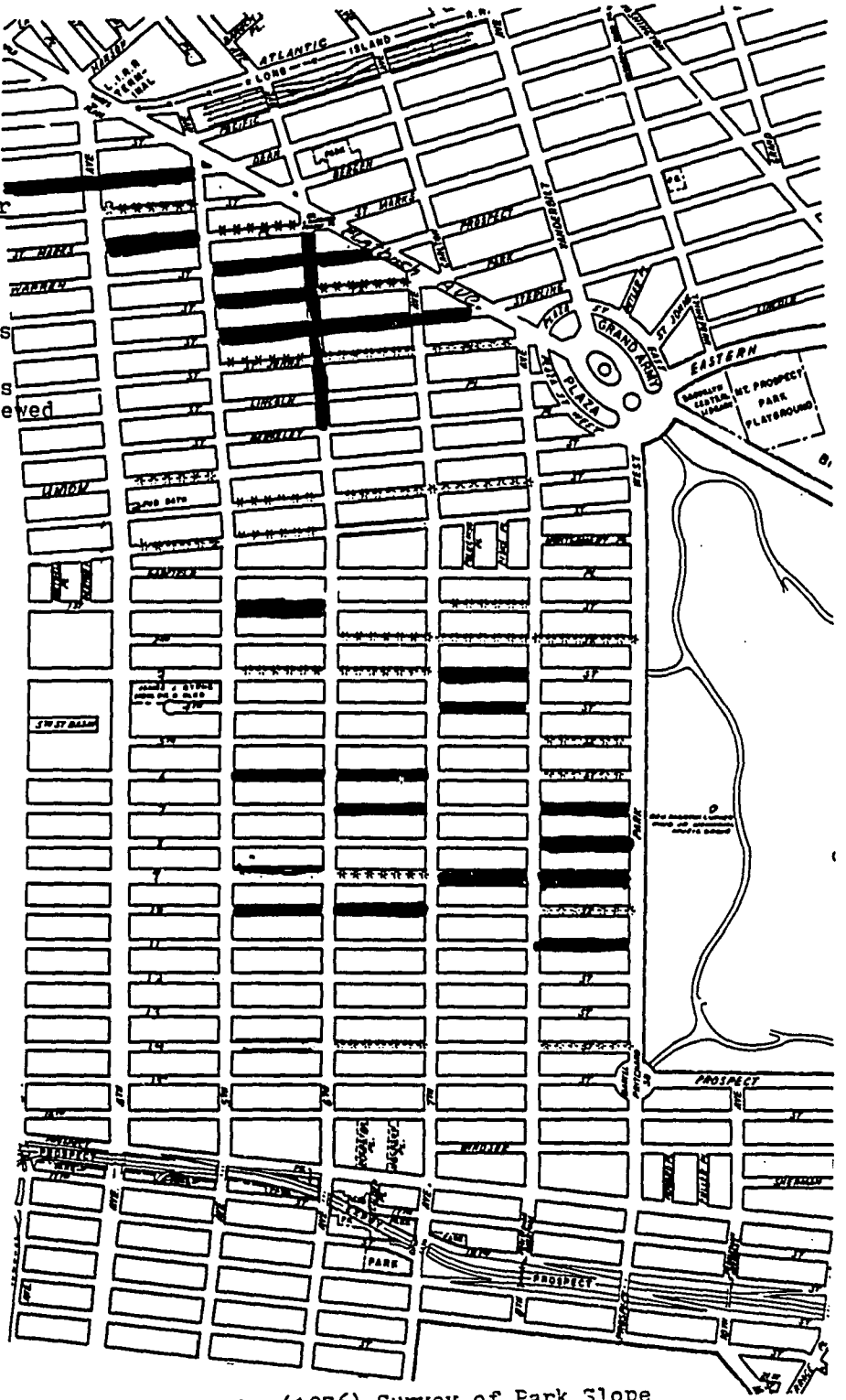
Source: N.Y.C. Housing Authority . Real Property Inventory, Borough of Brooklyn, Residential Report, 1934. N.Y.C; Citizens Census Committee (1942) Statistics for Census Tracts, 1940. N.Y.C; U.S. Census Bureau, 16, 17,18, & 19 Census of Population and Housing.

Map A.5

Active Block Associations in Park Slope, Winter of 1975.

Associations Interviewed

******Associations Not Interviewed



Source: O'Hanlon, Timothy (1976) Survey of Park Slope Block Associations. United Block Association of Park Slope.

Exhibit A.1

Park Slope Churches in 1892

Denomination	Location	Date(1) Organized	(2) Membership	Capital Plant
Baptist				
First German	1 St & 6 Ave	1854	340	$18,000
Greenwood	4 Av & 15 St.	1858	900	$100,000
Sixth Ave.	6 Av & Lincoln	1872	408	$65,000
Congregational				
Park	6 Av & 7 St.	1868	212	$50,000
Lutheran				
Emmanuel German	7 St & 4 Av	1884	750	$20,000
St Johns German	Prosp Av & 6 Av	1867	-	$18,000
Methodist Episcopal				
Grace	7 Av & St Johns	1878	252	$118,000
Swedish Emmanuel	Dean & 5 Av	1872	450	$39,000
Methodist Free				
Brooklyn Free	4 Av & 16 St	1878	60	$6,327
Presbyterian				
Memorial	7 Av & St Johns	1867	620	$130,000
Prospect Hts	8 Av & 10 St	1888	-	-
Presbyterian Reform				
First Reform	Prospect Pl & 6 Av	1848	100	$15,000
Protestant Episcopal				
All Saints	7 Av & 7 St	1867	519	$50,000
Attoinment	17 St & 5 Av	1864	560	-
St Johns	St Johns & 7 Av	1826	347	$120,000
Reformed Episcopal				
First	Carroll & 7 Av	1660	234	$250,000
12 St	12 St & 5 Av	1850	575	$55,000
Universalists				
Prospect Hts.	7 Av & 8 St.	1888	-	300
			6,327	$1,054,000
Catholic				
St Augustine	Sterling & 6Av	1870	3,300	$250,000
Holy Family	14 St & 5 Av	1876	800	-
Holy Name	PPW & Windsor	1878	2,000	$410,000
St Thomas	9 St & 4 Av	1884	3,500	$150,000
St Francis	Carroll & 7 Av	1886	2,500	$10,000
			12,100	$820,000

(1) Refers to date congregation organized.
(2) Denominations differ on rules for membership with Catholic including all Catholics in parish as members, and others usually requiring pledges to congregation.

Source: Brooklyn Daily Eagle Brooklyn Daily Almanac, 1892 (Bklyn: Brooklyn Daily Eagle, 1912).

Exhibit A.2

Park Slope Churches in 1929

Denomination	Location	Date Organized	Membership	Capital Plant
Baptist				
Calvary	14 St & 4 Av	1889	350	$100,000
Greenwood	7 Av & 6 St	1858	500	$200,000
Memorial	8 Av & 16 St	1891	200	$50,000
6 Avenue	6 Av & Lincoln Pl	1872	300	$66,000
Christian Scientist				
Fourth Church	Lincoln Place	1919	-	-
Congregational				
Park Slope	8 Av & 2nd St	1866	375	$150,000
Lutheran				
Emanuel	7 St & 6 Av	1884	400	$80,000
St Johns	283 Prosp Av	1866	900	$80,000
St Mathews	6 Av & 2 St	1859	400	$125,000
Methodist Episcopal				
Grace	7 Av & St Johns	1878	401	$160,000
Swedish Immanuel	Dean & Fifth Av	1845	460	$75,000
Prospect Place	Prospect & 6 Av	1856	80	$40,000
6 Avenue	6 Ave & 8 St	1884	400	$100,000
Methodist Free				
Free	122 16 St	1878	80	$30,000
Presbyterian				
Memorial	7 Av & St Johns	1867	395	$170,000
Prospect Hts	8 Av & 10 St	1888	763	$60,000
Protestant Episcopal				
All Saints	7 Av & 7 St	1869	600	$115,000
Atoinment	17 St & 5 Av	1864	220	50,000
St Johns	St Johns & 7 Ave	1827	-	$100,000
Reformed				
Old First	Carroll & 7 Av	1654	648	$250,000
12 Street	12 St & 5 Av	1858	600	$125,000
			8,072	$2,126,000
Catholic				
St Augustine	Sterling & 6 Av	1870	6,000	$1,000,000
Holy Family	14 St & 5 Av	1876	3,500	$175,000
Holy Name	PPW & Windsor	1878	11,000	$1,170,000
St Thomas	9 St & 4 Av	1884	3,451	$610,000
St Francis	Carroll & 6 Av	1886	5,500	$1,000,000
St Stanislaus	14 St & 6 Av	1890	2,000	$125,000
OLPH	Carroll & 3 Av	1901	18,000	$500,000
St Saviors	7 St & 8 Av.	1905	3,000	$500,000
			52,451	$5,080,000

Source: Brooklyn Daily Eagle Brooklyn Daily Almanac, 1929 (Brooklyn: Brooklyn Daily Eagle, 1929).

Exhibit A.3

Park Slope Churches in 1978

Denomination	Location	Comments
Baptist		
6 Avenue	6 Ave. & Lincoln Pl	100 members are 98 percent Jamican & West Indian Blacks.
Greenwood	7 Ave & 6 Street	
Park Slope	12 St & 4 Ave	80 members include White and Spanish members. Supported by Southern Baptist Ass. & operates federally funded day care.
Memorial	8 Ave & 16 St	
Catholic		
St Augustine	Sterling & 6 Ave	1,000 active members include 20% White, 20% Haitan & West Indian, 60% Spanish. Services in English Creole & Spanish. School closed in 1978.
St Francis	Carroll & 6 Ave	900 active members include majority of White families and Spanish. Spanish services. 500 in grammar school
St Saviors	8 Ave & 7 St	1,700 active members. Great majority are White. 560 in school.
St Thomas	9 St & 4 Ave.	Members are predominately White with no Spanish services. 500 in school.
Holy Family	13 St & 4 Avenue	Active 900 families with half Spanish. Bi-lingual parish with separate Spanish services. School closed in 1978.
Holy Name	P.P.W. & Prospect Av	4,000 active members, approx. 200 Spanish members wt separate service. 850 in grammar school.
St Stanislaus	15 St & 6 Ave	520 active families wt. approx. 25% Spanish. Separate Spanish services. Closed in 1979.
Our Lady of Peace	3 Ave & Carroll	Officially designated city-wide Italian parish.

Exhibit A.3 (Continued)

Denomination	Location	Comments
Lutheran		
St Johns-St Mathew-Emmanuel Lutheran	Prospect Ave & 5 Ave. (Church), 7 St & 6 Ave. (Community Ctr.)	500 members include approx. 150 Spanish. Church represents consolidation of three Lutheran Churches. Separate Spanish services. Extensive use of community services including senior citizen lunch program, and after school programs.
Methodist Episcopal		
Grace United	7 Ave & St Johns	
Park Slope	8 St & 6 Ave.	Stresses Activitist role in community
Methodist Free		
Free	16 St & 4 Ave	
Presbyterian		
Prospect Heights	8 Ave & 11 Street	75 active members, all White.
Protestant Episcopal		
All Saints	7 Ave & 7 Ave	Operates Senior Citizen Lunch Program
St Johns	St Johns & 7 Av	500 members include a majority of Black West Indians.
Reformed		
Old First	Carroll & 7 Av	
Jewish		
Beth Elohim	8 Av & 1 Street	472 members. Operates school. Reform congregation whose members increasingly come from neighborhood
Park SLope	8 Av & 14 St.	
Other		
Mission for Today	6 Av & 2 St	Black congregation. Operates school.
Church of God	7 Av & 10 St	250 member Haitan Pentocostal congregation.
Solcil Society	Flatbush & 6 Av	City-wide Haitan Congregation wt 150 members.
Fourth Church of Christian Scientist	Sterl & 7 Ave.	
Virgin Mary	8 Av & 2 Street	City-wide congregation of Eastern Rite
Holy Cross	15 St & 4 Av	Polish National Church wt Borough Wide membership

Exhibit A.3 (Continued)

Spanish Congregations	Location	Comments
Iglesia Hispana Pentocostal	5 Av & Baltic	125 members
Iglesia Adventista Del Septimo Dia	Prospect Place & 5 Ave	
Iglesia Pentocostal	5 Av & Sackett	
La Biblia Iglesia De Dios Pentocostal	Union & 5 Av	
Iglesia Pentocostal, La Dendicion De Jehova	5 Av & 6 Street	40 members
Hispanos Unidos	8 St & 6 Av.	Operates day care facility and adult education programs
Iglesia Catholic Cristina	7 Av & 12 St	
Iglesia Pentocostal Evanglica, Inc.	7 Av & 14 St	
Assemblea Christ	7 Av & 14 St	
Iglesia Baptista	6 Av & 15 St	
Iglesia De Dios Pentocostal	P.P.W. & 17 St.	

Source: Field Survey in spring of 1978 and interviews with religious leaders of 6 Catholic Churches, 2 Baptist Churches, one Lutheran Church, one Presbyterian Church, one Frotestant Episcopal Church, one Jewish congregation, two Haitan congregations, and two Spanish congregations.

Table A.4

Number of Mortgages Originated by Banks

Savings Banks	1964/65	1969/70	1974/75	1977/78	1979/80
Anchor		1		1	
Amlgamated					1
Bay Ridge	11				
Bowery			2	50	6
Brooklyn		2		1	5
Bushwick	1				
City	1				
Dime	8			4	13
Dime of Williamsburg					1
East Brooklyn	1				
East River		1			
Emigrant				1	
Empire				1	2
Franklin					1
Flatbush	1				
Fulton	1				
Greater N.Y.	23	107	10	19	50
Greenpoint	9	6			1
Hamburg	5				
Independence	1		2	15	9
Kings Highway	1				
Kingston		1			
Lincoln	3		1	21	
Manhattan			1		3
Metropolitan				1	
New York		1		1	
Seamen's		1			1
Williamsburg	2	2	1	7	7
	68	122	17	122	100

Savings & Loans	1964/65	1969/70	1974/75	1977/78	1979/80
Altantic	5			2	1
American					1
Atlas	14	1		1	
Bay Ridge Fed	2				
Brooklyn Fed			4	6	
Carver Fed	2				
City		1			
Columbia			1		
East Brooklyn	1				
Edison	2		1	2	
Equitable	6	1		2	
First Federal			1	3	
Flatbush Fed	10		2	1	1
Franklin Society					1
Hamiltan Fed	5	1	3	7	
Home Federal		1			
Jackson Hts	5				
Long Island		1			
Long Island City	7				
Nassau	9				
Ninth Federal					4
Pioneer			1		
Ponce De Leon	1				
Terrace	11	1	1		
Washington Hts		1			
Woodside	2				
Yorkville	4				
	86	8	14	24	8

Table A.4(Continued)

Commercial	1964/65	1969/70	1974/75	1977/78	1979/80
Bankers Trust		2	11	2	
Chase	3	17	18	10	8
Chemical		1	10	7	6
Citibank	3	7	3	4	57
European Am		1			1
Irving Trust			4	1	
Manufacturers Han			3		11
Morgan Guarantee				1	
Ponce De Leon					1
Republican			2	2	
	6	28	51	27	84
Insurance Co.					
Total	2				

Source: Brooklyn Real Estate Register (Brooklyn: Brooklyn Real Estate Register, Inc., published monthly).

Table A.5

Location of Boundaries of Park Slope, by Block

Boundary	Total	2 St	Sterling	Carroll	10 St	16 St
Eastern						
7nth Avenue	1		1			
Prospect Park	57	18	9	12	13	5
10nth Avenue	2					2
11nth Avenue - Park Circle	5					5
Western						
8th - 7nth Avenues	6	5				1
6th Avenue	3	1		1		1
5th Avenue	12	6	2	2		
4th Avenue	27	5	6	6	9	1
3ard - 2nd Avenues	16	1	2	3	3	7
Smith Street	1				1	
Northern						
Vanderbuilt	1			1		
Flatbush Ave. or Plaza St.	42	17	8	8	5	4
Between Flatbush & Union Street.	5		2	1	1	1
Union Street	12	1		2	4	5
1st - 3ard Streets	4				3	1
9nth Street	1					1
Southern						
6th - 9nth Streets	11	5	3	3		
12th - 15nth Streets	17	11	1	1	4	
16nth - 20nth Streets	22	2	6	3	5	6
21st - 40th Streets.	15			5	4	6
	65	18	10	12	13	12

Exhibit A.4

Resident Interview

1. Do people who live around here have a name for this part of Brooklyn?

   Yes
   No (go to question 2)
   Don't Know (go to question 2)

   a. What is the name?
   b. What are the boundaries of this area? (If difficulty encountered ask, what are the streets that define the area?)
   c. Why did you choose these boundaries?
   d. How do people who live in the area talk about it; what kind of impression or reputation does it have?

2. How long have you been living in this area of Brooklyn? Let's break it down. List the places, when you lived there, and for how long? Start at the earliest place.

3. Now I would like you to think about your own neighborhood. What do you consider to be its boundaries?

   a. Why did you choose these boundaries?

4. Why did you originally move into this neighborhood?

5. For you, what are the best aspects about living in this neighborhood?

6. For you, what are the worst aspects about living in this neighborhood?

7. How would you describe your neighborhood to say a friend who does not live in Brooklyn?

8. Does your neighborhood have any kind of reputation among people in this area of Brooklyn?

   Yes
   No (go to question 9)
   Don't Know (go to question 9)

9. How does this area of (use streets where person lives listed below) compare with the area around:

   a. Prospect Place, Park Place, and Sterling between Fifth and Sixth Avenues;
   b. Carroll, President and Garfield between Fifth and Sixth Avenues;
   c. Ninth, Tenth and Eleventh Street between Fourth and Fifth Avenues;

Exhibit A.4 (Continued)

d. Windsor, Sixteenth and Fifteenth Street between Seventh and Eighth Avenues;
e. First, Second and Third Street between Eighth and Prospect Park West.

(If person has lived in his/her neighborhood for over 18 months, ask questions 10 and 11. If less than 18 months, go to question 12).

10. Over the last 2 years has this block changed in any way?

Yes
No (go to question 11)
Don't Know (go to question 11)

a. How has the block changed?
b. Why do you think it has changed in this way?
c. Thinking about these changes, has the things that you do on the block changed in any way in the last two years?

11. How about your neighborhood, has it changed in any way over the last two years?

Yes
No (go to question 12)
Don't Know (go to question 12)

a. How has the neighborhood changed?
b. Why do you think it has changed in this way?
c. Thinking about these changes, has the things that you do in the neighborhood changed in any way in the last two years?

12. What do you think this block will be like in the next five years? Anything else? Why is this?

13. What do you think this neighborhood will be like in the next five years? Anything else? Why is this?

14. If you were able to buy a new home or rent a new apartment would you want to move out of this block and neighborhood?

Yes (ask, where move to and why move)
No (ask why they would not want to move)
Don't Know (go to question 15)

15. If you had friends or relatives who were looking for an apartment or house, would you encourage them to move into this neighborhood.

Exhibit A.4 (Continued)

Name of person interviewed _____.

Address of person_____.Phone_____.

Sex of person: Male___Female___.

Person's martial status: Married__Single__Separated & Divorced___ Widow(er)___.

Age of Person: 20-30__31-40__41-50___51-60___61-70___71+__.

Last grade of school attended_____.

Occupation of person_____.

Length of residence at present address_____.

Person's previous place of residence and years there _____.

Number of people living together in the home_____.

	Ages	Relationship	Education	Occupation

Number of rooms in house or apartment_____.

Rent_____ or Own Home_____.

If rent, ask: how much rent per month_____.

(To be filled in by interviewer)

Racial Status of person interviewed: White___Black___ Hispanic___ Oriental___ Other___.