The Role of Colleges and Universities in Neighborhood Real Estate Development: Based on the Experience of Five Institutions

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THE ROLE OF COLLEGES AND UNIVERSITIES IN NEIGHBORHOOD REAL ESTATE DEVELOPMENT: BASED ON THE EXPERIENCE OF FIVE INSTITUTIONS

Prepared for:  
FANNIE MAE FOUNDATION

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# The Role of Colleges and Universities in Real Estate Development

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Introduction

This report discusses the role of colleges and universities in the economic development of neighborhoods and cities through direct investments in real estate. It explores various approaches to neighborhood economic development and looks at how educational institutions can partner with public agencies and neighborhood-based organizations to meet the objectives of both the institution and the community in which it resides.

Institutions of higher education have long been recognized for their efforts to promote community development. Many faculty members and students have welcomed the opportunity to assist residents and neighborhood organizations in efforts to alleviate poverty in urban communities. These efforts often involve building the capacity of residents to influence decision-making processes or take advantage of available resources. During the past two decades, colleges and universities have become more directly involved in neighborhood development by taking on the role of developer.

Despite the increased role of the university as a real estate developer, there is a limited body of research that explores the various approaches adopted by colleges and universities with respect to neighborhood real estate development and little investigation into the types of partnership arrangements that are involved. This report is based upon research that explores the role of the university as a developer. A case study approach was used to examine how universities can affect conditions in neighborhoods surrounding their campuses by directly engaging in residential and commercial development. The report synthesizes knowledge gained from case studies of five institutions: Duke University, Morehouse College, Old Dominion University, Union College, and the University of Notre Dame.\footnote{Detailed reports are available for each institution. See the reference list for full citation.} Duke University is a private institution located in Durham, North Carolina. It enrolls approximately 12,000 students, nearly half of whom are graduate students. Morehouse College is a private, all male, historically black college in Atlanta, Georgia. Approximately 2,700 undergraduate students are enrolled at the college. Old Dominion University is a public university located in Norfolk, Virginia. Full-time student enrollment is approximately 10,500 and about two-thirds are undergraduates. Union
College is a private liberal arts college in Schenectady, New York. It is a small college with approximately 2,000 undergraduate and 100 graduate students. The University of Notre Dame is a private religious institution located adjacent to South Bend, Indiana. Student enrollment exceeds 11,000, with the vast majority being undergraduates.

These colleges and universities were selected based upon the fact that they have recently undertaken large-scale mixed-use development projects or invest in neighborhood real estate development efforts on a continual basis. While there are other colleges and universities that meet this criterion, those included in the study provide examples of various approaches to neighborhood development and illustrate different models of partnership that can be employed to achieve the desired outcomes. The purpose of this research is to draw upon the experiences of the five institutions in order to draw lessons about how colleges and universities can best approach neighborhood real estate development in order to address their own needs as well as the needs of the communities in which they reside. Despite the tension that often accompanies university-driven real estate development, it is possible to find the point where the goals of the institution intersect with the goals of residents and organizations that work for the betterment of the neighborhood.

Information for each case study was gathered from site visits and in-person interviews with individuals associated with the university and community groups as well as a number of secondary sources including newspaper articles, Internet sources, and planning documents. This report first discusses the various approaches to neighborhood development that were employed by the five institutions included in the study and then explores the types of partnership arrangements they entered into in order to meet their objectives. The report also addresses the issues involved in managing community relations and assessing impact on neighborhoods. It concludes with a discussion of lessons that can be learned from the experiences of the five institutions.

2 Interviews regarding Old Dominion University were conducted in February 2003; interviews regarding the University of Notre Dame were conducted in May 2003; interviews regarding Duke University and Union College were conducted in June 2003; and interviews regarding Morehouse College were conducted in September 2003. A list of persons interviewed is included in Appendix A.
The real estate development approaches employed by the five institutions included in this study can be classified as either revitalization or redevelopment. The approach that has been adopted depends on the goals and motivation of the institution as well as the opportunities that exist within the neighborhood. Revitalization strategies, as carried out by the institutions included in the study, involve efforts to improve or stabilize neighborhoods through renovation and new construction of homes and other facilities and programs to increase homeownership. In three cases, institutions were also involved in creating community centers to provide services to neighborhood residents. Redevelopment strategies, on the other hand, involve efforts to rebuild an existing site. This often involves substantial relocation and land clearance and therefore tends to generate more controversy than a revitalization approach. Whereas revitalization approaches to neighborhood development place greater emphasis on enhancing existing resources within the neighborhood, redevelopment calls for replacing what exists in order to develop new neighborhood resources.

**Neighborhood Revitalization**

Duke University, Morehouse College, Union College, and the University of Notre Dame have each adopted an approach to neighborhood real estate development that emphasizes revitalization and stabilization, rather than large-scale redevelopment. Although the types of projects in which the four institutions have become involved differ substantially, all focus on strengthening the assets that exist within their neighborhoods.

**Duke University**

Duke University’s real estate development activities are part of a larger effort to stabilize and revitalize the neighborhoods that surround its east campus. The projects in which the university is involved are community-based: ideas originate with community leaders. University resources are used to support plans rather than drive the agenda. The manner in which Duke is involved varies considerably with each project, however, most of its efforts have been directed

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3 Morehouse College is also indirectly involved in a redevelopment project through an arrangement with the Atlanta Housing Authority. Details are discussed on page 5.
toward residential development or development of educational or community service facilities. The university has also been involved in some commercial development projects.

Duke’s involvement in residential development has come in two forms. The university has dedicated substantial financial resources to support the efforts of a local nonprofit housing developer to provide affordable housing in the adjacent neighborhood to low- and moderate-income residents. The organization renovates existing homes and builds a limited number of new homes that serve as infill housing. University officials believe that working with a nonprofit developer is the most logical way to impact the affordable housing market, however, the university has also been directly involved in housing development. Forty new homes were constructed on vacant, university-owned land that lies between the campus and surrounding residential neighborhoods. This did not require clearance and redevelopment, as the land had been vacant for decades. The new units are upscale homes that were successfully marketed to university employees. It is believed that increasing homeownership and economic diversity in surrounding neighborhoods is helping to stabilize the area.

Duke University has been involved in a number of real estate projects that have helped to improve educational opportunities for youth in the target neighborhoods and provide needed services to the entire community. They have assisted with the development of two large community centers, a teen center, a children’s theater, and a facility to house a multi-denominational religious organization that provides a variety of services to neighborhood residents. Duke has contributed financial resources to several projects, but equally important has been the willingness of university personnel to use their expertise and networking abilities to help projects reach completion. In some cases, the projects would likely have fallen through without Duke’s assistance.

Although Duke has paid particular attention to the neighborhoods that surround its east campus, the university is also involved in commercial development in other parts of Durham. The university does not take on the role of developer in these cases, but it plays a critical role in making projects feasible. Duke often agrees to lease space in new or renovated buildings, understanding that its commitment not only provides a financial guarantee, but also attracts other tenants. The university leases approximately half a million square feet of commercial office space. Duke enters into these deals because it wants to support real estate development efforts throughout the city.
Morehouse College

Morehouse College is engaging in neighborhood real estate development with two goals in mind. College leaders have an interest in revitalizing surrounding neighborhoods, but they are also assembling land to accommodate future growth of the campus.

Efforts to revitalize neighborhoods have focused on building the capacity of existing neighborhood organizations. Many of the neighborhood organizations in the area were poorly structured and had limited resources. The college led the effort to strengthen a local community development corporation and secured funding to provide training and equipment for several other organizations working in nearby communities. Most were grassroots organizations with little expertise in neighborhood planning and development, and they were often being asked to take a position on specific matters without fully understanding the issues involved. The training they have received has given these neighborhood leaders the tools to fully participate in planning for their communities. Morehouse students are also playing an important role in supporting the efforts of neighborhood organizations. Student interns assist in creating and disseminating regular newsletters and documenting property characteristics in the neighborhoods. Morehouse recently received additional funding that will allow for further capacity-building activities for neighborhood organizations, but will also result in residential rehabilitation and new construction. A community development corporation will rehabilitate 14 homes that are either vacant or occupied by senior homeowners and build six new homes on vacant lots. Both the rehab and new construction will be concentrated in one neighborhood with the goal of increasing the homeownership rate in that area.

While working for the revitalization of surrounding neighborhoods, Morehouse is also planning for the future development of its campus. Interestingly, the college has found a way to address its own needs for expansion while facilitating the plans of the local housing authority to redevelop a large public housing complex that borders the campus. Morehouse is negotiating a land swap with the housing authority that will allow the college to expand in the direction it prefers (on land currently owned by the housing authority) and will allow the housing authority to develop a mixed-income community on land currently owned by Morehouse, but contiguous with other property owned by the housing authority. The land swap benefits the parties involved in the deal, but also benefits nearby residents by permitting a more comprehensive and logical approach for the development of the area.
Union College

Union College has focused its neighborhood revitalization efforts in a few key areas: it addressed a need for additional student housing by acquiring and renovating existing homes; it has attempted to increase homeownership in the adjacent neighborhood by offering homeownership incentives; and it established a community center to address the on-going needs of area residents. When faced with an increasing demand for student housing, Union College officials rejected the approach taken by many colleges and universities, which is to build new facilities. Union instead acquired deteriorated rental properties in the neighborhood west of its campus. The entire neighborhood was suffering from neglect and Union officials were concerned, recognizing that it reflected poorly on the college. They saw a way to address their need for housing as well as to improve conditions in the neighborhood. Union purchased over 40 homes and restored them to their original historical character, giving careful attention to architectural detail.

The restored homes have made a tremendous impact on the appearance of the neighborhood. To build upon the success, Union provides financial incentives to those willing to purchase homes in the neighborhood. For college staff and faculty who buy homes in the designated area, the college offers low-interest mortgage loans and covers all closing costs and legal fees associated with the purchase. For those who are not Union College employees, the college offers a scholarship program. Homeowners who have lived in the College Park neighborhood for at least five years are eligible to receive tuition scholarships for their children. The scholarship will provide four years of tuition for students who meet Union’s admission requirements. If a student is unable to meet Union’s admission standards, he or she may attend the local community college tuition-free and then reapply to Union as a transfer student.

As part of Union College’s effort to stabilize the neighborhood bordering its campus, it established a new community center. With a gift from a local donor, the college purchased a building on the edge of the neighborhood that housed a troublesome bar and renovated it to accommodate the center. Union has expanded its community outreach efforts by offering a number of programs at the facility. The community center has a very small staff, but a large contingent of student volunteers. The center also hosts the regular meetings of the neighborhood association, which focuses on issues affecting the on-going improvement of the neighborhood.

Although Union is no longer in a real estate acquisition mode, the college has become involved in a new state-led initiative to improve the housing stock in the neighborhood bordering its campus. The state is providing funds to a nonprofit community development organization for
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Overview

the acquisition and rehab of houses. A Union administrator helped design the program, which is intended to improve the condition of homes and sell them to responsible homeowners. The program will operate much like a revolving loan fund; as homes are renovated and sold, the proceeds will recapitalize the fund, allowing the development organization to acquire and renovate more homes.

University of Notre Dame

The University of Notre Dame has taken a more active role in real estate development in an effort to stabilize and revitalize the neighborhood that borders its campus to the south. For many years, the university has taken advantage of opportunities in the real estate market and purchased homes in the area to make them available to faculty and staff as rental units. The university focused on deteriorating properties that negatively impacted the appearance of the neighborhood. The properties were renovated before leasing them to employees. More recently, the university began to build high-end infill housing to attract upper-income homeowners to the area. Four homes have been built thus far and have sold for nearly $250,000 in a neighborhood where most homes sell for approximately $40,000. The university absorbs the cost of the land and guarantees a rate of appreciation. If the buyer chooses to sell the property, the university has the first option to buy. Notre Dame has been careful to select architectural designs that allow the new homes to blend into the neighborhood despite their higher cost. The university plans to build more upscale housing in the future.

Like Union College, Notre Dame has established a community center to support its efforts to stabilize the neighborhood that borders its campus. The university was approached about purchasing two side-by-side buildings that were left vacant when a thrift store and grocery store decided to relocate to another part of the city. When Notre Dame acquired the buildings, neighborhood residents believed the university had forced the stores to leave. Although this was not the case, university officials wanted to smooth tensions and asked people in the community how the buildings should be used. A community learning center was the outcome of these discussions. The center offers a number of educational programs for children and adults.

Notre Dame is in the earlier stages of community revitalization. Most of its real estate development activities have centered around infill housing and the community center, however, this may change in the future. The university initiated a master planning process for the neighborhood south of its campus. The plan, developed by university-hired consultants, focuses on creating a commercial corridor in the neighborhood. It would likely include stores, restaurants, coffee shops, and other services. Implementation of the plan would require
substantial land acquisition and clearance, which would shift the focus of neighborhood development toward redevelopment rather than revitalization, although the university does not expect to play a central role in the implementation. The plan is currently being considered by the city of South Bend, and elements are being incorporated into the city’s plan for the neighborhood. Notre Dame was instrumental in bringing attention to the needs of the neighborhood – the development of a master plan was not among the city’s priorities. While the university may not have direct involvement as a developer, officials see themselves playing a key role in attracting private sector investment.

NEIGHBORHOOD REDEVELOPMENT

Old Dominion University was the only institution among the five universities studied that emphasized redevelopment as the primary approach to neighborhood development. The project focuses on construction of a new mixed-use development.

Old Dominion University

Old Dominion University emphasized redevelopment as the primary approach to neighborhood development. The university, with help from outside partners, acquired properties within a nine-block area and cleared the land in order to build a large, mixed-use development. This was driven by three needs: the university lacked a convocation center to host basketball games and special events; it was unable to meet the demand for student housing; and the retail demands of students and neighborhood residents were not being met. To address these needs, Old Dominion University developed a plan that called for the construction of a new events center, parking garage, and a large mixed-use development that includes student housing and retail space. To bring the plans to fruition, substantial land acquisition and clearance was required. The university acquired the needed property with help from the Old Dominion University Real Estate Foundation and Norfolk Redevelopment and Housing Authority. The nine-block area was largely blighted, with many light industrial businesses, dilapidated rental homes, and vacant properties. The land was cleared to make room for the new convocation center and University Village.

The university’s redevelopment approach derived from both motive and opportunity. The university was motivated by needs relating to expansion and improved amenities, and faced with an opportunity in that a large tract of blighted land existed adjacent to the campus.
Old Dominion’s need for more space and its ability to assemble the required amount of land made clearance and redevelopment the most logical plan.

Many universities have been criticized for engaging in redevelopment as opposed to revitalization. While some business owners were unhappy with the manner in which Old Dominion handled the relocation process, criticism of the university has been limited. Old Dominion officials backed away from early plans to expand into a more heavily residential area and, in the end, cleaned up a rundown area. Furthermore, the university has considered the retail needs of neighborhood residents as well as students in planning the commercial component of its redevelopment project.

**APPROACHES TO PARTNERSHIP**

Each of the five institutions included in this study employed a different approach with respect to the involvement of outside individuals and organizations in the neighborhood real estate development process. Duke University worked alongside neighborhood leaders to determine the appropriate role for the university in neighborhood development. Similarly, Morehouse College established relationships with neighborhood organizations and allowed them to drive the agenda for revitalization. Union College planned and implemented most aspects of its development agenda with little outside involvement, although it received some financial assistance to support its work. The University of Notre Dame began with an internal planning process, but later opened the process to city officials and local community groups. Old Dominion relied heavily on partnerships with the city planning department and the local redevelopment authority in order to implement its development plans.

The types of organizations with which the educational institutions partnered for neighborhood real estate development varied among the five case studies. Some worked extensively with neighborhood associations and/or neighborhood-based community development corporations, and all had a relationship with the local planning department. In one case a citywide redevelopment agency and a university-affiliated foundation played an important role; in another case, faith-based organizations were key partners. Federal and state agencies assisted some institutions in funding neighborhood development activities. Private sector entities, such as banks and hospitals, were also involved in some cases. The extent to which the colleges and universities relied upon these outside partners to implement neighborhood development plans differs in each case.
Duke University

Duke University relies on community partners to set the agenda for neighborhood real estate development. The university becomes involved in projects that have been identified by local leaders as important to the vitality of their neighborhoods. Duke administrators see their role in neighborhood development as that of a facilitator or broker. They use their influence to bring parties together to respond to problems or opportunities. The university provides financial assistance to real estate development projects, but it also leads efforts to find additional funding. Duke officials have access to foundations, business leaders, and other potential funders that community organizations have difficulty accessing. University officials also have the ability to connect community organizations with individuals within the university who may be able to assist them in their work. They see themselves as conveners, rather than master planners. This approach requires strong relationships with individuals and organizations both inside and outside the surrounding neighborhoods. Duke administrators have valuable connections with city and county government officials, business leaders, nonprofit organizations, and neighborhood associations.

Duke’s partnership with Self-Help, a nonprofit housing provider, has been key to reaching the university’s goal of stabilizing neighborhoods through improved housing stock and increased homeownership opportunities. In 1994, Duke provided a $2 million, 10-year, low-interest loan to Self-Help to allow the organization to acquire and renovate properties in a designated neighborhood, as well as provide low-interest mortgages to eligible homeowners. The university is considering investing another $2 million to support the efforts of Self-Help. In addition, Self-Help applies annually to the Duke Endowment (the foundation affiliated with Duke University) for a $50,000 grant to assist in funding property acquisition. The Duke Endowment also provides approximately $125,000 a year to help cover staff salaries at Self-Help.

The university’s investment in neighborhood real estate has often involved partnerships with churches. In two separate cases, Duke administrators used the university’s financial resources and influence with local leaders to facilitate the conversion of vacant school buildings into community centers. University officials believed in the importance of the projects and had confidence that church leaders had the capacity to follow through on their plans. Duke also provided funds to a consortium of five neighborhood churches that allowed them to convert a small store into a facility that houses a number of social service programs.

Duke’s assistance to nonprofits extends beyond the religious community. The university provided financial assistance to establish a neighborhood teen center that offers tutoring services, mentoring, performing arts classes, and employment skills workshops. It also
provided resources to a neighborhood children’s theatre that offers classes in acting, music, and dance.

Duke University officials seize upon opportunities as they arise. They form partnerships with many local organizations to support worthwhile ventures. As one Duke administrator explained, they see themselves as one piece of an informal network that works for the betterment of Durham neighborhoods.

Morehouse College

To implement its real estate development agenda, with respect to both neighborhood revitalization and campus planning, Morehouse has established partnerships with a number of organizations. Neighborhood-based organizations have been its primary partner in the redevelopment of surrounding communities. Morehouse has taken the approach of working toward neighborhood revitalization by supporting the efforts of existing organizations. Community leaders determine what is needed in the community, and the college has responded to these needs. One neighborhood organization, in particular, has been a key partner for Morehouse. The University Community Development Corporation (UCDC), led by Morehouse College, is an organization originally created by neighboring Clark Atlanta University. It is responsible for carrying out the physical development component of the revitalization plan. UCDC is managing all aspects of the residential rehabilitation and new construction process.

Neighborhood educational institutions have also partnered with Morehouse College to support efforts to revitalize the area. Morehouse is located alongside five other historically black institutions – Clark Atlanta University, Spelman College, the Morehouse School of Medicine, Morris Brown College, and the Interdenominational Theological Center. Morehouse College is leading the six institutions in neighborhood development efforts, although it relies on help from the others: Morehouse received funding from the Fannie Mae Foundation and the Department of Housing and Urban Development (HUD) to assist with these efforts. These funds help pay for staff and student internships that allow Morehouse students to work with UCDC and other community organizations. Clark Atlanta University has provided training workshops for neighborhood organizations. Spelman College and the Morehouse School of Medicine (a separate institution from Morehouse College) have become involved with Morehouse College to support efforts of the housing authority to redevelop public housing in the area. Spelman and the Morehouse School of Medicine are also involved with the land swap with the Atlanta Housing Authority.
The Atlanta Housing Authority has become an important partner in the neighborhood development process because it holds a substantial amount of property in the immediate area. The authority’s plans will have a large impact on the future development of both Morehouse College and the neighborhood. The city of Atlanta has also played an important role in supporting these neighborhood revitalization efforts by contributing substantial financial resources to support residential rehabilitation and construction activities being carried out by UCDC. In addition, the city has provided funding for student internships working in the planning department.

Union College

Union College’s plan to purchase and renovate housing in the neighborhood adjacent to its campus required limited involvement from outside parties, however, several organizations were involved in smaller projects that assisted in the physical transformation of the neighborhood.

The college was able to acquire the property it needed by negotiating each sale with individual owners and because the homes were converted into student housing, Union did not look for outside support to assist with acquisition or renovation costs. A private consultant was hired to create design plans for the homes, and the work was completed within a short time frame. The renovation of the houses created the most significant change in the appearance of the neighborhood, but there were smaller projects that were important to the larger vision for the area, and other parties were key to bringing these ideas to fruition.

The city of Schenectady supported Union’s effort to improve the neighborhood by funding streetscape improvements. While this represented a small portion of the total costs associated with the work in the neighborhood, it was a key part of the project. The street and sidewalks that divide the campus and the neighborhood were badly in need of repair, and their improved appearance have been important to the transformation of the neighborhood. The community center, which is at the heart of Union’s outreach efforts, was made possible by a large contribution from the widow of a college alumnus. Federal grant money was obtained to help improve playing fields for use by Union students and neighborhood residents. A local bank provided funds to support the college’s community outreach office, help redevelop a neighborhood park, and fund internships that allow Union students to work for local not-for-profit organizations. Another local bank instituted a special mortgage program to encourage homeownership in the target neighborhood, and a health maintenance organization awarded a small grant to fund park equipment. Residents were involved in the process by helping to
determine the programs that would be offered through the community center and through their involvement in a newly established neighborhood association.

While Union administrators may have hoped for more involvement from outside investors, they recognize that the majority of the college’s expenses were for the development of student housing and did not expect to receive financial support for that work. They hope that future efforts will involve more partners and attract more outside investment.

University of Notre Dame

In its efforts to stabilize and revitalize the area south of its campus, the University of Notre Dame has developed relationships with three organizations: the Northeast Neighborhood Revitalization Organization (NNRO), South Bend Heritage Foundation, and the city of South Bend.

NNRO is a nonprofit organization that was created in 2000 with the mission of revitalizing the neighborhood south of the university. Notre Dame was the driving force behind the creation of the organization and made a commitment to provide it with $750,000 over five years to assist in reaching its goals. In addition, NNRO received a total of one million dollars from three hospitals and the city of South Bend. NNRO purchased a number of vacant lots to develop affordable housing for owner-occupants. It also acquired several homes for rehabilitation. Although it was originally intended that NNRO would work independently, it was determined that work could be carried out more effectively by working through an established organization. South Bend Heritage was then brought into the process. South Bend Heritage is a community development organization with considerable experience in other neighborhoods of the city. With a contract from NNRO, South Bend Heritage hired two people to work exclusively on projects in the neighborhood bordering Notre Dame, and the organization is leading the community outreach effort. South Bend Heritage has proven to be a valuable partner in the effort to improve the neighborhood.

The city of South Bend is playing an important role in developing a master plan for the neighborhood. When university officials first decided to increase the attention they were giving to the adjacent neighborhood, they hired an outside consultant to develop a plan for the neighborhood – this planning process was an internal university process that did not involve residents or other stakeholders (although it did consider recommendations made in previous planning efforts). The city of South Bend is now working to incorporate Notre Dame’s plan into the city’s master plan for the neighborhood. The city’s involvement will ensure that neighborhood residents are included in the planning process and are comfortable with the
outcome. Notre Dame was criticized for adopting a closed planning process initially, however, university administrators are now stepping aside to let the city guide the development of a master plan.

Old Dominion University

Realization of Old Dominion’s University Village plan required collaboration between the university, the Old Dominion Real Estate Foundation, the city of Norfolk, and the Norfolk Redevelopment and Housing Authority (NRHA). Each partner played an important role in the development process.

The Old Dominion Real Estate Foundation is a not-for-profit corporation, legally distinct from the university. As a not-for-profit entity, it has more flexibility than the university with respect to regulations of the U.S. Internal Revenue Service and the commonwealth of Virginia. The foundation was created to serve the university by negotiating deals with property owners and developers and has been instrumental in assembling land for the University Village and working with private developers to bring projects to fruition.

The city of Norfolk has also been an important partner in creating the University Village. Early in the planning process, university officials realized that their plans would require significant changes in infrastructure. This included street improvements and utility upgrades. This not only required city approval, but financial support as well. City leaders viewed the project as an investment that could leverage additional resources and ultimately increase tax revenues. Following an agreement that all property would be taxable with the exception of the convocation center and parking garage, city council committed $15 million for infrastructure improvements.

NRHA played an essential role in the land assembly process. It serves as the redevelopment arm of the city of Norfolk, but has powers under state law that the city does not have. NRHA can condemn blighted property for redevelopment, whereas the city can condemn property only for public purposes. This proved to be important to making the University Village a reality. In support of Old Dominion’s plan, NRHA designated the project site as a redevelopment area. This required the creation of a redevelopment plan (which was intentionally written to be consistent with university’s plan), several public hearings, and approval from the city planning commission and city council. When this process was completed, NRHA was able to acquire property by eminent domain when negotiations with property owners failed. The property was then sold to Old Dominion or the Real Estate Foundation.
Summary of Approaches to Partnerships

As is evidenced by the five case studies, universities partner with different types of organizations for real estate development. There are also differences in terms of who drives the agenda for neighborhood development and the extent to which the institution relies on outside partners to implement its plans.

Figure 1 shows the important distinction between institutions that set the agenda for development and those who allow the community to set priorities and determine the path of development. Union College, the University of Notre Dame, and Old Dominion University took the lead in establishing the direction for neighborhood revitalization or redevelopment. However, these three institutions differ in terms of their reliance on and utilization of partnerships. Union College and the University of Notre Dame led the planning activities and carried the majority of the financial burden associated with development activities. In contrast, Old Dominion University relied heavily on its partners to make the University Village a reality. This project required substantial land assembly, demolition, infrastructure improvements, and new construction – activities that a university cannot accomplish alone.

Duke University and Morehouse College have adopted an approach that allows community organizations drive the agenda for neighborhood development. Duke and Morehouse serve as catalysts or facilitators. Although they take a similar approach to development, the two institutions differ in size and financial resources, which determines the type of assistance they are able to offer. Duke often provides direct financial support for neighborhood-based real estate development projects, while Morehouse has advanced neighborhood development goals by securing grant funds to support nonprofit community development organizations. Morehouse has committed its own funds to acquire property for the land swap with the housing authority, and while this has implications for neighborhood development, the investment was possible because the college is also meeting an internal need. Morehouse does not share Duke’s ability to directly invest substantial sums of money in projects that only support neighborhood development goals.
When colleges and universities enter the arena of neighborhood real estate development, concerns arise among community residents and stakeholders. Institutions must contend with anger over past land acquisition policies, fear of displacement, and skepticism with respect to their motives. The needs of the institution may conflict with the needs of neighborhood residents; if colleges and universities are to become involved in efforts to improve neighborhoods, they must search for common ground. Each of the institutions included in this study encountered a different set of issues that affected community relations, although four of the five adopted a similar approach to address these issues – they created a position with the sole responsibility of developing and maintaining relationships in the community. In one case, this position was placed within an existing public service institute, in the other cases an office of community affairs or community outreach was established.
Duke University

Duke University’s approach to neighborhood real estate development relies on community leaders to identify worthwhile opportunities. Rather than focus on one large real estate development project to stimulate neighborhood improvement, Duke has scattered its investments across a number of smaller projects. University personnel work closely with schools, churches, and other nonprofits to help projects make the transition from concept to reality. Because ideas generate from local leaders, the university has encountered little opposition to its work. University officials prefer to work on the periphery to make things happen, as opposed to playing an active role in formulating plans for surrounding neighborhoods.

Duke leaders place strong emphasis on building relationships with people in the community and have devoted a considerable amount of resources to this effort. An Office of Community Outreach was established in the mid-1990s. One difficulty faced by the university was overcoming perceptions that the university had only self-serving motives for becoming involved in neighborhood activities. Administrators acknowledge that in the past, the university often capitalized on public relations opportunities but lacked true commitment to specific programs or activities. Duke’s current leadership understands that the fate of the institution is connected with the fate of the city and has been able to demonstrate to community leaders that the commitment is long-term.

Morehouse College

Like many educational institutions, Morehouse College had to contend with perceptions that it was an elitist institution that did not care about its neighbors. The fact that Morehouse is a historically black college surrounded by predominately African-American neighborhoods has not eliminated feelings of mistrust among community members. Morehouse, like many other universities, was seen as an insular, powerful, and elitist institution. Similar to Duke University, the college has successfully overcome this perception by engaging in a process whereby it supports the goals of community leaders rather than driving the agenda for neighborhood revitalization. College officials acknowledge that it was difficult to get the process started. They had to build relationships and familiarize themselves with issues facing the neighborhoods. They also assess their work on a continual basis and make adjustments to meet the needs of neighborhood organizations. This approach has led to trusting partnerships between the college and the neighborhood leaders, and the college has encountered little opposition to its work in surrounding areas. Most community leaders have welcomed the college’s support.
Morehouse staff and students have been able to show that they see themselves as members of the community with the same concerns as others in the neighborhood.

**Union College**

Union College acquired over 40 houses in the neighborhood bordering its campus. To avoid price escalation, Union created a development corporation to negotiate the deals on the college’s behalf. Nearly all the transactions were complete before Union revealed that it was behind the purchases and announced its plans for the neighborhood. Low-income renters who occupied the homes were forced to leave. Based upon these circumstances, the expectation might be that Union’s actions generated a great deal of hostility in the community, yet this did not happen.

Community leaders have praised Union’s efforts to improve the neighborhood that lies west of its campus. The lack of controversy can be attributed to a few key factors. First, Union offered very generous relocation assistance for displaced tenants. The college created a director of community outreach position and hired an individual to work one-on-one with people who were being asked to leave their apartments. Union offered information on housing opportunities, occasionally gave tours of vacant units, and provided access to a real estate broker. When a suitable apartment was found, the college paid all moving expenses and provided the first two months rent at the new unit if the tenant moved by an agreed upon date. Second, Union had a very carefully defined plan and implemented it quickly. Because the plan was clearly articulated, residents never feared the college was trying to take over the entire neighborhood. Although some neighbors complained about disruption caused by construction activity, major home renovations and street improvements were completed in just a year’s time. Third, Union made a very conscious effort to restore the original architectural detail of the homes they acquired. College officials respected the character of the neighborhood; student housing was made to blend in with existing homes. The improved physical appearance of the neighborhood was dramatic and helped change any negative attitudes that might have existed among long-time residents.

**University of Notre Dame**

The University of Notre Dame’s development agenda for the neighborhood south of its campus has generated mixed reactions. Residents have responded favorably to the university’s efforts to improve the housing stock in the area. Prior to these efforts, there had been no new construction in the neighborhood for many years, so they welcome efforts to build new homes.
And despite the fact that the new homes are priced at a much higher level than most houses in the neighborhood, they have been designed to blend into the community. Notre Dame has also acquired and renovated many older homes, but has done so only when opportunities have presented themselves. Displacement has not been an issue.

Notre Dame encountered some negative reaction when it acquired the buildings that once housed a thrift store and grocery store, but this was primarily based on misinformation. Neighborhood residents were angry because rumors spread that the university had forced the stores to relocate, although, in truth, the stores had chosen to relocate and the owners approached the university about buying the properties. Notre Dame was able to counter the negative reaction by soliciting community input about how to use the buildings. The community center now serves a large number of neighborhood residents. The university was able to turn a potentially damaging situation for university-community relations into a positive outcome for the both the institution and the community.

The neighborhood master plan introduced by Notre Dame has generated more controversy than the residential development or community center. The university was criticized for failing to involve residents and other stakeholders until late in the process. Plans for a commercial corridor would likely require acquisition and demolition of several homes, and questions have been raised about whether new stores and restaurants would truly serve the needs of residents or simply respond to the demands of students. Despite these concerns, people have generally spoken in favor of the plan. Many disapproved of the process more than the plan itself.

Notre Dame officials are learning to better address issues of community relations. They welcomed the involvement of the South Bend Heritage Foundation in the master planning process, recognizing that the organization was experienced in working with the community and would ensure balance between the needs of the university and neighborhood stakeholders. In addition, the university recently hired an individual to fill a new director of community relations position. Her responsibility will be to serve as a liaison between the university, residents, and leaders of the city of South Bend.

**Old Dominion University**

Old Dominion’s real estate development activities required assembling and clearing a very large tract of land, therefore it had a substantial impact on neighborhood residents and business owners. The project required relocating tenants (primarily businesses), demolishing existing structures, tearing up and redirecting streets, and the constant presence of construction
crews. Despite this, Old Dominion gained the support of the majority of neighborhood residents and other stakeholders. The area targeted by the university included many vacant, overgrown properties and old warehouses and maintenance facilities that were poorly kept. Most people were happy to see the area cleaned up and welcomed the opportunity to attract more retail and services to the community. Although the new development is being hailed as a “University Village,” Old Dominion has avoided the perception that it will cater only to college students. University officials also responded to questions about traffic and parking, offsetting concerns about the location of the convocation center. While the university did not involve outsiders in planning the village, the involvement of the city of Norfolk and the Norfolk Redevelopment and Housing Authority has ensured that the interests of the community are addressed.

Old Dominion did receive some criticism for their handling of the relocation process for business owners who were forced out to accommodate the new projects. Many believe that communication was lacking with respect to the timeframe for acquiring property. Business owners, many of whom leased space in buildings, were hesitant to invest in their businesses for fear that they would soon be forced to leave. They did not feel they were given adequate notice regarding plans for their space. Because of this issue, some people claim that tenants suffered the most substantial losses, while property owners benefited from the redevelopment project. However, some property owners were also dissatisfied, arguing that they did not receive adequate compensation.

**ASSESSING IMPACT ON NEIGHBORHOODS**

Each of the five institutions included in this study engaged in neighborhood real estate development for different reasons – they were motivated by different needs. However, they had the common goal of wanting to improve the neighborhoods surrounding their campuses. They also shared the desire to improve the quality of life for both students and neighborhood residents.

Defining neighborhood improvement is a difficult task. It means different things to different people. A common approach to measuring improvement is to monitor changes in structural variables such as homeownership rate, housing vacancies, and household income. These variables may provide some indication that a neighborhood has become a more desirable place to live and that people are more willing to invest in the area. However, these
measures are only available from decennial census data and the 2000 Census did not yet capture many of the changes.

While it may be impossible to isolate the effects of university real estate investments from other factors that could affect the neighborhood, those who know the community well can offer valuable insight. Perceptions are subjective, but still useful. Long-time residents, community leaders, and those affiliated with neighborhood-based nonprofits are in the best position to assess the impact of real estate development projects on their communities. At this time, much of the information on the impact of the real estate investments of the five institutions is anecdotal; however, information obtained from interviews provides a clear indication that these investments have had a positive impact on neighborhoods.

An unanticipated impact of the institutions’ real estate development activities was a general improvement in the relationship that existed between the college or university and neighborhood stakeholders. Development activities forced them to talk with each other and begin a new dialogue. In many cases, they were able to get beyond negative feelings that existed because of the development practices of long ago. Colleges and universities have recognized that they cannot survive in isolation and they are communicating this to people in the community. Although the relationships are not completely free of tension, universities and communities are finding common ground – they are realizing that they are neighbors with similar interests and goals.

**Duke University**

By most accounts, conditions in the neighborhoods surrounding Duke’s east campus are improving. This is particularly true in the neighborhood where Self-Help, with the university’s assistance, has invested a substantial amount of resources to improve the housing stock. Self-Help reports that homeownership has increased and property values have risen substantially. There are visual signs of improvement as well. In many cases, Self-Help purchased the worst properties in the neighborhood. By renovating the most dilapidated houses, they improved the look of the area. Self-Help staff revealed that they see more children playing outside and seniors sitting on their front porches, both indicators that people are feeling safer and more confident in their neighborhood. They admit that they are still trying to make the neighborhood a place where people choose to live, not simply a place where people buy investment property, but they believe they are making real progress. Gentrification has not been a significant problem in the area. Self-Help targets low- to moderate-income households for assistance, and
the small size of homes in the area prevents many wealthier families from moving to the community.

Census data reveal that the neighborhoods surrounding Duke’s east campus experienced population growth (11%) and a rising average household income (a 13% increase from $38,000 to $43,000) between 1990 and 2000. The number of housing units also increased slightly (4%), although the homeownership rate (31%) remained unchanged. This data must be considered in light of the fact that the Durham area as a whole grew during this time, but it is encouraging to see that growth did not circumvent this part of the city and that the attention that Duke University is giving to these neighborhoods may add to their appeal in the future. The impact of Duke’s activities may be more visible by the time the 2010 census is conducted.

Another important outcome of Duke’s investment in surrounding neighborhoods is the improved relationship between the university and people in the community. The university had to counteract years of mistrust that was felt by residents and civic leaders based on the university’s limited involvement with the neighborhoods in the past. Duke has forged new relationships with churches, schools, and other nonprofit organizations and shown that the institution cares about what happens beyond its borders.

Morehouse College

The physical development components of Morehouse College’s neighborhood revitalization plan are in the initial stages. The impact of residential rehabilitation and new construction have yet to be seen, however, many people believe that change has already occurred as a result of the college’s revitalization initiative. Neighborhood organizations have benefited substantially from the support they have received from the college. According to representatives of several organizations, the training and support that has been offered through the initiative has been instrumental in helping them to participate in planning for the future of their communities. Training classes have given them the tools to fully understand and engage in the physical planning process of their neighborhoods, as well as other issues affecting their lives. One neighborhood leader stated that in the past, they operated more on a trial and error process; now they are better informed and more focused.

Another important outcome of Morehouse College’s neighborhood revitalization initiative is the improved relationship between the college and neighborhood organizations and the improved relationships among the neighborhood organizations themselves. According to one

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4 See Appendix B for further information on neighborhood characteristics.
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college official, one of the greatest hurdles in the process was changing the neighborhood’s view of the college. Following many meetings and a trust-building process, the college has successfully conveyed the idea that the planning process is a community-driven process and the college wants only to play a supporting role. Equally important to building relationships between the college and neighborhood organization, the Morehouse initiative has helped build relationships among neighborhood organizations. They have begun to network and share concerns and ideas and are meeting as a collective group more often than in the past. Student interns have also helped to improve communication between groups because they talk with each other about what is happening at their organizations and share strategies for solving problems.

Census data collected in 1990 and 2000 indicate that the neighborhoods surrounding Morehouse College experienced a decrease in housing vacancies (from 16% to 10%) during the 1990s, as well as a slight decrease in an already low homeownership rate (from 37% to 33%).\(^5\) It is hoped that the residential rehabilitation and new construction program, along with other efforts to improve the neighborhoods, will reverse the downward trend in homeownership and create more stable communities.

**Union College**

By all accounts, the neighborhood adjacent to Union College has improved as a result of the college’s investment. College administrators and the president of the neighborhood association claim that property values have increased substantially in the last few years and the appearance of the neighborhood is greatly improved. The neighborhood association president feels that people are taking pride in their neighborhood once again and beginning to invest more in their properties. It is believed that incentives to encourage Union employees to purchase homes in the area have also helped stabilize the community and that Union’s scholarship program has a lot of people considering moving into the area.\(^6\) Campus security and the local police department are working together and people report feeling safer in the neighborhood. By acquiring homes in College Park, Union College addressed its student housing needs while simultaneously helping to stabilize the neighborhood.

In the area that includes the Union College campus and the neighborhood to the west, population declined slightly (5%) between 1990 and 2000 and housing vacancies increased

\(^5\) See Appendix B for further information on neighborhood characteristics.
\(^6\) At present, very few families are taking advantage of the program since the program is in its infancy. To be eligible, families must have lived in the neighborhood for at least five years.
from 9 percent to 15 percent; however, average household income rose and the homeownership rate, although low, remained stable.\(^7\) People expect that it will take time to see the full impact of Union College’s investment in the area, but many firmly believe that negative trends are reversing and the neighborhood is more stable than in the recent past. Although census data did not reveal an increase in the homeownership rate between 1990 and 2000, the special mortgage programs offered by Union and a local bank are believed to have been very helpful in attracting homeowners to the neighborhood. In addition, other developers are showing interest in the neighborhood. There is some discussion about creating a “Little Italy” in an area directly adjacent to the neighborhood.

Union’s investment not only helped improve the physical condition of the neighborhood, but also improved the state of university-community relations. Local residents had a limited role in influencing the actions of the college, however college officials used public relations very effectively and were sensitive to the concerns of community members. Most people believe the initiative has opened a dialogue between the college and city residents. Students are very involved in the community through their volunteer work and their physical location in the neighborhood has helped bring them closer to local residents. The campus is more open than in the past and community members are more comfortable calling university employees with their concerns. They now know whom to call – as part of the initiative the college hired a director of community outreach. There is the belief that town-gown relations have never been better.

University of Notre Dame

Notre Dame’s plan for the neighborhood south of its campus is still in the preliminary stages and much has yet to be implemented, but people are seeing some impact from the activities that have been undertaken. Most people welcome the investment in residential properties and see noticeable improvements in the properties the university has already acquired. Between 1990 and 2000, the population in the neighborhood declined slightly (6%), the homeownership rate decreased (from 60% to 55%), and housing vacancies increased (from 10% to 13%). Residents are hopeful that Notre Dame’s attention will help reverse these trends. If the commercial district is developed, it will have a substantial impact on the neighborhood and community reaction to the idea has generally been positive, despite some concerns about how much land will be required and whether the planning process will take their needs into account.

\(^7\) See Appendix B for further information on neighborhood characteristics.
At this point, the greatest impact of Notre Dame’s efforts may be that the university has drawn attention to the neighborhood. The city was not focusing on this community and did not have immediate intentions to develop a master plan for the area. Because of the ideas introduced by Notre Dame, people are taking an interest in the neighborhood. Notre Dame’s involvement has also helped build a better relationship between the university and South Bend residents. Students and faculty have always been very involved in community service activities, yet the university is viewed as being very insular. Administrators say they want to change this perception and be more open with the neighborhood. The community learning center has been very effective in connecting the university and the community and Notre Dame recently hired a community relations director, hoping to send the message that they welcome interaction with the community. The university has also begun to establish a better working relationship with government agencies in South Bend. One city official said there have been some difficulties along the way, but they have worked through them. He said the relationship between the university and the city has shifted toward one of cooperation.

**Old Dominion University**

Early indications are that Old Dominion’s University Village is leading to positive change in surrounding neighborhoods. People report that property values are on the rise and that private sector investors have shown greater interest in the area. Some who own land near the redevelopment area claim their property values have declined due to their proximity to a condemnation zone, but this is countered by the belief that values will rise substantially in the future.

At this point, the impact of the University Village on the housing market is difficult to discern from the data. The neighborhoods surrounding Old Dominion have experienced different patterns of growth. The area north of campus was very stable between 1990 and 2000, showing little change in population, homeownership, or housing vacancies. The areas to the south and to the east experienced population loss, but one had a large increase in homeownership and a slight decrease in vacancies, while the other showed a substantial rise in housing vacancies.\(^8\) This may reflect the fact that Old Dominion was in the midst of site clearance when the 2000 census was conducted. The impact of the University Village on surrounding neighborhoods will not be evident until data from the 2010 census is released.

\(^8\) See Appendix B for further information on neighborhood characteristics.
Most people believe investment beyond the village will take time, although there may be some speculation occurring now. Others believe outside investment will happen quickly, having noticed a great deal of interest in new construction. Private sector developers and the redevelopment authority have expressed interest in building housing near the village. The authority has also received calls from developers interested in demolishing older units to allow for construction of larger homes. University administrators believe that there is a market for faculty/staff housing that will be addressed by private sector developers. In addition, there are indications that the commercial climate in the neighborhood is improving. Property owners are holding on to land near the village and vacancies appear to be down. Most business owners hope the village will complement their businesses and do not see it as competition. Residents are anxious to see more retail development and look forward to the completion of the project. In addition, they are eager to benefit from the employment opportunities that will be generated.

An important outcome of the University Village project has been improved relationships between the university and neighborhood residents and civic leaders. All parties learned to work together for mutual gain. Previous expansion by Old Dominion created tension between the university and community, but the relationship has been strengthened by the village project. The university is credited with developing a project that serves both the needs of the institution, neighborhood residents, and residents citywide. The project not only required collaboration between the university, residents, and civic leaders, but each party developed a greater appreciation for the others that were involved.

LESSONS LEARNED

While the full implications of their work are yet to be seen, lessons can be drawn from the experiences of the five institutions included in this study. Approaches to neighborhood development and partnerships differed considerably among the institutions, each is in a different stage of the development process, and each faces different issues with respect to how its work affects the community. However, five broad lessons for universities and communities can be extracted from these case studies:

- institutional leadership is critical;
- institutions must be committed for the long-term;
- true sustainability lies in community leadership;
success hinges on meeting the needs of both the institution and the community; and

neighborhood development efforts can build better relationships between colleges/universities and communities.

Institutional Leadership is Critical

Institutional leadership determines the degree to which a college or university becomes involved in neighborhood real estate development and how the institution views its relationship with the community. In several of the cases studied, the president of the institution was credited with formulating the vision for the college’s or university’s involvement in neighborhood development. The initiatives created by both Union and Morehouse directly followed the hiring of new presidents. The new leaders of both colleges expressed concern about the condition of the surrounding communities and wanted to take an active role in the community. At Duke University, a number of top administrators were gradually taking a more active role in community affairs, however, it was not until the current president assumed office that their efforts became more coordinated and part of the institutional culture. At Old Dominion and Notre Dame, the agenda for neighborhood development was driven by top administrators responsible for finance and planning, however the support they received from their presidents made it possible to put their ideas into action.

The case of Duke University points to the importance of leadership in creating a climate where involvement in neighborhood development and civic affairs becomes institutionalized. Under the administration of the current president, the university created an office of community affairs and designed an initiative specifically to serve neighborhoods. In addition, the president has given her top administrators the time and latitude to work with local leaders for the betterment of surrounding neighborhoods, as well as the entire city of Durham. Duke leaders are visible when their presence is needed to demonstrate their support for a particular project, but they also take a back seat when appropriate. The president has demonstrated commitment to the larger community by allocating both financial and staff resources to activities beyond the borders of the campus.

At Union College, the belief that it was possible to meet the institution’s need for student housing while serving neighborhood revitalization goals stemmed directly from the president of the institution. The president is an active civic leader, and he believed the college could address its own needs while at the same time help improve the neighborhood. Some college officials and board members expressed concern over investing a large sum of money in deteriorated housing, but the president was able to convince them that it was a worthwhile
investment. He was also able to gain the support of city officials and others in order to attract financial support for other activities, such as the establishment of a community center and renovation of a nearby park.

Morehouse leadership has made the critical difference in how the college interacts with the community with respect to neighborhood revitalization issues. When the current president assumed the leadership position at Morehouse, he immediately expressed concern over conditions in surrounding neighborhoods. The president has extended himself to the community, seeing the college as a neighborhood organization that should be working alongside others to improve communities. The president and other college officials have also made an effort to institutionalize community development initiatives by making them an integral part of the experiences of faculty, staff, and students. The college uses its status and capacity to raise funds to support these efforts and offers its expertise to encourage better physical planning and a more coordinated approach to revitalization.

At Old Dominion University and the University of Notre Dame, top administrators led the effort to develop the neighborhoods bordering their campuses. Motivated by both the needs of the university and the desire to improve surrounding neighborhoods, officials found ways to achieve both goals. Old Dominion leaders carefully considered the needs and concerns of area residents in developing plans for its mixed-use University Village. Notre Dame leaders brought attention to the needs of the adjacent community by initiating a master planning process for the neighborhood.

Institutions Must be Committed for the Long-Term

Colleges and universities can play an important role in neighborhood development. However, they must recognize that in order to succeed, a long-term commitment is required. It takes time for declining neighborhoods to rebound, and if college and university leaders make claims about their desire to support revitalization, they must be willing to see it through. Furthermore, residents and community leaders resent short-term commitment: a quick “in and out” approach will only lead to conflict or mistrust between the institution and the community.

Duke University officials acknowledge that, in the past, the university lacked long-term commitment when it became involved in community affairs and recognized the need to overcome this problem. They have taken steps to ensure that funding for the neighborhood partnership program will be sustained and that support exists at the board level. Support for, and involvement in, neighborhood development activities is found throughout the university, therefore there is little concern that a change in administration will have any negative impact on
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these efforts. Duke leaders do not see their work as a “project” with an end date, but rather as an on-going investment in Durham, and indirectly, an investment in the future of the university.

Similar commitments can be found at the other institutions. Although Union College has no immediate plans for further investment in real estate, the commitment to neighborhood revitalization is being continued through homeownership incentive programs and involvement in a state-funded program for housing renovation. Morehouse sees its effort to promote revitalization by supporting neighborhood organizations as an on-going effort. College officials continually look for additional funding and identify new ways to assist community leaders. Notre Dame leaders understand that neighborhood revitalization efforts are only at the beginning stages, and while they want to step aside to let community leaders and city officials drive the process, they know that their continued support is important. Old Dominion’s University Village is the one case where neighborhood development efforts focused on a single project, yet based on the scale of the project, officials recognized that it would require long-term commitment. In reality, the single project includes multiple phases of development. They know that in order to see all phases reach completion, they need to remain engaged with the community and address issues as they arise.

As an indication of their long-term commitment to neighborhood development, four of the five institutions included in this study established an office to coordinate community outreach activities. Duke University, Union College, and the University of Notre Dame each hired an individual to serve as director of community affairs (or community relations/community outreach). Morehouse College created a position for a program manager within an existing public service institute. The importance of establishing these offices cannot be understated. They provide a point of contact for community members. In large institutions it is difficult for outsiders to learn who to contact about issues of concern to them. Having a point person in a community affairs or outreach office gives community members access to college or university leadership. It also demonstrates the institution’s commitment to the community. However, community relations officials can only be effective if they are given adequate authority. It is important that they be able speak on behalf of the institution and gain access to the president and other top administrators when needed.

True Sustainability Lies in Community Leadership

Colleges and universities must demonstrate long-term commitment to neighborhood development, however, true sustainability lies in community leadership. Colleges and universities can play an important role in neighborhood revitalization, but it is not their primary
mission. Their resources are best utilized when they help build the capacity of community leaders and allow them to drive neighborhood plans. Community leaders must be informed, active participants for sustainable neighborhood development.

Duke University officials argue that a university cannot expect long-term success from neighborhood development activities if people in the community are not ultimately held responsible. For this reason, their approach has been to work on the periphery to support projects that originate from neighborhood leaders. They use their influence and the university’s resources to advance the goals of community leaders, but do not set priorities or try to advance their own vision of neighborhood development. Duke’s leaders are not averse to providing financial resources to support neighborhood projects, but they recognize that throwing money at a situation is not sufficient. University officials listen to community leaders and assist them in realizing their goals. According to one Duke official, the key to their work is finding the point where the goals of the community, local service providers, and the university intersect.

Morehouse has adopted a similar approach to neighborhood revitalization. The primary strategy is to build the capacity of neighborhood organizations so that they may operate more effectively. Morehouse has not tried to set the agenda for neighborhood development. When the college secured funding to support its revitalization initiative, college officials approached neighborhood leaders to ask them about the most appropriate use of the funds. They asked about the problems facing the community and how they could be addressed. The approach taken by Morehouse has been highly successful in building the capacity of neighborhood organizations and their leaders and establishing a true partnership between the college and the community.

Union College and the University of Notre Dame led the revitalization efforts for their neighborhoods, however, they are now shifting the responsibility to community leaders. Union College supports the efforts of the neighborhood association to improve the area and is offering guidance in the creation of a state-funded housing renovation program that will be administered by a local nonprofit. Notre Dame has stepped back from the master planning process for the neighborhood adjacent to its campus and is allowing the city planning department and a local development corporation to take the lead. Officials at both Union and Notre Dame recognize that the college/university cannot do it alone.

Success Hinges on Meeting the Needs of Both the Institution and the Community

If colleges and universities are to play a role in neighborhood development, it is important to recognize that the needs of the institution must be balanced with the needs of the
community, even in cases where the institutions’ internal needs guide the agenda for neighborhood development. The leaders of Old Dominion University developed a plan that would provide student housing, retail, and a large events center, but without losing sight of the needs of neighborhood residents and the goals of the city of Norfolk. The strong partnerships that the university built in order to accomplish its plans for the University Village provides evidence that the needs of a large institution can be balanced with those of the surrounding community, creating a win-win situation.

The land swap between Morehouse College and the Atlanta Housing Authority (AHA) also speaks to this point. Morehouse began acquiring property because it foresaw the need for future expansion. College officials approached the housing authority about a possible land swap because the land owned by AHA would better accommodate the growth of the campus. However, Morehouse was also aware that the land swap would benefit the neighborhood by permitting the housing authority to develop a more unified mixed-income community. Morehouse recognized an opportunity to address its own needs while serving the needs of the neighborhood.

Union College’s need for additional student housing and its efforts to stabilize the neighborhood adjacent to its campus were successful because college officials were sensitive to the character of the neighborhood and needs of residents. Union gave attention to original architectural detail when renovating housing for student occupancy, convinced the city to invest in streetscape improvements, and reinvigorated the local neighborhood association. Union met its own needs for additional student housing, but in doing so, made a dramatic change in the appearance of the neighborhood. Because the college was sensitive to the needs of displaced residents, it encountered little opposition to its plans.

Duke and Notre Dame are not driven by the need to expand, but the leaders of both institutions understand the importance of bringing stability to surrounding neighborhoods. In that sense, they see addressing neighborhood development as meeting the needs of the institution. They recognize that universities benefit when they are surrounded by vital communities with a strong housing market, entertainment and retail options, and active neighborhood organizations.

**Neighborhood Development Efforts can Build Better Relationships Between Colleges/Universities and Communities**

Representatives of all the colleges and universities studied as well as representatives from neighboring communities emphasized that the institutions’ neighborhood development
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efforts have helped to build better relationships between the college/university and the community.

Because of its work through the neighborhood partnership initiative, Duke University has erased many of the negative feelings that people in the community felt toward the institution. By supporting the goals of residents and community leaders, university officials have gained their trust. The university’s strategy of working on the periphery to make things happen rather than standing in the forefront and setting the agenda has changed the way that people in the community perceive the university. Morehouse College has had a similar experience since the start of its revitalization initiative. Neighborhood residents once viewed the college as an elitist institution that chose to isolate itself from the community. As a result of the college’s recent efforts to work with neighborhood organizations, the college is being looked upon as a true partner in the revitalization of the area. Furthermore, the initiative has helped build relationships among neighborhood organizations by bringing them together to address issues of common concern.

Union College had a long history of volunteerism in the community but had not taken an active role in neighborhood development. Although renovating neighborhood housing to be used as student housing served the needs of the college, it opened a dialogue between the college and community. The homeownership incentives offered by the college and the establishment of a community center have also contributed to the improved relationship between the college and the community. Residents see that college officials have a genuine interest in improving the neighborhood and that the college did not turn its back on the neighborhood once the student housing project was completed.

The University of Notre Dame was criticized for having a closed planning process, however, its interest in revitalizing the neighborhood has helped to build a better relationship between the university and the community. Many people were bothered by the fact that the university developed a plan for the neighborhood without public participation until late in the process, however, they admitted that the plan was generally good. They also credit the university with bringing attention to the needs of the neighborhood. Notre Dame also took a step toward improving community relations when it created a community center to serve neighborhood residents. University officials are beginning to break down negative perceptions of the institution and show that they see themselves as part of the South Bend community, even if not officially within its borders.

In the case of Old Dominion University, a partnership between the university and local organizations made the project possible. Representatives from the university, city of Norfolk,
and the Norfolk Redevelopment and Housing Authority all acknowledged that the University Village project would not have been possible without collaboration among all three parties. The relationship extended beyond mere support or cooperation to a real partnership that utilized the resources, skills, and expertise of each organization. Public participation in the plan was somewhat limited; however, university officials have considered the needs of neighborhood residents in planning the retail components of the village, and the city of Norfolk has ensured that residents’ concerns are heard. The neighborhood redevelopment project has resulted in closer relationships among the university, its partners, and the affected community.
INTRODUCTION

This report is part of a larger research study that enhances the understanding of the role that urban colleges and universities play in local economic development through real estate investment activities. Colleges and universities across the country are becoming more involved in property acquisition and development; however, there is limited research that explores the decision-making processes employed and the implications of these decisions on the larger community.

This research has been funded by the Fannie Mae Foundation. The entire project includes case studies of five colleges and universities: Duke University, Morehouse College, Old Dominion University, Union College, and the University of Notre Dame. Duke University is a private institution located in Durham, North Carolina. Morehouse College is a private, all male, historically black college in Atlanta, Georgia. Old Dominion University is a public university located in Norfolk, Virginia. Union College is a private liberal arts college in Schenectady, New York. The University of Notre Dame is a private religious institution located adjacent to South Bend, Indiana.

The following case study documents the efforts of Duke University to improve the neighborhoods surrounding its east campus. Information for the case study was gathered from in-person interviews\(^9\) with individuals associated with the university and community groups as well as a number of secondary sources including newspaper articles, Internet sources, and planning documents. The report provides an overview of Duke University and surrounding neighborhoods and discusses the institution’s approach to improving neighborhoods, which relies heavily on partnerships with local organizations. In addition, the report will describe university-community relations and how university investment activities affect the larger community.

\(^9\) Interviews were conducted in June 2003. A list of persons interviewed is included in Appendix B.
INSTITUTIONAL PROFILE

Duke University, a private institution located in Durham, North Carolina, was created in 1924. The university has a long history; it is an outgrowth of Trinity College, established in 1859. Trinity College evolved from Union Institute, formed in 1838. Trinity College moved to Durham from nearby Randolph County in 1892. Washington Duke, who made his fortune in the electric power and tobacco industries, provided financial assistance to bring Trinity College to Durham. In 1924, his son, James Buchanan Duke, provided funds to establish the Duke Endowment, which assisted in the expansion of Trinity College to Duke University. The original Durham campus became known as East Campus. West Campus opened in 1930, following the Duke family investment. The university now owns almost 10,000 acres of land, although close to 8,000 acres are forest. It serves as a natural outdoor laboratory for Duke and neighboring universities. The forest is managed for multiple uses, including education, research, protection of wildlife and rare plant species, and demonstration of timber management practices.

Duke now enrolls approximately 12,000 students; nearly half are graduate students. A relatively small percentage (15%) are North Carolina residents. The university has several professional schools, including law, engineering, nursing, and medicine. Duke University, including the Duke University Health System, employs nearly 27,000 people. It is one of the largest private employers in North Carolina.

CAMPUS ENVIRONMENT

Duke University is located in western Durham. It is divided into three campuses: west, central, and east. The west campus, which holds the majority of Duke’s academic facilities, is largely surrounded by Duke Forest, although central campus borders it to the east. Much of central campus is undeveloped, however, it does include a large student housing complex. It primarily serves as the link between west and east campus. East campus, the original site of Trinity College, abuts several residential neighborhoods.
Although many of the neighborhoods near Duke benefit from strong community leadership, there are pockets that face the challenges common to urban neighborhoods, such as poverty, crime, unemployment, and substance abuse. Duke’s ability to thrive depends, in part, on the economic well-being of the surrounding neighborhoods and the city as a whole. Top administrators are aware of the difficulties faced by universities located in economically distressed cities and stated their determination to prevent this situation from occurring in Durham.

Duke has focused its efforts in the neighborhoods surrounding the east campus, particularly Walltown and Trinity Heights, which are directly north of the campus. The area shown in Figure 2 is home to more than 31,000 people. The population is comprised of nearly equal proportions of white residents (46%) and African-American residents (40%). Of the remaining residents, many (7%) recorded their race as “other” on the 2000 census form. There are both upper-income and lower-income communities near Duke’s east campus; the upper-
income areas contribute to a rather high average household income for the area ($43,000). Less than one-third (31%) of the homes in the area are owner-occupied and nine percent of housing units are vacant.\(^\text{10}\)

**REAL ESTATE DEVELOPMENT EFFORTS**

In the early 1990s, top administrators at Duke began to reassess the manner in which the university was relating to the broader community. Duke’s current president, Nannerl Keohane, assumed office in 1993; John Burness, the senior vice president for public affairs and government relations, had joined Duke just two years earlier. Both believed that the university should play a larger role in community affairs.

Keohane, Burness, and other top administrators determined that the most appropriate strategy would be one that focused on the neighborhoods closest to campus. They needed to convince the board of trustees that the university had a self-interest in devoting resources to address issues in the community. Two of the three areas in Durham with the most concentrated poverty are located near Duke, and this helped persuade the trustees that investment in the neighborhoods was worthwhile. As a next step, the university hired two individuals to talk to various people from the community and gather information about issues of concern to them. Both individuals were well-known and well-respected in the community. One had just completed a term with the Durham City Council, and the other had just completed a term as a Durham County Commissioner (he currently serves as mayor of the city of Durham). They asked people about major challenges and opportunities facing the community, how they thought these issues should be addressed, and how Duke could help. From the beginning, Duke leadership took the approach of asking questions rather than providing all the answers. This was important to establishing a better relationship with the community. They were also careful not to commit to anything without being certain they could follow through. In the past, Duke had often gotten involved in community affairs for the public relations benefit and failed to stay involved in the long run. Administrators understood that there was a lot of mistrust of Duke and that they needed to change the perception of the institution.

The establishment of the Office of Community Affairs was the next step in Duke’s effort to work more directly with its neighbors. People said that they didn’t know who to contact at the

\(^{10}\) See Appendix A for more detailed demographic and housing characteristics.
university if they had issues they wanted to discuss. The community affairs office was created as a “one-stop-shop” for people in the community. It connects individuals or organizations with the appropriate person within the university to address the issue at hand. The role of the community affairs office is to coordinate or facilitate efforts to combine the resources of the university and the larger community. Leadership has been very important to the success of this office. Duke hired an individual with experience in county government. He has knowledge of issues facing the neighborhoods, important connections with civic leaders, and trust among people in the community.

In 1996, Duke University announced the creation of the Duke-Durham Neighborhood Partnership, which would be based in the Office of Community Affairs. As part of this initiative, the university identified functional and geographic areas where it would focus its efforts.

**DUKE-DURHAM NEIGHBORHOOD PARTNERSHIP**

The Duke-Durham Neighborhood Partnership was created to respond to the needs of the larger community. The partnership is a mechanism that helps direct Duke resources, both human and financial, to the neighborhoods closest to the east campus. Although individuals have different opinions about neighborhood names and precise boundaries, the Duke-Durham Neighborhood Partnership recognizes 12 distinct neighborhoods: Burch Avenue, Crest Street, Lakewood Park, Lyon Park, Morehead Hill, Old West Durham, Trinity Heights, Trinity Park, Tuscaloosa/Lakewood, Walltown, Watts Hospital/Hillandale, and West End. In addition to focusing efforts in specific neighborhoods, the Partnership works with seven area schools to help boost student achievement.

The Duke-Durham Neighborhood Partnership identified six goals for the program: stabilize neighborhoods through increased homeownership, boost student achievement, provide youth and senior programs, help to ensure safe neighborhoods and schools, provide more access to health care, and develop career and mentorship opportunities. This report focuses on Duke’s involvement in real estate development to assist in achieving these goals.

Duke administrators see their role in neighborhood development as that of a facilitator or broker. Because Duke is a large institution with influential leaders, it has the ability to bring parties together to respond to problems or opportunities. Duke has devoted considerable financial resources to address issues in the neighborhoods, however, it also leads efforts to find additional funding for projects. University officials can contact foundations, businesses, and other potential funders that community organizations have difficulty accessing. University
leaders also have the ability to connect community organizations with individuals within the university who may be able to assist them in their work.

Duke administrators view the institution as a significant player in an informal network. They see themselves as conveners, not master planners. Their goal is to work on the periphery rather than drive plans for the neighborhood. Efforts have been community-based; ideas for individual projects come from community leaders. The ultimate goal is to empower people. Duke has intentionally avoided establishing a concrete strategy for improving the surrounding neighborhoods. The objective is to remain flexible, allowing plans to evolve and allowing the university to take advantage of opportunities as they arise.

REAL ESTATE DEVELOPMENT PARTNERS

Duke’s approach to neighborhood development requires strong relationships with individuals and organizations both inside and outside the surrounding neighborhoods. Duke administrators have valuable connections with city and county government officials, business leaders, nonprofit organizations, and neighborhood associations.

Partnerships with churches and schools have been important to achieving the goals of the Duke-Durham Neighborhood Partnership. They are among the primary providers of social services as well as educational services. Access to local government officials has often helped move projects forward and local real estate developers have looked to Duke to help make their projects successful. The university’s relationship with a nonprofit affordable housing provider has been critical to meeting the goal of stabilizing the neighborhood through homeownership. Further information about this organization and Duke’s other partners is provided in the section that follows. Duke’s approach to neighborhood development and the importance of partnerships with other organizations is quickly evident.

REAL ESTATE DEVELOPMENT ACTIVITIES

Duke has been involved in many real estate development projects within the surrounding neighborhoods, as well as other areas in the city of Durham. The manner in which Duke is involved varies considerably with each project, however, most of its efforts have been directed toward residential development, commercial development, or development of educational or community service facilities. These are real estate projects with community relations implications.
Residential Real Estate Development

Stabilizing neighborhoods through increased homeownership is one of the goals of the Duke-Durham Neighborhood Partnership, and the university has devoted a substantial amount of time and money to achieve this goal. Their efforts have been concentrated in two neighborhoods, Walltown and Trinity Heights. Work in Walltown has focused on renovation of existing rental properties, while Trinity Heights involved new construction on vacant land.

Walltown

Walltown is a low-income, working class neighborhood with a high renter-occupancy rate. It is dominated by small duplex housing, much of which has fallen into disrepair. The neighborhood had already garnered the attention of two nonprofit housing organizations, and as one of the 12 neighborhoods near Duke’s east campus, the university had an interest in efforts to stabilize the area. One of the nonprofit housing agencies working in Walltown is Habitat for Humanity, which focuses on providing homeownership opportunities to very low income households. The other organization is Self-Help, which works throughout the state of North Carolina, but is based in Durham. The primary purpose of Self-Help is to provide financing for first time homebuyers and small business owners who have difficulty acquiring loans through conventional lenders, but it also engages in renovation and new construction of housing units. The goal of the organization is to address the wealth gap between minority and non-minority families, and it views homeownership as an important means for building wealth. Self-Help staff see themselves as a social venture capitalists.

Duke viewed a partnership with Self-Help as a logical way to address the goal of increasing homeownership opportunities. University administrators had no desire and saw no need to act as housing developers, given the capacity that existed in Self-Help. In 1994, Duke issued a $2 million, 10-year, low-interest loan to Self-Help. The loan helped the organization acquire several properties in the neighborhood, as well as provide low-interest mortgages. The effort to stabilize Walltown benefited from a stroke of luck when a single owner expressed interest in selling more than 30 properties in the neighborhood. Because of the $2 million loan, Self-Help was able to acquire the properties in one transaction. This was a critical deal, because land assembly is considered to be the most difficult part of Self-Help’s work, and it enabled them to make a significant impact in the neighborhood in a relatively short period of time.

As of June 2003, Self-Help had purchased about 70 homes in Walltown and had renovated 55 of them. The remaining homes were scheduled for renovation. Most of the
houses have been converted from two-family homes with very small units to single-family homes. They are sold to qualifying low-to moderate-income homebuyers (those with a median income at or below 80% of the area median income). Self-Help assists buyers in obtaining financing, through their own lending programs as well as lending programs operated by the city and state. Monthly mortgage payments generally range from $450 to $550. Many of those who have purchased renovated homes in Walltown are employees of Duke Medical Center. This did not come as a surprise, as many already lived in the neighborhood and the homes were heavily marketed to Duke employees.

From the perspective of a cost-benefit analysis, it is difficult to develop housing that is affordable to low and moderate-income households. Complicating the situation is the fact that as the neighborhood improves, property acquisition costs increase. When Self-Help began working in Walltown (around 1995) many homes were purchased for as little as $10,000 to $15,000. Today, similar homes are selling for $40,000 to $50,000. Self-Help is able to continue its work because it is able to secure reasonable bids from contractors to do renovation, can help homebuyers take advantage of multiple low-interest mortgage programs, and because Duke has continued to support its efforts. The university is considering increasing the $2 million loan to $4 million. The program is essentially being treated as a revolving loan fund. In addition, Self-Help applies annually to the Duke Endowment (the foundation affiliated with Duke University) for a $50,000 grant to assist in funding property acquisition. The Duke Endowment also provides approximately $125,000 a year to help cover staff salaries at Self-Help.

**Trinity Heights**

In the 1930s, Duke University acquired property directly north of the east campus, believing it would be needed for campus expansion. The property was never developed, remaining vacant for decades. Over the years, many ideas surfaced about how best to use the land, but nothing materialized from the conversations until a few years ago. A decision was reached to build housing for faculty and staff.

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11 Self-Help never finances the entire purchase of homes in Walltown. A second mortgage is often provided by the city, which provides up to $25,000 at 0% interest for 30 years. In addition, Self-Help secured funds through the North Carolina Housing Finance Agency that allows them to provide a third mortgage up to $20,000, also at 0% interest. Potentially, a buyer can get $45,000 at no interest. The required downpayment is $500. Buyers have to put in $250 cash, but the remainder of the downpayment and closing costs are often rolled into the first mortgage.

12 Higher property values are also due to a revaluation conducted by Durham County. The county implemented a new method for assessing property values that resulted in much higher values. Tax rates were lowered so that homeowners were not overly burdened, but the revaluation has affected sale price.
Trinity Heights borders Walltown to the south. The existing homes in the Trinity Heights neighborhood were large homes, and many were being rented to students. Duke wanted to help stabilize the community and create more opportunities for homeownership. Developing housing for faculty and staff would help meet this goal as well as fill a need for upscale employee housing. The Trinity Heights project was initiated in 1998, and by June 2002 all units had been constructed and sold. The development consists of 40 new housing units, including 25 single-family homes and 15 townhouses. Duke hired a developer to complete the project but retained control. They were careful to design the new homes in a manner that would be consistent with existing homes in the neighborhood.

Despite some uncertainty about how potential buyers would respond to the new homes, the houses sold relatively quickly. The purchase agreement includes a covenant that prevents the buyer from selling to anyone other than another Duke employee or the university. The cost of the units was between $160,000 and $230,000. Duke essentially donated the cost of the land, but aside from the discounted cost of the land, the houses sold at market rates. The university did not finance the home purchases or provide any incentives beyond three years of free high-speed internet service. Proceeds from the sales covered the costs of construction. Duke did not undertake the project with the idea of making a profit, but rather the idea of stabilizing the neighborhood. Local government officials were very supportive of the project, not only because it helped stabilize the community, but it also put tax-exempt property back on the tax rolls.

In an effort to increase police presence in the neighborhood, Duke recently provided funds to Self-Help to acquire a house on the border of Walltown and Trinity Heights. Two police officers have already purchased homes in Walltown and the house that is currently on the market is only available for purchase by a police officer. The buyer can take advantage of a special program offered by the city of Durham that will provide full financing at zero percent interest (this arrangement is possible because Walltown is designated as a revitalization area); however, the buyer must meet Self-Help’s income guidelines.

Other Residential Real Estate Development Activities

The efforts in Walltown and Trinity Heights are the most significant residential development efforts in which Duke has been involved in recent years, however, their support for residential development extends beyond this work and has been ongoing for many years.

In 1989 Duke loaned $1.2 million to the Triangle Housing Partnership to provide funds for acquiring land and building or renovating affordable housing. The loan funds were also used
to assist low-income buyers in obtaining financing. In 1992, the university donated three vacant duplexes in the Crest Street neighborhood to Habitat for Humanity. Duke also provided $10,000 to help cover the costs of converting them into single-family homes. The following year, Duke put on the market nine university-owned residential properties in the Burch Avenue neighborhood. Homes were either newly constructed or newly renovated and made available to low-income households; qualified Duke employees were given preference. First-time homebuyers received downpayment and financing assistance. Recently, Duke began talking with developers about converting a former laundry facility used by Duke Medical Center into senior living. This followed discussions with the community about how they would like to see the building used.

**Real Estate Development for Education and Community Services**

Duke University has been involved in a number of projects that have helped to improve educational opportunities for youth in the target neighborhoods and provide needed services to the entire community. The university has contributed financial resources to several projects, but equally important has been the willingness of university personnel to use their expertise and networking abilities to help projects reach completion. In some cases, the projects would likely have fallen through without Duke’s assistance.

*Duke University Facilities Management Department*

Duke’s Facilities Management Department has played an important role in several community projects. The department has offered its services to many schools and nonprofit organizations that struggle to find resources for needed improvements. Among the many services it has provided are lighting, signage, landscaping, paving, building repairs, fence construction, drainage system improvements, entrance upgrades, winterization, and termite repair and treatment. This assistance has been invaluable to neighborhood organizations that find it particularly difficult to raise funds for this type of work.

The Facilities Management Department has also used its connections with local contractors to assist neighborhood organizations. The university provides a substantial amount of business to construction contractors and has encouraged them to do pro bono work in the community. This has been a very effective strategy for steering resources to the target neighborhoods.
St. James Family Life Center

Duke assisted St. James Baptist Church in acquiring a former elementary school building to serve as a new facility for the church as well as for additional programs and services. The cost of purchasing and renovating the building were substantial (the purchase price was $370,000 and the renovations totaled $1.3 million). Self-Help agreed to finance the deal, but problems arose when a health program affiliated with Duke was forced to back out of an agreement to lease space in the building. This agreement was key to the viability of the financing arrangement. Duke administrators, believing in the church leadership, wanted to see them succeed in their plans and felt an obligation to follow through on the university’s commitment. In order to make the financing plan work without the presence of the health program, Duke lowered the interest rate on the $2 million loan it had previously issued to Self-Help from seven percent to one percent. This freed up enough resources to allow Self-Help to issue the loan to St. James.

The facility opened in 1999. It now houses the church, a community center, children’s library, and charter school. Lease payments from the charter school provide much of the revenue the church needs to repay the loan issued by Self-Help. The church also operates a community development corporation out of the building, which works with Self-Help on affordable housing issues and offers scholarships for youth. The community development corporation’s largest program is an economic empowerment program that provides job training with support from the Junior League of Durham and Orange Counties.

Church officials believe the real estate deal would not have happened without support from Duke. Self-Help was also instrumental in convincing people at Duke that St. James had the capacity to carry out their vision for the old school. Duke administrators cite this case as an example of their willingness to do what they can to support community leaders in realizing their goals.

Walltown Children’s Theatre

When St. James Baptist Church moved to its new facility, it left behind a smaller building in the heart of the Walltown neighborhood. A local couple, with successful careers in theater, wanted to open a children’s theater in the former church building. Duke assisted them in finding resources to bring their idea to fruition. In addition, the university’s Facilities Management Department allocated time and resources to construct a fence around the parking lot. While this was a relatively small project, the director of the theater believes it was critical to the success of the program. The parking lot of the building was being used as a short-cut between streets and
with the number of people passing through, some parents felt it was an unsafe place to leave their children. When the fence was erected, the short-cut was eliminated. The director noted that it is very difficult to find an organization willing to provide funds for this type of work, yet he believes the theater would have failed if it had not been done.

*Lyon Park Community Center*

The Lyon Park Community Center is another church-driven project that capitalized on a vision for the reuse of a former school. Duke once again played a supporting role to help the project overcome obstacles and achieve success. The idea to convert the building into a community center was introduced by officials at Calvary Ministries. The city of Durham was involved in the project, but difficulties were encountered during the renovation and progress was slowed. A Duke administrator used his local connections to identify a construction project manager who could see the project to completion and the university provided some funds to assist the church in hiring the manager. Duke also helped the church find tenants for the facility and helped identify funding sources for the construction of a playground that was going to be cut from the project due to cost considerations. Again, Duke administrators credit the church with providing the leadership and present this as another example of their willingness to support initiatives that come from the community.

*Walltown Neighborhood Ministries*

Duke assisted in transforming a small grocery store to the administrative offices of Walltown Neighborhood Ministries, a consortium of five area churches. The store had become a center for criminal activity and was seen as a neighborhood nuisance. Duke issued a $91,000 grant to Self-Help to acquire the building. Self-Help leases it to Walltown Neighborhood Ministries for $1 per year. The Duke Endowment awarded a $623,000 grant for program development and faculty and students from the Duke Divinity School assist in program delivery. Among the many services offered are youth mentoring, parent education, and transportation for the elderly.

*West End Teen Center*

The West End Teen Center evolved from the work of one individual who welcomed children into her home to keep them out of trouble after school. A Duke professor was assisting by providing tutoring services. After taking note of the effort, the university decided to assist her in expanding the program by finding a building from which to operate. The Duke Endowment
also contributed funds. Duke’s fundraising and investment totaled more than $775,000 and was used to purchase, renovate, and staff the new center as well as support a mentoring program. The Teen Center now offers tutoring, performing arts classes, career exploration, employment skills workshops, computer classes, and basic life skills seminars.

**Commercial Real Estate Development**

Although the Duke-Durham Neighborhood Partnership focuses on the neighborhoods near the east campus, the university has not ignored development efforts in other areas of Durham. University leaders recognize the importance of having a vibrant downtown and economically healthy city. Their involvement in the redevelopment of the American Tobacco site illustrates this.

At one time, American Tobacco was one of the largest employers in Durham, occupying 1.5 million square feet in nine buildings in downtown Durham. The site is now being redeveloped as a mixed-use complex with restaurants, shops, offices, and residential units. The project has required a substantial amount of public and private investment. To demonstrate the feasibility of the project, the site owner, Capitol Broadcasting Company, secured commitments from several major Durham employers to lease space in the renovated facility. Duke University is among the anchor tenants, having committed to lease 150,000 square feet of office space.

Duke leases approximately half a million square feet of commercial office space. The university has enough land to build more office space on campus, however, it recognizes the importance of supporting local real estate development efforts and understand that the university’s willingness to occupy space can make a project viable when it might otherwise fail. Duke has played the role of anchor tenant in several instances; the American Tobacco project is just one example.

**Decision-Making and Financing**

Because Duke’s strategy for neighborhood development is one that seizes upon opportunities rather than one that follows a fixed plan, the process for making decisions regarding projects varies in each situation. If Duke’s top administrators believes in the value of a project and sees that community leadership is in place, they will do what they can to help the project move forward. If costs do not exceed $1 million, the university’s executive vice president can make the decision to allocate funds; if costs are more than $1 million, the board of trustees must make the decision. The board of trustees has not stood in the way of the university’s work.
The Role of Colleges and Universities in Real Estate Development: Duke University

in the community and, according to one of the university’s top officials, a lack of money has never prevented Duke from becoming involved in a worthwhile project. The university does not set aside a large amount of money for real estate development, but administrators generally have the ability to find the needed resources. They use their connections with local businesses, foundations, and other funding agencies to direct resources to neighborhood development projects. Alumni have been supportive of their work and the Duke Endowment has been especially helpful.

The Office of Community Affairs, which is responsible for the Duke-Durham Neighborhood Partnership, receives financial support in a number of ways. It received its initial funding from the sale of Duke-owned properties scattered throughout neighborhoods near the east campus. Duke agreed to sell several properties to increase homeownership opportunities. The proceeds from those sales (about $650,000) went to support the Office of Community Affairs as an indirect way of putting the money back into the neighborhoods. The office also receives some funding from the annual Duke-Durham Campaign, which raises money from local businesses. This campaign has provided between 10 and 25 percent of the community affairs budget. Campaign contributions have increased in recent years and it is believed that one reason is the willingness to support the work of the Office of Community Affairs.

Sustainability of the Duke-Durham Neighborhood Partnership

University leadership is committed to sustaining the institution’s work in Durham neighborhoods. They believe that if the university were to scale back its involvement in local issues, it would do irreparable damage to university-community relations. It has taken years to build trusting relationships with residents and community leaders, and university officials do not want to violate that trust.

Duke’s current president, Nannerl Keohane, announced her intention to retire at the end of the 2003-2004 academic year, but the university’s top administrators do not believe that a change in leadership will interrupt efforts to improve neighborhoods east of the campus. Keohane has expressed her strong desire to see the work continue after her departure, and the people within her administration are making certain that this occurs. John Burness, senior vice president for public affairs and government relations, has talked continuously with university trustees to gain their support for the work. In addition, the Duke-Durham Neighborhood Partnership has been incorporated into the university’s strategic plan.

To ensure that the Office of Community Affairs is able to continue its efforts, the program was built into the university’s annual fundraising campaign. Financial support for specific
projects comes from a number of sources, and university personnel will continue to seek out funds to sustain this type of work. They are always searching for available grant funds or exploring ways to leverage existing funding.

University administrators believe that true sustainability lies with strong community leadership – not the university. Their goal is to support efforts that generate from the community in order to build capacity within organizations and individuals. According to one university official, they are very serious about empowerment; if the university merely acts as a bank, their efforts will ultimately fail. Duke’s model for community engagement is one that asks community leaders to take the initiative and to follow through on projects or ideas.

**NEIGHBORHOOD IMPACT**

Although many people believe that conditions in the neighborhood’s surrounding Duke’s east campus are improving, much of the evidence is anecdotal at this time. This is particularly true in the Walltown neighborhood where Self-Help, with the university’s assistance, has invested a substantial amount of resources to improve the housing stock.

According to Self-Help staff, more homeowners are moving into Walltown. Their data indicates an increase of approximately 10 percent in the homeownership rate (the rate has risen from approximately 15% to 25%). This is an important outcome, as they believe homeownership helps stabilize a neighborhood. They have also found that the cost of acquiring property in the neighborhood is rising, and that they are able to sell renovated properties for substantially more than a few years ago. When they started their work in Walltown, newly renovated homes were selling for about $77,000 (Self-Help sold their first home in 1997); comparable houses are now selling for about $105,000. Homeowners who purchased houses from Self-Help have already seen their properties appreciate. Self-Help views this as an important point, because their primary goal is to increase wealth among low-to-moderate income households.

There are visual signs of improvement as well. In many cases, Self-Help purchased the worst properties in the neighborhood. By renovating the most dilapidated houses, they improved the look of Walltown. They also see more children playing outside and believe seniors are more at ease. City services have been improved, and Walltown has been included in a city beautification plan. Self-Help staff admit that they are still trying to make Walltown a
neighborhood where people choose to live, not simply a place to buy investment property, and believe they are making real progress. Safety is also increasing as the neighborhood improves.  

Gentrification has not been a significant problem in the neighborhoods near Duke’s east campus. The small size of homes in several neighborhoods has helped prevent this from occurring. In addition, organizations like Self-Help assist only low to moderate income households, which means that people moving into the neighborhoods tend to belong to a similar demographic as existing residents. Many Self-Help homes were sold to African-American single mothers. The Trinity Heights neighborhood, with its larger homes, has experienced more gentrification than other neighborhoods around Duke, however, it is generally not seen as a serious issue. Self-Help staff believe that recent efforts to improve the neighborhood have increased affordable housing opportunities rather than diminished them.

Census data shows that between 1990 and 2000, the neighborhoods surrounding Duke’s east campus experienced population growth (11%) and a rising average household income (a 13% increase from $38,000 to $43,000). The number of housing units also increased slightly (4%), although the homeownership rate (31%) remained unchanged. This data must be considered in light of the fact that the Durham area as a whole grew during this time, but it is encouraging to see that growth did not circumvent this part of the city and the attention that Duke University is giving to these neighborhoods may add to their appeal in the future. The impact of Duke’s activities may be more visible by the time the 2010 census is conducted.

LESSONS LEARNED

Duke University’s approach to neighborhood development relies on community leaders to set the agenda for their neighborhoods and devise the appropriate strategies to achieve their goals. University leadership views its role as that of a facilitator. The key lesson to be learned from the experience of Duke University is that the institution has been most effective when it has worked on the periphery to help bring ideas to fruition. Duke administrators acknowledge that the university cannot and should not act alone in its efforts to improve the surrounding neighborhoods. University personnel use their influence and their connections within the Durham area to assist others in implementing worthwhile plans. Duke’s leaders are not adverse

13 Self-Help reports an increase in homeownership in Walltown, however, this neighborhood represents a small portion of Duke’s entire target area, and therefore the increase in the percentage of owner-occupied housing units in Walltown may be not be apparent in data for the larger area.
to providing financial resources to support neighborhood projects, but they recognize that throwing money at a situation is not sufficient. They also recognize that they do not always know best – they listen to people in the community and assist them to realize their goals.

Another clear lesson from Duke’s experience is the importance of university leadership in creating a vision for university-community relations. Duke’s current president helped formulate the vision, but equally important, she has supported the efforts of her top administrators to work with local leaders for the betterment of Durham. University leadership recognizes that the university cannot excel if the city falls apart around it. They are committed to Durham as well as Duke University. They are visible when their presence is needed to demonstrate their support for or involvement in a particular project, but they also take a backseat when appropriate. Duke officials do not deny that the institution has a self-interest in seeing Durham prosper, but their actions are not motivated by the desire to capitalize on public relations opportunities.

A third lesson to be learned from the experience of Duke University is that an institution must be committed for the long-term. It takes time to see real change in declining neighborhoods, and Duke officials are willing to stay involved indefinitely. They know that residents and community leaders resent short-term commitment. They have taken steps to ensure that funding for the Duke-Durham Neighborhood Partnership will be sustained and that support exists at the board level. Duke leaders do not see their work as a “project” with an end date, but rather an on-going investment in Durham, and indirectly, an investment in the future of the university.

Finally, Duke administrators are careful to point out that real sustainability lies in community leadership. They argue that a university cannot expect to see long-term success from its efforts if people from within the community do not have ultimate responsibility. Strong leadership within community organizations and the university is essential for the execution of specific projects as well as long-term neighborhood stability. According to one Duke official, the key to this type of work is finding the point where the goals of the community, local service providers, and the university intersect. Duke doesn’t set the agenda for the neighborhoods, but looks for the place where goals come together.
MOREHOUSE COLLEGE

INTRODUCTION

This report is part of a larger research study that enhances the understanding of the role that urban colleges and universities play in local economic development through real estate investment activities. Colleges and universities across the country are becoming more involved in property acquisition and development; however, there is limited research that explores the decision-making processes employed and the implications of these decisions on the larger community.

This research has been funded by the Fannie Mae Foundation. The entire project includes case studies of five colleges and universities: Duke University, Morehouse College, Old Dominion University, Union College, and the University of Notre Dame. Duke University is a private institution located in Durham, North Carolina. Morehouse College is a private, all male, historically black college in Atlanta, Georgia. Old Dominion University is a public university located in Norfolk, Virginia. Union College is a private liberal arts college in Schenectady, New York. The University of Notre Dame is a private religious institution located adjacent to South Bend, Indiana.

The following case study documents the efforts of Morehouse College to improve the neighborhoods surrounding its campus. Information for the case study was gathered from in-person interviews with individuals associated with the college and community groups as well as a number of secondary sources including newspaper articles, Internet sources, and planning documents. The report provides an overview of Morehouse College and surrounding neighborhoods and discusses the institution’s approach to improving neighborhoods, which relies heavily on partnerships with neighborhood organizations. In addition, the report will describe college-community relations and how college investment activities affect the larger community.

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14 Interviews were conducted in September 2003. A list of persons interviewed is included in Appendix B.
INSTITUTIONAL PROFILE

Morehouse College is the nation's only private, historically black, four-year liberal arts college for men. It began as the Augusta Institute, established in 1867 in the basement of Springfield Baptist Church in Augusta, Georgia. The school's primary purpose was to prepare black men for the ministry and teaching. In 1879, the Augusta Institute moved to the basement of Friendship Baptist Church in Atlanta and changed its name to Atlanta Baptist Seminary. Later, the seminary moved to a four-acre lot in downtown Atlanta, and in 1885, the institution was relocated to its current site southwest of downtown Atlanta. In the early 1900s, the curriculum was expanded and the name of the institution changed to Morehouse College.

Approximately 2,700 students are enrolled at Morehouse; the majority come to the institution from outside the state of Georgia. The college awards degrees in a wide range of disciplines: academic degree programs fall within the divisions of Business and Economics, Humanities and Social Sciences, and Science and Mathematics. Morehouse does not offer graduate degree programs, however, The Wall Street Journal recently ranked the college among the top 50 most successful schools across the country when it comes to sending students to well-known, well-respected graduate school programs. Morehouse is the highest ranking private feeder school in Georgia and the only historically black college ranked within the top 50. The college employs 230 faculty and 325 staff members.

CAMPUS ENVIRONMENT

Morehouse College is located in an area of Atlanta referred to as Atlanta University Center (AUC). The area received this name based on the fact that six institutions of higher education are located next to one another. In addition to Morehouse, AUC includes Spelman College, Clark Atlanta University, Morris Brown College, the Interdenominational Theological Center, and Morehouse School of Medicine (a separate institution from Morehouse College); all are historically black institutions.

Atlanta University Center is located southwest of downtown Atlanta, in an area referred to as the West End. The city of Atlanta is divided into Neighborhood Planning Units (NPUs) and the West End (including AUC) falls within NPU-T (see Figure 3).
There are several distinct communities within NPU-T, and population and housing characteristics vary among them; however, the area as a whole is home to approximately 24,600 people, the vast majority (97%) of whom are African American. It is primarily a low-income area with an average household income of less than $30,000 annually compared to $62,000 for the city of Atlanta as a whole. Ten percent of neighborhood housing units are vacant, and just one-third of occupied housing units are owner-occupied.\textsuperscript{15}

\textsuperscript{15} See Appendix A for more detailed demographic and housing characteristics.
Morehouse College’s real estate investment activities have been motivated by both the desire to improve surrounding neighborhoods as well as the need to plan for future campus expansion. Although the college’s development activities are based upon two distinct goals, college officials have managed to make the two goals complementary.

Dr. Walter E. Massey, the current president of Morehouse College, assumed leadership in 1995. He moved into the president’s residence along the northern border of the campus and found that the neighborhood was not as he remembered it from his days as a Morehouse student in the 1950s. The housing stock had deteriorated, many homeowners had been replaced by renters, and crime was a persistent problem. Many faculty and staff of the institutions in Atlanta University Center once lived in surrounding neighborhoods, but this was no longer the case. They had followed the path of many other middle- to upper-income homeowners and moved further from the city center. The instability of the neighborhood was exacerbated by a heavy concentration of public housing around Atlanta University Center. A 501-unit public housing development was located along the southwest border of the Morehouse campus. The neighborhoods near the campus were rapidly deteriorating.

President Massey wanted to do something to reverse the fate of the neighborhoods surrounding AUC. Conditions in the community reflected poorly on Morehouse and put students in harm’s way, but Massey also had a genuine interest in helping improve the neighborhoods for local residents. He began talking with a top administrator to develop a strategy for addressing community needs. Although new development was occurring in nearby areas, there was no private investment in the neighborhoods west of campus. As a result, the neighborhoods to the west became the focus of Morehouse’s revitalization efforts. In 1998, the Revitalization Task Force (RTF) was created to coordinate community outreach and neighborhood development activities in West End neighborhoods. The RTF is housed within the college’s Emma & Joe Adams Public Service Institute, which has several focus areas including community service, community development, service learning, and community-based research.

At the same time the Revitalization Task Force began to work in the West End, Morehouse was starting to plan for the future expansion of its campus. Although the college does not expect to increase enrollment beyond 3,000 students, officials anticipate the need for additional space. Morehouse has gradually acquired property along the western border of the campus, however, college officials are negotiating with the Atlanta Housing Authority (AHA) to
exchange the land west of campus for AHA-owned land south of campus. Spelman College and the Morehouse School of Medicine are also involved in the deal. The land swap will better meet the development needs of the colleges as well as the housing authority.

REAL ESTATE DEVELOPMENT PARTNERS

To implement its real estate development agenda, with respect to both neighborhood revitalization and campus planning, Morehouse has established partnerships with a number of organizations. The following section provides an overview of the organizations that have been an integral part of these efforts; a more detailed explanation of their roles is included in the discussion of real estate development activities.

Neighborhood Planning Unit-T and Neighborhood-based Organizations

Each neighborhood planning unit (NPU) within the city of Atlanta is represented by a citizen advisory council that makes recommendations to the mayor and city council on zoning, land use, and other planning issues. NPU recommendations are based on input from residents and neighborhood-based organizations. Many neighborhoods comprise NPU-T and most are represented by either a nonprofit development organization or voluntary neighborhood association. Morehouse College has established relationships with the NPU-T advisory council as well as the individual neighborhood-based organizations located within NPU-T. The activities of the Revitalization Task Force are carried out in partnership with these organizations.

Atlanta University Center Educational Institutions

Other institutions within Atlanta University Center are also involved in the efforts to revitalize West End neighborhoods. Clark Atlanta University provides community development training to neighborhood leaders and students. Spelman College and the Morehouse School of Medicine have committed resources to improve services available to public housing residents, and both institutions are involved in the land swap with the Atlanta Housing Authority.

University Community Development Corporation

The University Community Development Corporation (UCDC) is a nonprofit neighborhood development organization formed by Clark Atlanta University in 1989. It was later reconstituted to advance the community development goals of all six institutions within Atlanta University Center. UCDC’s mission is to revitalize the neighborhood surrounding AUC. The
presidents of all six institutions within AUC serve on the board of UCDC, and all six institutions provide both financial and/or in-kind support to the organization. Activities of the Revitalization Task Force include residential rehabilitation and new construction. UCDC is responsible for this component of the work.

**City of Atlanta**

The Atlanta Bureau of Planning has played an important role in supporting Morehouse College’s neighborhood revitalization efforts. The city has contributed substantial financial resources to support residential rehabilitation and construction activities being carried out by UCDC. In addition, the city has provided funding for student internships within the planning department.

**Atlanta Housing Authority**

The involvement of the Atlanta Housing Authority (AHA) in West End neighborhood development has taken two forms. AHA partnered with Morehouse College, Spelman College, and the Morehouse School of Medicine on a proposal to redevelop the public housing complex adjacent to the Morehouse College campus. In this case, the colleges played the supporting role, offering their expertise and resources to advance the plans of the housing authority. However, AHA has also partnered with the three institutions to negotiate a land swap agreement that will transfer property between the colleges and the housing authority.

**REAL ESTATE DEVELOPMENT ACTIVITIES**

As previously mentioned, Morehouse College is engaging in neighborhood real estate development with two goals in mind. College leaders have an interest in revitalizing surrounding neighborhoods, but they are also assembling land to accommodate future growth of the campus. The college’s real estate development activities are described in terms of these two agendas.

**Neighborhood Revitalization**

When President Massey decided that Morehouse needed to take action to address problems in the West End neighborhoods, he held discussions with other college officials to determine the best way to bring about positive change. As one of the first steps, a community summit was organized and residents, business owners, church leaders, and members of
neighborhood organizations were invited to participate. They discussed community development-related issues and the needs of the West End neighborhoods. A planning consultant was then hired to help turn these conversations into tangible initiatives by working with participants to flesh out more specific goals and objectives. The planning process took approximately one year to complete.

As college officials and other community leaders delved further into the needs of the West End, they began to see the importance of building the capacity of neighborhood organizations. Morehouse didn’t want to step in and take over – it wanted to support the efforts of existing organizations. Many of the neighborhood organizations were poorly structured and had limited resources. The University Community Development Corporation (UCDC) had not been very effective, so efforts were made to strengthen the organization. UCDC increased the number of neighborhood organizations represented on its board, hired a new executive director, and developed a business plan based upon the priorities of neighborhood organizations. Morehouse also assisted other community development corporations and neighborhood associations located in the West End. Most were grassroots organizations with little expertise in neighborhood planning and development. They were often being asked to take a position on specific matters without fully understanding the issues involved. The college received funding from the Fannie Mae Foundation to develop a program focused on capacity-building. Students were assigned to conduct organizational assessments of 11 organizations within Neighborhood Planning Unit-T. They asked organization leaders what they needed to be more effective and increase their ability to attract funding. With this information in hand, Morehouse applied to the U.S. Department of Housing and Urban Development (HUD) to receive a grant under a special program for Historically Black Colleges and Universities (HBCUs). The $400,000 award was announced in 1999, and funds were received by Morehouse in 2000. Based upon the needs identified in the organizational assessments, the funding was used to upgrade the technological capabilities of neighborhood organizations. They received new computers, computer training, and received help from students in documenting physical conditions in the neighborhood. Student interns were trained in Geographic Information Systems (GIS) software, which allowed them to map vacant properties, vacant houses, dilapidated structures, and other items of interest to neighborhood organizations. In addition, 40 residents and 40 students received community development training through an established institute at Clark Atlanta University and Morehouse hired a program manager to oversee the initiative.

As the Revitalization Task Force was helping to build neighborhood capacity, addressing problems associated with public housing also became a priority for Morehouse. The college
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Morehouse College

president and his top administrators knew it would be difficult to bring investment to the neighborhood if conditions in the public housing developments were not improved. In 1999, the Atlanta Housing Authority received a HOPE VI grant from HUD to redevelop Harris Homes, the public housing development that bordered the campus of Morehouse College, Spelman College, and the Morehouse School of Medicine. HOPE VI grants are intended to transform public housing by promoting mixed-income communities and partnerships that provide supportive services and leverage resources for public housing residents. The three institutions played an important role in the redevelopment plan for Harris Homes. Morehouse College helped to establish a charter school, Spelman addressed needs for early childhood development, and the Morehouse School of Medicine established a health clinic. According to Andrew Cuomo, then-Secretary of HUD, the Harris Homes project stood out because of AHA’s close relationship with the Atlanta University Center; he indicated that the partnership with Morehouse and Spelman made the project special by introducing an educational component.16

The goal of the Harris Homes redevelopment project is to create a mixed-income community where residents and college students and employees will live and work together. The existing public housing units (510 units) will be replaced with 520 units that include apartments, townhomes, and single-family homes. Some will be available for lease-purchase.17 College officials see the redevelopment of Harris Homes as an important step in the revitalization of the neighborhood and were eager to offer their support.

In 2002, Morehouse College received a second grant from HUD under the HBCU program. The capacity-building efforts were viewed as successful, and community leaders wanted to take the next step to bring about change in their neighborhoods. Activities outlined in the second grant were again based on the priorities of neighborhood organizations. Morehouse officials and neighborhood leaders stress that the process was completely community-driven. The three-year, $526,000 award is providing additional training and support for neighborhood leaders and students. Clark Atlanta University will again provide community development training for members of neighborhood organizations and will assist some groups in attaining a 501c3 designation. Over the three-year grant period, 45 student interns will receive training that

will enhance their ability to assist neighborhood organizations in achieving their goals. Workshops and informational material will be developed with the aim of increasing homeownership opportunities for low- and moderate-income households. The grant will also fund a neighborhood watch coordinator to address public safety issues. Finally, the funding has allowed the Revitalization Task Force to assist two more organizations in upgrading their technological capacity by providing them with new computers.

To expand on the activities being conducted through the HUD grant, the city of Atlanta provided over $1 million in matching funds to support physical development. UCDC is responsible for carrying out this component of the plan. The additional money will allow UCDC to rehabilitate 14 homes that are either vacant or occupied by senior homeowners. Six new homes will be constructed on vacant lots and marketed as affordable housing. The rehab and new construction is being concentrated in one neighborhood within NPU-T with the goal of increasing the homeownership rate in that area. A small portion of the city’s matching funds provide stipends for five student interns who are working in the GIS lab at the city planning department. All the work that is being done is consistent with the city of Atlanta’s comprehensive plan. The city is very interested in revitalizing the area and has been involved in other development project in NPU-T. The work that is being spearheaded by Morehouse complements those efforts.

Morehouse staff acknowledge that it was not easy to get the initiative started. They had to overcome perceptions of the college as an elitist institution that did not care about the community. The planning process was time-consuming; they had to build relationships and familiarize themselves with the issues facing the neighborhoods. They also had to make it clear to student interns that it would be a reciprocal learning experience – that they could not go to neighborhood organizations with the attitude that they knew everything. Task Force staff also assess students’ work on a continual basis and make adjustments to meet the needs of the neighborhood organizations. Over time, Morehouse staff and students have been able to demonstrate that they see themselves as members of the community with the same concerns about West End neighborhoods.

**Campus Planning**

When Morehouse helped organize the community summit to talk about the issues facing the West End neighborhoods, they (along with other AUC institutions) were asked to identify their own needs as well. At this time, Morehouse officials made a statement about their physical expansion needs. They made it clear that they had an interest in acquiring more land, but also
made it clear that they had no desire, nor the resources, to extend far into residential communities.

The college has gradually been acquiring property along the northwest portion of its campus, across Lowery Boulevard. Lowery Boulevard, which serves as the western border of the campus, is a major thoroughfare and Morehouse would prefer not to cross it. The college would like to expand to the south, but the property south of campus is held by the Atlanta Housing Authority (AHA). The land to the south is also the area where the campuses of Morehouse College, Spelman College, and the Morehouse School of Medicine meet.

In addition to owning the land south of the Morehouse campus, AHA also owns land along the southwest portion of the campus, directly adjacent to the area in which Morehouse has been acquiring land. Seeing this as an opportunity, Morehouse approached AHA about doing a land swap. Spelman and the Morehouse School of Medicine became involved in the talks, as they also have an interest in the land to the south. The agreement, which is in the final stages of negotiation, will result in Morehouse transferring property it owns west of Lowery to the housing authority and the housing authority transferring property south of the Morehouse campus to the three institutions.

The deal hinges on the colleges’ ability to acquire additional property west of Lowery Boulevard. Morehouse, Spelman, and the School of Medicine formed a nonprofit organization, College Partners Inc. (CPI), to negotiate these purchases. Each institution committed financial resources to capitalize CPI, and the land acquired from the housing authority will be divided among the three institutions. The amount of money that each college contributed to CPI and the plan for dividing the property was agreed upon early in the planning process (each college will take ownership of the parcels nearest its campus). CPI hired a consultant to manage acquisitions west of Lowery as well as to negotiate with AHA.

While Morehouse became interested in the land swap with AHA to address future needs for campus expansion, the deal has implications for neighborhood development. It is directly tied to the HOPE VI project previously described. The land that is being transferred to the colleges (the land south of Morehouse’s campus) is the former site of Harris Homes. The housing development was demolished as part of the HOPE VI project. AHA will rebuild mixed-income housing units on the land it acquires from the colleges. AHA has already begun developing housing on the land it owns south of that area. The land swap, therefore, allows AHA to develop its new mixed-income community on one large, contiguous site rather than scattered sites. This also allow the colleges to redevelop a formerly blighted area for more desirable uses. They do not yet have a clear vision for how they will develop their properties,
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however they want to create an open environment that results in a greater connection between the colleges and the community.

NEIGHBORHOOD IMPACT

The revitalization of Atlanta’s West End neighborhoods is in the very early stages. It is too early to assess the impact of Morehouse’s efforts on the investment climate, but college officials and community leaders are very optimistic. According to the leader of one neighborhood organization, homeowners are getting more involved in their communities and seem to be regaining hope that conditions will change for the better. They see that they are not alone in their desire to see their neighborhoods improve. There has been a shift in the state of mind of many residents.

Although it will take time to see the full impact of efforts to revitalize the West End, one individual, referring specifically to the former site of Harris Homes, stated that merely cleaning up the neighborhood has made a difference. Developers are beginning to take an interest in the area; clearance alone has made the neighborhood more desirable. Neighborhood leaders expect demand to increase as soon as the physical redevelopment work picks up. They are occasionally being approached by developers – something that has not occurred for many years, and neighborhood leaders believe that in the near future more attention will be given to commercial development. The Atlanta Regional Commission is also becoming more involved in the neighborhood development by hosting an event to bring developers and business leaders together to talk about how to bring more investment into Atlanta’s neighborhoods.

NEIGHBORHOOD CAPACITY

One of the most significant outcomes of Morehouse College’s Revitalization Task Force has been its success in building the capacity of neighborhood organizations. According to representatives of several neighborhood organizations, the training and support that has been offered through the initiative has been instrumental in helping them to participate in planning for the future of their communities. Training classes have given them the tools to fully understand and engage in the process. They feel they can now sit at the table as true partners. One neighborhood leader stated that in the past they operated more on a trial and error process; they are now better informed and more focused.

Student interns have contributed a great deal toward building neighborhood capacity. The director of one neighborhood organization said that given the small size of his staff, his
student intern has made a significant difference in his ability to get things done. Students have been very instrumental in helping neighborhood organizations produce regular newsletters. While this might seem like a small task, it has made it much easier for organizations to communicate with residents and garner support on important issues.

An important outcome of the capacity-building efforts is that neighborhood organizations are developing more concrete goals and objectives. There is more discourse among community leaders and more thought is being given to the future. Morehouse hopes to continue to support the goals of neighborhood organizations, but it also wants to assist them in becoming more self-sufficient. The college will continue to offer training for neighborhood leaders and will assist them in developing benchmarks and other assessment tools that will help them achieve their objectives.

**Relationship Building**

Another important outcome of Morehouse College’s neighborhood revitalization initiative is the improved relationship between the college and neighborhood residents and organization leaders. According to one college official, one of the greatest hurdles in the process was changing the view of the college. It took a couple years to establish a degree of trust that would allow community groups to call upon the college when they needed help. However, the college has successfully conveyed the idea that the planning process is a community-driven process; the college wants only to play a supporting role. Morehouse will adapt its plans according to the wishes of community leaders.

Morehouse has spearheaded revitalization efforts in the West End, but it has presented itself as just another neighborhood organization with the same concerns about the future of the community. At least twice a year, the heads of the various neighborhood organizations are invited to Dr. Massey’s home to talk about items of concern or development strategies. Dr. Massey participates as a peer. He sees himself as another leader of one of the many neighborhood organizations in the area, not as the one who should drive the discussion.

In the past, neighborhood organizations learned about the activities of AUC institutions after the fact – unless the colleges needed something from the community. Neighborhood organizations now have a connection. They recognize that they can’t do it all and value the support offered by Morehouse and other AUC institutions. Furthermore, they credit Morehouse with providing the spark for other institutions to become involved. Neighborhood leaders believe their relationship with Morehouse is on very solid ground and feel the college is a true partner in the revitalization of their communities. One neighborhood leader pointed to the importance of
neighborhood groups being able to impact state and federal policy – an element that has been missing in the past. Neighborhood organizations have had little opportunity to influence decisions that directly impact their communities; a convening entity is needed to reverse this trend, and Morehouse has served this purpose.

Equally important to building relationships between the college and neighborhood organization, the Morehouse initiative has helped build relationships among neighborhood organizations in NPU-T. Training workshops and other activities provided opportunities for neighborhood leaders to talk with one another and they began to network and share concerns and ideas. They are now meeting as a collective group more often than in the past, and they lend expertise and share information with each other. Student interns have also helped in improving communication among groups because they talk with each other about what is happening at their organizations and share strategies for solving problems. In the words of one neighborhood leader, they’re “moving toward a more collaborative spirit.”

The better connections between neighborhood organizations has also allowed them to work together to better access city resources. As a group, the organizations within Neighborhood Planning Unit-T developed a list of issues they wanted to discuss with the mayor. They received an invitation to city hall and were given the opportunity to talk about the problems that concerned them most. The mayor included the police chief, planning officials and representatives from other city departments in the discussion. Each neighborhood group within NPU-T was represented, and the meeting showed that the area is united and committed to seeing change in their communities. As a result of the discussions held at this meeting, some issues have been resolved. For example, police patrols have increased, and there is evidence that the crime rate is substantially lower. In the near future, neighborhood leaders hope to establish a better dialogue with city council. They feel they are making great inroads with city leadership.
LESSONS LEARNED

Three key lessons can be learned from the experiences of Morehouse College. First, Morehouse allowed neighborhood organizations drive the agenda for neighborhood development. Second, the vision and commitment of college leadership has been responsible for the success of Morehouse’s neighborhood revitalization initiative. Third, the revitalization initiative has helped to build relationships between neighborhood organizations as well as relationships between the college and the community.

When Morehouse secured funding to support its revitalization initiative, college officials approached neighborhood leaders about the most appropriate use of the funds. Morehouse’s goal was to support efforts that originated in the community, rather than set the agenda for neighborhood development. As one Morehouse official stated, they wanted to help initiate a grassroots movement so that changes in the community reflected the wishes of residents. Morehouse officials asked neighborhood leaders about the problems facing their communities and how they wanted to address the problems. Morehouse leaders didn’t tell the community what the college would do – they asked what was needed. The approach taken by Morehouse has been highly successful in building the capacity of neighborhood organizations and establishing a true partnership between the college and the community.

Morehouse leadership has made the critical difference in how the college relates to the community with respect to neighborhood revitalization issues. One neighborhood leader stated that no president has done as much to extend himself to the community as Dr. Massey. When Dr. Massey assumed the leadership position at Morehouse, he immediately expressed concern over conditions in the surrounding communities and wanted to make a difference. He sees the college as a neighborhood organization that should be working alongside others to improve West End neighborhoods. He has taken a personal interest in revitalizing the area, to the point where some neighborhood leaders believe the needs of the college have sometimes become secondary to the needs of the community. Dr. Massey and other college officials have also made an effort to institutionalize community service and community development initiatives by making them an integral part of the experiences of faculty, staff, and students.

Although it is too early to see the full impact of Morehouse College’s neighborhood development efforts, the revitalization initiative has proven highly successful in building relationships between the college and neighborhood organizations and between the various neighborhood organizations operating in the West End. The college has overcome perceptions
that it is an elitist institution that would prefer to isolate itself from the neighborhood and forged new relationships with community leaders. This has been possible because the college has been honest about its plans and interests in the neighborhood and because the college did not try to tell neighborhood groups what they should or should not do. The relationships that have been established between neighborhood organizations may have come as a bigger surprise. Although their service areas were adjacent, communication among the organizations was limited. The revitalization initiative has brought groups together to talk about issues of common concern. They now form a united front in combating problems and working for the future of their communities.
INTRODUCTION

This report is part of a larger research study that enhances the understanding of the role that urban colleges and universities have in local economic development through real estate investment activities. Colleges and universities across the country are becoming more involved in property acquisition and development; however, there is limited research that explores the decision-making processes employed and the implications of these decisions on the larger community.

This research has been funded by the Fannie Mae Foundation. The entire project includes case studies of five colleges and universities: Duke University, Morehouse College, Old Dominion University, Union College, and the University of Notre Dame. Duke University is a private institution located in Durham, North Carolina. Morehouse College is a private, all male, historically black college in Atlanta, Georgia. Old Dominion University is a public university located in Norfolk, Virginia. Union College is a private liberal arts college in Schenectady, New York. The University of Notre Dame is a private religious institution located adjacent to South Bend, Indiana.

The following case study documents the efforts of the University of Notre Dame to stabilize the neighborhood to the south of its campus. The work involves investment in residential properties, establishment of a community center, and plans for a commercial district. Information for the case study was gathered from in-person interviews\(^\text{18}\) with individuals associated with the university and community groups as well as a number of secondary sources including newspaper articles, Internet sources, and planning documents. The report will provide an overview of the University of Notre Dame and the surrounding neighborhood and discuss its plans to revitalize that area. In addition, the report will describe university-community relations and how university real estate investment activities affect the larger community.

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\(^{18}\) Interviews were conducted in May 2003. A list of persons interviewed is included in Appendix B.
INSTITUTIONAL PROFILE

The University of Notre Dame is an independent Catholic institution founded in 1842. More than 11,000 students are enrolled, and the vast majority are undergraduates. The university is organized into four undergraduate colleges (arts and letters, science, engineering, and business), the school of architecture, the law school, and the graduate school. Admission to the university is highly selective; about one-third of incoming students graduated among the top five in their high school class. Notre Dame is highly ranked in national surveys, consistently ranking among the top 25 institutions of higher learning in the country. It also ranks in the top 20 among all American colleges and universities in size of endowment (about $3 billion) and in annual voluntary support.

CAMPUS ENVIRONMENT

The University of Notre Dame is located just north of the city of South Bend. Notre Dame, Indiana is a separate legal jurisdiction that includes the University of Notre Dame and two smaller educational institutions – St. Mary’s College and Holy Cross College. The University of Notre Dame provides its own police and fire protection and has its own water supply; it operates much like a municipality. The campus consists of 1,250 acres. The northern and eastern edges of the campus include two lakes and a substantial amount of forest and greenspace, which provide a large buffer between the core campus and surrounding communities. St. Mary’s and Holy Cross lie to the west, separated by a main road that connects Interstate 80 with the city of South Bend. South Bend’s northeast neighborhood lies south of the University of Notre Dame campus. It is the only residential area that directly borders the university.
The approximate boundaries of the northeast neighborhood are Edison Road to Colfax Avenue, between Twyckenham Drive and the St. Joseph River. There are roughly 3,500 residents in this area. It is a racially diverse neighborhood; more than 50 percent of the residents are African-American, about one-third are white. The average annual income of households in the northeast neighborhood is about $36,000. Nearly half (45%) of the housing units are renter-occupied, compared with 37 percent for the city of South Bend as a whole. Vacancy rates are also higher in the northeast neighborhood (13%) than citywide (7%).\(^{19}\)

\(^{19}\) See Appendix A for more detailed demographic and housing characteristics.
REAL ESTATE DEVELOPMENT EFFORTS

For many years, Notre Dame focused real estate acquisition in an unincorporated area east of the university. This was done to prevent undesirable land uses on vacant land adjacent to campus. Over time, Notre Dame had acquired a substantial amount of property in this area, but gave little attention to other areas surrounding the campus. In the meantime, South Bend’s northeast neighborhood had slowly begun to decline. The homeownership rate was decreasing, crime was rising, and there was high turnover among residents. Although the vast majority of Notre Dame students live on campus, many homes in the neighborhood were being purchased as investment properties and rented to students. In addition, there were few stores, restaurants, or services available in the immediate area. Residents and Notre Dame officials were becoming concerned about the future of the northeast neighborhood. University leaders had altruistic reasons for wanting to see conditions improve – faculty, staff, and students had a long history of community service, but they also recognized that the economic well-being of the neighborhood was important to the continued success of the institution. The northeast neighborhood is the “front door” of the university.

University officials admit that Notre Dame had often operated in isolation, but the current president, Father Malloy, wants to build a better relationship with those beyond the campus borders. Father Malloy and other university leaders want to help develop a more cosmopolitan community that will be more attractive to prospective students and faculty and benefit long-time residents. To work toward this goal, the university has turned its attention to the northeast neighborhood.

REAL ESTATE DEVELOPMENT ACTIVITIES

Notre Dame’s real estate investments in the northeast neighborhood have centered around residential properties and a community center, however, there are also plans to develop a commercial node in the area.

Residential Real Estate Development

Father Malloy became president of Notre Dame in 1987. In response to his concerns about decline in the northeast neighborhood, the university began acquiring property as it became available with the goal of protecting the campus and stabilizing the neighborhood.
University officials did not approach individual owners about buying their property, but relied on word of mouth to let people know they were interested in acquiring property in the neighborhood. The university offered fair market value and paid cash, so many owners were willing to sell. Most of the homes that were purchased were renovated and now serve as rental units for university employees. Notre Dame does not rent to students; one reason for acquiring property was to prevent the neighborhood from being filled with student rentals. Over the years, the university acquired a substantial number of properties and now leases out 67 homes in the area surrounding the campus.

In some cases, the university purchased houses that were determined to be beyond repair and were ultimately demolished. University officials saw this as a last resort, not wanting to add vacant lots to the neighborhood and recognizing that local residents would also be opposed. Where demolition is required, the goal is to build high-end infill housing on the existing lot and make it available to university employees. Thus far, four homes have been constructed and sold. Prices have been near $250,000 in an area where most homes sell for approximately $40,000. The university absorbs the cost of the land and guarantees a rate of appreciation. If the buyer chooses to sell the property, the university has the first option to buy. There has been no new construction in the neighborhood for many years and most residents welcome the idea. Notre Dame has been careful to select architectural designs that allow the new homes to blend into the neighborhood, despite their higher cost.

Residential real estate development activities have been concentrated along Notre Dame Avenue. University leaders would like to see it become a grand entrance to the campus, with high-end homes on each side of the street. The university owns more than 20 lots, many along Notre Dame Avenue and South Bend Avenue. Smaller lots will be joined and more infill housing will be built. The goal is to have at least two houses under construction at all times. The city of South Bend has been very supportive of Notre Dame’s efforts. Because new homes have been built on property already zoned residential, the university did not need to involve the city in the process, but South Bend officials strongly encouraged their work. City leaders acknowledge that the university’s ability to guarantee mortgages was crucial to getting high-end housing in the neighborhood and it would have been very difficult to make this happen without the university’s involvement. They believe that critical mass will be achieved in time, but it was important that the university reduced the risk for those willing to purchase above-market homes in the northeast neighborhood.
Robinson Community Learning Center

In January 2001, the Robinson Community Learning Center opened its doors. The center resulted from an opportunity that arose when a grocery store and adjoining thrift store moved from the northeast neighborhood, leaving their buildings vacant. When Aldi’s and Goodwill decided to relocate to a newer shopping center outside the neighborhood, store owners contacted Notre Dame about acquiring their property. University officials were not particularly interested in the buildings, however, they did not want to see them become a eyesore or be used for undesirable purposes. When they purchased the property, people within the community were angry because they thought the university had forced the stores out of the neighborhood. Although this was not the case, university leaders wanted to smooth tensions with the community. People from Notre Dame’s Center for Social Concerns reached out to residents to ask them what they would like to see happen on the site. Students were hired to talk to university department heads to learn what they might be able to offer to the community. From this process, priorities were identified and concepts were presented to officers at the university. In the end, university leaders approved a plan to convert the former grocery store into a community center. They awarded funding for renovation of the Goodwill facility and operating support for the center. The former grocery store houses a university physics lab and is also being used for storage.

The community center currently offers one-on-one tutoring services, ESL classes, GED classes, computer courses, music lessons, and a violence prevention program. Staff also organize annual events such as neighborhood clean-ups. The center has a recreation program that uses the resources of Notre Dame’s athletic department to involve children in a number of sports. Notre Dame athletes also talk to the children and motivate them to participate. There is some discussion about starting a sports league for neighborhood children that will focus on character development. Residents helped design the programs offered at the center. About 150 volunteers offer their time to various activities and the majority are Notre Dame students. The center also provides a forum to keep neighborhood residents informed about different issues by hosting community meetings.

The Robinson Community Learning Center is a department of the university; center staff are university employees. Notre Dame leaders see it as part of the mission of the institution, believing the university has a social responsibility to the community. The center director sees it as an important way to build a good relationship between the university and community while providing resources in a more organized manner.
Commercial Real Estate Development

Notre Dame is involved in a preliminary planning process for a commercial district in the northeast neighborhood. Despite the large number of students in the area, the neighborhood is lacking amenities. Notre Dame leaders would like to see a commercial node develop at the intersection of Eddy Street and South Bend Avenue, near the Robinson Community Learning Center. They envision a vibrant, mixed-use district that is pedestrian-friendly. It would include stores, coffee shops, restaurants, and other services. While the needs of students would be considered, university officials maintain that the needs of neighborhood residents must be considered if the project is to be successful. They believe it can serve the neighborhood as well as the campus community. University officials have drafted a plan for the proposed project. Notre Dame would not be the developer – administrators hope a traditional real estate developer will be willing to implement the idea. They see their role as one that facilitates private sector investment.

The area in which Notre Dame leaders are suggesting the commercial district be developed includes a considerable number of vacant properties, but the plan would require acquisition and demolition of several homes and businesses. The homes are primarily renter occupied and many are in poor condition. Some of the businesses are considered undesirable. Because of the issues involved in assembling property, it is expected that it would take two to three years to get the site ready for development. The city has taken over the planning process at this point (detailed discussion to follow). Funding for property acquisition and clearance is not yet in place. The plan is still largely conceptual. It includes a proposal to designate the northeast neighborhood as a redevelopment target area, which would allow a tax increment financing district to be created.\(^\text{20}\) As the process moves forward, Notre Dame would like to host a conference where the concept would be presented for developers. They believe the name recognition of the university will help draw investors.

Notre Dame’s involvement in commercial real estate development has centered around the effort to create the mixed-use district, however, administrators have had discussions about acquiring a site currently occupied by St. Joseph’s Regional Medical Center. The hospital is currently located at the southern edge of the northeast neighborhood, but is planning to relocate

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\(^{20}\) Tax Increment Financing (TIF) allows property tax receipts that governments receive from new development in a defined area to be diverted to pay for the area’s development costs. Any future growth in property tax revenues is used to pay for the development. Once a district is formally designated as a TIF district, the initial assessed property valuation serves as a baseline. As the area is developed and property values increase, the tax increments (the difference between the initial assessed value and the increased value) pay for the bonds that were issued to finance improvements.
to the suburbs. While it will be at least a few years before the move occurs, people are concerned about what will happen to the existing site – they do not want it to remain vacant. Notre Dame officials share this concern and have talked with city leaders about possible uses for the site. Some people have raised the idea of converting it into a research and development facility or technology park. Discussions are still very preliminary.

**REAL ESTATE DEVELOPMENT PARTNERS**

Notre Dame has been investing in the Northeast neighborhood for many years, renovating and leasing out homes to its employees. The university generally acted alone in these efforts, but its more recent work in the northeast neighborhood has not gone unassisted. The Northeast Neighborhood Revitalization Organization (NNRO), the South Bend Heritage Foundation, and the city of South Bend have been instrumental throughout the process. NNRO is a nonprofit organization that was created in 2000 to help revitalize the northeast neighborhood. Notre Dame was the driving force behind the idea and made a commitment to the organization to provide $750,000 over five years. Another $1 million over five years was pledged by St. Joseph’s Regional Medical Center, Memorial Hospital and Healthy System, Madison Center and Hospital, and the city of South Bend.

NNRO purchased a number of vacant lots that will be used to develop affordable housing for owner-occupants. Several homes were also acquired for rehabilitation. The organization has a governing board and a small staff. It was intended that NNRO work independently, but it was determined that they could be more effective by working through an established organization. NNRO contracted with the South Bend Heritage Foundation to assist them in meeting their objectives. South Bend Heritage has a long history of working in South Bend neighborhoods and had the resources and expertise to carry out the work. They had established trust in the community and the partnership was a logical decision. South Bend Heritage hired two people to work exclusively on projects in the northeast neighborhood and other staff devote a portion of their time to these projects. The organization is leading the community outreach process – presenting plans to stakeholders, responding to questions and concerns, and incorporating changes into plans for the neighborhood. Notre Dame and NNRO acknowledge that South Bend Heritage has more experience in working directly with the community and felt it was important to draw upon this experience rather than undertake the work themselves.
The city of South Bend is playing an important role in formulating the plans for the northeast neighborhood. Notre Dame hired a consultant to create a plan for the area, however, it is now being incorporated into the city’s plan. City planners are now leading the process with the help of Notre Dame and South Bend Heritage. The city’s involvement will ensure that neighborhood residents are included in the planning process and are comfortable with the outcome. As discussed in the following section, there has been some concern that Notre Dame has had too much control over the planning process.

**REAL ESTATE DEVELOPMENT PLANNING PROCESS**

Notre Dame’s vision for the northeast neighborhood was articulated in a plan developed by a consultant hired by the university. However, the redevelopment plan calls for significant changes in the city of South Bend and must be accepted by city leaders and residents. To reach this next step, the city’s department of community and economic development has taken the lead in the planning effort, hoping to incorporate the best ideas from Notre Dame’s plan into a plan that will be adopted by the city.

Most neighborhoods within the city of South Bend do not have an plan. City officials credit Notre Dame with bringing attention to the northeast neighborhood and the resources needed to move ahead with a redevelopment plan. The university is even providing funds for a full-time position within the city’ department of community and economic development to work exclusively on the northeast neighborhood plan. As part of the plan, the city is proposing to designate the entire neighborhood as a redevelopment target area. This is an important component of the plan, because it would allow for tax increment financing to finance improvements and allow the city to condemn property in the designated area and transfer it to private developers. Approval must be granted by the city’s redevelopment commission, the common council, and the county’s area plan commission.

The city generally supports Notre Dame’s ideas for the neighborhood, but the final plan must be presented to neighborhood residents. In the end, it must be the city’s plan, not the university’s. The internal process of developing the plan is complete, but the public process is in the early stages. Most people agree that the plan introduced by Notre Dame was a good one and recognize that the university has a very talented team of architects, engineers, and consultants. However, the university has been criticized for not adopting a more open process when developing their vision for the neighborhood. Some people in the community believe that it is difficult to get Notre Dame officials to involve residents and allow them to gain a sense of
ownership. The institutional culture differs from that of most public agencies. University administrators have sometimes been hesitant to provide information, particularly in writing. In Notre Dame’s defense, a city official noted that the consultant hired by the university was careful to incorporate ideas from previous planning efforts. Although the city had not adopted a formal plan for the northeast neighborhood, many planning processes had been initiated in the past. Residents and stakeholders had voiced their ideas and concerns, but saw nothing materialize. The city official suggested that residents may have been annoyed if people approached them with a blank slate to ask them what they wanted, given that they had stated this so many times before. Residents become disillusioned and uninterested in the process when this occurs. In that sense, it may have been reasonable to simply review earlier documents and incorporate findings.

The city has completed a draft plan and has begun discussing it with the community. South Bend Heritage also plays an important role in this process by presenting at neighborhood meetings, answering questions, and addressing concerns. Initial discussions of the plan were stalled by concerns over the possible widening of South Bend Avenue, and other issues were not fully discussed. City officials expect that the public process may take as much as a year, but see it as a critical part of the planning process. They want to build consensus and produce a plan that leads to the best possible outcomes. When a plan is formally adopted, city officials will meet with individuals directly affected by the plan (for instance, those who might be forced to relocate) and determine how to best assist them. According to one city representative, Notre Dame leaders tend to see community needs in a very broad-brushed way; it is the responsibility of city officials to ensure that the interests of residents are addressed.

**Decision-Making and Financing**

Most of the decisions regarding Notre Dame’s property acquisition and development are made within the office of business operations, however, the board of trustees is becoming more active in the decision-making process. Because the university is becoming more involved in neighborhood development, the board has established a committee to address these issues.

The homes that Notre Dame has purchased in the northeast neighborhood have been financed from operating income. Each year, money is allocated in the budget for property acquisition and related costs. Acquisition, rehabilitation, and maintenance are the primary expenses. The university also awarded a substantial amount of money ($750,000) to the Northeast Neighborhood Revitalization Organization (NNRO) to assist them in implementing their strategy. NNRO, through the South Bend Heritage Foundation, is very much involved in
residential development, concentrating on providing affordable housing opportunities. With the funding provided by Notre Dame and the $1 million provided by the other partners, NNRO has adequate resources to pay South Bend Heritage for their work and to provide funds for predevelopment activities. This is important, because predevelopment funding is often difficult to secure. NNRO began in 2000 with a five-year funding commitment. Future support for the organization is expected.

Notre Dame was the lone funding source in purchasing and renovating the facility that houses the Robinson Community Learning Center. The university continues to provide approximately $300,000 in annual operating support. This includes staff salaries, facility maintenance, and other expenses. The funds account for about 60 percent of the center’s operating costs. University support is expected to decrease in the future, but the positive response from neighborhood residents has convinced university leaders that it is a worthwhile investment. It is hoped that the center will eventually become self-sufficient. Many of the programs and services delivered by the community center receive external funding. The Indiana Department of Education supports educational programs, and local foundations have supported the violence prevention program.

Funding sources have not yet been identified for the proposed commercial development. It is hoped that a tax increment financing district will provide funds for infrastructure improvements. Private developers are expected to be the primary investors. Notre Dame officials do not plan to invest university money in the project.

NEIGHBORHOOD IMPACT

It is too soon to see the full impact of Notre Dame’s investment in the northeast neighborhood. The university’s plan for the community is still in the preliminary stages and much has yet to be implemented. Most people welcome the investment in residential properties. Between 1990 and 2000, the population in the northeast neighborhood declined slightly (6%), the homeownership rate decreased (from 60% to 55%), and housing vacancies increased (from 10% to 13%). Residents are hopeful that Notre Dame’s attention will help reverse these trends. They can see noticeable improvements in the properties the university has already acquired, however, at this point, the changes are small in scale. If the commercial district is developed, it will have a substantial impact on the neighborhood. Community reaction to the idea has generally been positive, despite concerns about the widening of South Bend Avenue. Although
no work is likely to occur for some time, private developers have expressed interest in the project.

If the redevelopment plan for the northeast neighborhood is implemented, it will probably require condemnation of property, but displacement has not yet occurred. Concerns about displacement and gentrification have been raised, but most people feel that there are adequate housing choices in the neighborhood.

At this point, the greatest impact of Notre Dame’s efforts may be that the university has drawn attention to the northeast neighborhood. The city was not focusing on this community and did not have plans to designate it as a redevelopment area. Because of the ideas introduced by Notre Dame, people are taking an interest in the neighborhood. Notre Dame’s involvement has also helped build a better relationship between the university and South Bend residents. Students and faculty have always been very involved in community service activities, yet the university is viewed as being very insular. Administrators say they want to change this perception and be more open with the neighborhood. Strained relationships are not uncommon between universities and communities. Many people reacted in fear when they heard that Notre Dame was creating a redevelopment plan for the neighborhood, and some remain skeptical, but the person who was initially put in charge of the effort was someone the community knew and trusted. Father Malloy has gradually expanded the university’s involvement in off-campus activities. The Robinson Community Learning Center has been very effective in connecting the university and the community. The university also established a design studio in downtown South Bend where architecture and planning students participate in real projects and get feedback from review panels comprised of people who live and work in the city. Notre Dame recently hired a community relations director and plans to locate her office in the downtown area as well. They want to send the message that they welcome interaction with the community. The university has also begun to establish a better working relationship with government agencies in South Bend. Faculty and students have worked on a number of projects to help the city, including transforming a former dump into a neighborhood park, solving a water usage problem at the zoo, and assisting in the commercialization of technology. One city official said there have been some difficulties along the way, but both parties have worked through them. He said the relationship between the university and the city has shifted toward one of cooperation.

University officials say that are making efforts to be more open with the community. Hiring a community relations director was one step in this direction. They also talk more frequently with local newspaper reporters to ensure their plans are described accurately,
realizing that sometimes problems arise because rumors circulate when facts are lacking. Notre Dame’s work in the northeast neighborhood has opened the door to communication between the university and community.

LESSONS LEARNED

A key lesson to be learned from the Notre Dame case study is that a university can have an important impact on community development simply by bringing attention to the issue. Although the university has invested a considerable amount of resources to establish a community center and to build and renovate homes, most of the plans for the northeast neighborhood are still being discussed. Yet this has still had a large impact on the neighborhood. The city of South Bend had not given a great deal of attention to the area, but has now identified it as a potential redevelopment target area and is devoting a considerable amount of time and energy to developing a comprehensive plan for the neighborhood. South Bend Heritage, a prominent community development corporation, was concentrating its efforts on the west side of the city. However, its contract with the Northeast Neighborhood Revitalization Organization (NNRO), has allowed them to direct their expertise toward the northeast neighborhood. This would not have been possible without Notre Dame’s willingness to create and fund NNRO. City officials said that when considering a neighborhood plan, they must consider the resources available to implement the plan. In previous planning initiatives for the neighborhood, the resources were lacking. Notre Dame’s involvement in this process has made the difference. Notre Dame has not only devoted its own resources to improve the area, but has also helped attract other resources to the community.

A second lesson to be derived from the Notre Dame case is that the university was heavily criticized for having a closed planning process when it developed a plan for the northeast neighborhood. People generally complimented the plan, yet resented the manner in which it was created. The university is hoping for public investment and investment by private developers, but did not consult them until their plan had been written. In the end, the city will adopt a plan that the community accepts, but the planning process may have encountered fewer obstacles had university officials invited more public participation in creating a vision for the neighborhood.

Finally, it is worth noting that Notre Dame’s interest in revitalizing the northeast neighborhood has helped build a better relationship between the university and community.
Notre Dame officials are breaking down negative perceptions of the university and showing that they are a part of South Bend, even if not officially within its borders.
The Role of Colleges and Universities in Real Estate Development:
Old Dominion University

INTRODUCTION

This report is part of a larger research study that enhances the understanding of the role that urban colleges and universities have in local economic development through real estate investment activities. Colleges and universities across the country are becoming more involved in property acquisition and development; however, there is limited research exploring the decision-making processes employed and the implications of these decisions on the larger community.

This research has been funded by the Fannie Mae Foundation. The entire project includes case studies of five colleges and universities: Duke University, Morehouse College, Old Dominion University, Union College, and the University of Notre Dame. Duke University is a private institution located in Durham, North Carolina. Morehouse College is a private, all male, historically black college in Atlanta, Georgia. Old Dominion University is a public university located in Norfolk, Virginia. Union College is a private liberal arts college in Schenectady, New York. The University of Notre Dame is a private religious institution located adjacent to South Bend, Indiana.

The following case study documents the efforts of Old Dominion University to build a “university village.” The village includes student housing, retail, office space, and a large events center. Information for the case study was gathered from in-person interviews21 with individuals associated with the university and community groups as well as a number of secondary sources including newspaper articles, Internet sources, and planning documents. The report provides an overview of Old Dominion University and the surrounding neighborhoods and discusses the process of developing the university village, including the partnership arrangements that were needed to implement the project. In addition, the report will describe university-community relations and how university real estate investment activities affect the larger community.

21 Interviews were conducted in February 2003. A list of persons interviewed is included in Appendix B.
INSTITUTIONAL PROFILE

Old Dominion University, a public university located in Norfolk, Virginia, was founded in 1930 as a division of the College of William and Mary. It became an independent institution in 1962 and was awarded university status in 1969. In fall 2002, more than 20,000 students were enrolled at Old Dominion (approximately 10,500 with full-time status). Two-thirds of the students are undergraduates, and the vast majority of students (84%) are permanent residents of the state of Virginia.

Old Dominion is located along Norfolk’s western shore, formed by the Elizabeth River. The Highland Park neighborhood lies east of the main campus, the Larchmont/Edgewater neighborhood lies to the north, and the Lambert’s Point neighborhood borders the campus to the south. The university is approximately four miles north of downtown Norfolk and approximately three miles south of the Norfolk Naval Base, the largest naval base in the country.

Figure 5. Old Dominion University Campus
The original campus, as a division of William and Mary, occupied a relatively small area north of West 49th Street. After the institution was granted independence and university status, the campus expanded to the south and by the late 1980s reached to West 43rd Street. The core campus lies west of Hampton Boulevard.

**CAMPUS ENVIRONMENT**

The neighborhoods that surround Old Dominion University differ from one another in several aspects. The Larchmont/Edgewater neighborhood is an upper-income residential area with a population of approximately 5,600. The majority of residents are white (90%) and the average household income is very high at more than $90,000. Two-thirds of the homes in the neighborhood are owner-occupied and the vacancy rate is very low (3%). Highland Park and Lamberts Point are very different from Larchmont/Edgewater, but similar to one another in some respects. Both are low-income communities with a high percentage of renters, many of whom are students. In Highland Park, the average household income is just below $26,000. The homeownership rate is low at 20 percent, and 18 percent of all housing units are vacant. More than 60 percent of the population is between the ages of 18 and 24, suggesting that a large number of students live in Highland Park. The average household income in Lamberts Point is just below $24,000. The homeownership rate is 22 percent, and the vacancy rate for housing units in Lamberts Point is 13 percent. Similar to Highland Park, data suggest that a large number of students live in the neighborhood, as more than half the population is between the ages of 18 and 24. Despite the similarities, there are also substantial differences between Highland Park and Lamberts Point. Lamberts Point is primarily residential, while Highland Park has a greater mix of residential and commercial uses. Highland Park is more racially diverse, with whites and African-Americans each comprising 42 percent of the total population. In Lamberts Point nearly two-thirds of the population is African-American and slightly more than one-third of the residents are white.22

22 See Appendix A for more detailed demographic and housing characteristics.
REAL ESTATE DEVELOPMENT EFFORTS

Student enrollment at Old Dominion University (ODU) has grown steadily over time. In the past 10 years, the number of students attending the university increased 22 percent. It became apparent that additional space was needed to meet the demands that accompanied this growth. Three specific needs motivated recent development activities. One was the lack of a facility to host basketball games and special events. The university had been holding events at a downtown arena and wanted to bring activities back to campus, but a facility of this type required a substantial amount of land. The second motivating factor was the need for more student housing. Administrators knew that approximately 5,000 students lived in privately owned homes within a mile of campus and anticipated continued growth in student enrollment. The third motivating factor was the recognition that the retail demands of students and neighborhood residents were not being met.

Initially, further expansion to the south was deemed the logical choice. The neighborhood to the north, Larchmont/Edgewater, is a stable, upper-income area. Political clout and high property values would prevent the university from acquiring property in that neighborhood. The Elizabeth River prevented expansion to the west. Expansion to the east was not viewed as an attractive alternative. Hampton Boulevard served as the eastern border of the main campus. As a major north-south thoroughfare with heavy traffic, it was a natural dividing line between the university and the areas to the east and seemed to be an illogical line to cross. To the south, the Lambert’s Point neighborhood was a low-income area with a high renter-occupancy rate and deteriorated housing stock. Land acquisition was expected to be easier and less costly than in other areas near the campus. Furthermore, there were no significant barriers between the existing campus and the neighborhood. West 43rd, a small residential street, was the dividing line, and the university already owned some property along the north side of the street. Expansion south would allow a rather seamless transition between the existing campus and newly acquired land.

However, the university faced unexpected opposition to their expansion plans. Residents of Lambert’s Point were aware that many years earlier the university had taken the land between West 49th Street and West 43rd Street, displacing hundreds of people. They organized to save what remained of their neighborhood. The city of Norfolk supported the residents and eventually designated Lambert’s Point as a neighborhood conservation area. This designation provided financial incentives to improve the housing stock, ensured greater
code enforcement, and called for some demolition, new construction, and rehabilitation. It signified the city’s desire to rebuild the neighborhood and made it impossible for the university to expand in that direction. Administrators began to reconsider the possibility of reaching across Hampton Boulevard.

A 75-acre area east of Hampton Boulevard became the focus of expansion plans. It included the blocks between West 49th Street and West 38th Street, east of Hampton Boulevard and west of Killiam Avenue. It was large enough to accommodate a convocation center as well as housing and retail. Light industry dominated the area; these types of businesses were originally attracted to the location because it was served by a rail spur. The track was later abandoned, but many old warehouses, machine shops, and maintenance facilities remained. Residential structures were interspersed, but most were in poor condition and many were occupied by students. A number of bars had taken hold along the eastern side of Hampton Boulevard. Most viewed the nine-block area as blighted and in need of attention. Once university leaders accepted the idea of crossing Hampton, they realized the potential that existed.

**The University Village**

The university’s expansion plans include a convocation center, student housing, retail and office space, and a large shopping center. The entire project is referred to as the University Village. The area targeted for redevelopment is shown in Figure 6. The map indicates the specific site for each project included in the village.
Figure 6. University Village Plan
The convocation center was Old Dominion’s top priority and therefore was the first project to be developed. Construction began in August 2000, and the center opened in October 2002. The 219,000 square foot facility seats 8,600. The center is located on Hampton Boulevard between West 43rd and West 45th Streets. It was named the Ted Constant Convocation Center to honor a retired businessman who donated five million dollars to the project. The majority of the costs of the $47 million dollar facility was paid for by student fees. A 1,400 space parking garage was constructed immediately south of the convocation center and a 260 space VIP parking lot was added directly to the north of the center. Future plans call for building restaurant and office space along the eastern edge of the convocation center, facing Monarch Way (shown on the map as Main Street), and along both the eastern and western edges of the parking garage. These areas are currently greenspace. There has also been discussion about the possibility of using the space that currently serves as the VIP parking lot to build a hotel.

Student housing is being developed in phases. The first phase will add 378 beds and is scheduled to open in fall 2003. When complete, the University Village will provide more than 1,700 beds in total. Buildings facing Monarch Way will include ground-floor retail with two stories of garden-style apartments overhead. Buildings facing side streets will have three stories of apartments. The master plan calls for no large building setbacks to allow developers full use of the land around the student housing complexes and convocation center. Buildings will be close to the street to provide a more pedestrian-friendly environment, but will allow adequate space for outdoor cafes and similar uses along the sidewalks.

A 120,000 square-foot shopping center is planned for the block bounded by West 41st Street, Hampton Boulevard, West 38th Street, and Monarch Way. Additional retail is planned for the eastern side of Monarch Way. The shopping center and adjacent retail is intended to serve students as well as neighborhood residents. Discussions with private developers are underway.

Access to the University Village will be enhanced by Old Dominion’s Maglev train. The Maglev is a 54-foot vehicle designed to carry between 80 and 100 people. It operates with the use of computers and huge magnets that levitate the vehicle above the track. The train runs through the heart of the campus and across Hampton Boulevard to Monarch Way, thereby connecting the traditional campus with the University Village. The Maglev is a demonstration project of American Maglev Technology Inc., Dominion Virginia Power, Lockheed Martin, and the Commonwealth of Virginia. The cost of the transit system was covered by the partners, allowing ODU to benefit without contributing financial resources. It will eventually be gifted to the university. ODU was selected as a demonstration site to make the case for a future project.
connecting the Norfolk area with Washington, D.C. The Maglev route is indicated by a dotted line on the project map. The Maglev will not only make it easier for students to travel across the campus, but will also reduce parking constraints around the convocation center by allowing people to park across campus while still having easy access to the center. Riders will receive free service.

**REAL ESTATE DEVELOPMENT PARTNERS**

Realization of the University Village plan required collaboration between Old Dominion, the Old Dominion University Real Estate Foundation, the city of Norfolk, and the Norfolk Redevelopment and Housing Authority (NRHA). Each partner played an important role in the development process.

The Old Dominion University Real Estate Foundation is a not-for-profit corporation, legally distinct from the university. As a not-for-profit entity, it is permitted greater flexibility than the university with respect to regulations of the U.S. Internal Revenue Service and the commonwealth of Virginia. The foundation was created to serve the university by negotiating deals with property owners and developers. The foundation has been instrumental in assembling land for the University Village and working with private developers to bring projects to fruition.

The city of Norfolk has also been an important partner in creating the University Village. In the early stages of the plan, Old Dominion leaders began talking with city officials about the impact on infrastructure east of Hampton Boulevard. The project would involve tearing up roads and utilities. Utilities would also need to be upgraded to meet the demands of the new development. This not only required city approval, but financial support as well. City leaders viewed the project as an investment that could leverage additional resources and ultimately increase tax revenues. Following an agreement that all property would be taxable with the exception of the convocation center and parking garage, the city council committed $15 million for infrastructure improvements. The dollar amount was based upon reliable estimates obtained by the university. The city also created a new zoning district for the University Village to allow for the desired uses.

NRHA played an essential role in the land assembly process. It serves as the redevelopment arm of the city of Norfolk, but has powers under state law that the city does not. NRHA can condemn blighted property for redevelopment, whereas the city can condemn property only for public purposes. This proved to be important to making the University Village...
The Role of Colleges and Universities in Real Estate Development: Old Dominion University

a reality. In support of Old Dominion’s plan, NRHA designated the project site as a redevelopment area. This required the creation of a redevelopment plan (which was intentionally written to be consistent with the university’s plan), several public hearings, and approval from the city planning commission and city council. When this process was completed, NRHA was able to acquire property by eminent domain when negotiations with property owners failed. This property was then sold to Old Dominion or the Real Estate Foundation.

The role of each partner is described in greater detail in the sections that follow; it is important to note that all partners acknowledged that the plan for the University Village could not have been realized without collaboration among all the participants.

REAL ESTATE DEVELOPMENT PROCESS

Developing the University Village has been a complicated process. It has involved careful planning, arduous land assembly strategies, coordination among partners, creative financing, and public participation. The following sections describe the development process with respect to these issues.

Planning Process

Careful planning at the conceptual stage of the University Village project was instrumental to getting it off the ground. In the early 1990s, the university began working on a master plan for the campus that included the University Village project. Representatives from the city and neighborhood civic associations participated in the planning process and a master plan was adopted in 1995. Simultaneously, university leaders commissioned an outside consultant to explore the economic feasibility of the University Village. A thorough market analysis was completed to assess the potential for residential and retail development. The market study was key to obtaining support from the city of Norfolk and NRHA. ODU officials demonstrated the need for the project and the economic benefits that would likely result. This was necessary to convince city council to invest $15 million and to convince NRHA leaders that their involvement would lead to positive outcomes.

Land Assembly

Land assembly has been a difficult part of the development process. The project site included many individual parcels held by numerous landowners. The university, the real estate
foundation, and NRHA have all participated in land assembly. In the early phases of the project, the university acquired many of the needed parcels through negotiated agreement with property owners who accepted offers based on fair market value. However, NRHA was also involved in land assembly, with the university pledging to reimburse NRHA costs associated with acquiring properties. NRHA was not brought into the process to fund acquisition, but because it had expertise in dealing with land acquisition and relocation, and it retained the right of eminent domain. Condemnation was used in only a few cases. While NRHA’s experience proved important, the organization’s involvement also increased costs. NRHA adheres to federal regulations regarding compensation for relocation costs. This requires it to pay moving expenses for landowners even in cases where property is acquired by negotiated agreement. The university and its real estate foundation are not required to provide this type of compensation. Furthermore, NRHA was more accustomed to working with homeowners than business owners and most of those affected in the University Village redevelopment site were in the latter group. The organization had little experience in relocating businesses.

In later phases of the project, the ODU Real Estate Foundation played a larger role in land assembly. The foundation focused on helping displaced business owners relocate, which facilitated the acquisition process. In addition, its status as a not-for-profit corporation has provided benefits. As a tax-exempt organization, it can accept gifts, and the foundation has used this to its advantage in assembling land. If a property owner believes his/her property is worth more than the foundation is willing to pay, they may be able to reach a compromise whereby the owner “gifts” the difference between the price he/she is asking and the amount the foundation will pay. The owner can then receive a tax break for the amount of the gift. The ability to reach this type of compromise has made the land acquisition less contentious in some cases, however, NRHA remained involved in situations where condemnation was required.

**Project Implementation**

Project management has also been a very challenging part of the development process. Turning the plan into reality has required coordination among city departments and university offices, utility companies, and building contractors. Infrastructure improvements proved to be particularly difficult to manage because they involved multiple utility companies (electric, water, sewer, and telecommunications) as well as road crews. All were working in a relatively small geographic space and trying to stay on schedule. Careful consideration of infrastructure needs was seen as a critical part of the planning effort. ODU officials anticipated future needs so that further development could take place without any additional infrastructure improvements. This
would not only prevent disruption caused by utility work or street repair, but would also make the site more attractive to developers.

Developing the University Village has also involved a learning curve for ODU administrators. Many were not accustomed to working extensively with local government offices. When the university relied on state money to build academic facilities it dealt with state rules and regulations. However, the University Village includes projects that are subject to the city’s zoning and regulatory process. The process can be lengthy, and the university (or real estate foundation) has often attempted to get partial or conditional site plan approval to keep schedules on track. At times, this has been difficult for the various city departments involved and has complicated the development process. Furthermore, it has been a challenge to align the schedules of the city and the university. ODU needed the new student housing units to be ready by the start of the 2003-2004 academic year, but it was difficult for city departments to respond to deadlines set by the university.

Design review presented its own obstacles. All projects being planned for the University Village, with the exception of the convocation center and adjacent parking garage (state-owned facilities), are subject to the city’s design review process. The design for the village’s mixed-use buildings were initially approved, but due to some negative public feedback, the city asked an urban design consultant to review the plans. The consultant recommended some changes and ODU was asked to comply. By that time, the construction process was underway and changes would result in time delays and additional expense. Because the project had received approval, the university was not required to make the changes, but agreed to do so, believing it was important that all parties were happy with the outcome. For future projects, the city and its design consultant will be brought into the process at an earlier stage. They have already considered ideas for the design of the proposed shopping center.

**Project Cost and Financing**

Old Dominion University is investing approximately $75 million in the University Village. The total cost for the village is estimated at $260 million. The $15 million appropriation by the city of Norfolk is being used to fund infrastructure improvements. The city agreed to release $1.5 million per year, however, expenditures were occurring at a faster rate and the foundation borrowed from the banks for gap financing.

The Ted Constant Convocation Center was financed with bonds issued by the Virginia College Building Authority. Although no state-appropriated funds were used to pay for the center, state approval was needed before bonds could be sold, and Old Dominion was required
to demonstrate its ability to repay the debt. The university was able to do this because it had implemented an incremental increase in student fees. This created a fund balance that provided a revenue stream to cover interest payments on the debt. This fund also provided $6 million to assemble the five acres of land needed for the convocation center and adjacent parking garage. Bonds were issued on three different occasions, the first in 1997. Construction did not begin until 2000. Selling bonds at different phases of the project allowed the university to borrow only that amount of money it needed at the time, saving on interest payments. Furthermore, interest rates fell while the project was underway, which meant that later bonds were sold at a better rate. Bond sales totaled $40 million for the convocation center and $16 million for the parking garage.

NRHA issued tax-exempt bonds in the amount of $47 million to finance both phases of the mixed-use (residential and retail) buildings. NRHA serves as a conduit that is authorized to issue bonds, but the borrower is the ODU Real Estate Foundation. The bonds are secured by a line of credit issued by Bank of America. A small portion of the cost of phase two will be financed with taxable bonds, due to the fact that the amount of retail space included in the project exceeds that which is permitted under tax-exempt finance. The buildings will be constructed by a private developer, who will receive a one-time fee. The property will be taxable.

Private developers are expected to finance construction of office space and the proposed shopping center. The Old Dominion University Real Estate Foundation may rely on tax-exempt bonds to develop one building for tax-exempt organizations, however, most office development will depend upon private sector financing. The developers will enter into ground leases with the foundation (the land owner). The foundation will institute design and development guidelines and land use requirements, and the developers must adhere to rules pertaining to the special zoning district created for the village. The foundation will likely secure buy-back rights and the right of refusal on sales. The goal for filling office space is to attract new entrants to the market who see an advantage in locating near the university; the intent is not to recruit existing companies.

Public Participation

Public participation in the plans for the University Village has taken place at different levels. The city and NRHA have been involved at all stages of the process, and this created opportunity for public comment. Citizens are able to voice their ideas or concerns during the city’s design review process and NRHA’s redevelopment planning process. Before NRHA could
issue a redevelopment plan for the area, a series of public meetings were required. Because their plan was aligned with the university's master plan, it provided an opportunity for the public to express their opinions regarding the University Village.

For its part, the university reached out to local civic leagues for comment on the redevelopment plan. The civic leagues are formally recognized neighborhood associations created to represent the interests of residents and business owners. While there was limited public involvement in developing the plan, university leaders were diligent about keeping stakeholders informed and listening to their feedback. Throughout the process, university representatives attended civic league meetings and met with area businesses to talk about the University Village.

Public reaction to ODU’s plans has generally been positive. Displacement has been an issue of concern, particularly among small business owners, but most residents are pleased to know that a blighted area is being revived and have welcomed the university’s investment.

**Neighborhood Impact**

A redevelopment project on the scale of the University Village is likely to affect the surrounding neighborhood in various ways. Given that the project was not developed on open land, site clearance was an important part of the process and is included in the following discussion. More significant is the project’s ability to attract future investment in the neighborhood and this is explored in greater detail. Finally, the project played an important role in building relationships among neighborhood stakeholders.

**Site Clearance**

The most immediate impact of the University Village was of course felt by residents and business owners located in the redevelopment site. A project of this size, which required a substantial amount of land and site clearance, was bound to be controversial. Displacement of businesses proved to be a greater issue than displacement of residents. The redevelopment area had relatively few housing units and most were dilapidated and renter-occupied. NRHA was able to relocate residents with little difficulty. Some of the businesses along Hampton Boulevard relocated to Colley Avenue, but several simply closed. The university did not
encourage bars to re-open. The greatest opposition to the University Village project came from business owners who had difficulty relocating.

Even among those who praise the university’s effort to redevelop the area east of Hampton Boulevard, there is some criticism of its land assembly practices. Many believe that communication was lacking with respect to the timeframe for acquiring property. Business owners, many of whom leased space in buildings owned by others, were hesitant to invest in their businesses for fear that they would soon be forced to leave. They didn’t feel they were given adequate notice regarding plans for their space. Because of this issue, some people claim that tenants suffered the most substantial losses, while property owners benefited from the redevelopment project. However, some property owners were also dissatisfied, arguing that they did not receive adequate compensation.

INVESTMENT CLIMATE

While it is too soon to know the full impact of the University Village on the surrounding neighborhood, early indications are that the development is leading to positive change. Most feel that property values are on the rise and that private sector investors have shown greater interest in the neighborhood. Some who own land near the redevelopment area claim their property values have declined due to their proximity to a condemnation zone, but this is countered by the belief that values will rise substantially in the future.

The impact of the University Village on the housing market is difficult to discern. The housing market in Norfolk was already strong, and the city has been working hard to market itself as a desirable place to live (it recently initiated the “Come Home to Norfolk” campaign). 1990 and 2000 census data show that the Larchmont/Edgewater neighborhood has been very stable, with little change in population, homeownership, or housing vacancies. Lamberts Point lost 10 percent of its residents, but the number of housing units increased from 789 to 961 and the number of owner-occupied units increased from 24 to 211 (homeownership increased from 3 percent to 22 percent). Housing vacancies declined slightly from 16 percent to 13 percent. Highland Park showed a population loss of 19 percent and vacancies increased from 9 percent to 20 percent, but this may reflect the fact that Old Dominion was in the midst of site clearance near the time the 2000 census was conducted. It will be interesting to see if the 2010 census reflects changes in the three neighborhoods, especially for those neighborhoods with low-income households and low homeownership rates.
Most people believe investment beyond the village will take time, although there may be some speculation occurring now. Others believe outside investment will happen quickly, having noticed a great deal of interest in new construction. Private sector developers have expressed interest in senior housing, infill housing, and upscale units. NRHA has considered building higher-end row housing near the village and has gotten calls from developers interested in demolishing older units to allow for construction of larger units. University administrators also believe that there is a market for faculty/staff housing that will be addressed by private sector developers.

There are also indications that the commercial climate in the neighborhood is improving. Property owners are holding on to land along Colley Avenue (a commercial strip east of Hampton Boulevard), and vacancies appear to be down. The city of Norfolk is also trying to play a role in reinvigorating business. The city council recently extended a tax abatement program to businesses that allows value added from property improvements to be phased in gradually for tax purposes (this abatement was previously available only to homeowners). It is expected that the University Village, along with the abatement program, will stimulate business development in the surrounding area. Most of the business owners along Colley Avenue hope the village will complement their businesses and do not see it as competition. They feel it will increase exposure to that part of the city and bring more customers. Residents are also anxious to see more retail development and look forward to the completion of the shopping center. In addition, they are eager to benefit from the employment opportunities that will be generated.

A team has been formed to discuss issues relating to development around the University Village. The team includes representatives from ODU and several city departments. It will consider what type of development is appropriate for the neighborhood and create a vision for the future. The team will also look to preserve or improve the existing residential and commercial stock. Code enforcement is an important part of this. Appropriateness and consistency in land uses and zoning regulations and the need for redevelopment or neighborhood conservation strategies will also be considered. The area around the village is seen as transitional and university and city leaders want to see it develop properly.

RELATIONSHIP BUILDING

An important outcome of the University Village project has been improved relationships between the university and neighborhood residents and civic leaders. All parties learned to work together for mutual gain. This is a valuable benefit that goes beyond the economic impact
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of the project. Previous expansion by ODU created tension between the university and community, but the relationship has been strengthened by the village project. The university is credited with developing a project that serves the needs of the institution, neighborhood residents, and residents citywide. It addresses the university’s student housing needs and the demand for retail created by students, university employees, and neighborhood residents, while simultaneously eliminating blight. The needs of the institution came to be viewed as a catalyst to meet other needs, and the city saw the plan as part of the economic development of Norfolk.

The project not only required collaboration between the university, residents, and civic leaders, but each party developed a greater appreciation for the other parties that were involved. All began to see other points of view on issues. The University Village development has been characterized as a true partnership between the university and the larger community, and overall, the project is perceived to have a very positive impact on the neighborhood and city.

LESSONS LEARNED

There is still much work to be done before the University Village can be considered complete, yet several important lessons can be drawn from the effort. One lesson is that careful planning is key to gaining outside support and ensuring the project is successfully implemented. Leaders at Old Dominion identified their needs, weighed alternatives, and assessed the market potential for the village before presenting the idea to civic leaders and neighborhood residents. This allowed them to make a solid argument for their plans that included justification for the cost and inconvenience associated with the redevelopment project. Securing the support of city officials, NRHA administrators and board members, and the general public would have been difficult had the university not been as thorough in the pre-planning phase. Yet it is also important to note that university administrators stressed the need to be flexible throughout the development process. Good planning was critical to the success of the project, however, plans must be adaptable. Administrators noted that the development process is long and changes will occur along the way.

A second key lesson that can be drawn from Old Dominion’s work is that true partnership between the university and local organizations made the realization of the project possible. Representatives from the university, city of Norfolk, and Norfolk Redevelopment and Housing Authority all acknowledged that the University Village project would not have been
possible without collaboration among the three parties. The relationship extended beyond mere support or cooperation to a real partnership that utilized the resources, skills, and expertise of each organization. At times, the partnership complicated the process because it required coordination of schedules and recognition of different sets of rules and regulations, however, it was necessary to take the University Village from plan to reality.

An additional lesson that can be learned from the Old Dominion case is that the success of the project has hinged on its ability to meet the needs of the larger community as well as the university. ODU leaders developed a plan that would provide housing, retail, and a large events center, but without losing sight of the needs of neighborhood residents and the goals of the city of Norfolk. The University Village provides evidence that the needs of a large institution can be balanced with those of the surrounding community, creating a win-win situation. This requires a willingness for compromise and respect for others involved in the process, and this was demonstrated in Norfolk.

There were aspects of the development process that might have been handled better, however, the project has proved largely successful because it was carefully planned, the skills and resources of each partner were used effectively, and the needs of the university and community were addressed. Both university and civic leaders had the vision and will to make the plan a reality.
The Role of Colleges and Universities in Real Estate Development: Union College

INTRODUCTION

This report is part of a larger research study that enhances the understanding of the role that urban colleges and universities play in local economic development through real estate investment activities. Colleges and universities across the country are becoming more involved in property acquisition and development; however, there is limited research that explores the decision-making processes employed and the implications of these decisions on the larger community.

This research has been funded by the Fannie Mae Foundation. The entire project includes case studies of five universities: Duke University, Morehouse College, Old Dominion University, Union College, and the University of Notre Dame. Duke University is a private institution located in Durham, North Carolina. Morehouse College is a private, all male, historically black college in Atlanta, Georgia. Old Dominion University is a public university located in Norfolk, Virginia. Union College is a private liberal arts college in Schenectady, New York. The University of Notre Dame is a private religious institution located adjacent to South Bend, Indiana.

The following case study documents the efforts of the Union College to stabilize the neighborhood to the west of its campus. Information for the case study was gathered from in-person interviews\(^{23}\) with individuals associated with the university and community groups as well as a number of secondary sources including newspaper articles, Internet sources, and planning documents. The report will provide an overview of Union College and the surrounding neighborhood and discuss activities undertaken by the college to improve the area. In addition, the report will describe university-community relations and how university real estate investment activities affect the larger community.

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\(^{23}\) Interviews were conducted in June 2003. A list of persons interviewed is included in Appendix B.
INSTITUTIONAL PROFILE

Union College is an independent liberal arts college located in Schenectady, New York. It was founded in 1795 and was the first college chartered by the Board of Regents of the State of New York. It is among the oldest nondenominational colleges in the country. Union College enrolls approximately 2,000 undergraduate students and 100 graduate students. The vast majority of students come to the college from outside the region; approximately 15 percent are from the Albany-Schenectady area. The college offers 20 majors that fall within four departments: humanities, social sciences, natural sciences, and engineering. Students may also choose an interdepartmental major involving work in two or more departments; an organized interdisciplinary program; or a personally designed organizing theme major. Union employs nearly 800 people, including 210 faculty, 209 administrators, and 373 staff. The college has an annual budget of about $92 million and an endowment of more than $270 million.

CAMPUS ENVIRONMENT

The city of Schenectady is located within New York’s capital district, a region with approximately 876,000 people that includes the state capital. Schenectady is a small city with a population of approximately 62,000, and Union College is located on 100 acres near the downtown area. There are substantial differences between the neighborhoods that surround the campus. The area to the east is primarily an upper-income community with large, single-family homes. The neighborhoods to the north and south are mixed-income communities. In the neighborhood to the west, referred to as College Park, households are primarily low-income renters. Many of the property owners are absentee landlords and much of the housing stock is in poor condition.
College Park and the area encompassing the Union College campus (shown in Figure 7) have approximately 3,800 residents, although more than half are Union students who live in college housing. Despite this, the average household income for those living in the neighborhood is nearly $40,000. Eighty-five percent of the residents are white, seven percent are African-American, and five percent are Asian. The large student population contributes to a low homeownership rate – only 25 percent of housing units are owner-occupied. The vacancy rate among housing units in the areas is fairly high at 15 percent. Union College officials estimate that approximately 15 percent of neighborhood residents work for the college.

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24 See Appendix A for more detailed demographic and housing characteristics.
REAL ESTATE DEVELOPMENT EFFORTS

Union College faces a situation common to many education institutions – it is located in the heart of a declining urban center. Schenectady has suffered from substantial population loss and following disinvestment by its major employers. Although student enrollment was not falling, university leaders were concerned about the future. They learned that many of the students who opted not to attend Union cited the city of Schenectady as a primary reason.

Union’s current president, Roger Hull, came to the college in 1991. He had a long-standing interest in civic affairs. Prior to his position at Union, he served as President of Beloit College in Beloit, Wisconsin, and was involved in redevelopment efforts in that city. He took an immediate interest in improving Schenectady. Hull’s attention has not been limited to the area nearest the campus, although it has been a principal focus.

In 1998, President Hull announced that Union College was undertaking a new initiative to improve the neighborhood along the western border of its campus. The Union-Schenectady Initiative would involve the acquisition and renovation of several properties, as well as homeownership incentives and community outreach programs. The property acquisition and renovation phase has been completed, but other programs are still active.

UNION-SCHENECTADY INITIATIVE

The Union-Schenectady Initiative is an attempt by Union College to use its resources to address a number of issues of concern to both the college community and residents of Schenectady. Physical development and homeownership incentives have been concentrated in the College Park neighborhood, while community outreach programs extend to a much wider area. Union leaders believed that their investment could benefit the college as well as the city of Schenectady and committed nearly $11 million to the effort.

Residential Real Estate Investment

Union College administrators were concerned about the condition of the neighborhood along the western border of the campus. Absentee ownership was increasing, houses were falling into disrepair, and some students were afraid to walk through the area. Union’s leaders recognized that the neighborhood was becoming a detriment to the campus environment. At the same time, the college was facing a shortage in student housing, particularly apartment-
style housing that incoming students preferred. College administrators believed that by investing in residential properties along the western edge of campus they could address both issues – the need to stabilize the neighborhood as well as develop additional student housing.

Union College created a separate development corporation and through that entity, began acquiring homes in the College Park neighborhood, primarily along Seward Place, Park Place, and Huron Street. The college tried to keep their involvement quiet to avoid escalation in sale prices. This was effective for a time, however, rumors eventually surfaced that Union was behind the deals and prices did increase. Forty-three properties were purchased in less than a year (most were bought between the spring and fall of 1998). After the acquisition phase was complete, the development corporation was dissolved, and Union held a neighborhood meeting where they announced their plans to redevelop the homes and use them for student housing.

The college hired an architectural firm to develop a “vision study” for the redevelopment area. The study provided a visual model for the work and included detailed guidelines for the renovation of the homes and improvements to the streetscape. Union officials decided early in the process that they wanted to help restore the neighborhood’s original character. Rather than demolish and rebuild, they opted to renovate the homes. They paid close attention to historic architectural detail and color palettes, ensuring that the houses would blend with the neighborhood. Most renovations were completed within a year. Each house was divided into two units, with four students per unit. Students pay the same rate as those who live in on-campus dormitories. Three of the acquired homes were retained as rental properties for faculty or staff.

Throughout the redevelopment process, college officials met regularly with residents of College Park. Although the college purchased many properties in the neighborhood, the homes were interspersed with those owned by individuals. Residents had concerns relating to students moving into their community. Parking and safety were the issues most often raised. To address these concerns, parking spaces were added behind the student housing to reduce demand for on-street parking and a campus security office was placed in one of the acquired properties.

Streetscape improvements were an important part of the College Park redevelopment project. Seward Place, which serves as the dividing line between the campus and the neighborhood, was covered with potholes and the median was overgrown with weeds. The city of Schenectady agreed to finance the needed street improvements. The median was expanded, cobblestone was added, and electrical wires were buried underground. Union added a sidewalk to the side of the street bordering campus. These changes created a more pedestrian-friendly street than had previously existed.
Financing

Union financed the acquisition and renovation of homes with tax exempt bonds issued through the local industrial development authority. Debt payments are covered with income generated by student rental payments. President Hull was instrumental in convincing the board of trustees that the project was a worthwhile investment. Many of the homes were in such poor condition that some people were skeptical about the plan. However, Hull was committed to improving the neighborhood, rather than clearing it and taking over. He was convinced that the college was taking the right approach and was able to gain the needed support. Ultimately, the college may have saved money by rehabbing existing homes. By some accounts, the total renovation cost per bed was less than the average cost of building new (about $35,000 bed for renovation costs versus $70,000 to $100,000 per bed to build new).

Displacement and Relocation

Most of the homes acquired by Union College were occupied by low-income renter households. Union officials were aware that they were dislocating people who might have difficulty finding new housing or financing a move. The college assigned an individual to work one-on-one with people who were being asked to leave their apartments. Union offered information on housing opportunities, occasionally gave tours of vacant units, and provided access to a real estate broker. When a suitable apartment was found, the college paid all moving expenses and provided the first two months rent at the new unit if the tenant moved by an agreed upon date. Union officials believe they were sensitive to the needs of dislocated tenants and feel confident that most were able to find better housing following the move. Because of the poor quality of the rental housing in College Park, the move often resulted in improved living conditions. Although some people remained in College Park, most preferred to move from the neighborhood, and in many cases, from the city of Schenectady. Union did not want limit the options of displaced residents, therefore relocation assistance was provided regardless of the where residents chose to live.

Homeownership Incentives

Increasing homeownership in the College Park neighborhood is an important goal of the Union-Schenectady Initiative. To achieve this goal, the college offers incentives for those who purchase homes in the target area.
Incentives for Union College Employees

For several decades Union College has offered a second mortgage program to faculty and administrators who buy homes within the city of Schenectady. The program is designed to cover down payment and closing costs and allows them to borrow up to $15,000 at a discounted interest rate. To encourage additional investment in the College Park neighborhood, Union College introduced a new mortgage program available to all Union faculty and staff. The college will provide low-interest financing for employees who buy homes in the target area. The college holds the mortgage and offers an interest rate of two percent below the prime rate. In addition, the college covers all closing costs and legal fees. At the time interviews were conducted, 13 employees had purchased homes through this program. Most of the employers were lower-salaried workers and administrators believe that they may have had difficulty qualifying for a conventional mortgage. The college will also provide funds to employees for exterior improvements to their homes (or interior improvements if serious renovations are needed). The home improvement loan was initially limited to $10,000; however, it became apparent that many of the houses available on the market were also those most in need of repair. The cap was lifted to allow homeowners to finance more extensive work.

Mortgage payments are made through payroll deduction. If the homeowner decides to sell the property, the college has the right of first refusal. If the homeowner stops working for Union, the interest rate on the mortgage loan increases to four percent above the market rate. In these cases, the college encourages the owner to find alternate financing. Employees must work at Union for at least one year to be eligible for the program. Most of the homes that have been purchased by employees are located on Park Place and South Avenue. Mortgage loans are carried as debt against the college’s cash reserves. College administrators are considering selling the loans to a local bank, since the college does not necessarily want to be in the lending business.

Incentives for Non-Union College Employees

In an effort to further increase homeownership in the College Park neighborhood and provide educational benefits to the larger community, Union College implemented a tuition benefit program that extends beyond college employees. Homeowners who have lived in the College Park neighborhood for at least five years are eligible to receive tuition scholarships for their children. The scholarship will provide four years of tuition for students who meet Union’s admission requirements. The family must live in the neighborhood while the student is enrolled at Union, and the student must maintain at least a 3.0 grade point average. The benefit is
limited to two children per family. If a student is unable to meet Union’s admission standards, he or she may attend Schenectady Community College tuition-free and then reapply to Union as a transfer student.

A special mortgage program is available to families who would like to move into the College Park neighborhood. A local bank offers a 50 percent discount on bank fees for residential mortgage applications and will provide a grant of five percent of the purchase price (up to $2,500) for purchases that involve a transfer from landlord status to owner-occupied.

In order for families to take advantage of the tuition scholarship, they must live in the neighborhood for at least nine years (5 years prior to admission and 4 years during enrollment), and they must join the neighborhood association. As a result, college leaders hope the tuition scholarship will lead to greater stability in the neighborhood as well as allow local students to receive a quality education. The program was implemented five years ago, therefore families are just now becoming eligible. At this point, only one student has benefited from the program (by attending the community college tuition-free). College officials are aware of two families that have moved into the neighborhood with the hope of receiving scholarships for their children.

Community Outreach

Union College leaders have always viewed community outreach as an important part of their work, however, these efforts were given greater attention with the implementation of the Union-Schenectady Initiative. Community outreach activities are coordinated through a newly established community center located in the College Park neighborhood.

The Ralph and Marjorie Kenney Center

In 1999, Union College announced plans to convert a former bar on Park Place into a community center. The project was funded by a $1 million gift from the widow of a Union alumnus and the center was named in the family’s honor ($600,000 was used to establish the community center and the remaining funds allowed for the acquisition and renovation of the satellite security office). Through the Kenney Center, Union has expanded its community outreach efforts by offering a number of programs at the facility. The community center has a very small staff, but a large contingent of student volunteers. They run a homework program to help children pass proficiency exams and provide one-on-one tutoring services. They have a national reading program (America Reads), a science program for young girls, health-related programs, and the center serves as a satellite unit of Albany’s Big Brothers Big Sisters program.
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Union students design all the programs that operate from the community center. Students agree to a two-year contract so they can’t back out of their commitment.

The College Park Neighborhood Association holds its regular meetings at the community center. The neighborhood association was re-established as part of the Union-Schenectady Initiative. An association was active many years ago, but had been dormant for some time. A Union employee helped write by-laws for the group and holds one seat on the board, however, neighborhood residents determine its agenda. The association is working on issues relating to garbage collection, snow plowing, street cleaning, street lights, and parking. Members are pleased with the changes Union has made to the neighborhood. Likewise, the college supports the association, because they see it as important to ensuring neighborhood stability.

REAL ESTATE DEVELOPMENT PARTNERS

Development efforts in the College Park neighborhood were driven by Union College, and the majority of the work was financed by the college; however, they were successful in convincing others to contribute some resources to the effort.

The city of Schenectady and Marjorie Kenney provided the largest contributions to the redevelopment of College Park. The streetscape improvements financed by the city cost approximately $1 million, and Mrs. Kenney donated $1 million to acquire and renovate the community center and security office. The Emerson Foundation provided a $500,000 grant to support the first phase of the initiative. Federal grant money ($450,000) was obtained to help improve playing fields for use by Union students and neighborhood residents. Fleet Bank has provided more than $40,000 to support the college’s community outreach office, help redevelop a neighborhood park, and fund internships that allow Union students to work for local not-for-profit organizations. Capital District Physician’s Health Plan provided $15,000 for park equipment. Intercom, a Dallas-based telecommunications equipment provider and long-time supplier to Union College, offered special discounts on equipment needed for the student housing. Finally, Trusco Bank created a special mortgage program for College Park homeowners that offered discounted fees and a small grant.

While Union administrators may have hoped for more involvement from outside investors, they recognize that the majority of the college’s expenses were for the development of student housing and did not expect to receive financial support for that work. They hope that future efforts will attract more outside investment.
FUTURE REAL ESTATE DEVELOPMENT ACTIVITIES

Union College is no longer in a real estate acquisition mode. Administrators state that they will pursue opportunities as they arise, however, their current focus is now on the core campus. The traditional college dormitories are undergoing major renovations and their efforts are focused on completing these projects. Despite this, Union leaders have not turned their attention away from the College Park neighborhood; they are simply taking a different approach to supporting neighborhood development.

Union has become involved in a new state-led initiative to improve the housing stock in College Park. The New York State Office of Housing and Community Renewal is providing funds to Better Neighborhoods, Inc., a nonprofit community development organization, for the acquisition and rehab of houses in the neighborhood. A Union administrator helped design the program. The goal is to improve the condition of homes and sell them to responsible homeowners. In many cases, houses will be converted from two-family units to single-family units to make them more marketable. Union leaders hope this will contribute to efforts to stabilize the neighborhood. They also feel the lack of quality housing stock in College Park discourages families with college-bound students from moving into the neighborhood; therefore this program may lead to greater participation in Union’s scholarship program.

The program will operate much like a revolving loan fund. It was initially awarded $720,000; as homes are renovated and sold, the proceeds will recapitalize the fund, allowing Better Neighborhoods, Inc. to acquire and renovate more homes. There will be no income cap for program participants. The goal is to complete 10 to 15 houses over the next three years. In order to achieve its goal, the program must be able to acquire property and complete renovations at a reasonable cost. With the help of the neighborhood association, Better Neighborhoods has identified the houses it wants to buy, targeting those most in need of repair. Some people are skeptical about whether the program can be successful; it is often difficult to convince absentee landlords to sell properties because they can make a substantial profit from rent payments. Also, some question whether the houses can be sold at prices that cover the costs of renovation. Others are more optimistic and believe the program will have an important impact on the College Park neighborhood.
NEIGHBORHOOD IMPACT

Union College’s involvement in the College Park neighborhood has led to changes in two important areas. First, there are several indications that investment climate has greatly improved. Second, the relationship between Union College and the larger community has improved as a result of Union’s commitment to the neighborhood.

INVESTMENT CLIMATE

By all accounts, the College Park neighborhood has improved as a result of Union College’s investment. College administrators and the president of the neighborhood association claim that property values have increased substantially in the last few years. The appearance of the neighborhood is greatly improved. Union is credited with maintaining their properties very well, and other homeowners have begun investing more in their own properties. The neighborhood association president feels that people are taking pride in their neighborhood once gain. Few people were investing in their properties before Union College acquired and renovated more than 40 homes. Code enforcement has improved and the neighborhood association is developing standards for property maintenance. By acquiring homes in College Park, Union College addressed its student housing needs while simultaneously helping to stabilize the neighborhood.

In College Park and the area that includes the Union College campus, population declined slightly (5%) between 1990 and 2000 and housing vacancies increased from 9 percent to 15 percent; however, average household income rose and the homeownership rate, although low, remained stable. People expect that it will take time to see the full impact of Union College’s investment in the area, but many firmly believe that negative trends are reversing and the neighborhood is more stable than in the recent past. Although census data did not reveal an increase in the homeownership rate between 1990 and 2000, the mortgage programs offered by Union and Trustco Bank are believed to have been very helpful in attracting homeowners to College Park. According to the president of the neighborhood association, having Union employees purchase homes in the area has helped to stabilize the community. She also believes that Union’s scholarship program also has a lot of people interested in moving into the area. A Union administrator said that rental units for faculty/staff have been in high demand and there has been some interest in increasing the number of units available, however
few homes are on the market now. She attributes this to the neighborhood’s positive turnaround.

In addition to the improved appearance, many people believe the neighborhood is safer than it was just a few years ago. Traffic along Seward was slowed as a result of street improvements, making it safer to walk in that area. More importantly, crime is perceived to be lower. Campus security and local police are working together more effectively and increasing patrols. Representatives from both groups have stated that conditions in the area are on an upswing.

The only complaints that have been heard in the neighborhood relate to parking, although most acknowledge that lack of parking has always been an issue. The neighborhood association is trying to convince the city to change parking policies to alleviate the problem. Street improvements to Seward Place took longer than residents expected and this generated some complaints, however, most were happy with the end result. There were some concerns that the college (as a tax-exempt entity) was taking property off the tax rolls, however, administrators argue that the improvements to other properties have compensated for any loss in taxes on college-owned properties. In addition, many of the properties that Union acquired were tax delinquent. The biggest issue currently facing the neighborhood is that many irresponsible absentee landlords are unwilling to sell their property.

Union College leaders are optimistic about the future of the College Park neighborhood. They are hopeful that the new state initiative will be successful in improving the housing stock and increasing homeownership. College officials are also considering the purchase of a nearby hotel that is in poor condition. They are uncertain about how they would use the property – they may convert it into a residence hall or may operate it as a hotel. In either case, they believe they can improve it and help anchor the neighborhood. In addition, a local development organization is working on a project that would create a Little Italy in an area adjacent to where Union concentrated its investment. They believe that this project would make the neighborhood much more desirable. Union leaders are convinced that the college’s commitment of resources served as a catalyst for further investment.

**Relationship Building**

By investing in College Park, Union not only helped improve the physical condition of the neighborhood, but also improved the state of university-community relations. Local residents had a limited role in influencing the actions of the college, however, college officials used public
relations very effectively and were sensitive to the concerns of community members. Residents were invited to meetings to discuss the initiative and their response was generally very positive. Although there are some people who still fear that the college is taking over, this attitude has not been widespread. Generous relocation assistance to displaced tenants helped avoid potential problems and improvements to the neighborhood were quickly evident.

Most people believe the Union-Schenectady initiative has opened a dialogue between the college and city residents. Students are very involved in the community through their volunteer work, and their physical location in the neighborhood has helped bring them closer to local residents. The campus is more open than in the past, and community members are more comfortable calling university employees with their concerns. They now know who to call — as part of the initiative the college hired a director of community outreach. There is the belief that town-gown relations have never been better.

LESSONS LEARNED

Union College’s efforts to stabilize the College Park neighborhood were successful because leaders of the initiative had a clearly defined agenda, followed through on their plans, and showed quick results. They avoided the controversy that often surrounds university real estate development projects by offsetting fears that they were taking over the neighborhood. From the beginning, Union leaders decided they wanted to help revitalize College Park — not rebuild it. They rejected an approach that many colleges and universities have used that involves demolishing and building new. Union preserved the historic character of the neighborhood and blended student housing in with the other homes in College Park. Equally important, they completed the work as quickly as possible so the community could witness improvement almost immediately and see that Union was following through on its promises.

Union College could be criticized for failing to provide a greater role for neighborhood residents in their decision-making process, however, this point was seldom raised. The reason this did not become a major issue of contention leads to another key lesson in the case — the college was sensitive to the needs of dislocated tenants and listened to the concerns of residents. Union College created a new office of Community Outreach and assigned the director to work on an individual basis with those who were being asked to move. Union provided assistance in finding suitable housing, covered all moving costs, and went a step further to pay for two months rent in the new apartment. The college also responded when neighborhood
residents voiced concerns about safety and parking, establishing a satellite security office and providing additional parking spaces.

Finally, the Union-Schenectady Initiative has been successful because the college had the leadership necessary to make it happen. President Hull had a vision and was able to convince the board of trustees that the idea was worthwhile. Furthermore, Hull and his top administrators were able to work with neighborhood groups and city officials to gain their acceptance of the project. One Union administrator noted that Hull is a strong community leader as well as a strong college president. He introduced a new way of thinking that led college employees and students to reconsider their role in the community. Although the college has no immediate plans for substantial direct investment in neighborhood real estate, it is involved with the state-led initiative to improve the housing stock in College Park and has expanded its community outreach capacity. Hull created an environment where this type of involvement is encouraged and valued by Union faculty, staff, and students.
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APPENDIX A:

INTERVIEW LISTS
THE ROLE OF COLLEGES AND UNIVERSITIES IN REAL ESTATE DEVELOPMENT:
APPENDICES

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THE ROLE OF COLLEGES AND UNIVERSITIES IN REAL ESTATE DEVELOPMENT: 
APPENDICES

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THE ROLE OF COLLEGES AND UNIVERSITIES IN REAL ESTATE DEVELOPMENT:
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The Role of Colleges and Universities in Real Estate Development: Appenidices

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The Role of Colleges and Universities in Real Estate Development:
Appendices
APPENDIX B:

DEMOGRAPHIC CHARACTERISTICS OF COLLEGE AND UNIVERSITY NEIGHBORHOODS
Table B1. Duke-Durham Neighborhood Partnership Communities: Select Population and Housing Characteristics

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>28,063</td>
<td>31,085</td>
<td>3,022 11%</td>
</tr>
<tr>
<td>Race</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>15,937</td>
<td>14,265</td>
<td>(1,672) -10%</td>
</tr>
<tr>
<td>Black or African American</td>
<td>11,123</td>
<td>12,563</td>
<td>1,440 13%</td>
</tr>
<tr>
<td>American Indian and Alaska Native</td>
<td>70</td>
<td>122</td>
<td>52 74%</td>
</tr>
<tr>
<td>Asian or Pacific Islander</td>
<td>822</td>
<td>1,235</td>
<td>413 50%</td>
</tr>
<tr>
<td>Other</td>
<td>111</td>
<td>2,317</td>
<td>2,206 1987%</td>
</tr>
<tr>
<td>Two or more races</td>
<td>n/a</td>
<td>583</td>
<td>2%</td>
</tr>
<tr>
<td>Population Age 18 to 24</td>
<td>4,183</td>
<td>5,259</td>
<td>1,076 26%</td>
</tr>
<tr>
<td>Average Household Income*</td>
<td>$38,170</td>
<td>$43,269</td>
<td>$5,099 13%</td>
</tr>
<tr>
<td>Housing Units</td>
<td>14,270</td>
<td>14,885</td>
<td>615 4%</td>
</tr>
<tr>
<td>Vacant</td>
<td>955</td>
<td>1,281</td>
<td>326 34%</td>
</tr>
<tr>
<td>Occupied Housing Units</td>
<td>13,315</td>
<td>13,604</td>
<td>289 2%</td>
</tr>
<tr>
<td>Owner Occupied</td>
<td>4,093</td>
<td>4,197</td>
<td>104 3%</td>
</tr>
</tbody>
</table>

* 1990 average household income was inflated to 2000 dollars.

Note: Data was collected for the following census tracts: 3.01, 3.02, 4.01, 4.02, 5, 6, 7, 8.01, 8.02, 12.01, and 15.02. These tracts approximate the boundaries of the neighborhoods targeted by the Duke-Durham Neighborhood Partnership.

Source: 1990 & 2000 Census of Population and Housing
### Table B2. West End Neighborhoods (NPU-T): Select Population and Housing Characteristics

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>23,079</td>
<td>24,646</td>
<td>1,567 7%</td>
</tr>
<tr>
<td>Race</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>476</td>
<td>2%</td>
<td>228 1%</td>
</tr>
<tr>
<td>Black or African American</td>
<td>22,522</td>
<td>98%</td>
<td>23,975 97%</td>
</tr>
<tr>
<td>American Indian and Alaska Native</td>
<td>35 &lt;1%</td>
<td>34 &lt;1%</td>
<td>34 &lt;1%</td>
</tr>
<tr>
<td>Asian or Pacific Islander</td>
<td>12 &lt;1%</td>
<td>110 &lt;1%</td>
<td>110 &lt;1%</td>
</tr>
<tr>
<td>Other</td>
<td>34 &lt;1%</td>
<td>138 1%</td>
<td>138 1%</td>
</tr>
<tr>
<td>Two or more races</td>
<td>n/a</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Population Age 18 to 24</td>
<td>5,459</td>
<td>24%</td>
<td>6,768 27%</td>
</tr>
<tr>
<td>Average Household Income*</td>
<td>$27,120</td>
<td>$29,691</td>
<td>$2,571 9%</td>
</tr>
<tr>
<td>Housing Units</td>
<td>9,175</td>
<td>8,937</td>
<td>(238) -3%</td>
</tr>
<tr>
<td>Vacant</td>
<td>1,482</td>
<td>16%</td>
<td>863 10%</td>
</tr>
<tr>
<td>Occupied Housing Units</td>
<td>7,693</td>
<td>8,074</td>
<td>381 5%</td>
</tr>
<tr>
<td>Owner Occupied</td>
<td>2,838</td>
<td>37%</td>
<td>2,639 33%</td>
</tr>
</tbody>
</table>

* 1990 average household income is reported in 2000 dollars.

Note: Data was collected for the following census tracts: 36, 37, 38, 39, 40, 41, 42, 43, 60, and 62.
Source: 1990 & 2000 Census of Population and Housing
### Table B3. Northeast Neighborhood: Select Population and Housing Characteristics

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>3,768</td>
<td>3,527</td>
<td>(241) -6%</td>
</tr>
<tr>
<td>Race</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>1,334</td>
<td>1,275</td>
<td>(59) -4%</td>
</tr>
<tr>
<td>Black or African American</td>
<td>2,411</td>
<td>1,810</td>
<td>(601) -25%</td>
</tr>
<tr>
<td>American Indian and Alaska Native</td>
<td>-</td>
<td>-</td>
<td>- 0%</td>
</tr>
<tr>
<td>Asian or Pacific Islander</td>
<td>15</td>
<td>134</td>
<td>119 793%</td>
</tr>
<tr>
<td>Other</td>
<td>8</td>
<td>142</td>
<td>134 1675%</td>
</tr>
<tr>
<td>Two or more races</td>
<td>n/a</td>
<td>166</td>
<td>5%</td>
</tr>
<tr>
<td>Population Age 18 to 24</td>
<td>502</td>
<td>581</td>
<td>79 16%</td>
</tr>
<tr>
<td>Average Household Income*</td>
<td>$28,243</td>
<td>$35,702</td>
<td>$7,459 26%</td>
</tr>
<tr>
<td>Housing Units</td>
<td>1,503</td>
<td>1,433</td>
<td>(70) -5%</td>
</tr>
<tr>
<td>Vacant</td>
<td>156</td>
<td>183</td>
<td>27 17%</td>
</tr>
<tr>
<td>Occupied Housing Units</td>
<td>1,347</td>
<td>1,250</td>
<td>(97) -7%</td>
</tr>
<tr>
<td>Owner Occupied</td>
<td>803</td>
<td>686</td>
<td>(117) -15%</td>
</tr>
</tbody>
</table>

* 1990 average household income was inflated to 2000 dollars.

Note: Data was collected for census tract 10, which approximates the Northeast Neighborhood boundaries.

Source: 1990 & 2000 Census of Population and Housing
### Table B4. Larchmont/Edgewater Neighborhood: Select Population and Housing Characteristics

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>5,485</td>
<td>5,589</td>
<td>104</td>
</tr>
<tr>
<td>Race</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>5,238</td>
<td>5,040</td>
<td>(198)</td>
</tr>
<tr>
<td>Black or African American</td>
<td>108</td>
<td>95</td>
<td>(13)</td>
</tr>
<tr>
<td>American Indian and Alaska Native</td>
<td>5</td>
<td>22</td>
<td>17</td>
</tr>
<tr>
<td>Asian or Pacific Islander</td>
<td>128</td>
<td>371</td>
<td>243</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>20</td>
<td>14</td>
</tr>
<tr>
<td>Two or more races</td>
<td>n/a</td>
<td>41</td>
<td></td>
</tr>
<tr>
<td>Population Age 18 to 24</td>
<td>745</td>
<td>623</td>
<td>(122)</td>
</tr>
<tr>
<td>Average Household Income*</td>
<td>$ 70,490</td>
<td>$ 90,418</td>
<td>$ 19,928</td>
</tr>
<tr>
<td>Housing Units</td>
<td>2,374</td>
<td>2,386</td>
<td>12</td>
</tr>
<tr>
<td>Vacant</td>
<td>104</td>
<td>79</td>
<td>(25)</td>
</tr>
<tr>
<td>Occupied Housing Units</td>
<td>2,270</td>
<td>2,307</td>
<td>37</td>
</tr>
<tr>
<td>Owner Occupied</td>
<td>1,523</td>
<td>1,519</td>
<td>(4)</td>
</tr>
</tbody>
</table>

* 1990 average household income was inflated to 2000 dollars.

Note: Data was collected for census tracts 23 and 24, which define the Larchmont/Edgewater neighborhood boundaries.

Source: 1990 & 2000 Census of Population and Housing

### Table B5. Highland Park Neighborhood: Select Population and Housing Characteristics

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>3,141</td>
<td>2,534</td>
<td>(607)</td>
</tr>
<tr>
<td>Race</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>2,182</td>
<td>1,066</td>
<td>(1,116)</td>
</tr>
<tr>
<td>Black or African American</td>
<td>674</td>
<td>1,068</td>
<td>394</td>
</tr>
<tr>
<td>American Indian and Alaska Native</td>
<td>43</td>
<td>-</td>
<td>(43)</td>
</tr>
<tr>
<td>Asian or Pacific Islander</td>
<td>213</td>
<td>93</td>
<td>(120)</td>
</tr>
<tr>
<td>Other</td>
<td>29</td>
<td>75</td>
<td>46</td>
</tr>
<tr>
<td>Two or more races</td>
<td>n/a</td>
<td>232</td>
<td></td>
</tr>
<tr>
<td>Population Age 18 to 24</td>
<td>1,734</td>
<td>1,548</td>
<td>(186)</td>
</tr>
<tr>
<td>Average Household Income*</td>
<td>$ 20,949</td>
<td>$ 25,860</td>
<td>$ 4,911</td>
</tr>
<tr>
<td>Housing Units</td>
<td>1,272</td>
<td>940</td>
<td>(332)</td>
</tr>
<tr>
<td>Vacant</td>
<td>109</td>
<td>171</td>
<td>62</td>
</tr>
<tr>
<td>Occupied Housing Units</td>
<td>1,163</td>
<td>769</td>
<td>(394)</td>
</tr>
<tr>
<td>Owner Occupied</td>
<td>207</td>
<td>157</td>
<td>(50)</td>
</tr>
</tbody>
</table>

* 1990 average household income was inflated to 2000 dollars.

Note: Data was collected for census tract 26, which defines the Highland Park neighborhood boundaries.

Source: 1990 & 2000 Census of Population and Housing
### Table B6. Lamberts Point Neighborhood: Select Population and Housing Characteristics

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>3,779</td>
<td>3,412</td>
<td>(367) -10%</td>
</tr>
<tr>
<td>Race</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>1,731</td>
<td>1,194</td>
<td>(537) -31%</td>
</tr>
<tr>
<td>Black or African American</td>
<td>1,963</td>
<td>2,072</td>
<td>109 6%</td>
</tr>
<tr>
<td>American Indian and Alaska Native</td>
<td>18</td>
<td>18</td>
<td>0% -100%</td>
</tr>
<tr>
<td>Asian or Pacific Islander</td>
<td>51</td>
<td>58</td>
<td>7 14%</td>
</tr>
<tr>
<td>Other</td>
<td>16</td>
<td>22</td>
<td>6 38%</td>
</tr>
<tr>
<td>Two or more races</td>
<td>n/a</td>
<td>66</td>
<td></td>
</tr>
<tr>
<td>Population Age 18 to 24</td>
<td>1,673</td>
<td>1,727</td>
<td>54 3%</td>
</tr>
<tr>
<td>Average Household Income*</td>
<td>$23,884</td>
<td>$23,898</td>
<td>$14 &lt;1%</td>
</tr>
<tr>
<td>Housing Units</td>
<td>1,200</td>
<td>1,104</td>
<td>(96) -8%</td>
</tr>
<tr>
<td>Vacant</td>
<td>195</td>
<td>143</td>
<td>(52) -27%</td>
</tr>
<tr>
<td>Occupied Housing Units</td>
<td>789</td>
<td>961</td>
<td>172 22%</td>
</tr>
<tr>
<td>Owner Occupied</td>
<td>24</td>
<td>211</td>
<td>187 779%</td>
</tr>
</tbody>
</table>

* 1990 average household income was inflated to 2000 dollars.

Note: Data was collected for census tract 25, which defines the Lamberts Point neighborhood boundaries. This census tract also includes the campus of Old Dominion University.

Source: 1990 & 2000 Census of Population and Housing
### Table B7. College Park Neighborhood: Select Population and Housing Characteristics

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>4,074</td>
<td>3,864</td>
<td>(210) 5%</td>
</tr>
<tr>
<td>Race</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>3,820</td>
<td>3,269</td>
<td>(551) -14%</td>
</tr>
<tr>
<td>Black or African American</td>
<td>99</td>
<td>263</td>
<td>164 166%</td>
</tr>
<tr>
<td>American Indian and Alaska Native</td>
<td>4</td>
<td>-</td>
<td>(4) -100%</td>
</tr>
<tr>
<td>Asian or Pacific Islander</td>
<td>108</td>
<td>178</td>
<td>70 65%</td>
</tr>
<tr>
<td>Other</td>
<td>43</td>
<td>53</td>
<td>10 23%</td>
</tr>
<tr>
<td>Two or more races</td>
<td>n/a</td>
<td>101</td>
<td>3%</td>
</tr>
<tr>
<td>Population Age 18 to 24</td>
<td>1,989</td>
<td>2,073</td>
<td>84 4%</td>
</tr>
<tr>
<td>Average Household Income*</td>
<td>$ 29,040</td>
<td>$ 39,725</td>
<td>$ 10,685 37%</td>
</tr>
<tr>
<td>Housing Units</td>
<td>1,440</td>
<td>1,387</td>
<td>(53) -4%</td>
</tr>
<tr>
<td>Vacant</td>
<td>135</td>
<td>210</td>
<td>75 56%</td>
</tr>
<tr>
<td>Occupied Housing Units</td>
<td>1,305</td>
<td>1,177</td>
<td>(128) -10%</td>
</tr>
<tr>
<td>Owner Occupied</td>
<td>343</td>
<td>290</td>
<td>(53) -15%</td>
</tr>
</tbody>
</table>

* 1990 average household income was inflated to 2000 dollars.

Note: 1990 data was collected for census tract 203 and tract 204, block groups 3 and 4. 2000 data was collected for census tract 203 and 204.01. Census tract boundaries were changed between 1990 and 2000, the 2000 boundaries of tract 204.01 closely correspond to 1990 boundaries for tract 204, block groups 3 and 4. Along with tract 203, these boundaries approximate the College Park neighborhood boundaries and include the Union College campus.

Source: 1990 & 2000 Census of Population and Housing