

Appendices:

Supporting Literature

Suburb flight blights city core

By Tom Charlier

March 10, 2003

Long after the storefronts were boarded up and neighbors began fleeing to Whitehaven, Hickory Hill and farther-flung suburbs, Fontaine Leatherwood was happy to stay put in South Memphis - urban blight and all.

In her view, it was convenient to downtown. It was a historic African-American community. It was home.

But nearly four years ago, Leatherwood's attachment to the community was irrevocably frayed when would-be robbers tried to kick in the door of the home she shared with her sister and elderly parents.

"That's when we decided we needed to move," Leatherwood said.

In leaving her home near McLemore and Mississippi for a new subdivision south of Holmes in Whitehaven, Leather wood joined the dramatic exodus from South Memphis.

And the community she left behind symbolizes the flip side to the suburban boom of the 1990s - the hole in the doughnut left by outward migration.

As residents moved by the thousands to Cordova, Southeast Shelby County and De Soto County, South Memphis and other parts of the city's core languished.

The population within the interstate loop declined 15.5 percent, from 332,325 to 280,658, between 1990 and 2000.

The loss of population has been accompanied by an outflow of retail establishments, professional services, offices, hospital beds and even churches. They gravitated to the suburbs.

"Every institution follows the rooftops," said Gene Pearson, director of the graduate program in city and regional planning at the University of Memphis.

Census figures show about 60 percent of Shelby County's jobs are located outside the interstate loop.

The decline of the city core is neither a new nor an isolated trend, Pearson adds.

"There was the decline of the older city after World War II. Then, in the 1980s, you saw the decline of the older suburbs, like Whitehaven and Frayser," he said.

But nowhere has the downward spiral been as steep and prolonged as in South Memphis.

Between 1990 and 2000, an area encompassing 29 census tracts in South Memphis and Orange Mound lost 20,461 people, more than one-fifth its 1990 population of 97,694.

The 38126 Zip Code area has lost more than half its population since 1990. The losses in individual census tracts reached 78 percent.

"The older people passed on. The young people just moved out," said Thelma Taylor, who still lives in the home she moved into on Simpson in 1961.

Many of the fleeing residents headed for the older, closer-in suburbs rather than the outer-edge areas. Joe Bell, for instance, moved three years ago with his wife and three kids from Orange Mound for Fox Meadows.

"I didn't see an upside to the community (Orange Mound)," Bell said. "I didn't want them (the kids) growing up in an environment where there was basically something going on every night."

Some longtime residents, in fact, say they often wished they had gotten out of South Memphis while they could.

"I'm trapped. I'm a senior citizen, I'm retired. I can't move now," said Lorene Jones, 71, who is president of the South Memphis Citizens United for Action.

She lives in a landscape of vacant homes and weed-choked lots.

Records from the Office of Construction Code Enforcement show that 503 buildings in two South Memphis Zip Codes were demolished between 2000 and 2002. That represented about one-fourth of demolition activity in Shelby County.

In one census tract, 73 of 321 housing units were listed as vacant.

The abandoned properties are among the "devastating" effects population loss has had on South Memphis, said Jeffrey Higgs, executive director of the LeMoyné-Owen College Community Development Corp.

"We've got empty houses, we've got vacant lots. We've got renters when we used to have homeowners. We've got absentee landlords," said Higgs, whose agency is trying to redevelop parts of the area.

"You've got to drive miles and miles just to get an ice cream cone."

Higgs cites political fallout as well.

"With the loss of population, you have a loss of taxpayers. When a politician looks at this area, he says, 'I'm not getting any tax money from over there, I'm putting my money somewhere else.'"

South Memphis is at the bottom of many economic yardsticks. The \$30,059 median household income for the 38126 area was the lowest of any Zip Code in Shelby County, as was the \$25,322 average home sale price last year.

Bill Hudnut, former mayor of Indianapolis and current senior fellow at the Urban Land Institute, said the flight to the suburbs often leaves behind pockets of deep poverty in the core city.

"Sprawl tends to concentrate poverty," Hudnut said.

Robert Lipscomb, director of Housing and Community Development for the city, said it's difficult to halt the decay of a community once residents start leaving.

"The people go first. Then the jobs go and the economic base," Lipscomb said. "It's very difficult to sustain the community."

Jones can testify to that. She must travel all the way to Oak Court Mall in East Memphis for some of her shopping and head as far out as Humphrey's Boulevard, near Shelby Farms, to see a doctor.

It didn't used to be that way.

"We had little sundry stores, drugstores, where you could walk to the corner and buy things. We even had a furniture store - I mean an upscale furniture store," Jones said.

In a telling illustration of the flight of businesses from the core city, workers living in South Memphis endure longer average commutes than those reported by residents of two census tracts in suburban Southeast Shelby County.

The loss of businesses can't be explained solely by a lack of demand or buying power in the community.

A 1998 study by the Regional Economic Development Center at the University of Memphis found that household spending by South Memphis residents totaled \$80 million a year more than the sales reported by retail businesses in the area.

The gap means residents had to go elsewhere for purchases.

"Certainly, the retailers are going to where they see the market - you can't blame them. But certainly that leaves some areas underserved," said Steve Redding, senior research associate with the center.

It's not just South Memphis that faces a shortage of retailers. Even Midtown and East Memphis have felt the drain of business to the suburbs.

With few exceptions, such as a Home Depot and a Target store in East Memphis, the so-called big-box retailers are concentrated almost exclusively outside the I-240 loop.

That's partly because it's easier and a safer bet for the large stores to build on previously undeveloped land, said Thomas Chamberlain, business information specialist in economic development for Memphis Light, Gas & Water Division.

In older areas, developers often have to deal with multiple property owners, zoning issues and problems redoing utilities.

"I think it's hard for a company to go into the city and assemble a site," Chamberlain said.

The outward flow of stores to the suburbs creates additional problems in the abandoned areas, Redding said.

"As we vacate these retail properties and build new ones, we end up with an oversupply," he said. "Some are going to be vacant, and that certainly is a blight on a neighborhood."

Vacant or underused shopping centers can be found across many parts of metropolitan Memphis, even in outlying areas like Raleigh and Hickory Hill. Taking advantage of depressed lease rates, boisterous nightclubs and other nuisance businesses have moved in to fill the void in some areas.

But the problems of population loss aren't limited to commerce. Local schools suffer, too.

While brand-new schools serve the burgeoning enrollment in suburban areas, many of the often-aging facilities in areas like South Memphis are barely half full.

Nine of the least-crowded schools in South Memphis had a combined capacity of 7,630 but only 3,736 total students.

Eugene Sargent, principal of South Side High, which has a capacity of 1,575, has seen enrollment slip from more than 900 to below 600 in the past eight years or so.

"It's been gradual, more of an evolution than a revolution," Sargent said. "My own observations are that the neighborhood is getting older and I don't see any construction."

Although having fewer students and extra space can have its benefits, the low enrollment sharply restricts class offerings.

"There's no flexibility in offering electives," Sargent said. "About 1,000 (students) would be ideal."

As it lost population, jobs and other services, South Memphis and other older areas of Memphis also saw medical service become less available. During the past five years, for instance, two major medical centers - 440-bed St. Joseph Hospital downtown and the 1,212-bed Baptist Memorial Hospital facility on Union - have shut down.

In her home on Simpson, Taylor sees little reason for hope things will get better any time soon.

"The old people in this neighborhood - we've just about given up."

Population 2000: 650,100

Metro area: Memphis

	MEMPHIS		TN	US
HOUSING UNITS				
	Number	Number		Number
Total housing units	271,723			
RENTER-OCCUPIED HOUSING UNITS				
	Number	Pct	Pct	Pct
Renter-occupied housing units	110,727	40.7	27.5	30.8
	Number	Number		Number
Average number of household members	2.37	2.24		2.36
Average number of rooms	4.10	4.32		4.04
Average number of vehicles	1.07	1.30		1.19

Median year structure was built	1970	1974	1969
Median year householder moved in	1998	1998	1998
Median rent (\$)	443	408	519
Median rent asked for vacant units (\$)	432	391	469

	Number	Pct	Pct	Pct
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Rent includes utilities	13,145	11.9	16.5	16.5
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	Number	Number	Number
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Rent as a pct of household revenue	26.4	24.8	25.5
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OWNER-OCCUPIED HOUSING UNITS

	Number	Pct	Pct	Pct
Owner-occupied housing units	140,083	51.6	64.0	60.2

	Number	Number	Number
Average number of household members	2.65	2.58	2.71
Average number of rooms	6.33	6.30	6.30
Average number of vehicles	1.92	1.55	1.64
Median year structure was built	1963	1976	1971
Median year householder moved in	1989	1991	1991
Median value (\$)	72,300	88,300	111,800

	Number	Pct	Pct	Pct
With mortgage or contract to purchase	94,404	67.4	51.0	55.4
With second mortgage, equity loan	17,515	12.5	9.9	12.7

	Number	Number	Number
Median price asked for vacant housing (\$)	64,300	83,300	89,600
Monthly cost, with mortgage (\$)	838	882	1,088

MEMPHIS

TN

US

MEDIAN HOUSEHOLD INCOME BY AGE (\$ IN 1999)

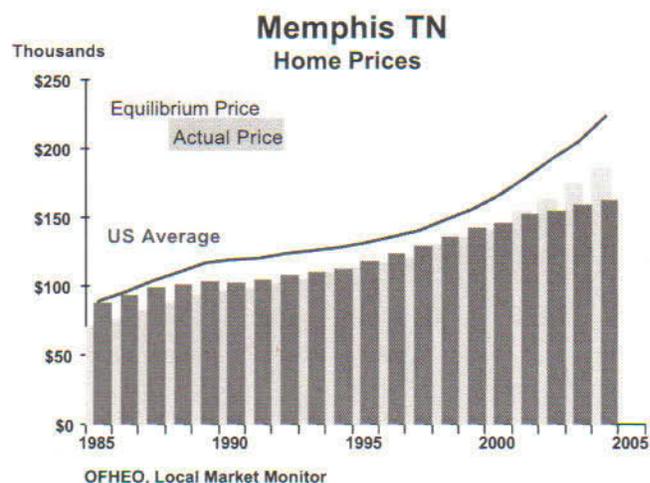
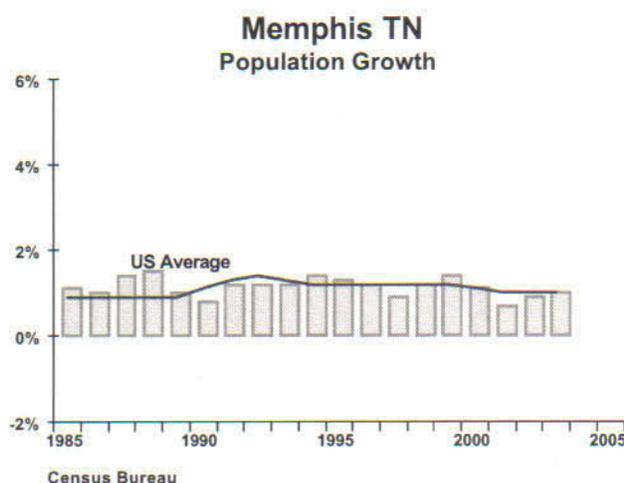
	Number	Number	Number
Median household income	32,285	36,360	41,994
Householder under 25	18,619	21,146	22,679
Householder 25-34	31,903	36,431	41,414
Householder 35-44	37,019	43,627	50,654
Householder 45-54	42,462	48,742	56,300
Householder 55-64	37,390	39,587	47,447
Householder 65-74	26,215	26,939	31,368
Householder 75 and older	20,313	18,598	22,259

PER CAPITA INCOME BY RACE OR ETHNICITY (\$)

	Number	Number	Number
Per capita income	17,838	19,393	21,587
White	27,533	20,831	23,918
Black or African American	12,599	13,302	14,437
Native American	17,292	18,532	12,893
Asian	18,712	20,331	21,823
Native Hawaiian and Pacific islander	17,921	15,178	15,054
Some other race	11,532	10,421	10,813
Two or more races	13,513	13,259	13,405
Hispanic or Latino	13,022	12,087	12,111

Sources: U.S. Census Bureau, 2000 Census

Memphis TN



Demographics: The population is slightly shifted away from the older age categories, towards families with children (who prefer single-family homes). Population growth has been very close to the U.S. average, lower in the last few years.

Local Economy: The local economy closely follows the national cycle. The economy features a very large **transportation** sector (Federal Express) that is closely tied to the health of the national economy, and a big **business services** sector. The economic situation is currently **mixed**, with renewed job growth in services but continuing job losses in transport and weakness in some other sectors.

Housing: Apartments provide 24% of local housing and made up 15% of new construction in recent years. Multi-family construction has been volatile in the past and was very low in 2003. Single-family construction was up in 2003. Vacancy rates have been erratic in the past decade. Rental vacancy rates **remained high** in 2003. The Housing Construction Balance suggests that substantial overbuilding is taking place, which will keep rental vacancy rates high. Home sales in 2003 were 23,000. 53% of home sales were for less than \$150,000.

Home prices are below-average but climbed steadily with the rapid job growth in the transportation sector in the mid-1990s. But prices were up only 3% in 2003, an just 2% in the latest 12 months, suggesting much weaker demand.

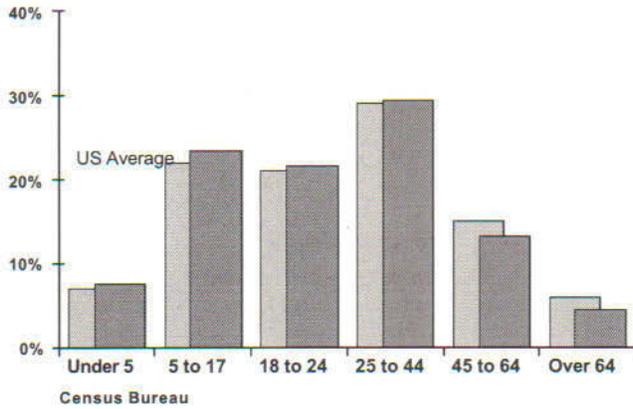
Investment Risk is increasing because apartment vacancy rates are already high and the economic situation is flat, which will cut in-migration, while construction continues at a high level. Short-term investors should **SELL** investment properties quickly, before vacancy rates go higher. Big multi-year single-family developments should be avoided. Homes will sell best below \$250,000, but there is a good market up to \$250,000. The **longer-term** outlook, because of Federal Express, is more favorable. Apartment properties might be available at attractive prices during the next few years.

Reviewed by Ingo Winzer

Investing in real estate is risky, even in favorable markets. This Review gives our best estimate of current and future economic circumstances in this market, but we could easily be wrong. The Review should not be considered investment advice regarding any particular property.

Memphis TN

Memphis TN
Population Age Distribution



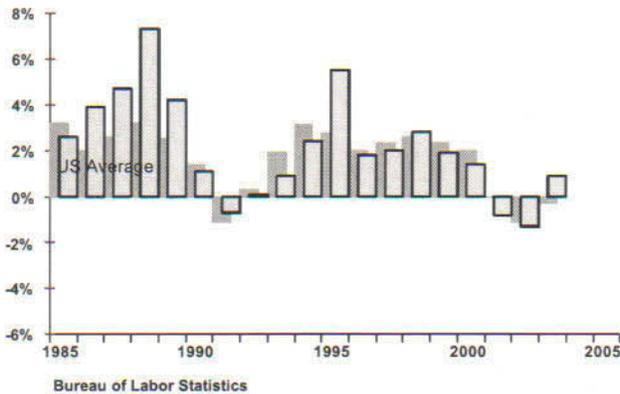
Housing Construction Balance Memphis

Units Absorbed by Population Growth	4,354
Units Lost thru Deterioration, etc.	2,727
Total Annual Units Needed for Balance	7,081
Current Annual Construction Level	10,917
Overbuilding as % of Existing Housing	0.9%

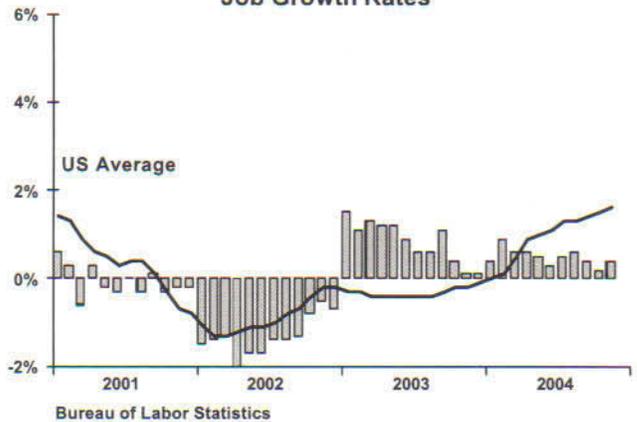
New Permits: Single-Family Multi-Housing

	Single-Family	Multi-Housing
Previous 12 mos	8036	456
Latest 12 mos	9040	1877

Memphis TN
Job Growth



Memphis TN
Job Growth Rates

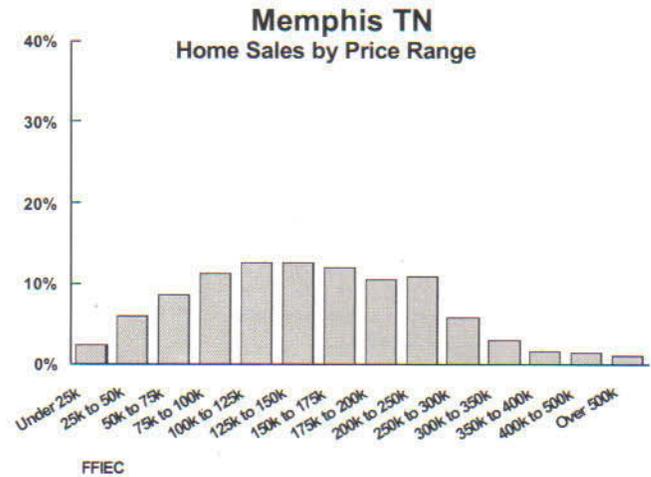
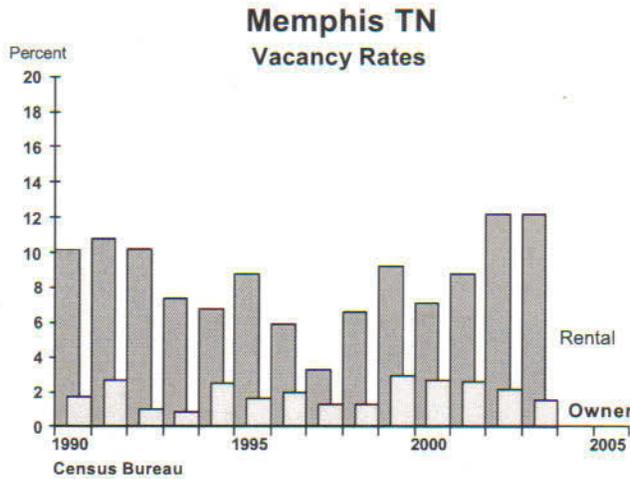
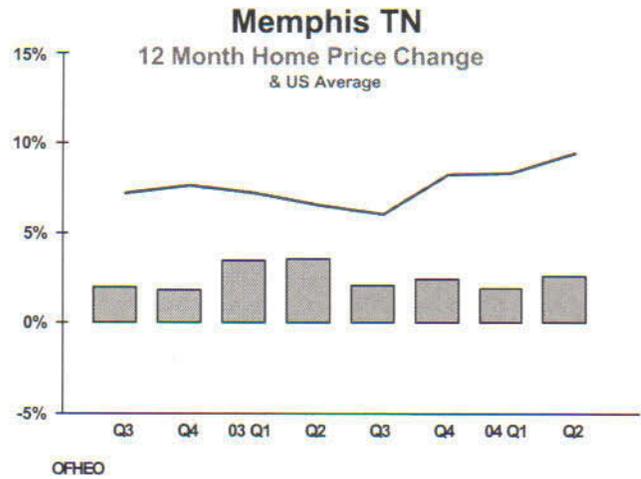
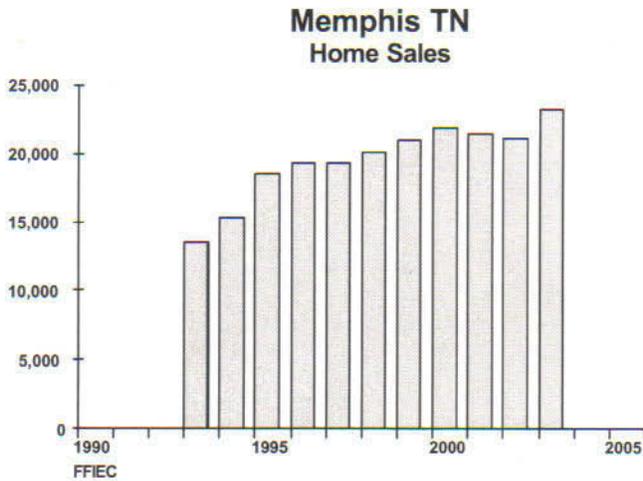
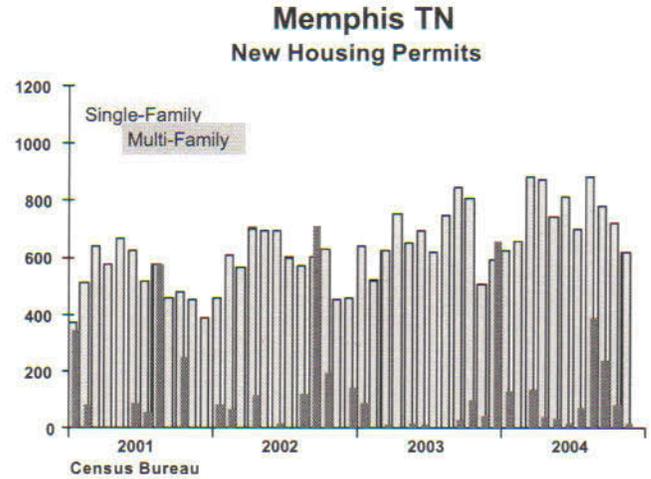
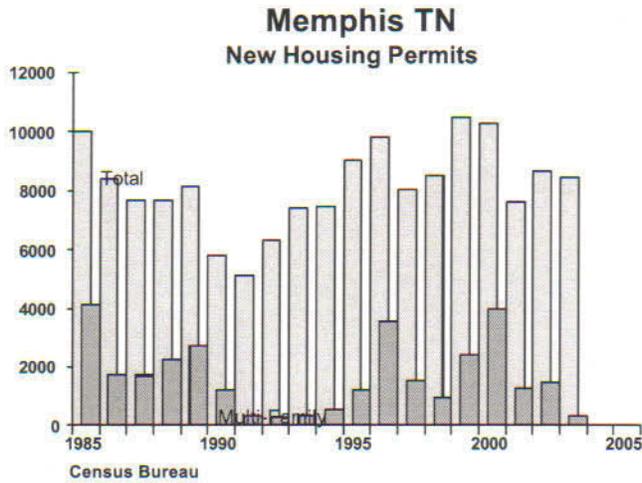


Memphis TN	Current Jobs			Job Growth	
	(000)	%	US Avg	2003	Nov 04
Total	596.8	100%	100%	2.0%	0.4%
Construction	25.5	4%	5%	na	na
Manufacturing	49.5	8%	13%	-5.0%	-2.2%
Retail Trade	70.7	12%	12%	3.4%	1.4%
Transport, Util.	61.8	10%	5%	-0.2%	-2.5%
Finance	32.4	5%	6%	1.9%	0.0%
Business Services	74.9	13%	10%	0.9%	2.3%
Health Services	70.1	12%	10%	5.7%	1.3%
Hotels, Restaurants	53.8	9%	10%	5.3%	2.9%
Government	87.3	15%	16%	1.9%	-0.8%

Bureau of Labor Statistics

Memphis TN	Total US
Personal Income/Capita 2001:	\$30,559 \$30,413
Home Sales (Units) 2003:	21,062 8.7 Mil
Mortgage Volume (\$Mils) 2003:	\$6,180 na
New Housing Permits 2003:	8,478 1.9 Mil
Permits Increase (6 Mos. Avg):	21% 7%
Average Home Price 2004:	\$162,676 \$223,449
Home Price Increase 2004:	2.2% 8.8%
Population 2003:	1,169,620 291,052,442
Estimated Pop. Growth '98-03:	5.3% 5.5%
Foreclosure Risk Rating:	Medium
Home Value Rating:	Undervalued
Investment Risk Premium:	4.5%

Memphis TN



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