

**BRICK BY BRICK:
SELF-INTEREST AND REAL ESTATE INVESTMENT AT FOUR UNIVERSITIES**

**A Thesis Presented to the Faculty of Architecture and Planning
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by

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Abstract

Recognizing that college and university campuses continue to have immediate impacts on surrounding communities, this thesis examines the relationship between the institutional self-interest that motivates campus expansion and the prevalence of speculative real estate investment in their surrounding communities. In order to assess the impact institutional policies and plans have on surrounding communities, the thesis provides case studies of four private urban universities, DePaul University, Drexel University, The University of Chicago and the University of Pennsylvania. Together, these case studies highlight the role universities and real estate investors play in the transformation of communities surrounding campuses. It provides the voice of historians, residents, and institutional officers involved with campus and community planning at each case study university. The thesis concludes with observations about the relationship between campus expansion, speculative real estate investment and neighborhood stability in order to offer suggestions to planners, university administrators and community leaders seeking equitable communities.

Key Words: institutional development, urban redevelopment, real estate investment, neighborhood change, university-community partnership

Hypothesis: That the same institutional self-interest motivating colleges and universities to expand their campuses also fosters speculative real estate investment in the surrounding communities.

Figure 1. Locations of case study institutions

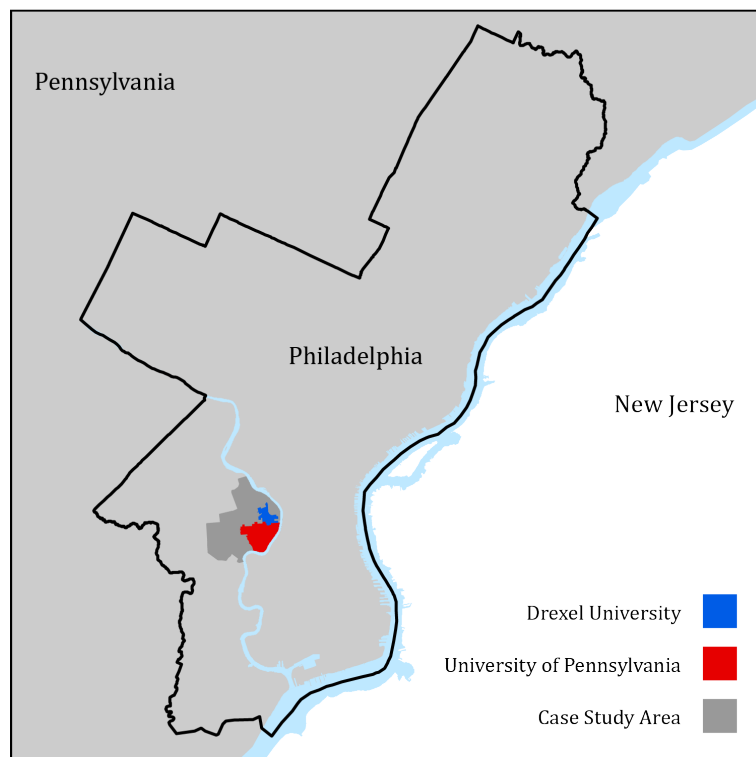
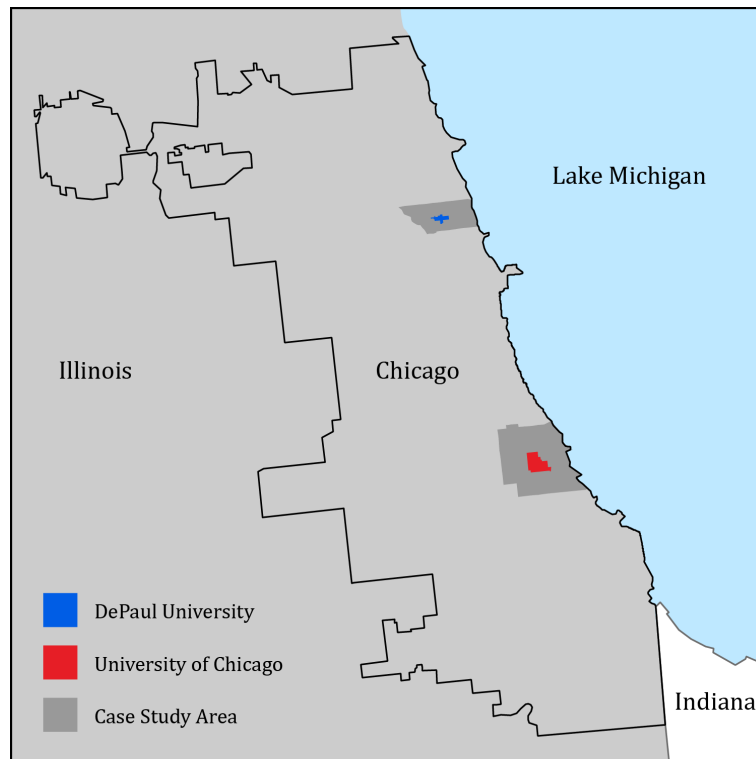


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Glossary

Absentee-landlord: a landlord who lives in a different community than the property they rent out and who rarely visits the property they rent out.

Affordable Housing: housing developed through some combination of zoning incentives, cost-effective construction techniques, and governmental subsidies that can be rented or purchased by households who cannot afford market rate housing in the community.

Displacement: “occurs when incumbent households are forced to vacate their homes because of eviction (for no fault of their own), lease termination, sharply escalating rents, expensive property tax increases, or building code citations.” (Gale 1985, 14)

Educational Housing District: an area that requires all college/university students who do not live on campus, but do live in a residence other than with their family to supply their college or university with his or her local address and applicable vehicle registration.

Equitable Development: Equitable development is an approach to creating healthy and vibrant communities of opportunity through strategies that ensure communities of low-income and of color participate in and benefit from decisions shaping their neighborhoods.

Land bank: a large body of land held by a public or private organization for future development or disposal. In the US, the term only describes land acquired through gift or purchase and not by eminent domain, condemnation or excessive regulatory schemes.

Real estate investing: the purchase, ownership, management, rental and/or sale of real estate for profit. Real estate is an asset form with limited liquidity relative to other investments and it is also capital intensive and highly cash flow dependent.

Resident-landlord: a landlord who lives in the same building as they rent out. This includes conversions where they live in different parts of the same property.

Student Ghetto: a residential area in proximity to a college or university that houses mostly students. Often landlords have little incentive to properly maintain the housing stock and non-students tend to leave because of the often-raucous behavior of the students.

Third-party developer: a real estate development firm that builds, owns and operates buildings on a leased plot of land. The use of such developers by educational and medical institutions preserves their capital resources while passing on the responsibility of building regulation and maintenance minutiae.

Urban Redevelopment: the reorganization of the structure of a city through compulsory acquisition of blighted buildings, their clearance, and replacement according to established guidelines; e.g. the mixing or separation of places of employment and residential areas, or the transformation of central areas into residential zones to combat land acquisition.

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List of Interviewees

Listed in the order in which the interviews occurred:

James Tucker

Senior Vice President of Student Life & Administrative Services, Drexel University

Laurie D. Olin

Partner, The Olin Studio and Professor at University of Pennsylvania

Ben Carlson

Associate, Goody Clancy

Lisa Prasad

Principal, U3 Ventures

Martin Onzik

Vice President, Academic Properties Inc.

Joan Weiner

Long-term resident-landlord in Powelton Village and Professor at Drexel University

Harris Steinberg

Executive Director, Penn Praxis

Lucy Kerman

Vice Provost for University and Community Partnerships, Drexel University

Rick Moreci

Director, Department of Housing Services, DePaul University

David Greene

Executive Vice President, The University of Chicago

Robert Kozoman

Executive Vice President, DePaul University

Wendy Walker Williams

Executive Director, South East Chicago Commission

Jeffrey Cooper

Vice President Government and Community Affairs, University of Pennsylvania

George Poulin

President, Powelton Village Civic Association

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It is this author's humble opinion that no project with such breadth and depth can be the work of any one individual alone. Unfortunately, as with all such works, excluding perhaps films and music albums, there are always too many individuals and organizations to thank for their contribution and too little space with which to thank them.

First and foremost, I want thank each of the fourteen individuals who agreed to be interviewed. Beyond them, I owe my thanks not only to those who helped me facilitate my meetings with each of them, but also to the fine individuals at Delta Airlines and BoltBus who insured my travels to and from Philadelphia and Chicago were both safe and pleasant. As important as the qualitative information provided by these fourteen wonderful people is to this project's success, this project would not be possible without the archival staff of each university who assisted me with accessing fifty years worth of materials in order to provide a quantitative counterweight to the interviews. Additionally, I owe a debt of gratitude to two realtors, from Prudential Rubloff and Prudential Fox & Roach, who provided access to current property records for each case study.

In addition to those who helped me secure the material upon which this thesis is built, I owe particular thanks to my advisor, visiting professor Jeffrey S. Lowe, and my second reader, professor emeritus Peter Marcuse, without whose gentle shepherding and push for critical consideration of those directly affected by our planning, this thesis would not be what it is. While this thesis would not be possible without any one of the above people, it is only fitting that I also extend a heartfelt thank you to my good friend Cody A. Ray who allowed me to rest my head on his couch and made my trips to Chicago in the heart of winter bearable by gracing them with his bright and boundless good humor.

Introduction

Over the past twenty years, universities and colleges have gained renewed attention for their roles in the physical and economic development of neighboring communities and their cities. Much of this attention has focused on the perceived public benefit that universities and colleges provide as engines of economic growth, advocates of social justice and general socioeconomic levelers. Unfortunately this attention has masked the fact that there is more to higher education in America than the public benefits so often cited by institutions of higher education and local politicians when tensions arise between town and gown. Recent cases, such as Columbia University's Manhattanville campus expansion,¹ New York University's expansion and New York City's request for proposals to create a high-tech applied science and engineering campus, serve as reminders that most colleges and universities are large business enterprises. In discussions of the benefits universities provide what often goes unspoken is that many universities are more concerned with their own self-interest than with being of any particular benefit to the public.

As many colleges and universities expand they often find their interests in conflict with the interests of their surrounding communities. While urban affairs writers such as John McCarron (2011) conclude that higher education is a growth industry that creates happy consequences for many cities, recent cases of campus expansion have revived concern as to the role universities play in the stabilization or destabilization of adjacent communities (Wiewel and Perry 2005; Abbott 2010). In light of the continued expansion of universities across the United States and the long-held belief by many university leaders that "the institution which is not steadily advancing is certainly falling behind" (Rudolph 1962, 329), this thesis seeks to elucidate the role speculative real estate investment plays in the physical development of universities with the hope that such information might benefit the 4,495 institutions of higher education in the US and their respective communities.

¹ For more on the Manhattanville and other campus expansion projects see (Abbott 2010) and the Center for an Urban Future's January 2010 article, "Making the Most of Manhattanville," by David Hochman, which also discusses a selection of new campus expansion plans across America.

To date, real estate speculation has not figured prominently in the discussion of universities and their relationships with surrounding communities. In seeking to address the role speculative real estate investment and land-banking play in the development of universities, this thesis hypothesizes that the same institutional self-interest that motivates campus expansion also fosters speculative investment in real estate around college and university campuses. This thesis assesses the relationship between speculative real estate investment by individuals and university's real estate development and campus expansion by analyzing the experiences of four universities and their respective communities.

This thesis first frames the analysis of the case study institutions by discussing the state of higher education at a national level and the macro factors that influenced the development of campuses across the United States from 1960 to today. Next, this thesis discusses the existing literature on: real estate speculation; campus expansion; university-community partnerships; and neighborhood redevelopment. Following a discussion of the existing literature, this thesis introduces the methodology used to determine the impact of each case study's institutional self-interest and speculative real estate gains on three groups, each university, its surrounding communities, and its city. These case studies will then be synthesized before this thesis arrives at its conclusion and recommendations.

Chapter 1

Background

Higher Education

This past fall, an estimated 19.7 million students attended one of 4,495 institutions of higher education in the United States (NCES 2011). This constituted an increase of 4.4 percent from the year 2000, less than the 9.7 percent increase experienced by the United States population during the same period. Of the 4,495 institutions of higher education in the United States, 1,539 are private not-for-profit institutions (NCES 2011) and of these 83 were ranked among the 202 institutions identified as first tier national universities by U.S. News “Best College” rankings (U.S. News 2011), a system of measure which so strongly shapes public perception that moving up just one rank has been shown to increase the number of undergraduate applicants by 0.9% (Luca, 2011). These numbers starkly contrast with where higher education in the United States stood in 1960 when there were roughly 3.5 million students and 2,026 institutions of higher education (Rudolph 1962, 486).

Since the federal government first subsidized veterans through the 1944 “G.I. Bill,” colleges and universities in the US have experienced a remarkable rate of growth. In particular, two models of higher education—the research university and the community college—flourished as a result of this and other forms of federal subsidy such as Pell Grants (Thelin 2004, 260). In 1940, prior to the federal government’s involvement in the financing of students and of research, there were only 1.5 million college and university students. However, by 1960 colleges and universities were home to roughly 3.5 million students and the federal government was providing 20 percent of these institutions’ operating incomes (Thelin 2004, 300; Rudolph 1962, 490). Such federal subsidization of higher education continues to influence both campus governance and institutional mission (Thelin 2004, 274) in ways that directly influence the physical development of colleges and universities.

One direct result of the federal government’s financing of higher education was the doubling of enrollment at four-year private not-for-profit institutions between 1950 and 1980 to more than 1.7 million students. However, despite these remarkable gains the

students at these institutions accounted for only 22 percent of all college and university students in America. The remaining 78 percent of students were enrolled at public institutions with more than half attending one of the country's two-year commuter community college campuses, many of which were built in response to the newly available funding. Of these community college campuses, Thelin estimates that more than 500 were built between 1960 and 1970 (Thelin 2004, 300). In effect, the federal government's involvement in higher education fueled a consumer culture that both benefited and threatened existing institutions. As certification bodies arose in response to demands by the federal government for metrics, the consumer culture that inundated higher education stimulated fierce competition between both old and new colleges and universities.

This competition for resources led many research universities to craft an image setting them apart in an attempt to discourage outside competition. However, this tactic had almost the exact opposite effect as it fueled an ambition and imitation among non-research-intensive universities (Thelin 2004, 279) that persists to this day as universities seek to partner with or acquire medical campuses to win greater federal funding and the prestige of higher rankings in publications such as U.S. News. By all accounts, colleges and universities were heading into the 1970s with positive outlooks and predictions for continued growth. Despite this rosy picture, the end of the Vietnam War and the stagflation of the 1970s resulted in a decline not only in enrollments but also in the federal government's subsidization of research at universities.

As their operational budgets shrank many colleges and universities attempted to cut their expenses by deferring maintenance on their campuses. But these colleges and universities quickly learned that such cost cutting was not a tenable solution when unkempt campuses were found to repel prospective students and their parents (Thelin 2004, 321) a problem that has persisted to this day with nonscientific rankings such as "America's Ugliest Campuses" capturing headlines in many magazines and newspapers. Realizing that to save money they would have to spend money (Thelin 2004, 330) many colleges and universities began to make serious commitments to their campuses, replacing "dank gymnasias" with "fitness centers that rivaled Club Med" and "Spartan dormitories" with "apartment suites complete with kitchens, lounges, and ample wiring for stereo systems and, later, computers" (Thelin 2004, 327).

While most universities were embarking on renewed development in the last half of the 1970s, many were also beginning to confront the problems created by their rapid enrollment growth during the 1960s. As Rodin (2007) and others note, the expansion of campuses in the 1960s was not a quiet process. Expanding, in the name of progress, many universities found themselves encroaching on surrounding neighborhoods and destroying these neighborhoods' dynamic communities (Rodin 2007, 23-24). However, universities' decisions to expand weren't solely responsible for the destruction of these communities. As Rodin notes in passing, when Martin Meyerson—a former urban planning professor at Penn—became President in 1970 he had to address one of campus expansion's greatest negative externalities, neighborhood destabilization. As enrollments at Penn and other residential campuses ballooned past their ability to provide housing for students, private real estate investors stepped in to fill the gap by “turning dilapidated single-family homes into cheap group housing for undergraduates” (Rodin 2007, 39). In addition to the impacts of each university's expansion, many communities around campuses also experienced demographic changes as significant numbers of middle-income residents left their cities for the suburbs in response to fair housing laws and desegregation of schools. Accordingly, throughout much of the 1970s many campuses, like Penn, found themselves surrounded by destabilizing neighborhoods as a declining supply of housing units and rising crime rates drove many long-time residents to seek housing elsewhere.

As many colleges and universities, in attempts to remain competitive, began to address the negative consequences of their growth, pundits predicted a large number of them would close by 1980. But while some did close, in general, the pundits were disappointed (Thelin 2004, 337). Those colleges and universities that did not close their doors often found themselves embraced by their state and local governments who were responding to a rapidly declining manufacturing sector in the United States. At the same time that many colleges and universities began to fill the economic gap left by manufacturing companies, they also began to acquire vacated industrial sites becoming some of the largest employers, landowners, and landlords in many cities (Thelin 2004 358; Rodin 2007, 14). While many municipalities embraced their colleges and universities, cities like Boston realized universities and other not-for-profit institutions owned more than half of the city's land. As these cities realized their property tax-base eroded during the 1980s,

some considered levying property taxes on colleges and universities (Blumenstyk 1988; Therien 1990). But such tension was not the norm.

Instead, most governments continued to view colleges and universities as stable centers of local economic development in what they considered to be deteriorating neighborhoods. “In 1996, the more than nineteen hundred urban-core universities in the United States collectively employed two million workers and spent \$136 billion in salaries, goods, and services ... more than nine-times greater than federal direct spending that same year on urban businesses and job development” (Rodin 2007, 14). This was the political environment into which many new university presidents found themselves elected during the 1990s. At the same time, as many traditional manufacturing industries left their abandoned cities suffering from population and employment loss, many urban universities found their faculty exhibiting new interest in creating university-community partnerships.

In part, this faculty response was simply recognition of the increasing difficulty for such institutions to ignore their cities’ problems when they shared them (Rodin 2007, 13). For example, Howard University collaborated with government and corporate partners in the District of Columbia to address the problems of a crime-ridden neighborhood by developing three hundred housing units and commercial properties on forty-five properties it had neglected for decades (Rodin 2007, 16). Another urban institution, the University of Cincinnati spent almost \$2 billion from 1992 to 2007 to transform “a once-scruffy commuter school into an architectural showplace” (Kamin 2010, 170). As Thelin (2004) noted, such transformational-minded investment in improved campus buildings and amenities was quite common during the 1970s.

In an article published in *Planning*, the monthly magazine of the American Planning Association, John McCarron (2011) moved the discussion of town and gown real estate development beyond simply that which caters to students or faculty. As McCarron notes, in the last decade, large cities such as Boston and Philadelphia have begun repositioning themselves as mega-college towns in order to attract recent high school graduates and the “substantial numbers of retiring baby boomers that are leaving their bedroom suburbs and moving back to their old college haunts” (McCarron 2011). But, as McCarron and others note, as with the aggressive expansion of universities during the period of urban renewal, such development practices are bound to displace residents in surrounding communities.

Today, such intensive investments and aggressive growth policies are once again becoming common practices for many colleges and universities. And, as many real estate investors have noticed, despite such investment, most campuses either cannot or simply do not provide enough units to house all of their students, faculty and staff. As institutions of higher education continue to find themselves consistently among the top priorities of their host cities, their commitment to real estate development and expansion is bound to continue. But, as universities and their hospitals continue to embrace expansionary policies they and their cities are once again challenged with finding ways to reconcile such growth with the displacement of businesses and residents that so often accompanies it.

Philadelphia and Chicago, 1960-2010

As this thesis examines the relationship between the institutional self-interest that motivates campus expansion and speculative real estate investment in their communities over a fifty-year period, it is important to understand the context in which this relationship developed. Over the last 50 years, both Chicago and Philadelphia have shrunk substantially. At 3.1 and 1.5 million respectively, the populations of both cities are now roughly 75 percent of what they were in 1960. However their losses have not followed a constant trend. Between 1960 and 1990, Chicago lost roughly 800,000 persons before adding back almost 100,000 from 1990 to 2000, only to shed another 200,000 from 2000 to 2010. During the same period, Philadelphia shrank from just over 2 million persons in 1960 to 1.6 million in 1990, at which point the population of the city stabilized, only losing another 70,000 between 1990 and 2000 before adding back just under 10,000 from 2000 to 2010.

Looking at the populations in more detail, it is notable that in Chicago the total number of persons age 18 to 24 declined until sometime between 1980 and 1990 and has since been stable at a little more than 300,000 persons. In contrast to this age cohort, the white population of Chicago experienced a drastic decline from 2.2 million to 1.5 million persons between 1970 and 1980 but since 1990 has been stable at roughly 1.2 million persons. In contrast to Chicago's white population, its black population continued to increase until 1970 as a result of what historians now call the second migration, in which more than 5 million black Americans relocated from southern states to the Northeast,

Midwest and West of the country (Manning 2005). Between 1970 and 1980 the number of black persons in Chicago returned to its 1960 figure of just under 1.1 million persons and remained fairly stable until the first decade of the twenty-first century when, between 2000 and 2010, nearly 200,000 black persons left Chicago. In contrast to both the white and black populations of Chicago, the number of persons of other races experienced a nearly 700 percent increase from 1970 to 1980 and continued to add an additional 100,000 persons a year until the year 2000 at which point it appears to have stabilized, shrinking by less than 2% between 2000 and 2010 to just over half-a-million persons.

In contrast to these rather volatile fluctuations in the number and composition of those calling Chicago home, the total number of housing units in the city has remained relatively stable during the same period, experiencing only minor fluctuations between 1970 and 2010, but ending within 1% of its initial 1.2 million housing units. However, while the total number of housing units in Chicago has changed little in the last half-century, the composition of their tenure has changed. Like the number of units, the number of owner-occupants within Chicago has changed little over the last fifty years, increasing little between 1970 and 1990 but adding nearly 40,000 new homeowners between 1990 and 2000 before again stabilizing at almost 470,000 owner-occupants in 2000 and 2010. Unlike the continuous but gradual increase in the number of homeowners within Chicago, the number of renters decreased from roughly 750,00 to just-under 600,000 between 1970 and 1990, but has remained stable since, only shedding another 22,000 between 2000 and 2010. In contrast to the figures for owner- and renter-occupants, the number of vacant housing units increased decade on decade but for a dip between 1990 and 2000. And, as of 2010 the number of vacant housing units is more than double that of 1970.

While the available information from the US decennial census allows for comparisons of changes in population and tenure, both the method of reporting and the lack of complete information limit the successful comparison of median housing values during this period. To compare the changes in housing unit values, consistent methods would have been needed for the collection of rental payment information from which estimates of value could be calculated, but during this period the type of collected information varied. Unlike the figures for rent, figures for owner-occupied units were more consistent. However, owner-occupied figures have not been released for 2010 and an

attempt to use American Community Survey figures proved problematic. Adjusted for inflation to 2010's dollar value, during the period for which information is available, the median value of owner-occupied housing units in Chicago has been anything but consistent which makes general conclusions difficult to ascertain. Between 1970 and 1990 the median value of owner occupied units was relatively stable, showing an upswing in value from 1970 to 1980 but returning to within \$1,000 of 1970s figure by 1990. But, between 1990 and 2000 the median value increased by more than 40 percent to \$182,726. To say little of the increase in vacant units of nearly 60,000 the recent recession may have caused.

Similar to Chicago, Philadelphia experienced a growth in the number of persons age 18 to 24 during the 1960s and 1970s but unlike Chicago its 18 to 24 year old cohort did not stabilize during the 1980s but instead began a decline that lasted for more than 20 years and only recently reversed its trend with an addition of nearly 40,000 persons age 18 to 24 between 2000 and 2010. Again, like Chicago, the white population of Chicago experienced a drastic decline from almost 1.3 million to less than 1 million persons between 1970 and 1980. Unlike Chicago this declining trend did not end in the 1990s, but has continued to the present with the 2010 white population in Philadelphia comprising less than half of its 1970 figure. Perhaps surprisingly, and worthy of study on its own, while the white population declined the number of black persons in Philadelphia barely changed between 1970 and 2010, staying at roughly 655,000 persons. In contrast to the relative instability of its white population and the stability of its black population, Philadelphia has experienced sustained growth in the number of other races since 1970 with decade on decade growth of approximately 40,000 new persons for the last 40 years. While this trend was consistent with that of Chicago from 1970 to 2000, Philadelphia's grew by nearly 1200 percent compared with Chicago's 700 percent and has continued to increase through 2010.

In contrast to the substitution of whites with non-blacks of other races during the last 40 years, the total number of housing units in the city and the composition of their tenure remained almost unchanged. Unlike Chicago, which experienced a dramatic shift in its tenure, the only significant change in Philadelphia has been the doubling of vacant units between 1970 and 1980. While the number of owner-occupants was almost unchanged from 1970 to 1990, it has declined slightly since and when compared to the slight increase in renter-occupants at the same time it appears to be a reciprocal relationship. Today, the

number of vacant units is still more than double the city's 1970 figures while its total number of occupied units has declined by just over 6 percent with a greater percent of units being operated as rental properties.

As noted earlier, use of information from the US decennial census allows for the ready comparison of changes in population and tenure but fails to facilitate successful comparison of median housing values. Those comparisons that can be made concern the change in value of owner-occupied units when adjusted for inflation to 2010 dollars. This comparison, when contrasted to that of Chicago during the same period, demonstrates that real estate markets, though often shaped by national economic trends and policies, remain particular to their local context. While Philadelphia also experienced an increase in values between 1970 and 1980, unlike Chicago, the value of owner-occupied units did not decline from 1980 to 1990. Instead, the median value of Philadelphia's owner-occupied units continued a steady increase through the beginning of the 1990s before experiencing a slight decline in value from 1990 to 2000. Should such trends be mirrored by the median value of rental properties in the city then Philadelphia real estate serves as a much better hedge against inflation than does Chicago's real estate.

Given these figures, one might wonder whether the use urban renewal programs by planners and policy makers in both cities delayed an exodus from each city or actually destabilized thriving communities, so bringing the very decline planners sought to avoid. Klarfeld (1999) has sought to frame this debate by referencing Conrad Weiler's (1974) discussion of urban renewal in which he notes that the programs of the 1950s and 1960s were responses to a newly developed expectation that government, à la the New Deal, seek to improve society even if it came at the expense of the individual. Such historical discussions of political motivations for utilizing eminent domain for the creation of housing and for the expansion of economic centers such as universities warrants renewed attention in light of the current trend toward aggressive campus expansion at American colleges and universities. Hence, this thesis focuses on the relationship between the institutional self-interest that motivates campus expansion and the prevalence of speculative real estate investment in their surrounding communities.

Chapter 2

Literature Review

Real Estate Speculation

As many real estate investors have clearly noticed, most campuses either cannot or simply do not provide enough units to house all of their students, faculty and staff. No wonder that websites such as Investopedia (Adams 2009) (Berton 2010) advocate real estate speculation in college towns. Unfortunately the literature available on the relationship between real estate speculation and the development of universities is so scarce it is almost nonexistent. What literature does exist primarily consists of bits and pieces scattered through various book chapters and articles that discuss universities and their communities.

In these writings, the primary discussion of speculation centers around the speculation that universities engage in when they purchase land in response to anticipated consumer, read student and researcher, demand decades in the future (Kamin 2010, 168) or in response to perceived threats to the security of staff, faculty and students (Abbott 2010). In the interim, the many universities that engage in such speculation today either build relatively temporary structures or make minor alterations to the existing property. In the past, as Rodin (2007) discusses in her history of Penn's growth during the 1960s, some universities would simply raze the properties they acquired. Implied in the discussion of these actions is that they were connected with the use of eminent domain by which universities often acquired land at the time.

While literature relating university expansion and real estate speculation is not prevalent and most definitions as to what speculative real estate investing in residential properties entails are inexact (Evans 2005), there is some fairly extensive discussion of property-led economic development and real estate speculation. Wolf-Powers (2005) cites Healey (1990), Fainstein (2001) and Weber (2002) in defining property-led urban economic development as "a public sector strategy to encourage economic growth ... by creating the conditions under which real estate investors are drawn to and can extract

value from a place” (Wolf-Powers 2005, 380). For more than thirty years property-led development strategies were often achieved through federally subsidized condemnation, assemblage, and construction (Wolf-Powers 2005, 380-381); however, as previously discussed in the context of the expansion of many colleges and universities during the 1950s and 1960s, these strategies became less common when the federal government withdrew funding during the 1970s. Today, property-led development continues to play a major part in the growth of many cities. But, as Wolf-Powers concludes, this strategy of economic development typically treats neighborhoods individually and therefore often fosters reactive and incremental planning that is problematic.

Physical Development of Universities

While there is some discussion of the influence of campuses on real estate speculation in surrounding communities there does not appear to be any discussion of colleges and universities accounting for this real estate speculation and its impacts in their campus expansion plans. Instead, the discussion of reasons for campus expansion focuses on security concerns and assumptions of continuous growth in order to maintain a competitive advantage over other institutions. Observing the first decade of the twenty-first century it is clear that colleges and universities in the US experienced a hyper-competitive marketplace. And while it is unclear whether this competition is suffering as a result of the recent economic recession, it is known that altogether these institutions spent billions in the early 2000s. Most of the billions went towards the upgrading of various facilities designed to attract students, faculty, and major donors (Kamin 2010, 168). In addition to a competitive marketplace, many colleges and universities were also responding to continued concerns for the safety of their students, faculty and staff.

As many universities responded to safety concerns, some chose to acquire surrounding residential and commercial properties while others sought to incentivize private developers to intervene in what the universities considered unstable communities. Institutions like Columbia University in the City of New York opted for the former while others like the University of Pennsylvania and the University of Southern California opted for a mix of the two strategies (Wiewel and Perry 2005). Meanwhile, some university

presidents found their traditional roles shifting as they led their institutions to assume unprecedented financial and social risks by considering how the university could transform “distressed” neighborhoods (Rodin 2007, 7). However, as Abbott (2010) discovered through extensive interviews and archival research, many colleges and universities have ideas about land use, economic development and urban problem solving that conflict with those of surrounding communities. It is perhaps for these reasons that Amen (2001) argues no university is able to be an equal partner with its surrounding communities.

University-Community Partnerships

The academic literature on university-community partnerships has grown rapidly in the last two decades. Much of the literature considers university-community partnerships as relationships through which a university’s faculty and students provide technical assistance to a community in need. Some of the authors focus on the structure of the university-community partnerships and identify factors, such as trust, that they assert contribute to the success or failure of the relationship (Gilderbloom 1995; Kellett 1999; Amen 2001; Ferman and Hill 2004). Others such as Keating (2000) assess the success of external organizations in facilitating university-community partnerships. Unfortunately, for the purposes of this thesis, all of these authors treat university-community partnerships as “simply a different way of teaching and doing research” (Keating 2000). However, some authors did address university-community partnerships from the vantage of how their relationships might foster community and economic development.

While much of these authors’ discussions still focused on the transition from scholarship about the community to scholarship for the community (Rodin 2007; Maurrasse 2001), some such as Carwein et al (2001) and Hyland (2000) focused exclusively on university-community partnerships designed to effect neighborhood change. Building upon the work of such authors, Lowe (2008) identified a gap in the literature that significantly undermines an understanding of neighborhood revitalization. Specifically, Lowe recognized that there was little in the university-community partnerships literature that addressed the experiences of historically black colleges and universities. Through his study of the e-City Initiative between Jackson State University and its surrounding

community, Lowe demonstrates that the recent emphasis of university-community partnerships is quite often a matter of self-preservation of the university's self-interests as surrounding communities gained negotiating power. And in spite of successful attempts to secure greater community involvement in the planning process many residents remained hesitant about the possible changes facilitate by the university. Still, Lowe concludes that the initiative "suggests that progress can be made towards breaking down physical and symbolic barriers between town and gown" (Lowe 2008, 556).

While Lowe honed in on the gap in the university-community literature to arrive at conclusions about the potential for positive and equity-oriented partnerships between town and gown, other authors concerned with such partnerships found different outcomes. When contrasted, these authors' discussions demonstrate that there is still no consensus on the question of who benefits most from these partnerships. Further, there was also no consensus between the authors whether the primary benefactor of such partnerships should be the community or the university. Still, together, these authors advocated for the creation of partnerships between universities and their surrounding communities in order to promote equitable community development and to tackle the challenges of job training, social services and business development in addition to the more traditional areas of physical development planning and housing construction.

In contrast to these authors, Gilderbloom (1995) advocated for universities to engage in partnerships with communities in which they have no vested interest in the physical condition because only through such partnerships, and acting as technical assistants, would universities be able to have a truly positive impact on a neighborhood. In some ways then, Gilderbloom's argument is reminiscent of programs like Atlanta's COPC (Community Outreach Partnership Center) which looks to a neutral third-party to coordinate the formation of university-community partnerships. However, while both of these authors may have valid arguments for universities to primarily seek engagement with somewhat distant communities, Rodin (2007) presents a strong case for the positive role a university can play in neighborhood redevelopment, even if, as she alludes, the university's expansion may have been a reason the neighborhood was in need of redevelopment in the first place. As Gamson (1997) notes, universities can build truly powerful partnerships with their neighbors if they come to understand that "communities

are well-developed, complex entities that must be understood and accepted rather than required to adapt to the university culture.”

Neighborhood Redevelopment

While some authors address the role universities can play in neighborhood redevelopment, there is far more literature linking real estate speculation with a neighborhood’s stability and any need for redevelopment. In “Rebuilding Urban Neighborhoods,” Keating and Krumholz (1999) discuss the role that real estate speculation played in the stability and instability of the North Lawndale community during a fifty-year period and citing Jackson (1985), Massey & Denton (1993), and Perin (1977) to show that urban neighborhoods are not entirely of their own making but that their mix of class, race, and land use is spatially ordered by both micro and macro dynamics.

While many universities have not traditionally taken the view that they should be responsible for transforming their surrounding neighborhoods, this has changed in recent years. Today, many universities find themselves venturing into relatively unknown waters to build back capacity in “deeply distressed” inner-city neighborhoods at their campus’ edge (Rodin 2007, 10). At the same time, researchers continue to debate the pros and cons of the gentrification and displacement that often result from neighborhood development efforts such as many colleges and universities now find themselves engaging in (Slater 2009). In his discussion of gentrification and displacement, Slater explains how Vigdor finds that “the importance of a high-quality neighborhood appears to outweigh that of a high-quality housing unit” for low-income households (Slater 2009, 298). This finding aligns with questions raised by Rodin upon her return to Philadelphia after decades away only to find that once dynamic neighborhoods had splintered apart as long-time middle- and low-income renters found themselves displaced by students and staff.

As a discussion of the existing literature makes clear, the relationship between real estate speculation and university expansion has not received much attention. Further, while there has been extensive discussion of colleges and universities responding to perceived threats and communities seeking to avoid displacement, these discussions have not addressed the role that university campuses might play in fostering such changes in

those neighborhoods at their edge. Moving forward, this thesis builds upon the existing literature through the use of four case studies in order to assess the impact of speculative real estate investments on the development of universities and surrounding communities.

Gentrification and Displacement

The academic literature on gentrification and displacement is abundant but while there has been renewed discussion of gentrification in recent years there is little discussion of gentrification and displacement in communities surrounding colleges and universities. Gale (1986) defines displacement as occurring “when incumbent households are forced to vacate their homes because of eviction (for no fault of their own), lease termination, sharply escalating rents, expensive property tax increases, or building code citations.” All of which Gale considers to be caused by increased demand for real estate in an area. Often such increased demand for real estate is linked to a discussion of gentrification. As Freeman and Braconi (2004) note, gentrification is often considered a solution to the many problems facing older central cities such Chicago and Philadelphia. However, as both authors are quick to point out, “many are wary of the potential for gentrification to displace disadvantaged residents.” In their study the authors suggest that gentrification could benefit existing residents by introducing new housing investment and additional retail or cultural services thereby increasing the possibility of socioeconomic, racial, and ethnic integration in a community. Although contested by others such as Slater (2006), Freeman and Braconi concluded that gentrification often brings improvements that disadvantaged households value enough to seek to remain in their dwellings. In particular, Slater argues that Freeman and Braconi’s work is indicative of a general trend in the gentrification literature to diminish if not dismiss “displacement as a defining feature of the process [of gentrification] and as a research question” (Slater 2006, 737).

Although authors like Fernandez (2005) question existing theories of gentrification and the literature’s reliance on discussions of production and consumption, this author is more concerned with the discussion of displacement that Slater (2006) notes has slipped from the discussion of gentrification and neighborhood change. In part this concern is spurred by a recognition that planners and policy makers currently consider gentrification

to be a tool they can use to improve neighborhoods and cities despite questions raised by Fernandez (2005) and others that such theories lack the practical framework necessary for making use of gentrification in a controlled manner. Accordingly, the author's later discussion of displacement in the context of campus expansion and speculative real estate investments relies on more dated literature such as a 1985 article by Peter Marcuse titled "Gentrification, Abandonment, and Displacement: their linkages in New York City."

While Marcuse's article could be considered dated, the author has found that Slater accurately assessed the loss of a serious discussion of displacement in the literature of neighborhood change. Following his discussion of the different types of displacement, Marcuse introduces a sound argument for the ways in which public policy might "reduce, and even eliminate, displacement" because governments inherently play a significant regulatory role in the determination of land use (Marcuse 1985, 228). One such regulatory policy he proposes is the creation of special districts to handle residential development in ways that limit the occurrence of economic, exclusionary and other forms of displacement. Such concern for the exercise of power by the more powerful over those with less power is at the heart of this thesis and its focus on the impact that the fulfillment of large institutions' self-interest has on often less powerful communities.

Chapter 3

Methodology

This thesis hypothesizes that the same institutional self-interest motivating colleges and universities to expand their campuses also fosters speculative real estate investment in the surrounding communities. To assess the validity of this hypothesis, this thesis examines four case study institutions to determine what influence each institution's physical development, policies, and university-community partnerships have had on their surrounding communities and the prevalence of a market for speculative real estate investment in these communities. To test this hypothesis the author makes use of a mixed-methods approach that places emphasis on the qualitative information garnered from interviews while seeking to validate as much of the responses as possible with more quantitative information gathered from the analysis of US Census data, detailed property information available from public and proprietary systems, material available at each university's archives, and newspaper articles.

While every effort has been made to treat each case study institution in as equal a manner as possible, it should be noted that true equality of analysis was not possible as a result of the relative abundance, lack, or accessibility of both archival materials as well as individuals with first-hand knowledge of each university's motivations and relationships with adjacent neighbors for the full period of study. Acknowledging this built-in bias, the author seeks to treat each case study in such a manner that comparisons can be made between the experiences of each university in order to reach an understanding of each university's specific context and constraints in order to best frame how their experiences can provide lessons for other institutions and their surrounding communities.

It is this author's intent that this thesis will foster a better understanding of the relationship between institutional development policies and speculative real estate investment and that this will help communities and institutions better partner to limit any negative externalities while enhancing the opportunity for positive outcomes. Building upon existing literature about university-community partnerships and universities' real estate development practices, this thesis uses case study methods described by Yin (1984),

to analyze four American universities in order to better understand the relationship between real estate speculation and the physical development of universities.

The author established the following initial criteria to select four universities for analysis: a) Each university is a private not-for-profit institution; b) Each university expanded in response to federal urban renewal programs of the 1960s; c) Each university experienced a leadership transition during the early- to mid-1990s; d) Each university is located in one of America's five largest cities; e) Each university is currently considered a first-tier national university by U.S. News' 2011 "Best College" rankings. The author recognizes that more institutions than the four selected meet the above base criteria. In addition to these criteria, each university was selected based on its ability to be compared with at least one other of the four based on criteria such as geography (located in the same city), residential population (either total or percentage of the whole), campus size (either acres or building square footage), and position as one of its city's largest private employers.

The four universities chosen in accordance with the above criteria are i) DePaul University, in Chicago, ii) Drexel University, in Philadelphia, iii) The University of Chicago, in Chicago, and, iv) the University of Pennsylvania, in Philadelphia. These universities, while satisfying the parameters set forth for the purpose of this study, are quite different in that they have experienced growth and development pressures to different degrees and at different points in time. It is for these reasons that establishing the timeframe in which to study the changes experienced by each institution has been a challenging aspect of designing the research framework for this thesis. The beginning point for this study was determined as 1960 because this was the decade in which many urban universities began to fully utilize federal urban renewal programs in response to the rapid growth in student populations resulting from the federal subsidies begun in the 1940s and 1950s.

Recognizing that assessing fifty years of development poses a challenge to concisely communicating the changes at each campus and the trends common to each university, this thesis makes use of both publicly available and proprietary demographic and real estate data to create maps showing changes in the population and tenure of residential units for every decennial census between 1960 and 2010. Data for these longitudinal spatial analyses were extracted from the National Historical Geographic Information System (NHGIS) at the Minnesota Population Center, the United States Census via Social Explorer

(socialexplorer.com) and PolicyMap (policymap.com). In addition to these data, attempts were made to utilize Sanborn Fire Insurance maps and data from CoStar (Commercial Real Estate Solutions) for commercial properties and the MLS (Multiple Listing Service) for residential properties.

While attempts were initially made to graphically communicate the physical development of the four case studies and their surrounding neighborhoods at intervals coinciding with the social data available from NHGIS and the decennial census, this effort was abandoned after determining that access to the needed information was only available for 2 of the 4 case studies between 1960 and 2010. As a substitute, aerial photographs were used when possible to examine possible correlations between changes in populations and buildings. Further, in addition to the limited access to insurance map data, intended to support cross comparison of changes in the physical development at each case study, relevant information pertaining to records of ownership and property value at a finer level than that of the decennial census tract were also only available for Philadelphia.

In addition to the generation of maps depicting changes in population and tenure around each university, archival research of newspaper articles and institutional plans and reports was used to determine points for comparison and contrast between each institution and their influence over real estate speculation. In addition to these quantitative methods, the author conducted interviews of key university-policy makers and community leaders to provide a crucial piece of qualitative data to connect the processes and motivations of each university and neighborhood with the physical and social outcomes of their efforts. Interviews will be conducted with leaders or designated representatives of the following groups: the office of the university president; the university's office of community or government relations; the university's office of planning and/or real estate; local community organizations; long-time residents of adjacent neighborhoods; and, private planning consultants hired by either the university or by community organizations. These groups have been selected because of their roles in shaping the physical growth and development of the campuses of the four case study institutions.

As noted previously, the number of people interviewed was dependent on the response rate of those contacted. Making use of the official websites for each university as well as neighborhood and community organizations active in the area of each university,

the author identified initial lists of six persons at each institution to contact about being interviewed. While six persons were initially identified at each institution and contacted via mail, email, or phone, almost half of those contacted did not respond to any form of communication. Accordingly, while some potential interviewees suggested replacements, the author was unable to achieve five interviews for each case study. In the end, 14 persons were interviewed with two case study institutions, DePaul University and The University of Chicago only represented by two interviews. This lack of equality in the number of those interviewed for each case study was mediated by the expertise of those interviewed at these two case studies as well as efforts by the author to fill the voids with greater levels of archival research for these two institutions.

Prior to each interview, subjects were provided with a description of the research as well as a consent form specifying the potential risks and benefits of participation, privacy protections, confidentiality of study data and means for data and safety monitoring. Interviews lasted between one-half hour and one hour with some outliers of ninety minutes or more. All interview questions were open-ended and designed such that each interview could follow as natural a direction as possible determined by each interviewee's responses. In addition to open-ended questions each interviewee was provided a list of supplementary statements intended to validate the analysis of answers provided during the long-interview. While each interviewee was asked to rank each of these supplementary statements using a Likert scale provided (Appendix A), many interviewees were unable to rank the statements or were not comfortable committing to such definite statements.

Each case study is presented in terms of the university's institutional self-interest and use of land banking as well as the distortion of the residential housing market in surrounding communities resulting from real estate investment fueled by a demand for student housing. Understanding these factors will allow the author to determine the impact such institutional self-interest and real estate investments have had on the university's students, staff and faculty as well as on members of the surrounding community and the city in which the university's campus is located. The information from each of these case studies will then be synthesized in order to arrive at a conclusion and a series of recommendations for university administrators, community leaders, and city planners.

The author's research design seeks to answer the study question in a complex and comprehensive manner. The continued influence of universities on the economic health and physical development of their host cities and towns serves as a focal point for discussions about the future of the city. By basing the research for this thesis on publicly available census data and scholarly documents, and extending the research and analysis to encompass journalistic media, institutional plans and reports, interviews, the objective is to determine the influence of institutional self-interest motivating colleges and universities to expand their campuses on the level of speculative real estate investment in surrounding communities. Determining the relationship between such speculation and development will allow for informed decisions as to the role of universities in the future of a just city.

Chapter 4

Case Study, DePaul University

Background

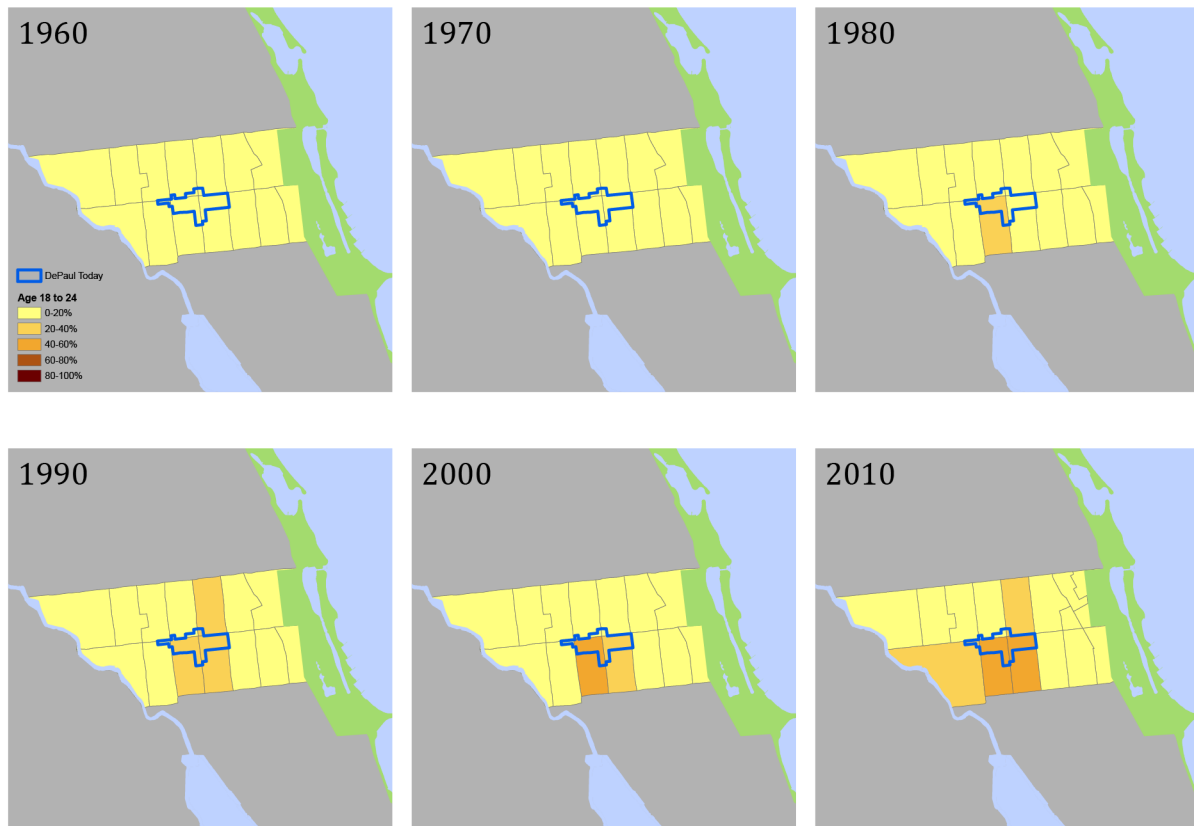
Located in northeast Chicago, DePaul University is the largest private university in the Midwest and the ninth largest private university in the United States in terms of its student population. While this thesis focuses on the university's Lincoln Park Campus, shown in figure 2, it also considers what impact the university's downtown Loop Campus has had on the development of DePaul's Lincoln Park Campus and the prevalence of speculative real estate investment in its surrounding communities. As discussed in the methodology, this study of the role speculative real estate investment plays in the physical development of universities begins in 1960 and spans more than 50 years.

At the time that this study begins, DePaul's campus in Lincoln Park was practically nonexistent and close to 95 percent of its 8,000 or so students attended its downtown Loop Campus (Croak 1998) (Meister 1998). As Croak (1998) notes, the university's commitment to invest in its growth and development was spurred by the dramatic enrollment increases that American colleges and universities experienced as a result of the federal subsidy of higher education begun in 1944 (Thelin 2004). But, while such enrollment increases contributed to the university's decision to invest in its growth and development, it was not certain on which campus the university would focus its development efforts.

In 1949, DePaul had hired Skidmore, Owings and Merrill (SOM) to advise its leaders as to the university's future development. The resulting report recommended that the university consolidate its Loop and Lincoln Park campuses by closing its Lincoln Park campus because of the disinvestment occurring in the community (SOM 1949). Just 10 years later, when the university went to implement SOM's recommendation, the university found the Lincoln Park community had experienced a remarkable change for the better. This transformation was thanks to the Lincoln Park Conservation Association (LPCA), which had organized the community's residents to win federal urban renewal program grants (Croak 1998). Using these funds, the LPCA led the transformation of Lincoln Park.

build its residential campus. But this maneuver also angered many of Lincoln Park's renters who feared displacement. In the end, some 300 families were displaced, and some critics went so far as to claim the university was destroying the cultural and economic diversity that had convinced DePaul to invest in its Lincoln Park Campus (Croak 1998).

Figure 3. DePaul University, Percent of persons age 18 to 24, 1960 to 2010



Source: Data from NHGIS and the US Census

Institutional Self-Interest

As the largest private university in the Midwest and one of the largest in the country, DePaul has a reputation to uphold. But the university wasn't always so large. To reach its current student population of 25,398, the university grew aggressively during the 1980s and 1990s. As Kozeman (2012) notes, "we wanted to be big, we wanted to be a major player in US private education." In particular, DePaul wanted to be a major player among nationally ranked private liberal arts institutions while also gaining a competitive

advantage in the Midwestern market by not competing with Chicago's many research-driven universities (Moreci 2012). In its efforts to provide the best liberal arts and teaching education it can the university is constantly responding to market demands (Kozeman 2012). These efforts to remain competitive at a curriculum level lead DePaul to emphasize having high quality academic facilities over providing housing on its Lincoln Park campus. This preference has manifested itself in DePaul's most recent campus and strategic planning in which its focus is on updating their academic buildings through a program of demolition and new construction.

While the university is not currently considering creating new student housing on its campus, DePaul's Board of Trustees is interested in more housing being "built by, run by, and owned by the university" (Moreci 2012). Both Moreci and Kozeman agreed that the university would likely invest in such housing after it had completed its current plans to transform the campus' academic facilities. In part, DePaul's current housing and campus development policies are shaped by a few factors. First, while DePaul has made and maintains a commitment to the development of its Lincoln Park campus, the university is open to having satellite campuses and this provides them some level of flexibility and patience in growing its Lincoln Park campus. Second, DePaul's leaders believe the university is going to be there forever and so is on a long-term path of improving and adding to the facilities of both its Lincoln Park campus and its Loop campus (Kozeman 2012). In pursuing such growth, the university maintains a high level of transparency by letting its neighbors know the university's goals, plans and needs.

By making no secret of its desires and future plans the university is able to hold ongoing conversations with its surrounding communities that then inform the university's decisions. While such conversations inform the university's larger plans, most of DePaul's acquisitions are done to expand the boundaries of its existing campus or to smooth out the existing boundaries (Kozeman 2012). The university's 1989 plan, shown in figure 4, is a perfect example of the university's transparency and commitment to build what it says it will build. Although the plan was created in the midst of an aggressive period of growth, Kozeman notes that it was amazingly accurate in terms of projecting what the university would build. Because DePaul operates as a "cash buyer" when acquiring property, the university must be careful in its considerations of campus expansion.

DePaul's leaders believe that it is generally best to be engineering their operations to either a static size or some sort of growth mode because "it makes the economics work better while not putting undue pressure on the physical facilities" (Kozeman 2012). Today, DePaul's leaders consider the university to be in a "mature phase" where they only seek an increase of 0.5% to 1.5% in their annual average enrollment. In part, such conservative decision-making is informed by the university's long-term planning. DePaul's decision to closely control their enrollment and campus expansion is also a response to their recognition that 60% of their revenue goes towards salaries and 25% goes toward facilities maintenance and the cost of new buildings. As Kozeman notes, neither of these is easy to downsize and so the university's leadership carefully considers the impact of increasing either too much in the short-term.

Figure 4. DePaul University, 1989 Master Plan Model



Source: DePaul University Archives, Antunovich 1989

Real Estate Investment on Campus

Since 1960, DePaul University has been working toward the realization of a residential campus in Lincoln Park (Ziemba 1973) (Rury 1998). Because this campus is generally under restraint as far as room to expand, the university's growth in Lincoln Park has been incremental and controlled (Kozeman 2012). These land supply restraints led the

university to generally focus its efforts on maintaining and upgrading its current facilities whenever possible. However, such restraints do not keep the university from acquiring land when in its long-term strategic interest, knowing it will use the land some day (Moreci 2012). As a result, there is land in Lincoln Park it is not currently using for the university. Its acquisition of some of the Children's Memorial Hospital complex is a prime example of such strategic land banking to accommodate future growth (Wagenknecht 2012).

Between 1976 and 1977, DePaul acquired almost 12 acres and a total of 8 buildings from the closing of the McCormick Theological Seminary's Lincoln Park Campus (*University Chronology* 2012b). Recently, DePaul experienced similar fortune when it acquired portions of the former Children's Memorial Hospital when the hospital relocated to downtown Chicago (Kozoman 2012). But the university's expansion has not been limited to land acquired as part of the 1960s urban renewal or the closing of other nearby institutions. Records available at the university's archives show that ever since the university's first public relations disaster it has been extremely open in announcing what properties it would like to acquire in order to facilitate its planned growth.

Such transparency has been integral to the success of DePaul's expansionary policies and perhaps also to the success of its relationships with its surrounding community. This transparency has been facilitated by the university's consistent generation of new planning documents at regular intervals. Most recently it has addressed the development and growth of both its academic programs and its physical plant in a series of strategic plans: Vision 2006, Vision 2012, and Vision 2018. In each of these plans the primary focus has been the university's academics and their buildings while new student housing has been a secondary concern (Moreci 2012). The university is investing in these new strategic and physical plans because it has achieved much of its 1989 plan (Antunovich 1989) (*University Chronology* 2012c).

The growth of the university's campuses outlined in its 1989 master plan consisted of two phases and an initial commitment of \$150 million. The first phase of the plan included the acquisition and renovation of the Goldblatt Building in Chicago's loop district as explained in detail by Kenneth McHugh (2005). The second phase of the master plan was contingent upon the continued growth of DePaul's student body, which happened. While DePaul remained committed to the growth and development of its Loop and Lincoln Park

campuses it also explored other avenues for growth by opening a third campus in Oak Forest in 1994 and acquiring the 23-acre Barat College in 2001 before closing it in 2005 and selling the site to a developer in 2006 (*University Chronology* 2012d).

While the university's campus expansion in Lincoln Park has been incremental and controlled, the growth of its downtown Loop campus has not experienced the same land supply restraints. Additionally, at its Loop campus the university has been more willing to not be a cash-buyer and to make use of long-term ground leases to bring in developers to partner with the university. Doing so allows DePaul to better maintain its capital reserves while allowing the developers to make a profit on the construction and operation of the building. In the future, DePaul's leaders would like to make use of such partnerships to build new housing for its students at both campuses and to build a new tower on some of their land in the downtown Loop campus (Kozeman 2012).

Real Estate Investment in the Surrounding Community

One result of the competitive real estate market in Lincoln Park is that the university has focused its real estate and development efforts on academic facilities more than on providing housing for students. This emphasis has actually led the university to decrease the total number of student housing units by at times demolishing housing on its Lincoln Park campus. Such policies, focused on academic facilities first and foremost, are one reason DePaul has not built a new residence hall on the Lincoln Park campus since 2000 (Moreci). While the university's student population has not grown as aggressively in recent years as it did during the 1980s and 1990s, the lack of university-owned or -operated housing for much of its student population has led others to try and fill the void.

One such group of investors, comprised of three trustees of the university, formed a third-party organization focused on the creation of student rental housing around DePaul's campus. Despite its apparent connection to the university, DePaul's leaders were quick to note that decisions by this company were wholly unrelated to DePaul's policies. This has not prevented the university from working with the company. The university first worked with the group in the 1990s to structure some off-balance-sheet financing of university projects. More recently the group sought an outside developer to build rental housing for

students at 1237 West Fullerton. 1237 West is currently charging a yearly rent of between \$48,000 for a four-bedroom unit and \$40,000 for a two-bedroom unit. And, although this project has been less than successful, it is mostly due to its management and not the lack of demand for student housing (Moreci 2012) (Kozoman 2012).

Those behind the development of 1237 West are not the only real estate investors focusing their attention on DePaul's surrounding community. Others have responded to DePaul's relative paucity of student housing on its Lincoln Park campus, but these smaller projects appear to have less impact because they are relatively evenly distributed within the community. Further, unlike 1237 West, these investors are responding to more than a demand for housing by students of DePaul. Today, many in the Lincoln Park community are younger working professionals and Kozeman (2012) notes that it is considered one of the more gentrified neighborhoods in Chicago. Still, despite the relatively high cost of living in the community surrounding DePaul, at least 3,000 DePaul students rent units within a mile or so of the university. These figures, combined with census figures, indicate a high concentration of college-age individuals in the Lincoln Park neighborhood when compared to Chicago as a whole.

Impacts on Students, Staff and Faculty

The relatively high-concentration of college-age individuals in the community surrounding DePaul, seen in figure 3, is an indication of the changes effected by DePaul's commitment to the development of its Lincoln Park campus. Such development has created a campus environment that students find attractive. Another indicator of such change is the decline in demand for student housing near DePaul's downtown Loop campus. As Moreci (2012) notes, the continued development of the Lincoln Park campus is leading many students to seek housing in the surrounding community after their first year. For Moreci, this preference is both good and bad. He considers it an indicator that DePaul's efforts to create a residential-campus in Lincoln Park have been a success, but he also considers it an indicator that the university needs to make a stronger commitment to creating a residential-campus environment at its downtown Loop campus.

While many students currently consider the university's Loop campus to be a satellite of the Lincoln Park campus, it remains well networked with Lincoln Park because both campuses sit atop transit stations served by the Chicago Transportation Authority. The location of these stations at the center of each campus is one reason DePaul still has a lot of commuter students. Of the 30% of freshmen that do not live in university-owned or -operated housing, most are living with their parents (Moreci 2012). Because of this ready access to transit, those students not participating in varsity athletics after their first year, experience less pressure to live in the surrounding community where housing is at a premium. Together these two factors, the high-cost of nearby housing and the two campus' connectedness with each other and the rest of Chicago, contribute to DePaul only housing about 10% of its student body on the Lincoln Park campus.

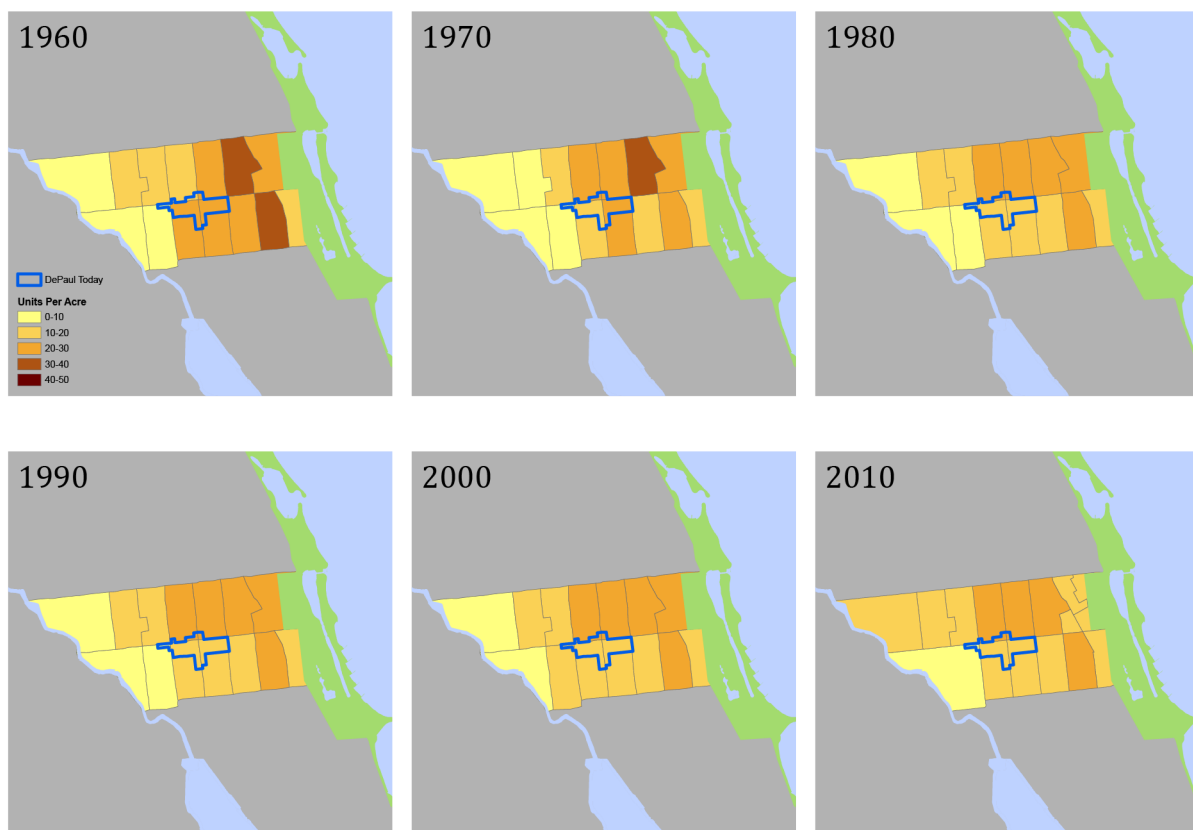
Impacts on the Community

As previously mentioned, Lincoln Park is one of Chicago's more affluent neighborhoods and it is home to a higher-than-average proportion of doctors, lawyers, executives. As Kozeman (2012) notes, these professionals are pretty savvy. Unlike DePaul's downtown Loop campus, where the lack of effective neighborhood organizations means the university could pretty much do anything it wanted, the community in Lincoln Park is highly organized. This community cohesiveness is in part, responsible for the stability of the Lincoln Park neighborhood since the mid- to late- 1960s. It can also be attributed to the relative wealth of its residents and the home-ownership loans given during the 1950s and 1960s. Still, despite access to homeownership loans, the DePaul's surrounding community did not have a greater proportion of owner-occupants than the city until the 1990s. As figure 5 demonstrates, this comparison to the city likely requires more examination because the number of units per acre in the study area declined during the period of study.

While such loans to prospective homeowners greatly influenced the later development of the surrounding community, such development was also influenced by the engagement of residents by the LPCA and their cohesive stance in negotiating with the university and with the city. As mentioned in the background, since the 1950s the community members of Lincoln Park have been very active and cohesive in their

development efforts. When DePaul's leaders first committed to expanding its campus in Lincoln Park they attempted to acquire properties beneath the radar. When the Lincoln Park community realized the university was trying to quietly buy properties, they organized in opposition and gained greater negotiating power with the university as a result of the university's miss-maneuver. Accordingly, since this blunder, the university has engaged its neighbors in the planning of its Lincoln Park campus. As Kozeman and Moreci both point out, the university's neighbors can make or break its plans.

Figure 5. DePaul, Housing units per acre, 1960 to 2010

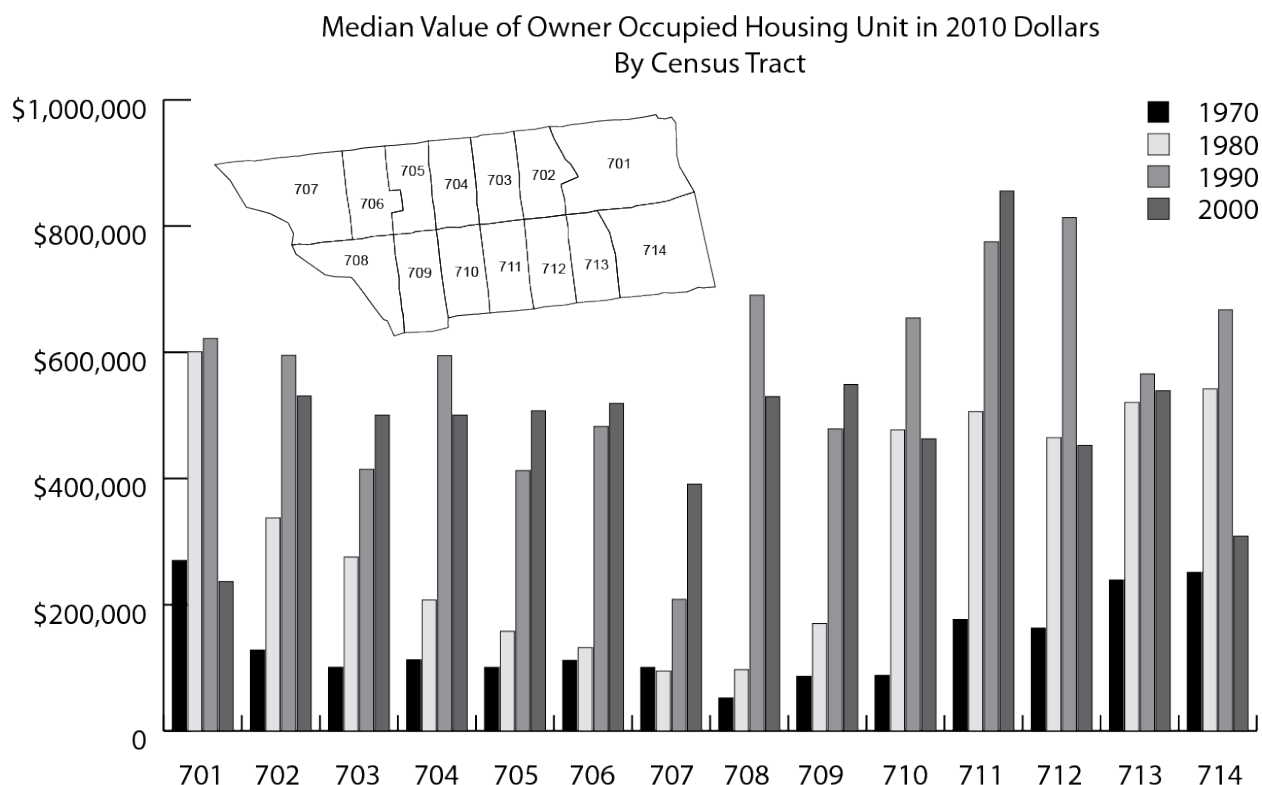


Source: Data from NHGIS and the US Census

The university's recognition of the power of the community thus fueled the university's adoption of a policy of transparency in its campus planning. This policy of transparency is likely one reason that early critics' claims about the university's expansion disrupting the vibrancy of the community did not come to fruition. Yet, despite the

university's attempts to understand what its neighbors will or will not support, DePaul has not always been able to control how it impacts its surrounding community. Repeatedly, the university's expansion has caused nearby renters to fear displacement as a result of both rent increases and the transfer of properties to speculative real estate investors.

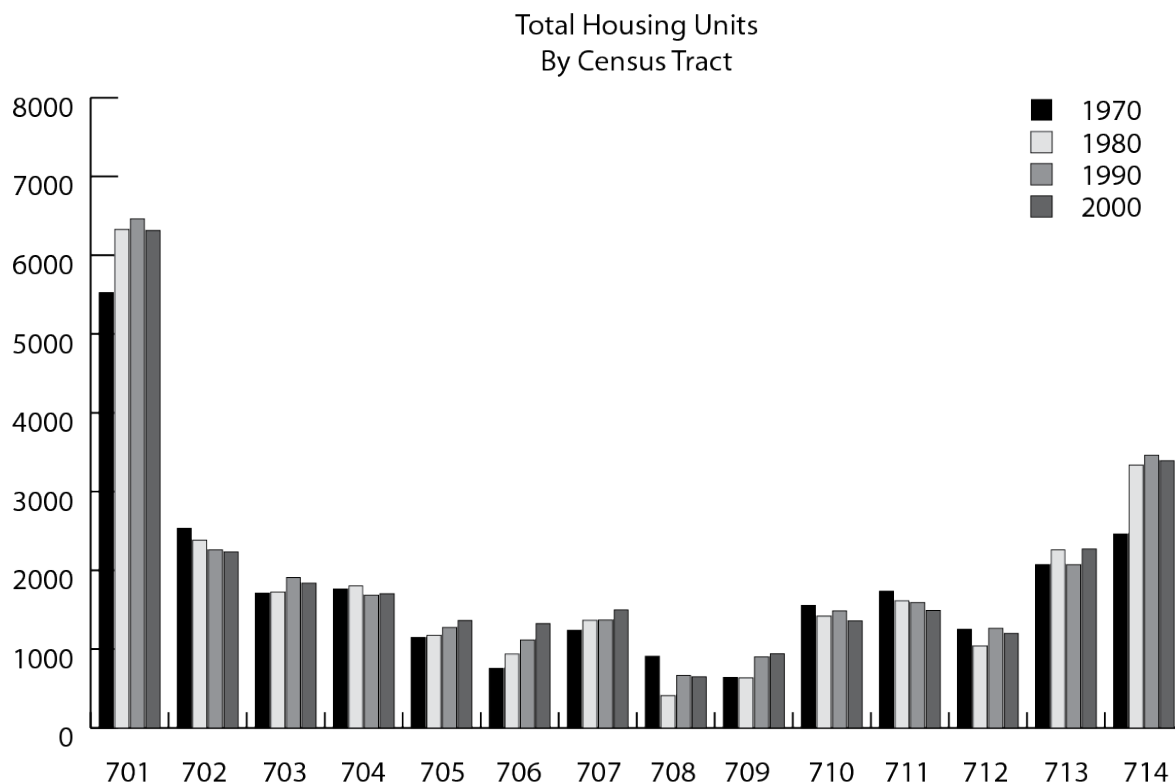
Figure 6: DePaul, Median Value of Owner Occupied Units



Such fears were originally accompanied by critics' claims that the expansion of DePaul's campus in Lincoln Park would destroy the community's cultural and economic diversity. While the fear of displacement has persisted, the criticism that DePaul would destabilize its surrounding community appears to have been proven wrong. As noted earlier, the vibrancy of the community has only improved with the university's continued investment. However, there have been demographic changes and Lincoln Park is now a community of young professionals. Whether or not this transition is due to the university's investment or to the impact of federal homeownership loans is unclear.

While DePaul has exhibited a determined commitment to master planning and policies of open communication with its neighbors, its nearby neighborhoods have experienced significant changes. Between 1970 and 2000, the number of available housing units in the area around DePaul remained almost constant, experiencing only minor fluctuations. However, while the number of units remained stable, the median value of the owner occupied properties increased significantly in each census tract with some experiencing greater increases between 1970 and 1980 than others, but with almost all of the census tracts experiencing a doubling in the median value of owner occupied homes between 1980 and 1990. Such changes in value seen in figure 6 are not definitive indicators of speculation but, when supplemented by the changing tenures seen in figure 7, they do demonstrate an intense period of investment by homeowners. It is likely such investment was a direct response to the growth of the university's Lincoln Park campus.

Figure 7: DePaul, Total Housing Units



Impacts on the City

While DePaul's transition toward a residential university has caused its expanded Lincoln Park campus to become a vibrant part of its surrounding community, the university's aggressive growth has increased its impact on the city of Chicago. Today, DePaul is the city's largest private employer. As such, the university has a significant impact on the economy of the city. However, beyond its acquisition of residential, commercial, and institutional properties in Lincoln Park, the majority of the university's dealings with the city have occurred at its downtown Loop campus where the university played an integral role in the revitalization of city-owned properties in the Loop.

Chapter 5

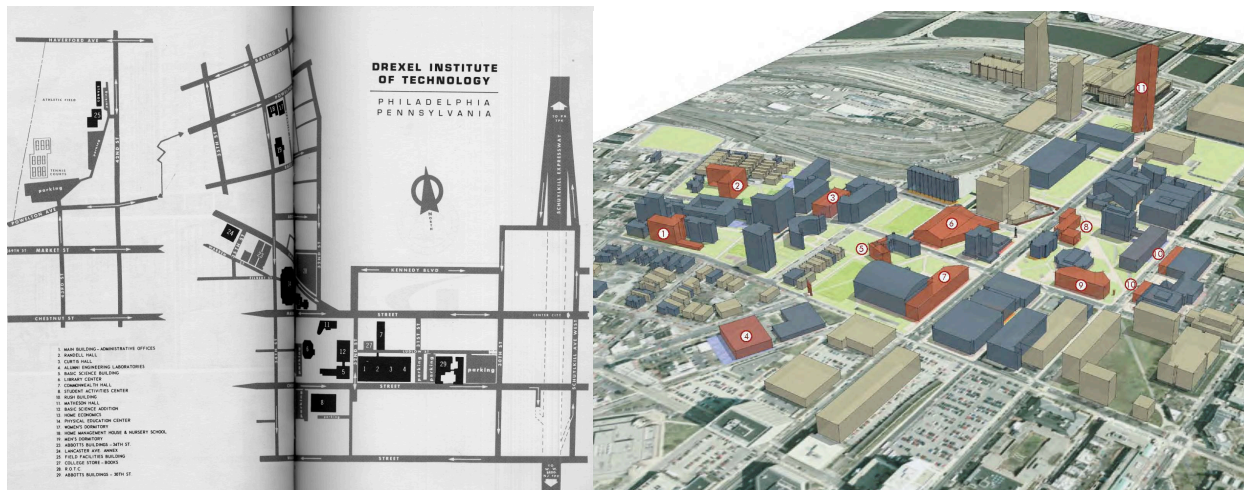
Case Study, Drexel University

Background

Located just west of the Schuylkill River in Philadelphia's University City, Drexel University is a national research university with a student population of 23,500. Its 74-acre main campus straddles Market Street and is well served by both city and regional transit. While the university has evolved considerably since its founding in 1891, it continues to fulfill its original mission by being one of only three American universities with a mandatory cooperative education program (Paul 2008). Because of this model Drexel experiences steady residential population throughout the calendar year while experiencing far higher rates of individual turnover than found at other institutions.

Figure 8. Drexel University, 1966 Campus Map and 2007-2012 Master Plan*

* Blue represents Existing Buildings and Orange represents Proposed Buildings

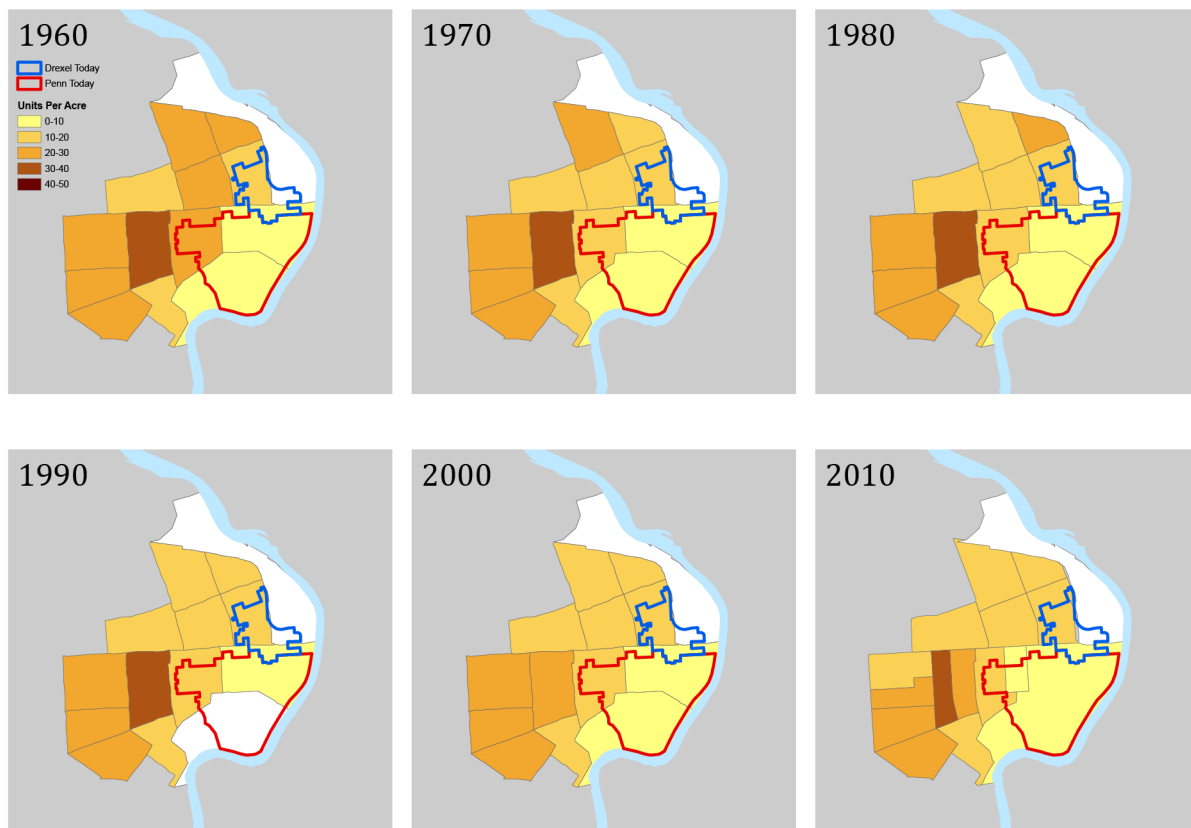


Source: Drexel University Archives

Like many urban universities during the 1950s and 1960s, Drexel benefited from federal and state planning policies that advocated for top-down solutions to questions of economic vitality and growth. In November of 1964 the institute was granted approval from Philadelphia's city planning commission to utilize eminent domain to acquire 1.5

million square feet of neighboring land in order to construct both dormitories and educational facilities (Wearts 1964). Figure 9 demonstrates the impact this use of eminent domain had on the number of non-dormitory housing units in the surrounding community. These new facilities were meant to help Drexel and the city to attract a greater share of the increasing number of college-age persons in both greater Philadelphia and the US. As the university succeeded in capturing a share of the nation's new students it began the steps to transition from the Drexel Institute of Technology to becoming Drexel University.

Figure 9. Drexel and Penn, Housing units per acre, 1960 to 2010



Source: Data from NHGIS and the US Census

Around the same time that Drexel began looking to expand during the 1950s some of its neighbors just north of the campus created a company with the express purpose of rejuvenating their neighborhood. It was this company, The Powelton Village Development Association, which created the “Powelton Village” identity (Rosenthal 1963). This identity

has persisted and today the Powelton Village Civic Association carries the torch of preservation and restoration of the neighborhood. In this way, as the university has continued to grow and increase its land holdings through acquisition, its nearest neighbors have fought to stabilize their community and maintain its residential real estate values.

As Paul (2008) describes in his detailed history of the university's institutional development, its general financial health was directly correlated with its enrollment figures and as enrollment figures began to decline during the 1980s so too did the institution's financial stability. The status of the university was so dire during those years, that its board members went so far as to informally discuss selling it to the University of Pennsylvania. It was not until the appointment of Papadakis as President in 1995 that the university began a rapid reversal of its financial fortunes. Papadakis' administration did this by quickly stemming its declining enrollment figures and steadily building them back up (Paul 2008). As the university's enrollments grew during the 1990s and 2000s it invested in residential dorms as well as academic facilities, but these investments were not able to keep pace with the university's population increase.

Institutional Self-Interest

Drexel University is one of only three universities in the US with a mandatory cooperative education model. This model, in which students are required to work in their future industry as well as complete courses, has strongly informed the university's self-interest and its motivations for campus expansion. Throughout the period of this study, Drexel University's financial health has been directly linked to the state of its enrollment figures. When its enrollment increases the university find itself with the resources to pursue campus expansion and development. A recent factor increasing its motivation to develop and expand its campus is its transition from a commuter campus to a residential campus during the mid-1990s under the administration of Constantine Papadakis. At the heart of this transition was the university's recognition that "it's not just about the education, it's about the experience [students have while at the university]" (Onzik 2012).

To secure this transition and affect a shift in the planning and design of the campus, Papadakis brought James Tucker, the university's current Executive Vice President, to the

university in 2007 (Tucker 2012). With the passing of Papadakis in 2009 the university sought a new leader to build upon the gains made during the Papadakis administration. Drexel hired John Fry to replace Papadakis. Fry came to Drexel from Franklin & Marshall College where his presidency was known for its success in transforming the campus and its surrounding community. Under Fry's leadership, Drexel has begun to realign its values to better match those of its surrounding community. This realignment is expressing itself in many of the university's new development policies and its pursuit of university-community partnerships. One such policy change is a decision to now share its long term plans with the University of Pennsylvania and vice versa, but not always with the public.

While Drexel does not always share its plans with the surrounding community it has made gains in making its planning and development process more transparent in an effort to gain the communities approval for its future plans. Such support is crucial to the health of the university as it seeks to add 1,000 new students a year, year on year, for the next 10 years. Such growth would transform the university into one of the larger private universities in the US with a student population of almost 35,000. To accommodate such intensive growth, the university is committing itself to the expansion of its core campus while remaining open to growth through the acquisition of non-contiguous property for the creation of campuses such as its center city Hahneman campus. This openness to non-contiguous growth is a direct response to Drexel's interest in being able to respond to market trends, such as an expected increase in the number of nursing students to the point where they outnumber the engineering students for which the university is known.

Real Estate Investment on Campus

While Drexel is open to growing through the creation of satellite campuses, it remains firmly committed to the improvement and expansion of its main campus in University City. However, Drexel faces intense competition for real estate from Penn and the University City Science Center, which is owned 55% by Penn. Because of this intense competition for real estate, the university's administrators tend to feel it can't be transparent about its intentions to acquire property along its campus edge where it abuts the other institutions. Further, unlike the University of Pennsylvania, the university doesn't

have large capital reserves to draw upon when acquiring property. Accordingly, as Tucker notes, the university goes about its acquisitions quietly because "if you don't have money you don't want to compete with anybody" (Tucker 2012).

This practice of acquiring property quietly has been a mainstay of the university's expansion over the years. But, under Tucker's oversight the university has experienced increased success in its land acquisition efforts as it manages to acquire properties that "aren't even for sale" (Tucker 2012). One such property, that wasn't listed for sale, will soon be the new home of the university's college of media arts and design. In addition to such quiet property acquisition, the university also operates more openly in areas it does not consider heavily contested. One such example is its recent acquisition of a large parking lot that brings \$50,000 a month in revenue. API, the university's for-profit subsidiary, acquired the parking lot property to be operated until such time as the university might develop it. As a for-profit subsidiary, API's "goals are to offer a source of income for the university by acquiring properties of strategic value and maximizing appreciation on those properties as well as the income from the properties" (Onzik 2012).

In addition to making use of a for-profit subsidiary, Drexel, like many institutions in recent years, also makes use of third-party developers. Such developers provide a means for the university to utilize other people's money to design, build and operate buildings on land the university owns. Such arrangements allow the university to preserve its capital resources and gain buildings it otherwise might not build while allowing the developer to make a profit on the construction and operation of the building. Drexel is so intent on utilizing this model that its most recent master plan shows more than 75% of the proposed projects making use of third-party investment. In order to accommodate the needs of both the university and the third-party investors, Drexel identifies its needs and desires prior to lining up funds. As part of this process the university has begun reshuffling the land uses on its campus by moving support facilities and offices from the core of the campus to its fringe.

Beyond such methods that are becoming rather universal in their adoption by nationally ranked colleges and universities, Drexel also engages in long-term scenario planning and forecasting. In particular, one such forecasting exercise has motivated much of the university's recent property expansion. In this scenario, the university is anticipating the coming of high-speed rail to Philadelphia. Currently there are two locations in the city

where high-speed rail might go in the future. The first is at Suburban Station and the second is at 30th Street Station. Drexel is banking on it coming to 30th Street Station. It is for this reason, and the potential that technology and demand economics might someday support the cost of decking over the 30th Street Station rail yard, that the university set out to acquire the land around the rail yard. It now owns every piece of real estate, except one quarter-acre lot, that borders the rail yard.

Real Estate Investment in the Surrounding Community

While Drexel has quietly acquired land in anticipation of its continued campus expansion, its inability to keep pace with its ever-increasing student population has created an incentive for outside investors to acquire property in the surrounding community in order to create rental units for students. A number of those acquiring land have been resident-landlords who bought houses as investment properties (Weiner 2012) but a larger number of properties were acquired by absentee landlords looking to cash in on the students' willingness to pay higher rents (Onzik 2012). In describing the conditions in Powelton Village, Weiner notes that "neighborhood landlords whose business is owning a portfolio of property have rarely been a problem" and that the problems occur when landlords from outside the community come in thinking they can take advantage of the fact that student housing near to the campus is at a premium.

In addition to investment by community members as well as absentee-landlords, Drexel's API has also acquired properties in the surrounding community in order to provide student housing. API currently manages roughly 243 apartment units in the surrounding community (Onzik 2012). Such pressure to satisfy the demand for student housing represents a distortion of the housing market in the communities surrounding Drexel's campus. This distortion has resulted in the displacement of residents, both homeowners and renters. As the communities have changed over time, some landlords have sought to take advantage of the increased pressure for the university to acquire property at its edges. According to Weiner, many of the most neglectful absentee investors are those with properties adjacent to the university, such as the one who "has been neglecting a row of homes at Lancaster and 34th Street for as long as he can (Weiner 2012).

Such private speculators as the one owning the row homes at Lancaster and 34th Street are proving particularly problematic as the university seeks to partner with its surrounding community and the City of Philadelphia to drive the redevelopment of Lancaster Avenue between 34th and 37th streets (Onzik 2012). At the same time, other speculators, such as the owners of 3506 Hamilton Street, are responding to the university's interest in its surrounding community by "buying properties, fixing them up, and trying to flip them" (Tucker 2012). Such smaller investors are not alone. Walmart is also looking to open a megastore in the middle of Mantua in order to have ready access to the University City population (Tucker 2012).

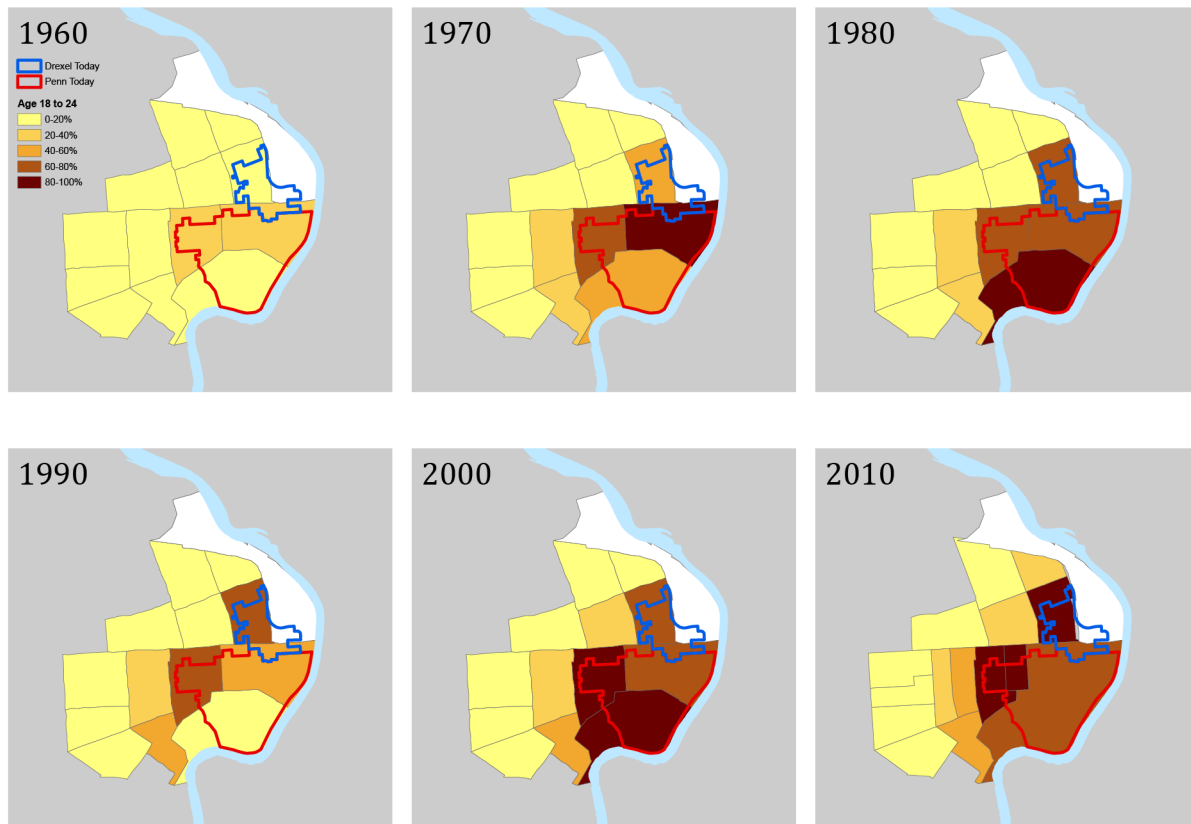
Impacts on Students, Staff and Faculty

As the university has continued to grow it has faced increasing pressure from its surrounding community to change its development policies. Such pressure has aligned with recognition by the university that its methods of growth have created challenges to its continued success in attracting human capital. In particular, the university has recognized that its faculty and staff also wish to live near to the university but are often unable or unwilling to purchase property in surrounding communities because of the inflated property values and the poor condition of the community's building fabric. In response to these effects of the speculative real estate market in the surrounding communities, Drexel has adopted a number of policies intended to disrupt the market distortions. Among these new policies is a decision to become more transparent in its planning process while also becoming more responsive to the needs and desires of its surrounding communities.

As part of its newfound commitment to responding to the needs and desires of its surrounding communities the university is implementing new efforts to attract students out of the housing in the community and back to university-owned and -operated residential buildings. As part of this effort the university conducted an informal survey of the surrounding communities that determined that over 5,000 of its students were living in the community but not in API or Drexel property (Tucker 2012). The university concluded that these students were distorting the housing market around the university preventing faculty and staff from finding properties that were not overpriced (Onzik 2012) while also

creating economic displacement of area residents. In response, the university began aggressive efforts to attract students back to housing on the campus through the construction of 4,400 new beds on campus as well as improved amenities and services on the campus.

Figure 10. Drexel and Penn, Percent of persons age 18 to 24, 1960 to 2010



Source: Data from NHGIS and the US Census

Still, despite the universities efforts to attract the students back from the community the university's staff and faculty still face the challenge that should they wish to purchase what were single-family homes within the community they face increased costs to both acquire and repair the buildings. Recognizing this, the university has begun offering a \$15,000 forgivable loan for a five-year period to help staff and faculty buy homes in the surrounding community. In addition to these loans the university has also implemented a program of funding for facade improvements for current staff and faculty owner-occupants

in an effort to incentivize them to remain in the community while also assisting the community with its goals. Among these goals, the community is pushing Drexel to pursue denser development patterns in order to accommodate more students on its campus (Weiner 2012).

In addition to creating incentives for faculty and staff to settle in its surrounding communities, the university through its for-profit subsidiary, API, also offers such incentives as flexible leases to accommodate student schedules that might not otherwise be accommodated by private landlords in the surrounding community. As Onzik (2012) points out, API "isn't only here to make money, we're here to help students because we support the mission of the university." Beyond such soft methods of seeking to extend its impact on real estate beyond its campus and into its surrounding communities, Drexel recognizes that to attract students back to campus in the near term may require firmer measures. In particular, the university is considering implementing a policy that requires all of its students to live in campus-owned or -operated housing for their first two years rather than just their first year (Weiner 2012).

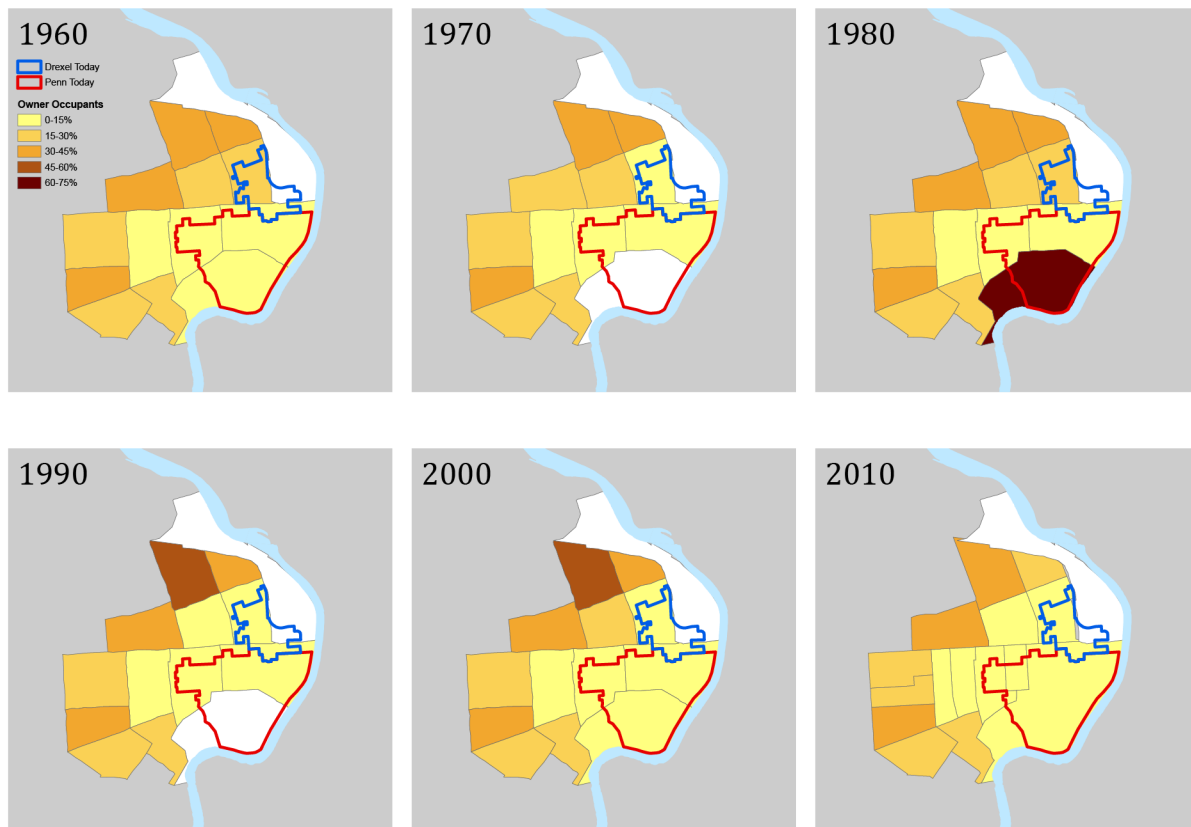
Impacts on the Community

Drexel's commitment to attract its students back towards living on its campus is a result of its conversations with local community leaders as well as its own economic interests. These leaders and long-time residents of Drexel's surrounding communities, such as Powelton Village, are quick to note that their communities have undergone significant changes as a result of the speculative market for the creation of student housing fueled by the university's rapid growth (Poulin 2012) (Weiner 2012). In recent years, the residents remaining in the community have sought means of stemming the wave of students, shown in figure 6, and restoring their community's fabric. In part, their efforts are responding to the destabilization of their bedroom community as absentee landlords helped create a student ghetto within the community (Weiner 2012).

One such effort by the Powelton Village Civic Association (PVCA) was an attempt to have the neighborhood listed as a Philadelphia historic district. The community's efforts to create a historic district was intended to create a barrier to entry for absentee landlords by

increasing the limits on alterations to the exterior of properties within the community, while also increasing the penalty cost to those property owners not maintaining their buildings, typically absentee landlords. While the Powelton community failed to secure enough support for the historic district they have continued to strengthen their negotiating power. As the surrounding communities have become more organized their relationship with the university has begun to transition from one of antagonism to one of partners.

Figure 11. Drexel and Penn, Percent of owner occupied units, 1960 to 2010



Source: Data from NHGIS and the US Census

In part, this transition has been facilitated by Drexel's recognition; similar to one observed by Lowe (2008) at Jackson State University, that it must become responsive to its surrounding communities' needs in order to achieve their own development desires. To facilitate a dialogue between the university and its community, Powelton Village leaders now meet with Drexel University representatives every two weeks to review planned

development and university-community partnerships (Weiner 2012). Additionally, Drexel's new president invited community board members to be a part of the university's master plan steering committee (Weiner 2012). Such methods are part of Drexel's efforts to understand their surrounding communities' priorities in order to work in partnership with them to realize their consensus-driven priorities.

But, more than the university's new efforts to work with the community, there has also been a recognition that the community needs to find ways to work with the university. To facilitate such dialogue, the Powelton community secured funds from the William Penn Foundation to develop a community master plan in anticipation of the university's revision of its master plan documents. Community members hope that having this 5-year strategic plan will help them transition from an antagonistic relationship to one in which they can positively respond to Drexel's continued expansion and the resulting spillover effects fueling a declining rate of home ownership in the community as seen in figure 7. One recommendation to come from the strategic plan was the creation of an educational housing district modeled after one around St. Joseph's University in north Philadelphia.

Impacts on the City

While Drexel's impact on its surrounding communities has often been at odds with these community's expressed interests, such conflict has been rare at the city level. In part this lack of conflict arises from the city's view of the university as a valuable economic engine and actor in the West Philadelphia community. And in many ways the city is accurate in its assessment. While the university's city-approved use of eminent domain during the 1960s might have disrupted communities, the university is currently a strong actor positively influencing both West Philadelphia and the city as a whole. In recent years the university has begun to invest its resources into local schools in West Philadelphia and while such investment is inherently in the interest of the university's aims to attract faculty it is also in the city's interest to provide good schools and to maintain a solid tax base.

Most recently, Drexel acquired the Academy of Natural Sciences on the Ben Franklin Parkway, thereby securing its role as a supporter of the arts and sciences in the city. In addition to such commitments to the preservation of the city's public goods, the university

has also made a commitment to an equitable approach to community development. As Kerman (2012) noted, this commitment to equitable development is one of the greatest challenges for the university because the university needs strong city and community partners to be able to effect change beyond its borders. In particular, Kerman emphasized the need for the university to co-locate development in areas that will have other implications, or positive externalities, for both surrounding communities and the city as a whole. As part of this effort, Drexel plans to work with Philadelphia to enforce the regulations limiting the number of unrelated persons per housing unit to no more than three. Such university-city partnership becomes important when the university seeks to effect change in neighborhoods like Mantua where the community has multiple interest groups with conflicting goals.

Chapter 6

Case Study, The University of Chicago

Background

Founded in 1892, The University of Chicago has experienced significant levels of growth over the last century. Today its campus consists of 214 acres containing over 15 million square feet of buildings. The university is organized into discrete zones, denoted by color in figure 12 below and its campus is framed by the communities of Hyde Park, Kenwood, Oakland, Washington Park and Woodlawn (*Framework for Planning* 2011). The university is recognized as one of the world's leading research and teaching universities. It is home to 5,000 undergraduate students and a total student body of 15,000. With 17,000 employees (*Memorandum of Understanding* 2011), the university is the city's second-largest private employer and is recognized as one of Chicago's strongest economic engines.

Figure 12. The University of Chicago, comparison of aerials from the 1960s and 2000s*

* These figures have different orientations and the green in the second shows open space



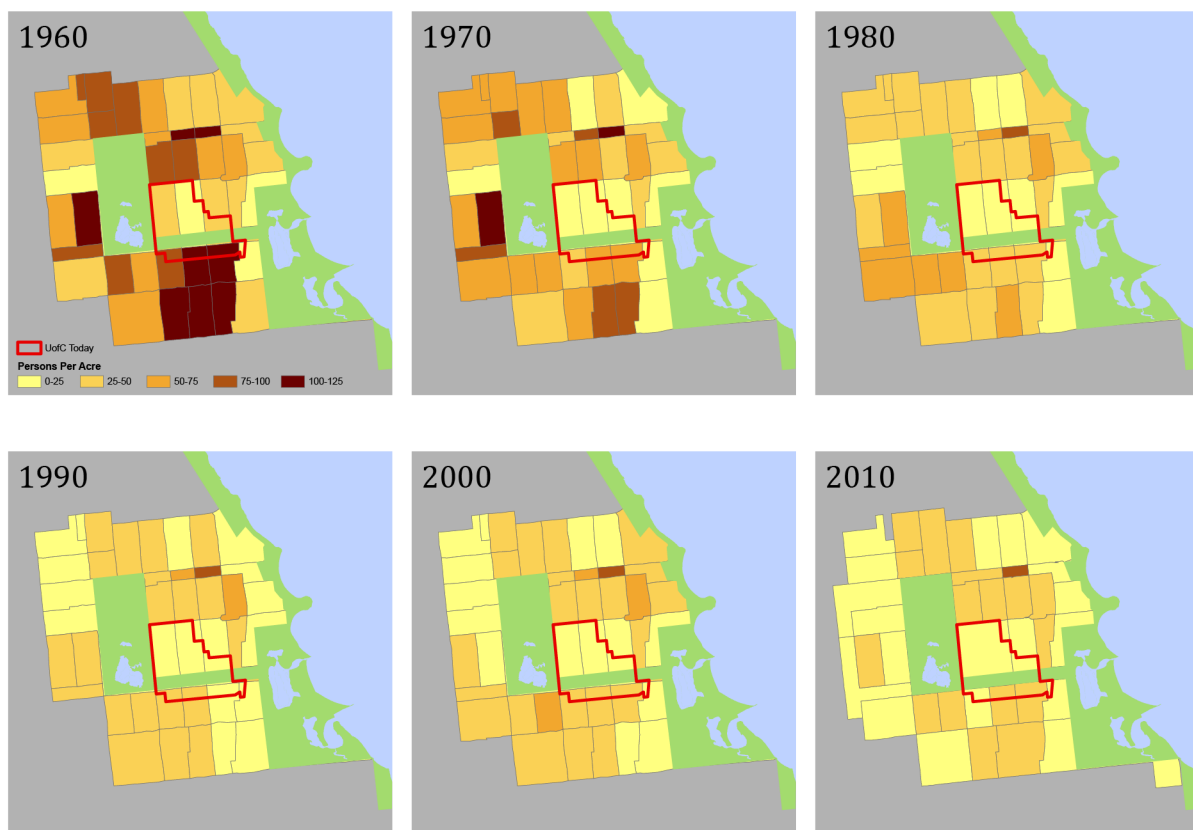
Source: University of Chicago, Archives

Source: University of Chicago, Facilities

During the 1950s and 1960s, the university received extensive national press coverage of its urban renewal program (Buck 1964) (Buck 1966) (Hollwager (1964) (Sotir 1964). As one of the first universities to experiment with dramatic planning and

development, the university's urban renewal program is noteworthy because it secured the university's commitment to Hyde Park. As part of its commitment to the Hyde Park neighborhood, its president laid the political groundwork for an urban renewal program (*History of the Office* 2012a) and the university began to acquire many properties in Hyde Park and Woodlawn (*Matriculations* 1991). The university's acquisitions resulted in displacement of as many as 15,000 residents and mounting racial segregation within these two neighborhoods (*History of the Office* 2012b). Supporting these historic accounts, figure 13 shows a significant decrease in the populations of the surrounding communities during the 1960s and 1970s. While this decline appears to correspond to the demolition of housing units as shown in figure 14, Webber (2005, 72) argues that the university's use of eminent domain was successful in "obtaining the land necessary for institutional expansion and preserving a community where a world-class university could thrive."

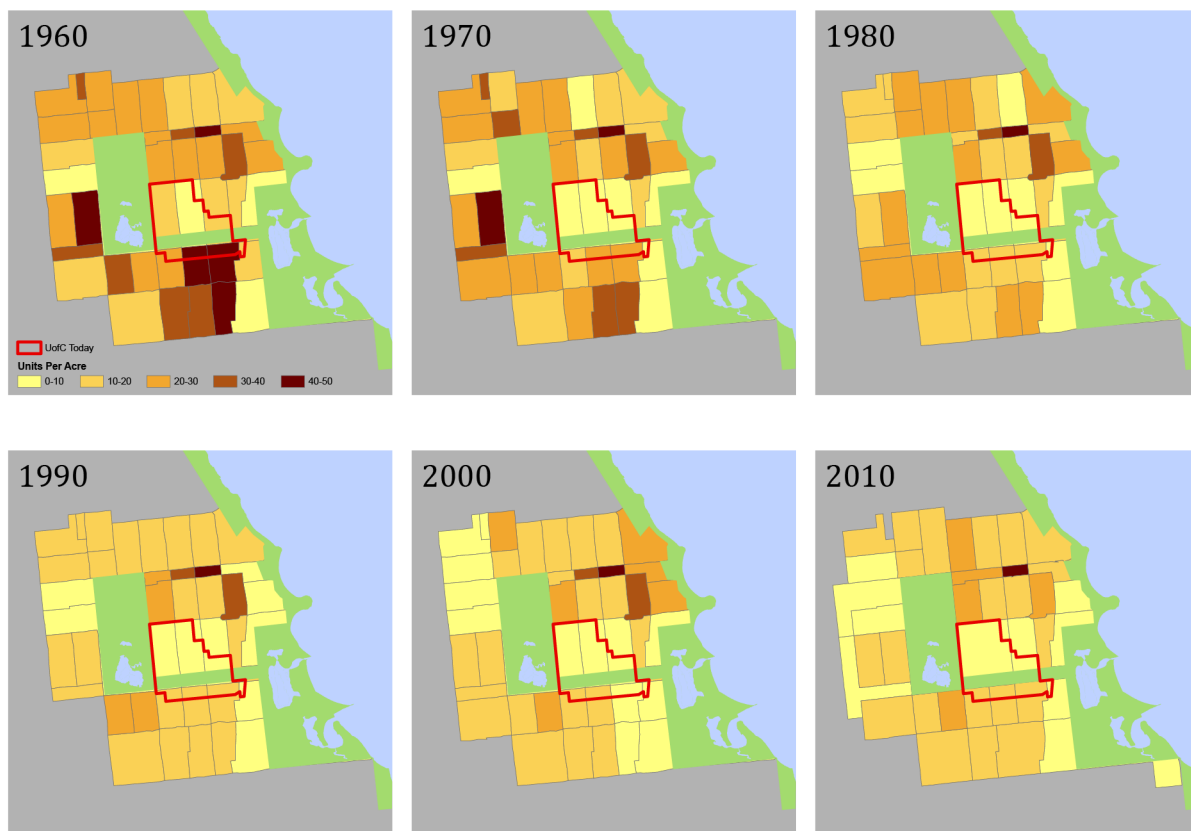
Figure 13. The University of Chicago, Persons per acre, 1960 to 2010



Source: Data from NHGIS and the US Census

As the 1960s came to a close, the university reduced its emphasis on serving as a redevelopment agency focused on creating dramatic social and physical changes in its surrounding neighborhoods (*History of the Office* 2012c). But while the university's commitment to urban renewal policies ended, it remained committed to land acquisition and the development of properties to attract faculty and students. Oddly, despite its commitment to the sustained acquisition of land in surrounding communities, the university has not made regular use of campus master plans throughout its history (Schulze and Harrington 2003) (*History of the Office* 2012e). Immediately prior to this thesis' period of study the university commissioned its second-ever master plan and has only had three since, going more than 30 years between its second and its third in 1979 (*Master-planning Process Under Way* 1997).

Figure 14. The University of Chicago, Housing units per acre, 1960 to 2010



Source: Data from NHGIS and the US Census

Institutional Self-Interest

As one of the world's leading research and teaching universities, The University of Chicago is driven by a constant need to understand what it can do to be the most attractive place for the most talented people. As Greene (2012) notes, the university is in the human capital business and "if you look at the ivies plus MIT, Chicago and Stanford that has to be the most competitive group of universities in the country." Like its competition among these universities, The University of Chicago invests an extraordinary amount in its programs and in its surrounding communities (Greene 2012). As part of its commitment to being the most attractive place it can be, the university is committed to developing a contiguous campus because it thinks having a relatively compact campus is a comparative advantage. To secure this advantage, the university is committed to making Hyde Park and other neighborhoods attractive to faculty staff and students (Greene 2012).

This commitment to its surrounding communities is not a new concept to The University of Chicago. During the period of urban renewal the university committed to the revitalization of Hyde Park because its leaders were concerned they would be left having a "\$200 million investment in a slum" (The University Neighborhood 1991). While the university's early commitment to its surrounding neighborhoods was the result of its own self-interest, only a little has changed in the subsequent decades. Today the university is committed to being a good neighbor to its surrounding communities and wants to help with community development efforts in neighborhoods such as Washington Park that are beyond its traditional scope. However, much of this interest in its surrounding communities is still underpinned by its commitment to attracting the best students, faculty and staff. An indicator of what its leaders call its enlightened self-interest is it plans to expand its investments west of Washington Park because the university needs the land to grow in the future.

In addition to its plans to invest to the west of Washington Park, the university's leaders also believe the southern section of its current campus can accommodate some of the university's future growth. Having this ability to grow is a critical concern for the university's leaders because they want to have enough land on hand at any time to leave their successors the flexibility to grow (Greene 2012). In addition to these restraints, the

university must also consider its medical system and its related research laboratories when planning the growth of its campus. In addition to its medical and academic facilities, the university also houses 55 to 60% of its undergraduate students on its campus. A recent survey indicated that the university needed to address housing issues for students by building new dormitories. Accordingly, the university wants to develop enough housing to accommodate 70% of its student population.

Real Estate Investment on Campus

Because the university is committed to its campus, it constantly looks to acquire land to ensure long-term needs can be met. As part of this process, the university only purchases land with the intent to hold the land for the long-term. To support such acquisitions, the university creates strategic plans for thinking about where to purchase land. While the university seeks to develop its campus to accommodate its desire to attract the best and the brightest, it generally only builds when it can be a partner and not the primary funder of new buildings. And it is quite successful in finding these partners.

Today, the university has a lot of projects in the works. Over the next 10 years it will have \$3.5 billion worth of new buildings being completed (Greene 2012). As part of its operations, the university has its property values reassessed each year. This is a common practice among the four universities studied. The University of Chicago's property reassessments support its endowment. In addition to such reassessments, the university's use of master plans figures into its real estate investments. And, although this thesis is not primarily concerned with campus master plans, it is concerned with them as artifacts of university policies, motivations for expansion, and means of communicating the university's intentions to its neighbors and investors.

Real Estate Investment in the Surrounding Community

As recently as 2005 the university was soliciting community feedback for its 2020 Vision Plan while also announcing it had no plans for acquiring land south of 61st Street (Braverman 2005). For this reason, the author finds it somewhat perplexing that while other institutions commit ever-greater resources to master planning, as of 2011, The

University of Chicago announced it would discontinue making master plans (*University Recent Master Plans* 2012). Despite this apparent step back from formal planning, members of the Hyde Park-Kenwood Community Conference maintain a public website which catalogues the university's ongoing development efforts. And many residents continue to express concern that "development will result in poor people getting pushed out of their homes" (Braverman 2005).

Such master plans, or lack thereof, significantly impact the level of investment in the communities surrounding the university. Such outside investments are critical to the university because throughout the period of this thesis' study, the university has relied on speculative investments to support its growth (*New U. of C. Plan* 1960) (Sotir 1964) (Popson 1966) (*Bid for Land* 1967). Historically, the university's growth has sparked real estate investment in its surrounding communities. In particular, the university's urban renewal efforts fueled speculative real estate investment during the 1960s. Such investments supported the growth of the university by providing middle-income housing for its students, staff and faculty (Prugh 1964) (Buck 1966) (*Bid for Land* 1967). As the university developed, its own focus has shifted towards a partnership model in which it frames its projects in terms that are attractive to private developers.

This focus on how best to attract developers has shaped its policies and patterns of growth. An example of this is the Harper Court development project. The project consists of a new hotel and retail being built for the University by an outside developer using private equity funding (Greene 2012). In addition to the impacts the university has had on real estate in the surrounding community, other external factors have also been at play. In the lead up to the bidding for the 2016 Olympic games many investors purchased property along the university's southern edge in anticipation of Chicago winning the Olympic bid (Williams 2012).

Impacts on Students, Staff and Faculty

The effective outcome of the university's development policies committed to the creation of a contiguous campus is that its students, staff and faculty operate within a bubble, often effectively cut off from their surrounding communities. However this bubble

is not wholly sealed because the university invests in nearby charter schools in order to attract staff and faculty to live near to the campus (Green 2012). And many of the university's graduate students have chosen to live closer to the city center in recent years as the financial crisis drove down the cost of rentals in Chicago. An example of this is that the university was considering constructing housing for its MBA students but altered its plans after determining that the majority of MBA students had clustered in two buildings near Chicago's downtown (Greene 2012). Despite such recent developments, the long-term trend seen in figure 13 is for a greater concentration of college-aged individuals to cluster at the core of the campus as the university builds new student housing there. Additionally, while the university agreed not to develop south of 61st Street, in the last 5 to 10 years "about 1000 faculty and graduate students have moved into Woodlawn [which is a big change]" (Greene 2012).

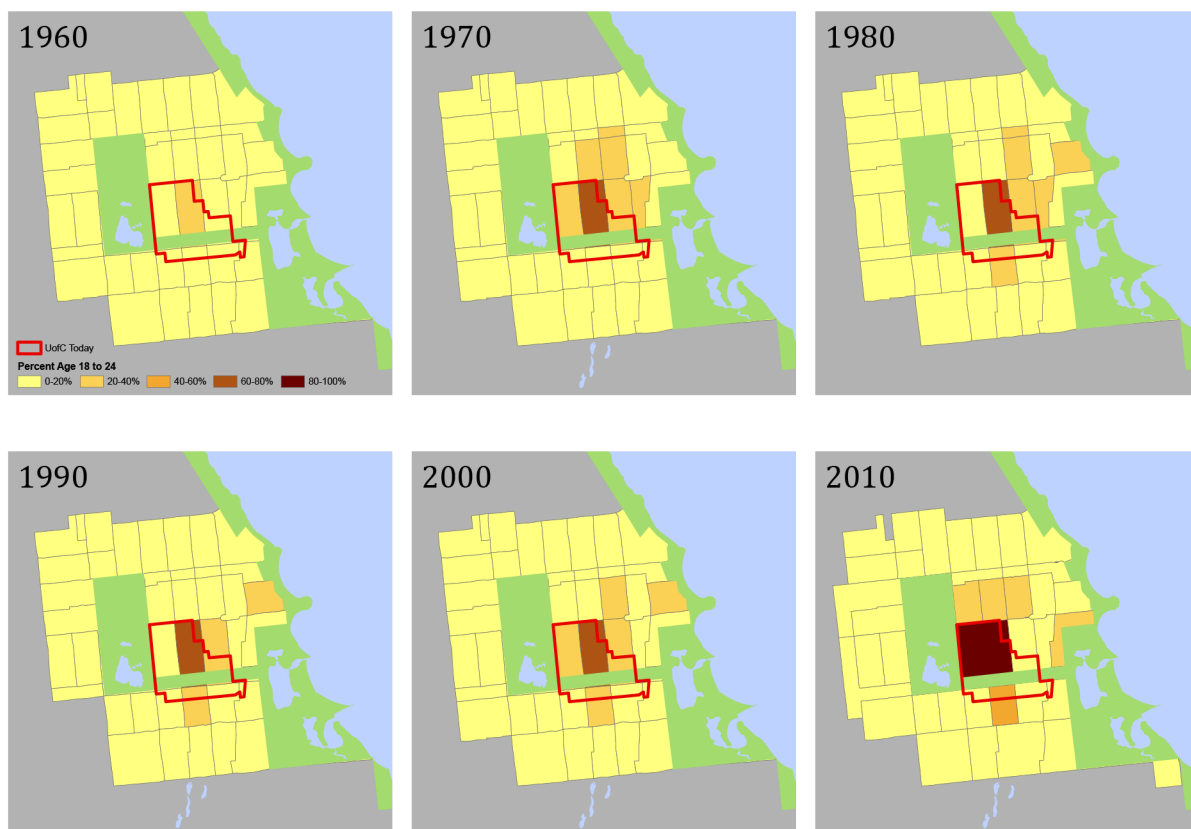
In interviews conducted by the author it was apparent the university's planning efforts continue revolve around ensuring that Hyde Park and other neighborhoods are attractive places for faculty, staff and students. This "enlightened self-interest" (Greene 2012) to create neighborhoods that help attract the best human capital results in investment in neighboring schools, housing and commercial corridors. But as Greene (2012) notes, it is not just about creating an attractive environment for members of the university, but also about being a good neighbor because to do so is in the interest of the university. To this end, the university has sought ways to help political leaders in neighborhoods such as Washington Park develop a neighborhood plan. The University of Chicago has also signed a memorandum of understanding with the city in hopes that it will help them "leverage each others investments in a way that would have a higher impact and would be better for the community" (Greene 2012).

Impacts on the Community

While the university's growth has had a relatively positive impact on its students, staff and faculty, its impact on the surrounding community has been less positive. Today, Hyde Park lacks an abundance of modern apartments and modern amenities (Greene 2012). And while the university engaged the community with charrettes over several

months as part of its Harper Court development, it is still unclear if the development will benefit the community as much as it will the university (Williams 2012). Still, the university is a major partner in the Woodlawn community to create a new "Promise Zone" that will "recreate the [public] educational system in Woodlawn" (Greene 2012). This partnership with "strong community anchors in the neighborhood" is in part responsible for the Woodlawn community's come back (Green 2012). Such partnerships mark an improved period in the ongoing relationship between the university and its surrounding communities.

Figure 15. The University of Chicago, Percent of persons age 18 to 24, 1960 to 2010



During the period of urban renewal, the university was perceived as responding to an influx of nonwhite immigrants to the surrounding community (The University Neighborhood 1991). The decisions made by the university during this period were supported by the city but they were not ultimately positive. The development policies the

university adopted created long-term structural problems that took the form of poor race relations between the university and its surrounding communities (Braverman 2005). While the university believed that it was razing "seedy commercial strips and dilapidated apartment buildings" (Webber 2005, 70), the university-led demolitions eliminated some of the only commercial and retail spaces near the campus. In addition to such demolition, the university also aggressively acquired apartment buildings in the surrounding community and during the 1960s focused its investments almost solely on the creation of middle-income housing to attract its faculty and staff. As a result from 1960 to 1990 the median family income in Hyde Park increased by roughly 45% compared to a 9% increase for Chicago as a whole (Census).

Although The University of Chicago was the first of the four institutions studied to utilize state and federal urban renewal programs as a means of furthering its own institutional growth, in the subsequent years the university has been hesitant to commit itself to plans reviewable by its neighboring communities. Such hesitancy to collaborate with its neighbors through established planning processes or to plan openly has created a rift between the university and its neighbors. Analysis of the 30 years of data available from the decennial census demonstrates the extent of this social divide. Such analysis demonstrates the impact that institutional policies can have on communities and property values. Between 1970 and 2000, the number of housing units in neighborhoods within the university's purview remained relatively stable while neighborhoods west and south of the campus experienced dramatic declines in their number of housing units. At the same time, census tracts in which the university invested exhibited indications of speculation, as the total number of housing units remained stable while the values of the units, when adjusted for inflation, increased dramatically.

Today, the university operates a major police force employing more than 1000 sworn officers that patrol beyond the campus limits into surrounding communities (Greene 2012). In part, these additional police forces provide added security in the communities surrounding The University of Chicago, but they also bluster the value of the area's properties causing the communities surrounding the university to continue to be concerned about university-fueled displacement of residents that rent (Williams 2012). However, despite such general concern, communities such as Woodlawn are reconsidering

their negative view of the university's development efforts. Today those living in the Woodlawn community are beginning to seek financial support from the university (Williams 2012) for community initiatives and they are even considering the possibility of asking the university to invest in property south of the agreed upon do not cross line at 61st Street (Greene 2012). Such potential partnerships are one of the reasons Greene (2012) believes Washington Park is in need of a master plan to facilitate real estate investment that will improve the community.

Figure 16: The University of Chicago, Median Value of Owner Occupied Units, 1970-2000

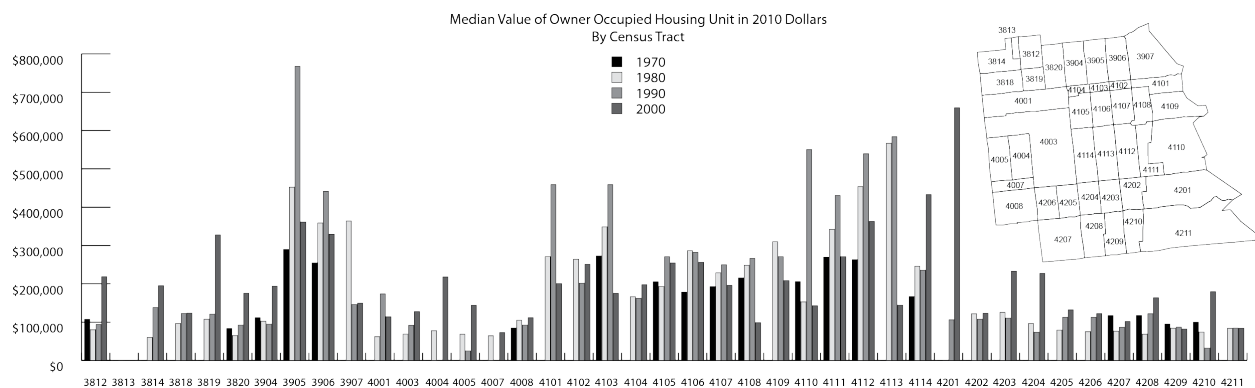
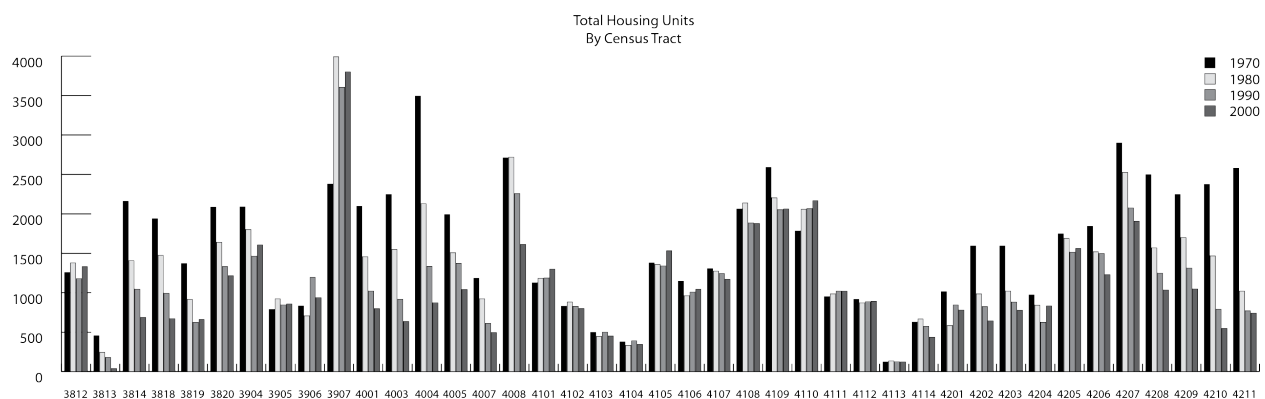


Figure 17: The University of Chicago, Total Housing Units, 1970-2000



Analysis of the 30 years of data available from the decennial census, shown in figure 16 and figure 17, further demonstrates the extent of this social divide. Such analysis demonstrates the impact that institutional policies can have on communities and property values. Between 1970 and 2000, The number of housing units in neighborhoods within the

university's purview remained relatively stable while neighborhoods west and south of the campus, such as those containing census tracts 3812, 3813, 3814, 4003, 4004, 4005, 4007, 4008, 4202, 4203, 4207, 4208, 4209 and 4210 experienced dramatic declines in their number of housing units. At the same time census tracts, such as 4110, 4111, 4112, 4114, 4203 and 4204 found within the area in which the university invested its resources, exhibit indications of speculation, as their number of housing units remain stable while their values, adjusted for inflation, dramatically increase.

Impacts on the City

At the same time that the university's expansion has impacted its surrounding communities it has also impacted the city. The university is the second largest employer in the city with more than 17,000 employees. In recognition of the university's economic impact, the university and the city recently signed a Memorandum of Understanding (MOU) to leverage each other's investments and facilitate the continued redevelopment of the neighborhoods surrounding the university. Specifically, the MOU focused on not only redevelopment but also on university-city partnerships to improve the area's K-12 education, housing stability, public transit, and police patrols. According to the MOU the city wants to use the university as an agent to "catalyze the revitalization of the communities surrounding the Hyde Park campus." For its part, the city committed to streetscape and park improvements in support of the university's 53rd Street commercial corridor redevelopment project and is streamlining its process for acquiring vacant city-owned properties in the vicinity of the campus.

To balance the city's investment, the university has promised to support local minority- and women-owned businesses and to employ local residents for construction and university jobs. In addition to these programs, the city is encouraging the expansion of the university's employer-assisted housing program as a means of stabilizing neighborhoods. The newly expanded program incentivizes the purchase of homes in Bronzeville, North Kenwood, Oakland, South Shore, Greater Grand Crossing, Washington Park, Woodlawn, Hyde Park and South Kenwood. While the university promotes homeownership in these neighborhoods, the city will be providing financial support to and

policies to "prioritize public infrastructure improvements that complement University investments." One such investment in transportation infrastructure is the plan to reopen the local Metra, suburban rail line, stop by the campus, which will better connect the university to the city's suburbs. In the end, the purpose of the MOU is to facilitate a greater level of real estate development in the communities surrounding The University of Chicago.

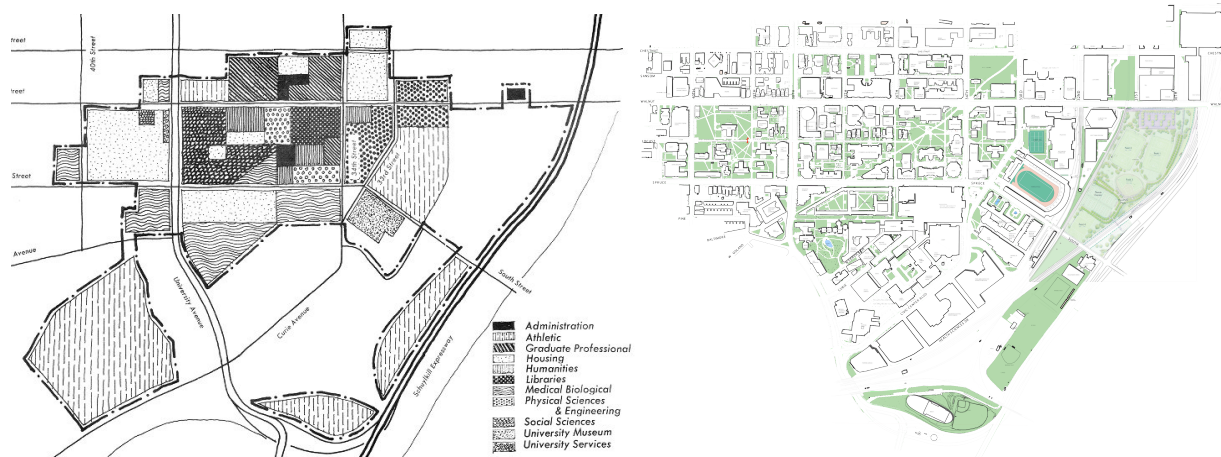
Chapter 7

Case Study, University of Pennsylvania

Background

The University of Pennsylvania is one of the country's oldest institutions of higher education. It relocated from center city Philadelphia to what has become University City, in West Philadelphia, in 1872. Today it has one of the 10 largest endowments of any American university. The university's core campus consists of more than 279 acres and comprises a significant portion of West Philadelphia's real estate. The university, along with its medical system, has been the city's largest private employer for decades. While the University has always been expanding since it relocated to West Philadelphia, its greatest expansion occurred during the 1960s. This expansion and its build-out as of 2010 are shown in figure 18, courtesy of the Archives of the University of Pennsylvania.

Figure 18. University of Pennsylvania, Campus Maps, 1961 and 2010

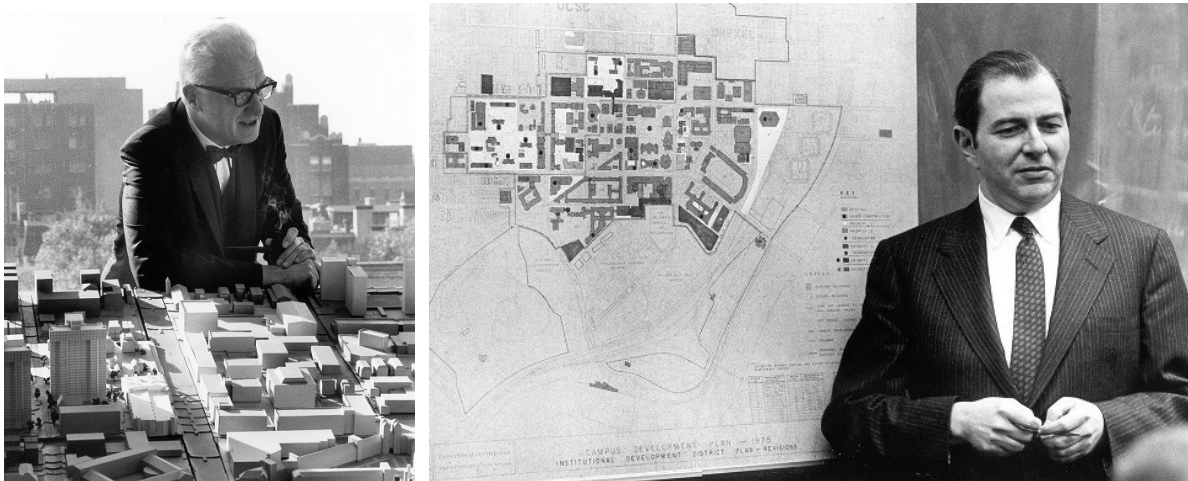


Source: <http://hdl.library.upenn.edu/1017/d/archives/20050829004>

A 1964 New York Times article described Penn as the beneficiary of Philadelphia's urban renewal program. As the article notes, this program in conjunction with the efforts of the West Philadelphia Corporation helped the university rid itself of the burden of being "hemmed in by drab buildings that virtually blocked expansion" (Wearts 1964). The

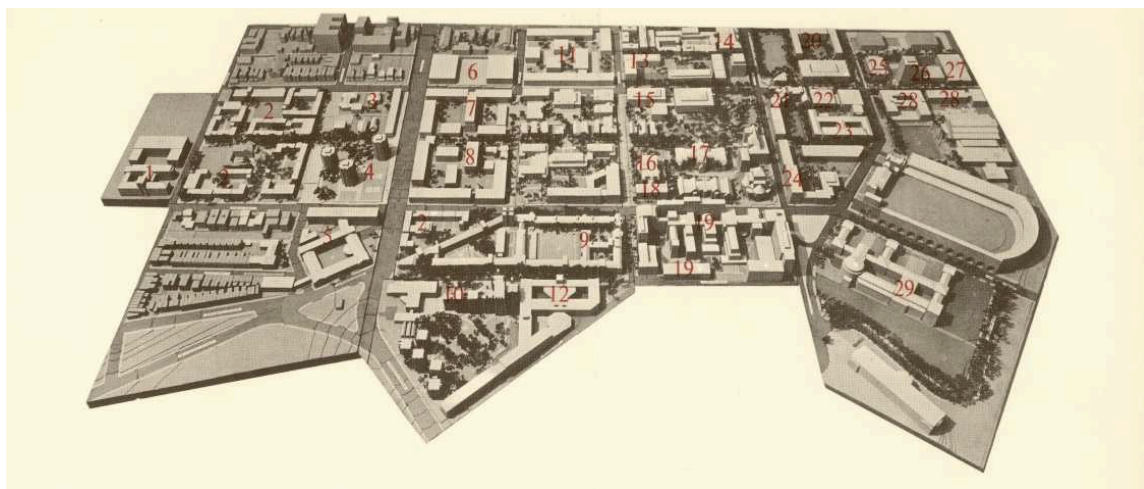
university's expansion via acquisition and demolition throughout the 1950s was fueled by an investment of more than 73 million dollars. These initial investments were followed in 1964 by Penn's plan to spend a further 93 million dollars by 1970 making it no wonder that Wearts concluded, "the end of the expansion ... is not in sight" (Wearts 1964).

Figure 19: Penn Presidents Harnwell and Meyerson with Campus Development Plans



Source: <http://hdl.library.upenn.edu/1017/d/archives/20040629008>, & " " /20040629006

Figure 20: University of Pennsylvania, Model of Integrated Development, 1963



Source: (University of Pennsylvania 1963, 20)

Despite the positive census figures for Philadelphia from the 1950s through the 1960s, Rosenthal (1963) paints a drastically different picture of the mid-1950s to 1960s. In

Rosenthal's description, the University Pennsylvania was engulfed by urban blight in which students found themselves poorly housed and faculty lived far from campus in the Philadelphia suburbs. Such was the context into which Penn, under President Harnwell and with the aid of the city, implemented a comprehensive program of revitalization, shown in figure 19 and figure 20. This program targeted such neighborhoods as Mantua, Blockley, and Hamilton Village. This desire to rid the area of blight provided the impetus for the creation of the West Philadelphia Corporation comprised of: the University of Pennsylvania, Drexel Institute of Technology, the Presbyterian Hospital, Philadelphia College of Pharmacy and Science and the Philadelphia College of Osteopathy.

Institutional Self-Interest

Consistently ranked among the best universities in the US, Penn is a large research-driven university that operates its own medical system, which is tightly enmeshed with the university's medical research efforts. Unlike many other universities, Steinberg (2012) believes the motivating factor for growth at Penn has not been its student enrollment, but rather its health system and life sciences research laboratories. In addition to these interests, Penn holds a majority stake in the for-profit University City Science Center (UCSC), a large landholder in the area of study. The University City Science Center is the result of efforts by the West Philadelphia Corporation during the early 1960s. Penn and other area institutions formed the West Philadelphia Corporation in 1959. Between 1959 and 1965, the Corporation worked on a plan for the creation of the UCSC. In 1969, almost a decade into this thesis's period of study, the UCSC had acquired, demolished, and redeveloped much of what lay between 34th and 40th streets along Market Street (Carlson 1999). These interests continue to inform the university's dealings with its surrounding community.

In addition to these real estate interests, the university also has interests in attracting and retaining the best students, staff and faculty that it can. This interest in retaining high-caliber human capital is one reason that Judith Rodin, Penn's president for much of the 1990s and 2000s, initiated the West Philadelphia Initiative. This initiative was triggered by safety concerns inspired by the murder of a Penn student while walking to a

home in the surrounding community (Steinberg 2012). Rodin (2007) and others cite the university's initiative as a resounding success because it created safe communities around the university. In addition to concerning itself with the creation of safe communities, the West Philadelphia Initiative focused on housing and the quality of public schools as a means of stabilizing what it considered an unstable community, as measured by high crime rates. As the university's initiative gained traction, the university began to shift the development burden from itself by partnering with private developers (Kerman 2012).

Once the university proved there was a market for real estate development in West Philadelphia, it sought partnerships with private developers in order to share the risk and to preserve its capital reserves from excessive risk. In part, the university's success in development was thanks to conversations it had with the surrounding community when it began to invest in the development of its surrounding communities. Steinberg (2012) describes these conversations as ones in which "Penn had to be honest with the community and say 'Look, it's okay for us to say that we have certain needs as an institution but it's not okay for us to say that means you as a community don't have needs.'" Today these conversations take the form of once-a-month meetings between representatives of the university and members of the surrounding community. Oddly, these meetings "to inform the community about Penn's initiatives" only occur between September and May (Cooper 2012). This lack of meetings during summers begs the question of for whom these meetings are held. It appears they are to serve the university's interests first and foremost.

Real Estate Investment on Campus

As noted in the background, Penn's investment in its campus and surrounding real estate has been an ongoing effort since it moved to West Philadelphia. However, its efforts received a significant boost from the federal urban renewal efforts during the 1950s and 1960s and it was during this period that Penn acquired a significant portion of West Philadelphia real estate. While the university used the programs to acquire land, it took Penn time to develop and implement its plans for the expansion of its campus. In 1974, Penn tore down an entire city block that contained cafes, a liquor store, a clothing store, a drug store and several taverns. Olin (2012) described the university's redevelopment

efforts as a huge land grab in which Penn "tore every goddamn thing down" and left its students and residents in the surrounding community to suffer without access to basic amenities. By 1976, Penn had created a partial real estate company operating at arm's length, which began to build speculative projects within the redevelopment zone. Most residents remaining in the surrounding community considered these university-built efforts to replace the original amenities to be "very sleazy and low-end" (Olin 2012).

This period of real estate investment and development differs drastically when compared to Penn's development efforts during the period following the introduction of the West Philadelphia Initiative. During these years, the 1990s and 2000s, the university successfully secured the interest of private developers and transitioned from Penn taking on the real estate risk, as at Sansom Commons, to using third-party developers to do most of its major deals (Kerman 2012) (Prasad 2012). This transition greatly influenced what Penn could build and altered the university's relationship with its surrounding community. This decision to bring in third-party developers to build projects, incentivizing them with the potential for profit, led the university to introduce programs, such as forgivable loans for faculty and staff to purchase homes, intended to stabilize its surrounding neighborhoods. At the same time it sought to stabilize its surrounding communities, the university also began to shuffle its land uses by "taking non-essential services and moving these support services to the perimeter and using them to feed real estate development" (Olin 2012). As the university continues to acquire large parcels, such as the former post-office site and other industrial land along the Schuylkill River, it is more than likely that these development practices will continue (Cooper 2012).

Clearly the university chose to do the later. And as Penn stabilized its decline and remained committed to its ability to choose its own fate (Klemas 2004), its leaders noted a truism that "in time of plenty, institutions grow haphazardly; in time of adversity, there is danger that they will wither wherever the attrition of the marketplace happens to strike" (University of Pennsylvania 1983) that many university's continue to embrace (Paul 2008). As at The University of Chicago, Penn's leadership renewed its commitment to provide their successors adequate available land to afford them the flexibility to develop the institution (University of Pennsylvania 1962) (University of Pennsylvania 1983). But, as the university's leaders found in the 1990s, much of the available space on campus had been

allocated. Accordingly, recognizing that the remaining space must be carefully planned and skillfully managed, the campus development plan of 1999 sought to “provide a flexible but integrated framework for future decisions” while not committing the university and its resources to any specific building or development plans (University of Pennsylvania 1999). This belief in the need for flexible plans and planned flexibility was reiterated in the university’s 2001 update to its 1999 plan (University of Pennsylvania 2001).

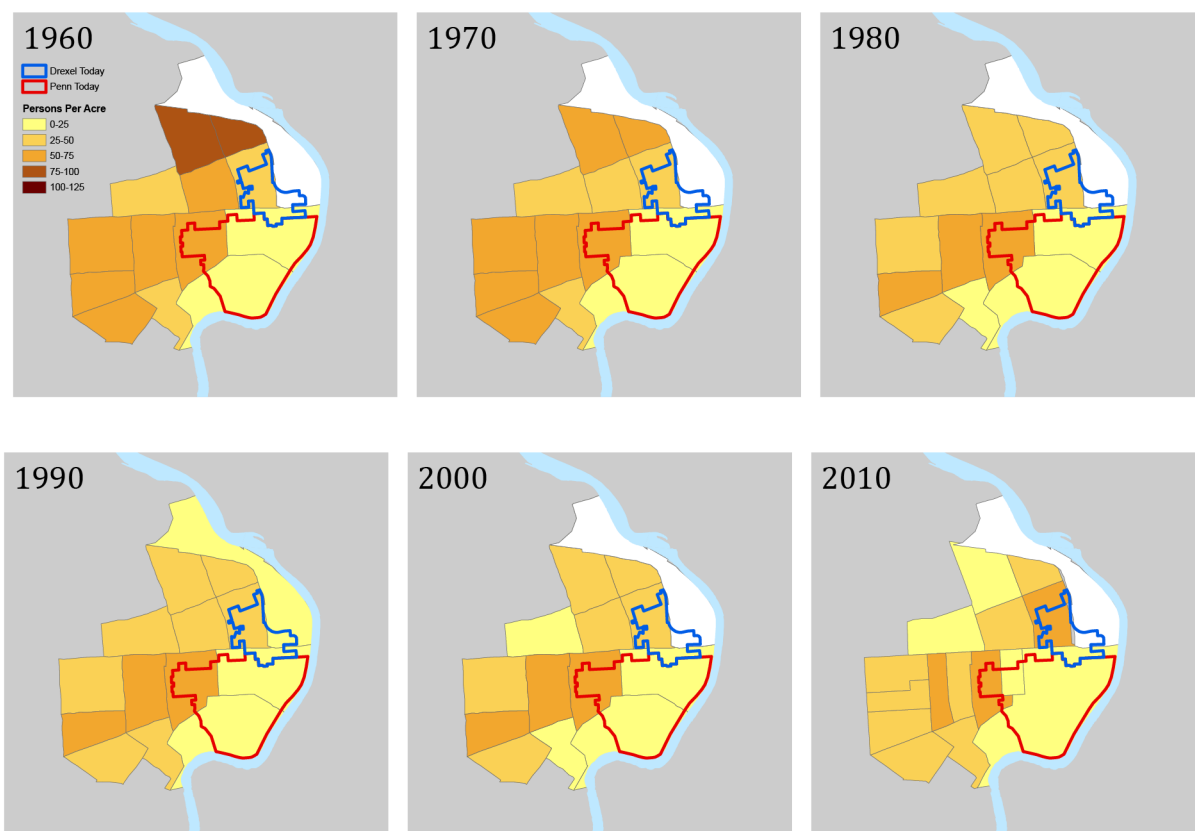
Real Estate Investment in the Surrounding Community

While Penn has aggressively developed the land it acquired through its use of eminent domain during the urban renewal era, the university has also repeatedly used numerous straw companies to acquire many residential properties in its surrounding community. The university has typically converted these properties into rental housing for its students. In addition to such changes to the housing stock within its surrounding community, the university also incentivized faculty and staff to purchase homes within the surrounding communities. When the university first tried this program of forgivable loans their faculty and staff informed them that it was less an issue of affordability than one of access to quality public education for their children. Accordingly, the university concluded that they could only help stabilize the turnover rate of the area's residential stock by first improving the state of the community's public schools (Olin 2012). To do this the university focused its efforts on one elementary school in particular. This school has become known as the Penn Alexander School. The university's efforts were so successful in creating a quality school that the demand for housing within the school's district increased significantly.

Currently the school is oversubscribed and its impact on the local residential real estate market is so great that one person interviewed was able to sell his house during the depths of the recent housing depression. As he tells it: "we put our house on the market during the depths of the housing depression and on the first day of visitation it was crowded, the next day we had three offers, and by the third day we made a deal well above our asking price" (Olin 2012). Rodin (2007) and others generally regard these initiatives to stabilize the residential housing stock around Penn to be a success. But the university's

efforts have led to an inflated cost for those seeking to live in the surrounding community which raises the question of for whom the university was improving the community. Steinberg (2012) and others conclude that Penn does not plan for those that might be displaced as a result of the higher property values and higher rents resulting from its efforts. Instead, the university builds for their community of students, staff and faculty. As the largest player in Philadelphia's real estate market, Steinberg (2012) and others argue that the university should be using its funds and/or its third-party developers to develop equitably and to introduce affordable housing back into the community. However, Olin (2012) notes that to do its redevelopment efforts without displacement, the university would "basically have to subsidize the stores like second hand bookstores or cheap food places."

Figure 21. Drexel and Penn, Persons per acre, 1960 to 2010



Source: Data from NHGIS and the US Census

Impacts on Students, Staff and Faculty

The deal between the city of Philadelphia and universities, such as Penn, located in West Philadelphia was considered by most of those living in the surrounding community to be a rotten deal. This deal created a special use district and educational redevelopment zone that allowed Penn and Drexel to make use of eminent domain to seize entire blocks at a time and demolish the homes and businesses they contained (Olin 2012). The spatial analysis shown in figure 9 and figure 21 demonstrates that the university's expansion and its investment in the development of the University City Science Center resulted in substantially declining numbers of both housing units and people throughout the period of this study. However, such expansion and displacement was not always a foregone conclusion but the result of concerted efforts by the university over a number of decades.

While the university's development policies displaced residents and commercial tenants, the West Philadelphia Corporation's investments accelerated new residential and commercial construction in the communities surrounding Penn. Together, these demolition and development efforts effectively disrupted the stability of Penn's surrounding communities. But Penn's neglect of the interests of its surrounding communities' interests did not stop there. As it redeveloped the land it acquired through eminent domain, the university perpetuated the ills of its planning policies by focusing almost solely on the growth of its educational building plant until well into the 1990s. As noted earlier, it was only under the leadership of President Rodin that the university began to rethink its real estate and campus development policies and procedures (Rodin 2007). As Penn sought to rectify the situation in its surrounding communities and the university's relationship with its neighbors, the faculty began to educate the university's administrators to help the administrators better achieve their aims of rebuilding the university's surrounding neighborhoods (Olin 2012).

As the university continues its efforts to lessen its impacts on its surrounding communities, the university has specifically invested in projects that benefit both the university and the community. Two examples of such projects are the Hub and the Radian. Both of these projects were built with the intent of attracting students from rental housing in nearby neighborhoods back to on-campus housing. While these two projects charged

rents above the market-rate in the West Philadelphia community, they effectively attracted students by offering amenities not found within the surrounding communities. And by developing these projects with amenities that its neighbors could also use, the university benefited its surrounding community twofold. First, these projects helped to lower the demand for rentals in the community thereby helping efforts to convert houses from rental units back to single-family residences. Second, these projects subsidized the development of amenities, which the surrounding community sorely needed, such as a pharmacy.

Impacts on the Community

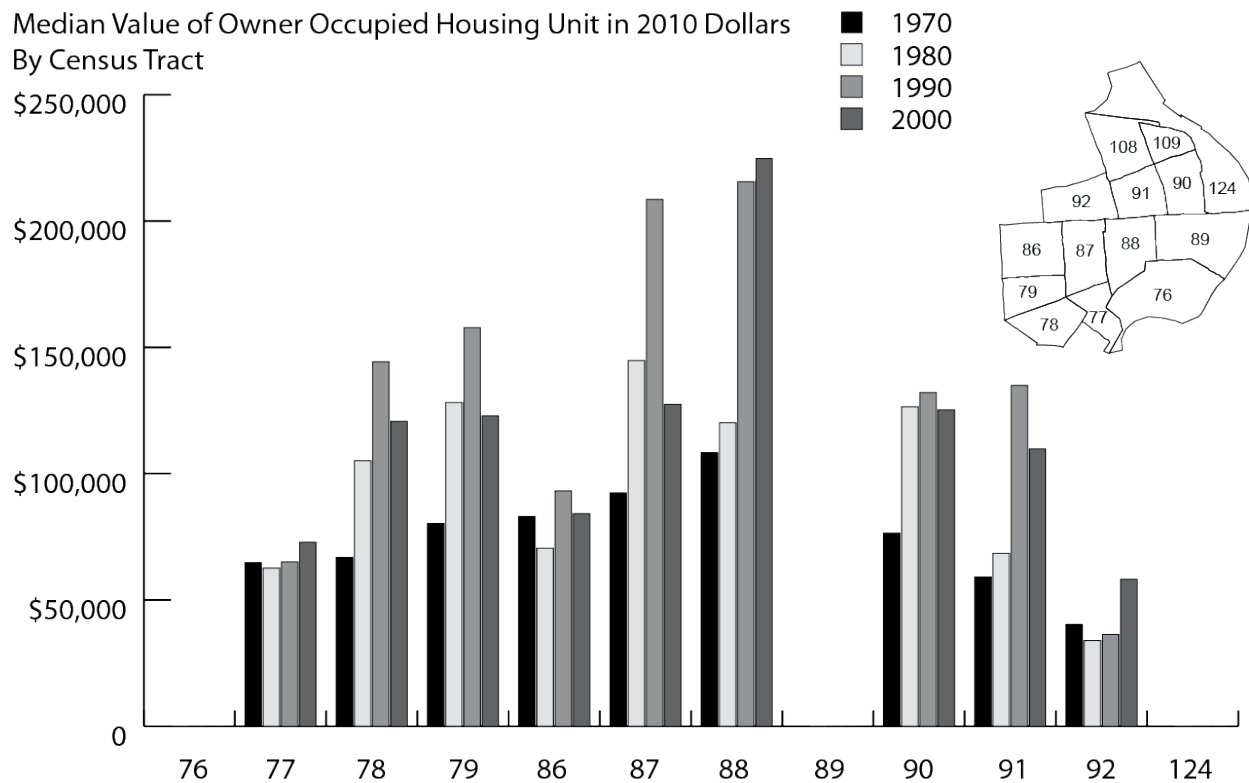
While Penn has not made use of its funds or third-party developers to introduce affordable housing back into its surrounding communities (Steinberg 2012), it has decided that its campus will likely not develop west of 40th Street because the university doesn't want to encroach into the community and displace people (Cooper 2012). In Cooper's words: "Penn works to be seen as a part of its neighborhoods and not separate from their neighbors." However, this is where the university sees itself today. As all those interviewed acknowledged, Penn would not be in the position it currently is had it not encroached upon its surrounding communities and displaced these communities' residents.

In many ways, much of Penn's recent efforts to pursue equitable development policies are a direct response to a retrospective decision that its past methods were not the best they could have been in terms of their treatment of the university's neighbors. One measure of this reactionary policy is that until Penn's recent redevelopment of the former postal-property it had not engaged in huge projects. When discussing this policy of small incremental interventions, Olin (2012) said he believes that such a focus on smaller projects results in less destabilization of the surrounding community.

While much of Penn's recent real estate development and intervention in its surrounding communities is considered to be positive, its interventions were rarely so well received before Rodin's tenure. One prime example of the negative reaction the university's redevelopment efforts elicited is that of the "Neighbors against Pennification" (Steinberg 2012) and the Sansom Street lawsuits. These lawsuits are the only reason that the quaint little shops and homes along Sansom Street, near the heart of Penn's campus, are here

today (Olin 2012). The buildings along this street stand as small testament to the efforts of Penn's neighbors to prevent the university's use of eminent domain during the period of urban renewal. As Steinberg and Olin both note, Penn's repeated and extensive use of eminent domain to evict residents and merchants destabilized the university's surrounding communities and sent them along a spiral from being vibrant to being considered blight. Today, the university's most recent efforts are seen as turning back this cycle and restoring order to its surrounding communities. However, while its efforts may be effecting this change, the university still lacks a formal structure for meeting with West Philadelphia property owners (Cooper 2012).

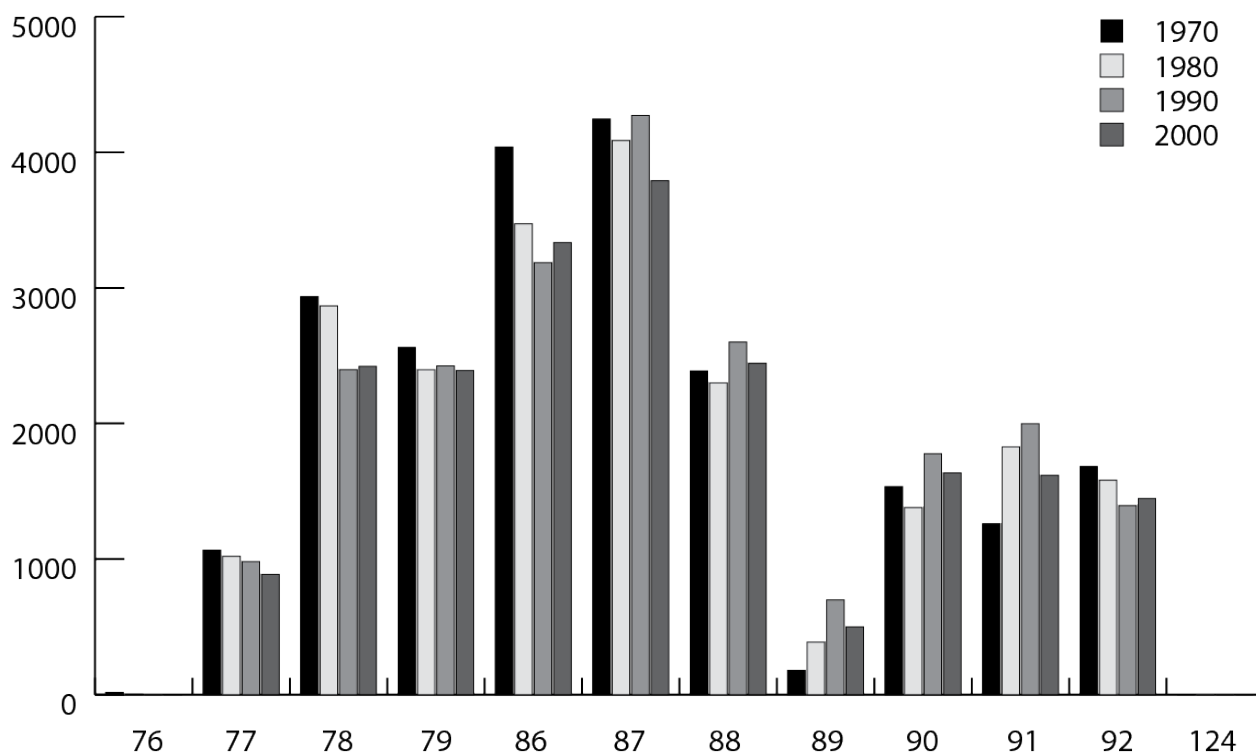
Figure 22: Drexel and Penn, Median Value of Owner Occupied Units



As Penn invested its own resources into the neighborhoods to its west and brought outside development interests to bear on the redevelopment of its surrounding communities, its neighbors changed. While these neighborhoods experienced little change in the ratio of owner-occupied housing units to renter-occupied units, their demographics

continued to shift as the communities became further saturated with university students after each new wave of investment. In addition to these changes in tenure and demographics shown in figure 22 and figure 23, the median value of owner-occupied homes in these neighborhoods, specifically census tracts 78, 79, 87, and 88 experienced dramatic increases as a result of limited supply and pressure for conversion to student apartment housing.

Figure 23: Drexel and Penn, Total Housing Units



Impacts on the City

Penn was a direct beneficiary of Philadelphia's urban renewal exercise of eminent domain. The expansion of the university could not have happened as it did without the city's assistance. Assessing the university's development and its impacts on its surrounding communities over a period of fifty years shows that over the long-term the university's expansion has greatly benefited the city. However, whether its expansion benefited its immediate neighbors over this period is less clear. And, despite the long-term positive

trend, for a number of decades the university's impact on the city was less than positive as its staff and faculty were driven to relocate to the city's suburbs.

Whether or not the university could have achieved the long-term gain without the loss during the middle decades is unclear. In many ways, the long-term positive impact is one reason the city has come to recognize its Eds and Meds as the most significant economic force driving the city's economy (Cooper 2012). One measure of this impact is that between 1929 and 2007, no multi-rise private buildings were completed in West Philadelphia. The first to be built was the result of a partnership between Penn and a private developer (Olin 2012). Another measure of the university's impact on the city is the fact that commercial office space around Penn commands higher rents than similar commercial office space located in center city Philadelphia (Carlson 2012). In addition to these economic impacts, the university's policies in support of Penn Alexander have served as a model for schools throughout Philadelphia. Further, the university has now turned its eyes East toward center city Philadelphia and its most recent master plan update calls the university's acquisition of the postal properties along the Schuylkill River "another once-in-a-century opportunity to redefine Penn" by expanding eastward and creating gateways to Center City Philadelphia (*Biography* 2012). It is unclear if this expansion will impact these communities in a similar manner to that felt by the communities to the west of the university (Cooper 2012).

Chapter 8

Synthesis of the Case Study Universities

Between 1960 and 2010, each of the four case study institutions experienced wildly different pressures to grow, community reactions to expansion, and general institutional health. While these four cases cannot produce generalizations that apply to all universities, the following lessons emerge from analyzing the role speculative real estate investment played in the physical development of each case study university's campus:

Institutional Self-Interest

All four of the universities studied have reputations as leading research or teaching universities which they wish to maintain and improve. This desire to always improve their standing motivates them to do what they can to attract and retain the best students, staff and faculty that they can. This drives all four of them to do what they can to create the most attractive campus and community they possibly can. One common threat, to their ability to attract the best human capital, these four universities faced was the perception of their campuses and surrounding communities being unsafe. Accordingly, each has responded to this threat and their desire to retain their students, staff and faculty in different ways and their methods of reaching their goals have not been consistent.

Drexel, Penn and The University of Chicago have, at different times, all focused their development efforts on the creation of attractive housing and quality public schools in their surrounding communities. Each of these three universities has engaged in these activities as a means of stabilizing what they consider to be unstable communities. Additionally, to deliver these projects each of these universities has begun to partner with private developers to transform their campuses and surrounding communities. While such partnerships with private developers have been integral to the success of these projects, their success has also at times been dependent upon the conversations these universities have with members of the surrounding community and with their host cities.

Unlike these three universities, DePaul University has not focused its energy on the creation of attractive housing or quality public schools in its surrounding community. Instead, the university has focused on creating a vibrant residential campus environment that will attract and retain students, staff and faculty. At the core of these efforts has been the university's investment in the creation of high quality academic facilities and amenities such as shops and athletic facilities. Another difference between DePaul and the other three universities is that, throughout the period of this thesis' longitudinal study, the university made no secret of its desires and future plans for campus expansion. This frankness enabled the university to be able to hold ongoing conversations with its surrounding communities, which then inform the university's development decisions.

While DePaul has held ongoing conversations with its surrounding community since it first began expanding its campus in Lincoln Park, the other universities have not always been so engaged. In particular, Penn and The University of Chicago have both invested an extraordinary amount in their surrounding communities while making the focus of these investments how they can benefit the university more than how they can directly benefit the community with or without a gain for the universities. As part of these investments, these universities have sought to leverage other people's money in order to share the risk and preserve their capital reserves. In its efforts to effect change in its surrounding communities, Penn found that it had to be honest with members of the community.

Real Estate Interest on Campus

All four of the universities studied made use of the federal urban renewal program but some of them made more use of it than others. The two that most benefited from the program were the University of Pennsylvania and The University of Chicago which both grew their campuses significantly during the 1950s and 1960s. In contrast to these two, Drexel and DePaul did not utilize the program to complete any huge land grabs to increase the size of their campuses. Similarly, both Drexel and DePaul are open to growth through the development of more than one campus while both Penn and The University of Chicago have focused on maintaining a contiguous campus as much as possible.

Because all four universities have made investment in their campuses an ongoing effort, when they purchase land they do so with the intent to hold the land to ensure their long-term development needs can be met. To identify what properties to acquire, all four of them create strategic plans, though some are only for internal uses, which drive their thinking about where and when to purchase land for future expansion. In addition to these strategic efforts, three of these universities have also implemented programs, which subsidize their staff and faculty to purchase homes within surrounding communities.

Despite such land banking and subsidizations, some of these universities are not open about their long-term plans because they face fierce competition for real estate. In particular, DePaul and Drexel are relatively landlocked due to surrounding communities. For Drexel there is the added competition of the University of Pennsylvania and the University City Science Center. Further, unlike Penn or The University of Chicago, neither of these universities has large capital reserves to draw upon when acquiring property.

While Penn and The University of Chicago have greater capital reserves from which to draw, like Drexel and DePaul they also prefer not to strain their capital reserves and so they generally choose to either grow slowly or to leverage other people's money to aggressively expand their campuses while allowing the developer to make a profit on the construction and operation of the building. It is generally the later option. As part of this process of partnering with private developers all of the institutions studied has their properties reassessed each year.

Unlike the other universities, DePaul has been extremely open in announcing what properties it would like to acquire in order to facilitate its growth. Further, the university does not simply announce its plans. Instead it works with its surrounding communities to align their interests. This model is similar to one that Drexel's leadership has recently adopted. However, while DePaul has made new student housing a secondary concern, Drexel is making it a primary focus in response to their surrounding community's concerns.

Real Estate Investment in the Surrounding Community

During this thesis' period of study, all four universities sought to acquire properties quietly. At times some of them even went as far as to make use of straw companies for

acquiring properties for assemblage and consolidation into their campus. Of these four, only DePaul was generally unsuccessful in its efforts. When DePaul was caught by its community during its first efforts to expand its Lincoln Park campus the university decided it had to adopt a policy of open planning in terms of developing its long-term interests in Lincoln Park. Unlike DePaul the others have continued to be successful in their use of straw companies to acquire properties.

One of the universities that has been most successful in its efforts to quietly acquire property is Drexel University. During the last decade of this thesis' period of study, Drexel has completed three astounding deals in which it acquired properties that were not listed for sale and which were also of strategic interest to institutions such as the University of Pennsylvania and the University City Science Center. However, despite such relative success, Drexel has been unable to keep pace with its ever-increasing student population and this has created an incentive for outside investors to acquire property in the surrounding community in order to create rental units for students.

Similar to Drexel, the other universities have also experienced demand-side pressure for the creation of student housing in the surrounding communities. At DePaul this pressure has been the result of the university focusing its real estate and development efforts on academic facilities more than on providing housing for students. DePaul has not built a new residence hall on the Lincoln Park campus since 2000. At Penn the university has been better able to lessen such pressure by aggressively acquiring and developing residential properties within its surrounding communities. However, Penn's efforts have raised questions as to whether the university's efforts are more disruptive than the initial absentee landlords.

In part, these criticisms arise from the clear lack of consideration Penn gives to those who might be displaced as a result of the higher property values and higher rents resulting from its efforts to create student housing in its surrounding communities. Meanwhile at campuses such as DePaul and Drexel the universities are seriously considering the externalities arising from their actions or lack of action to accommodate their students in university-owned or -operated housing. At Drexel, the university is beginning to tackle head-on the number of absentee landlords looking to cash in on students' willingness to pay higher rents.

Impacts on Students, Staff and Faculty

Each university has implemented campus expansion and development policies that have fostered speculative real estate investment in their surrounding communities. These investments have impacted students, staff and faculty in different ways at each of the case study universities. At Drexel, the university has realized that its previous methods of growth have created challenges to its continued success in attracting its needed human capital because there is little housing available for families in its surrounding communities and what housing is available is outside the price range of most of its staff and faculty.

At DePaul, the university's lack of investment in university-owned or -operated student housing has fueled a market for student apartments provided by private developers. But due to the pattern of development in Chicago and the location of DePaul's two campuses, these pressures are not as pressing there as they have been at Drexel and at Penn. At Penn, the demand for student housing not operated by the university fueled the development of the Radian and the Hub. These two projects are both successes for the university and the developers with which it partnered.

In addition to these efforts to accommodate their student's demands for housing, Penn, Drexel and The University of Chicago are also targeting their development efforts on the public schools in their surrounding communities because they recognize that making these schools better will increase the value of the homes in the community and attract home-owners willing to outbid the absentee landlords that converted single-family residences into student apartments. Such efforts, focused on schools, when combined with efforts to create safe and accessible communities, also attract better faculty and staff to work at the universities that engage in these development policies.

Impacts on the Community

Each of the four universities studied seeks to be seen as a part of its neighborhoods and not separate from their neighbors. Along such lines, each university seeks to have its real estate development and intervention in its surrounding communities be considered to be positive. All four of the universities have succeeded in their recent efforts to have their interventions be well received by their neighbors. However, their efforts have not always

been welcomed by the surrounding community as shown by the contentious lawsuit between the University of Pennsylvania and its neighbors on Sansom Street.

While the Sansom representatives won their battle with the university to preserve the buildings on Sansom Street, Penn's repeated and extensive use of eminent domain to evict residents and merchants is now recognized as a significant factor contributing to the destabilization of the university's surrounding communities during the decades following the period of urban renewal. Similarly, The University of Chicago also made use of eminent domain and demolition powers granted it during the period of urban renewal. As a result, much of Hyde Park now lacks modern apartments and modern amenities.

In addition to its impact on housing in the surrounding community, the university-led demolitions also eliminated some of the only commercial and retail spaces near the campus. Further, the universities use of these development tools created long-term structural problems that took the form of poor race relations between the university and its surrounding communities. Some speculate that these structural failings contribute to the university's hesitancy to commit itself to plans reviewable by its neighboring communities. Still, the university has demonstrated itself a powerful partner for redevelopment and communities such as Woodlawn that used to view it negatively are now approaching it seeking its investment.

Similar to these two, Drexel and DePaul have also come to recognize the importance their surrounding communities play in the success of their residential campuses. Accordingly, both universities have sought to foster community cohesiveness in recent years in order to facilitate the creation of strong community anchors with which to work. In order to facilitate their development efforts these two universities have explored different policies to facilitate partnership. DePaul has conducted regular planning studies, which engage its neighbors, and Drexel has begun holding bi-weekly meetings with community leaders to review its planned developments and university-community partnerships.

Impacts on the City

Each of the universities studied is among the largest private employers in either Philadelphia or Chicago and DePaul and The University of Chicago are actually the number

one and number two largest private employers in Chicago while Penn is the largest in Philadelphia. In addition to being the largest private employers, these universities are also some of the larger landholders within the city, excluding the cities themselves. Because of their sheer scale, both Chicago and Philadelphia consider each of the universities studied to be significant components of their economic engines.

Accordingly, each city has sought to accommodate the expansion and development of these institutions' campuses in any way it can. At times, as the longitudinal study shows, these two cities have placed the interests of the universities above those of their immediate neighbors because the cities' leaders believed the university was of greater importance to the economic health of the city. However, as these longitudinal analyses also demonstrate, some of the universities such as Penn actually negatively impacted the city through their use of urban renewal program powers.

That cities still place great value in their universities is evident by the recent Memorandum of Understanding signed by Chicago and The University of Chicago. This document seeks to help the university and the city to leverage each other's investments in the communities surrounding the university. Specifically, this university-city partnership is targeted at the improvement of four factors shown to contribute to the stability of communities. These four factors are K-12 education, housing stability, public transit, and police patrols. Still, despite such a partnership, the university leaders interviewed all agreed that equitable development is one of the greatest challenges for any university.

Conclusion and Recommendations

What can the experiences of these four universities and their surrounding communities illuminate about the relationship between the institutional self-interest that motivates campus expansion and the prevalence of speculative real estate investment in these surrounding communities? These experiences suggest that while such institutional self-interest can increase the prevalence of speculative real estate investment in surrounding communities, there are other institutional policies of greater impact. First, how much student housing the university provides on campus and whether the university requires its students live in these dorms for any period of time. Second, whether the university subsidizes their staff and faculty to purchase homes within the surrounding community through the use of forgivable loans. Third, whether the university uses partnerships with third-party developers to build housing or amenities to attract its students, faculty and staff to live near to the campus.

In addition to these policies, which promote the creation of a residential campus, larger strategic decisions such as whether the university will maintain, one contiguous campus or a series of linked campuses also inform the impact the university has on its surrounding communities and the prevalence of speculative real estate investment therein. These case studies have shown that when universities allow themselves to develop non-contiguous campuses they are likely to create less market distortion around any one campus as a result of a captive audience seeking student housing. In addition to the relationship between real estate speculations resulting from institutional policies, which promote campus expansion, the case study universities also developed policy responses in reaction to such speculative investment and the problems caused by student ghettos and disruptive absentee landlords in their surrounding communities. These universities also developed larger policy responses to pressures, whether physical or from the community, that limited their campus expansion efforts.

While every university is different and they each have different contexts and different needs, these four case studies demonstrate that there are some common threads they often share with other institutions. Therefore, the conclusions this thesis reaches about the relationship between the case study universities' policies of campus expansion

and the prevalence of speculative real estate investment lend themselves toward a series of recommendations for the actors involved:

Universities

Universities, when possible should engage their surrounding communities in an open conversation about their future plans and their motivations for campus expansion. Integral to their success in having such open conversations is the ability for universities to convince their surrounding communities to discuss principles for development because cities are about change and if they remain static they will die. By being as transparent as possible in their planning process while also being honest about their own self-interests, universities will be able work with their surrounding communities to better align their interests. To do this requires that universities commit to working with and not against their neighbors to identify aligned goals.

To effectively engage their surrounding communities in such discussions around planned development, universities should also be open about determining their ideal size and how they respond to market opportunities. Having this concept of where they want to go will help colleges and universities to focus on seeking a lot of input from their surrounding communities while never thinking of any of their plans as being done but thinking of them as a way of spurring more creative ideas about what can happen at the university and in the community over time. Both DePaul and Drexel represent examples of how colleges and universities can begin to have these conversations by being transparent and listening with open ears.

In addition to listening to the concerns of their neighbors and taking these into consideration during their planning and development processes, colleges and universities can also play a unique role in supporting holistic development in their surrounding communities. By anticipating increases in enrollment that will apply undue pressure to their housing supply systems, universities can proactively work with their neighbors to provide for the over run in a controlled manner. Additionally, universities can seek affordable housing partners to help them maintain equity and affordability in their surrounding communities. To do this, universities need to bring in a strong partner focused

on affordable rental properties for non-students because without that partner, universities can't influence the real estate market beyond their campuses. Additionally, rather than seek to control the communities around them, universities should be part of a network of capacity to help the community.

Surrounding Communities

Communities should recognize that the universities they surround are large location-based organizations that will always act in their best interest. If these communities recognize this rather than viewing them antagonistically then they can better identify areas of overlap between the interests of the university and the interests of the community members. To facilitate this, strong community organizations are critical. Without community groups who feel empowered to advocate for the community and to effect change, the community will not be able to do anything but react to the university, which then be forced to react. This cycle of reaction rather than being proactive can then result in neither the university nor the community achieving their aims.

The four communities studied by this these provide examples of communities, which have such strong anchors that can act on their behalf, as well as communities with no clear vision. Of these, those located in the communities around DePaul and Drexel appear to be more empowered to advocate for their interests than do the communities around Penn and The University of Chicago. At Drexel, the Powelton Village Civic Association serves as an example of the positive outcomes that can result from having an empowered community organization that not only engages in strategic planning for the community but also engages Drexel in ongoing conversations about the communities concerns as to the negative externalities resulting from the university's rapid growth.

Through such engagement, community representatives can influence the policies of their surrounding colleges and universities in order to benefit their community. Such policies could take the form of: assisting communities to enforce laws violated by absentee landlords; partnerships to introduce zoning solutions such as educational housing districts; requirements that students meeting certain criteria live in on campus housing; and agreement about bounds not to break, whether a neighborhood boundary or a more formal

element such as building height limits. Such policies will differ based on the context of the community and the university. In some locations rent control may be a viable option while in others it may not be viable. No matter the context, it is critical that communities seek to transition from being antagonistic towards universities to feeling empowered to work with them as partners.

Cities

Cities, as represented by planners and policy makers should focus their efforts on means of creating strong community anchors in the neighborhoods surrounding colleges and universities. These officials should determine what communities lack such anchors and work with them to determine their interests and help them gain consensus as to their concerns so that they might develop strong community organizations that can represent the community during conversations with their nearby colleges and universities. Where such anchors already exist, city planners and public policy makers should empower them to engage in consensus-driven strategic planning processes to develop documents that can serve as starting points for them to discuss their community's self-interests with their neighboring college or university.

Such emphasis should be given to the creation of these strong community anchors because they make a huge difference in terms of being able to get things done in terms of improving a community's safety, retail amenities, public education systems, and access to equitable housing options. These anchors serve to help the communities around colleges and universities to organize and get coordinated when developers, both small and large, come into a community with the intent of investing in real estate. Without such anchors helping to organize the community, real problems develop as both the community members and the universities can only react to each other rather than work together toward a common goal.

In addition to working with communities around universities to help them develop a coherent stance in response to the university's development and campus expansion policies, cities can also work with their colleges and universities to promote the creation of special districts that would maintain a predetermined mix of owner-occupied and renter-

occupied properties around these campuses. Similar policies could limit the percentage of college-aged individuals that could live in any one district within the city, dependent upon analyses by the city's planning department. The ratios enforced by such policies could be reached through thorough analysis of the city's neighborhoods to determine to what degree the instances of student ghettos or the proportion of renters and owners influences neighborhoods stability.

Beyond such experimental policies, some of which are hinted at in discussions of educational housing districts and rent control policies, cities can also endeavor to transition away from property-led development. Such development continues to play a major role in the growth of many cities. But, as Wolf-Powers and others note, these property-led strategies of economic development typically treat neighborhoods individually. And, such individual treatment often fosters reactive and incremental planning that proves problematic to the holistic development of communities. Additionally, cities should engage their universities and surrounding communities in discussions of rent-control policies that allow current residents to stay rather than be displaced when students offer to pay higher rents.

Beyond Cities

In addition to the role that city governments and community development planners can play in developing strong community anchors, other levels of government can also play a role in implementing policies that directly influence the prevalence of disruptive real estate speculation in communities around universities. One such policy might explore placing limits on the amount of loan money that students are allowed to spend on the cost of renting apartments in and around universities. By pegging available funds to the median rent in communities surrounding universities, such policies limiting students' access to funds could serve as blunt instruments for limiting excessive inflation in the cost of renting around universities which results in the displacement of existing residents.

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Sources of Map Data

1. The National Historical Geographic Information System (NHGIS), www.nhgis.org: a project of the Minnesota Population Center at the University of Minnesota.

2. Social Explorer: a for-profit web application, www.socialexplorer.com developed in partnership with NHGIS to facilitate visualization of historical census data.

Sources of Real Estate Data Accessed

1. Rick Sobin, Senior Vice President and Managing Broker at Prudential Rubloff, provided partial records for current ownership and tax addresses for the Chicago case studies.

2. Timothy Hoffman, of Prudential Fox & Roach Realtors, provided property records for the Philadelphia case studies. These records included the current owner, if the building was owner occupied, land use designations, property dimensions, building square footages, tax addresses, assessed taxes, assessed value, and the amount for which the property last sold.

3. Ben Carlson, of Goody Clancy, provided proprietary reports gathered during the creation of the current master plan for Drexel University with the condition that they were for reference and not for citation or publication.

Appendix A

Interview Questions

1. What was/is your involvement with the planning and development of (University Name)?
 - i. How would you characterize this experience?
2. How does your organization/university deal with real estate speculation?
 - i. What factors do you think help your organization in addressing such speculation?
 - ii. How might your organization/university use real estate speculation to recreate community?
 - iii. How might your organization/university use real estate speculation to stabilize a neighborhood?
3. How do you think real estate speculation has affected (University Name)'s physical development?
 - i. What, if any, connection do you see between speculation and the expansion of the campus?
 - ii. What connection do you see between speculation and the appearance of nearby neighborhoods?
4. How does your university/organization work with the community/university to develop its neighborhood?
 - i. What, if any, partnerships or programs have you put in place to facilitate this work?

To facilitate quantitative analysis of interviews, interviewees were asked to assess the following:

1. What level of community participation did the campus planning of the university have before 1990?

1) Highly inadequate 2) Inadequate 3) Moderate 4) Adequate 5) More than adequate

2. What level of community participation did the campus planning of the university have from 1990-2000?

1) Highly inadequate 2) Inadequate 3) Moderate 4) Adequate 5) More than adequate

3. What level of community participation did the campus planning of the university have after 2000?

1) Highly inadequate 2) Inadequate 3) Moderate 4) Adequate 5) More than adequate

2. To what degree do the neighborhoods around (University Name) experience real estate speculation?

1) Not at all 2) A Little 3) Moderately 4) A Lot 5) Very Much

3. To what degree has real estate speculation altered the appearance of these neighborhoods?

1) Not at all 2) A Little 3) Moderately 4) A Lot 5) Very Much