

# RESEARCH AND OPINION

## HOUSING HOME BUSINESSES IN URBAN NEIGHBORHOODS: Implications for the City of Milwaukee<sup>1</sup>

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Home businesses, telecommuting, and other forms of home-based work received a fair amount of media attention in the 1990s. U.S. demographic trends of the last decade certainly support this increased attention. According to the Department of Labor, in 1997 a total of 23.3 million persons were engaged in work at home on either a first or second job, including 21.5 million who worked at home on their primary job (U.S. Department of Labor, 1998). More than 4.1 million of the self-employed reported that they were working at home-based businesses. Of these, about half, or 2.1 million, were working in service industries, although sales and precision production occupations also had large numbers of such workers.

However, most of the public and business attention on home-based work has portrayed it primarily in terms of middle and upper-middle income households. Not as publicly visible is the prevalence of self-employment among working and lower income householders who often establish their businesses at home due to capital constraints as well as household needs and preferences. Kurt Bauman (1988), for example, found that the self-employment rate for persons in poverty who worked full-time, year-round was twice that of the self-employment rate of the total full-time working population: 13% vs. 6% respectively.

There exist a multitude of reasons for self-employment and home businesses among the working poor: few formal employment opportunities because of minimal skills and work experience; preference for work flexibility because of lifestyle or domestic demands; need for multiple jobs to provide a minimal household income; increasingly fewer employment centers located in the central city where many such households reside; and so on. Whatever the reason, home businesses are indeed a vital component in the lives of many working- and lower-income households and communities. As such, we need to have a better understanding of the operations, expectations, needs, and strategies of households operating such home businesses so that architects, planners, and policymakers can better plan and provide for housing and community facilities that support these households. And we need to demonstrate how housing inner-city home businesses can form a component of an overarching economic development strategy to strengthen these communities.

In the first section of this article, I argue that home businesses should be viewed as one economic development strategy for low-income households as well as for the urban community at large. Based on this argument and on previous environment-behavior research on the

nature of live/work arrangements, I highlight in the second section several housing design features that can be conducive to live/work arrangements of various types of households and business operations. In the final section, I describe how housing home businesses is particularly relevant to the history, urban fabric, building stock, and social conditions of Milwaukee, and the extent to which home businesses already exist there. I then describe recent efforts to better understand ways to house home businesses in working-class and low-income neighborhoods of this city.

### Home Businesses as an Economic Development Strategy for Low-Income Households and Communities

### Home Businesses and Self- Employment Among the Working Poor

In assessing self-employment strategies for low-income persons, some program providers believe that for a significant segment of people the parameters of a traditional job are unsuitable (e.g. Balkin, 1989). For example, people with disabilities, such as attention-deficient





disorder or chronic mental illness, are often unable to work within established time schedules or routines. Further, as Balkin and others have casually discovered and sometimes formally documented, self-employment among lower-income households already exists, often in conjunction with paid employment or welfare assistance. Income/job “packaging” is a strategy many low-income households employ to “make ends meet” (Spalter-Roth, Soto, Zandniapour with Braunstein, 1994).<sup>2</sup> Instead of a household’s financial support deriving from one job (per adult family member), in income packaging a household’s income comes from a variety of income sources, both formal (e.g. waged work) and informal (e.g. loans from friends).

A home business may be seen as a feasible component of a household’s income package, particularly since it is an arrangement that may provide flexibility to work around the location and time constraints of wage/salary positions. Assuming a second waged position outside the home may not provide the flexibility needed to work around the parameters of the first job, or to accommodate the needs of other household members (e.g. being at home when children arrive home from school). Balkin (1989) believes that self-employment could, at the least, be encouraged as a stopgap until:

- better wage jobs appear in the community or one moves to a community where there are better wage jobs;
- the formal education system better serves low-income people; or
- life circumstances or work skills/ experience change or improve.

And while self-employment can be a career stepping stone, it can also be a desirable alternative to a stifling wage job that ignores one’s talent or potential; that demands excessive transportation and mobility outside one’s immediate neighborhood, particularly at times of the day when public transportation is less available or when one’s safety on the

streets is vulnerable; that will not accommodate the spatial and temporal flexibility needed for many people with disabilities or other life constraints; or that places scheduling constraints on a parent with considerable responsibilities at home.

Only rare attention has been paid exclusively to surveying low-income homeworkers whose businesses were not initially supported by formal self-employment training programs. Two studies reporting on the low-income self-employed (Edin & Lein, 1997; Spalter-Roth et. al., 1994) found a prominence of individuals involved in service occupations, particularly personal service occupations. Self-employed females tend to work in service occupations most often while males tend to work in agricultural, managerial and professional occupations. However as Spalter-Roth and colleagues indicated, self-employment outside the service occupations is linked to significantly higher income. In another study, Borjas (1986) found that the probability of self-employment was higher for immigrants than for native born, and the greatest self-employment among immigrants (compared to native born) occurs five to 10 years after immigration. Possible reasons for this trend were the relative decline in opportunities in the salaried sector in the 1980s; and the prevalence of geographic enclaves of immigrants that enhanced self-employment opportunities.

Examining the data from a special survey conducted by the U.S. Census in 1982, Balkin (1989) found that almost half of all small business owners had a high school education or less. While over 75% of these business owners had substantial wage work experience, and a third to a half had managerial experience, most businesses did not start with major capital. Between 25% to 33% of business owners started with no capital whatsoever, and between 60% and 70% started with less than \$5,000 capital. Balkin concludes that while capital can be a constraint for a low-income person, it does not seem to be an insurmountable barrier to business

ownership. But while becoming a business owner does not require a great deal of education or capital, it does seem to require wage work experience and a supportive family background.

These claims are supported by some of the research conducted by Paul D. Reynolds and Sammis B. White (1997), who examined a number of state and national data sets (as well as conducting follow-up interviews of a partial sample of respondents) in studying the genesis and early development of new firms, and the processes that led individuals to become involved in starting a new firm and the factors leading to a successful firm birth. They discovered that approximately one in 25 adults are first-time entrepreneurs, involved in a business start-up. Most of these individuals are between 25 and 45 years of age; have at least a high school diploma; have annual incomes of \$30,000 or more; and have a large number of friends and family in their social networks—some of whom are active participants in the entrepreneurial process. Approximately three-quarters of these new entrepreneurs do not require large amounts of financing, often less than \$10,000, perhaps reflecting the modest aspirations many have for their new firms. While there are a large number of services to assist the new entrepreneur, Reynolds and White discovered that many eligible clients go without such services primarily because they are unaware of their presence. From follow-up interviews of these first-time entrepreneurs eight to 18 months after the initial survey, Reynolds and White discovered few individual characteristics that had major impacts on a successful firm birth, with the exception of gender and educational attainment, as well as some differences due to the economic sector in which the firm operated (higher firm births among those in construction, lowest in retail). On the other hand, the actual level of efforts and investments in the start-up, hours invested by the start-up team, and financial contributions from



the team were significant factors that resulted in a firm birth.

There have been a number of evaluation studies of several self-employment programs targeted for low-income workers (e.g. Clark & Kays, 1995; Doolittle & Fink, 1991; Raheim, 1996; Raheim & Alter, 1998). The authors of these studies describe a broader range of occupations both proposed and created by low-income individuals than was indicated in the few studies describing home-based work among low-income individuals not enrolled in such programs; likely a result of the training and assistance these individuals received as part of the demonstration programs. A prevalent finding across these studies indicates that for low-income entrepreneurs, lack of capital usually limits businesses to labor-intensive service sector types. Under these self-employment demonstrations, financing assistance allowed individuals to contemplate and start other types of businesses.

None of the authors who have studied the various demonstration programs have commented specifically on the numbers of persons who worked out of their homes in the demonstration programs. But the report by the Manpower Demonstration Research Corporation said, "...clients are encouraged to start their businesses on a small scale; most business operators work out of their home. After the business grows, clients may expand and hire employees" (Doolittle & Fink: 121). Raheim and Alter (1998) indicate 38% of the 76 businesses started in the RISE demonstration were expansions of home-based businesses, but they do not indicate how many of these businesses continued to function as home-based businesses when they expanded.

Most of these researchers do not advocate self-employment as an exclusive economic development or job generation strategy for low-income individuals. However, placing self-employment strategies into the pool of

economic development programs broadens our conception of what economic development for the poor could be. Some advocates portray self-employment economic development as an empowering, bottom-up development strategy (Raheim & Alter, 1998). And such advocates are demonstrating the success of such a strategy in over 200 organizations operating self-employment development programs in the U.S. Seventy-one percent of these programs serve low-income and unemployed people in general, while others are targeted for special needs or other specific groups, such as low-income women, Native Americans, AFDC recipients, displaced homemakers, dislocated workers, Southeast Asian refugees, and the like (Raheim, 1996).

### **Home Businesses as Economic Development for the Community**

Home businesses can also be seen as an economic and social investment for the wider community in which they operate. Penny Gurstein (1996) and Michael Porter (1995) point towards measures of community success that may arise out of home-based work, neighborhood-based telecommuting facilities, and business investment in inner-city neighborhoods. These types of local economic activities can revitalize existing communities and provide infrastructure to support new community-based economic activities. While not speaking directly of home business, Michael Porter in an article in the *Harvard Business Review* (1995) indicates that by capitalizing on specific advantages of inner-city neighborhoods, businesses can create job opportunities in areas of high unemployment; can tailor goods and services to specific non-white markets that are currently under-served by larger multi-national businesses; and can provide needed services in a neighborhood. Residents in those areas may be more willing than outsiders to invest in their neighborhood and provide relevant neighborhood goods and services that cater to residents' particular

economic, cultural, and ethnic needs. In addition, business owners who are local residents may better understand residents' needs and preferences. Business creation in under developed inner-city areas, focused on the specific assets and needs of the neighborhoods, provides the promise of a loyal pool of local labor and customers. Clusters of such businesses could help turn the economic tide of an inner-city area.

To add support to this claim, Ramona Heck and colleagues (1995) found in their nine-state study of home-based work that 88% of the home-based business owners sold most of their products or services within their state or within one hour's drive of their homes. In addition, these businesses also became consumers of other local business goods and services. The percentage of home-based businesses that used the services of local businesses varied, from approximately 32% for legal to 90% for banking services. Further, the range of occupations in this study suggest that home-based workers filled a variety of market niches within their local economies. While their study covered a wide range of urban, suburban and rural communities, it is likely that these findings may be particularly relevant to dense urban communities in which personal transportation is often lacking.

Porter also contends that those businesses that hire residents build loyalty from neighborhood customers. Companies perceived to be in touch with the community have fewer security problems whether or not the owners live in the community. Often "being in touch" means hiring local residents. Interestingly, some research does suggest that low-income business owners create jobs for people in addition to the owner. Findings of the Self-Employment Investment Demonstration Program (SEID) in five states showed that these businesses created .53 full- and part-time non-owner jobs per business (Raheim & Alter, 1998). Hiring local residents in these businesses lends further support to



Porter's arguments of community security and support derived from inner-city employment in local business development.

In speculating on the results of her nationwide survey of home businesses in Canada, Penny Gurstein (1996: 221) contends that "encouraging opportunities for low intensity home occupations, neighborhood telework centers, and support services in formerly single-use residential areas could potentially revitalize existing communities and provide an infrastructure to support new forms of communities. Incorporating opportunities for work as part of a comprehensive strategy that supports development of locally-owned-and-operated enterprises could encourage the regeneration of local resources and infrastructure." Further, by broadening our ideas of the settings available for home businesses—not simply in the dwelling unit but also in neighborhood work centers that house several home businesses<sup>3</sup>—neighborhood alternatives could alleviate the negative aspects of working at home, such as feelings of isolation and diminished awareness of occupational opportunities.

### Indicators of Success for Home Businesses

In evaluating the various self-employment demonstrations, business success is typically described using three measures: **survival**, **profitability**, and **asset accumulation**. However, these measures of success may not be entirely appropriate to low-income people. As Balkin (1989) claims, low income people have low opportunity costs. A business that yields a low amount of profit may be deemed a failure for a middle-income person, but may be considered adequate, and hence successful, to a low-income person. Balkin contends that for low-income persons, success in self-employment may be judged if the work **enhances survival, yields an income greater than other activities, supplements income** from other sources, **meshes better with one's life**

**style** than other activities, or acts as a **temporary source of income** until something better comes along. Low-income people may be more likely to succeed at a small enterprise because their criteria for success are more modest or different from conventional self-employment program standards.

Other measures of success can also be drawn from the various studies of home-based and self-employed workers. One measure frequently mentioned by women to justify the low wages of home-based child-care, includes the **ability to take care of one's own children or family members while earning some money** (Nelson, 1988). However, many women have often found that while this occupation does allow them to care for their own children, it does not allow any other flexibility. Another success indicator includes the **opportunity for greater income earning potential for those with limited education and/or limited English language skills**. For recent immigrants and some individuals transitioning from welfare to work, education and language constraints can be major impediments to finding work that provides a living wage (Balkin, 1989; Torres, 1998).

Another type of success indicator comes from the work of Suzanne Mackenzie (1986, 1987). She completed a study of home-based work and self-employment that developed as a result of economic restructuring in an area of British Columbia. The area was initially supported by wood product industries and was a regional administrative, transportation, communication, marketing and education center. The home occupations Mackenzie focused on included child care and craft manufacturing. These two occupations were successful as they **allowed individuals and families to remain in an area experiencing economic restructuring and increased local solidarity in the face of a changing economic system**.

### Caveats and Cautions of Home Businesses

While a home business can be viable for many working class and low-income households and communities, it is not a panacea for all problems of low-income communities. It is not the sole answer for all those who are attempting to become self-sufficient or for all communities that are experiencing disinvestment. In addition, many critics have expressed concern about exploitation of home-based workers, many of whom are women and piece-rate workers. While there are efforts in various countries to organize home-based workers (e.g. Self-Employed Women's Association, or SEWA, in India; International Labour Organization, or ILO, in southeast Asia; the women's unions in the Netherlands), there have been few such extensive collective efforts in the United States (Jhabvala, 1996).

Again I want to emphasize that I consider the encouragement and development of home business enterprises as *one* component of a larger economic development strategy for poorer communities. Home business is neither a broad solution to poverty, nor something that can be successfully implemented without adequate training and loan programs. As Raheim (1996) and others indicate, micro-enterprise development shows promising results when the knowledge, skills and capital that workers need are made available. As such, implementation of home businesses needs to be coupled with supportive policies and programs to be viable. Self-employment development programs vary greatly, but all generally offer one or more of the following: business training, technical assistance, lending, assistance with securing financing from sources outside the program, family development and other counseling services (Raheim & Alter, 1998).

While many critics have pointed out the caveats and concerns about implementing a home business, they have usually done so from financial, educational and training perspectives.



There are no programs to date providing assistance or education in the planning of physical dwelling arrangements, layouts, and furnishings that can best accommodate a business in the home.

Agreeing with most of the issues these critics raise, I believe that the **housing** of the home business is **also** instrumental in facilitating or hindering the successful combination of living and working under one roof. As the setting for an emerging business as well as the center of domestic activities and pursuits of the entire household, the dwelling itself becomes a central player in supporting and accommodating these businesses and households—and the possible conflicts or potential synergies between them. The design and layout of the home to accommodate both domestic and occupational needs is particularly important and influential in those circumstances in which the business is relatively small yet stable, and will likely be a part of the dwelling for several years. This certainly characterizes many business situations of low-income households. In addition, home space that can successfully accommodate a business and reduce conflicts between domestic and occupational activities is particularly important for many women and the poor because, for them, their home is often their primary or only base of economic empowerment. As such, efforts to enhance the home also can be seen as those supporting a social investment.

## Housing Home Businesses

While the dwelling unit itself can help facilitate the successful operation of living and working under one roof, often lower-income individuals do not have homes sufficiently spacious, safe, or suitable to allow them to carry out both occupational and domestic activities. Gurstein (1996) cites studies demonstrating that industrial homeworkers, such as garment workers who are mostly low-income women, are

especially vulnerable to inadequate and substandard working conditions when at home. Another concern stems from the initiation of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 that set the stage for welfare reform implementation. Given that the viability of many states' welfare reform programs hinge on the availability and affordability of daycare programs for working mothers, many critics and program developers have advocated family day care as a possible work opportunity for these former welfare recipients. While daycare administrators and providers may debate the appropriateness of these women starting daycare businesses, there are also concerns about the safety and appropriateness of the dwelling units used for these settings. Homes used for day care need to be not only violence-free but also well constructed, maintained, and up to state code standards. But much public housing and housing in lower-income neighborhoods has a multitude of housing code violations. A program to train 20 women as family daycare providers in Louisville, Kentucky, for example, faltered in part because the homes of some trainees did not meet state safety standards (Ackerman 1997).

Many municipal, state and federal governments have regulations that cover safety issues in the workplace, and many of these pertain to home businesses as well. Nonetheless, residences have not typically been constructed to meet the special safety demands of various types of occupations, particularly those that may demand excessive use of electrical circuitry; require disposal of major wastes and materials (e.g. photography); use flammable work materials (e.g. acids and caustics); have unpredictable and uncontrollable noise; or involve special ergonomic considerations, particularly for computer use. Further, the simple fact that homeworkers are in the dwelling structure for many more hours of the day raises additional health and safety concerns, due to increased length of

exposure to indoor pollutants residing in much of today's housing construction (e.g. asbestos, formaldehyde, radon) and from cleaning agents. Fortunately, ways in which these safety/health infractions and concerns can be addressed are reported in various documents (e.g. Ahrentzen, 1991; Zelinsky, 1999; Rousseau & Wasley, 1999).

In addition to providing for physical safety in light of home occupations, the dwelling needs to accommodate both work and domestic activities so that each operates smoothly, while also maintaining the desired degree of commingling or segregation of these activities for the homemaker and any other household member. While research demonstrates that people differ in their desires for the blurring or solidifying of home-work boundaries (Ahrentzen, 1987; Nippert-Eng, 1995), most homeworkers have little training or experience in how best to accommodate a business space in the home that for them minimally disrupts the activities of other household members and maximizes the potential of a smoothly-operating work environment.

Based on my prior research of a cross-sectional survey of over 100 homeworkers in various occupations in five U.S. metropolitan areas (Ahrentzen, 1987, 1992), other empirical studies examining homeworkers' spatial use and meaning of the home (Gurstein, 1990; Felstead and Jewson, 2000), and case study analyses of housing intentionally designed and constructed to accommodate both occupational and domestic space, i.e. **hybrid housing** (Ahrentzen, 1991; Ahrentzen with Dearborn-Karan, in progress), a number of design features for such housing should be considered:

1. **Vertical distancing**, expressed in **shop houses**,<sup>4</sup> or whenever the business space is located on the ground floor and residential space on upper floors, is often an effective strategy in those homes where homeworkers desire strong boundaries between residential and



business spaces. This is not a hard-and-fast rule, however; such an arrangement can be difficult for those with stair-climbing limitations, for example. And it might not be compatible with a neighborhood's context. However, there are successful cases in which vertical layering fits well with the urban context and accommodates those householders who seek a strong physical and mental separation between business and residential activities.

2. **Horizontal distancing** can be achieved in a long thin house plan when the business area is located in one end. Also for those living in single-story residences who prefer strong spatial segregation between residential and occupational activities, **maximizing functional distance** can be effective. This means that entries and circulation paths are positioned so that the likelihood of meeting/viewing another household member as one enters and/or uses the business space of the home is minimized. Another example includes **circulation corridors** that connect to all rooms in the home so that one need not go through one room to get to any other.
3. **Visual access**, the ability to visually monitor one's immediate spatial surroundings, can be maximized for those individuals who desire more visual connection between the various spaces/rooms in the home. This can be facilitated by open and large doorways; interior as well as exterior windows and openings; half-story level changes with no walls, or only banister-height ones, between levels (such as a loft); strong and regular illumination; use of mirrors, peepholes, and reflective surfaces; and the like. Visual access is also useful among those homeworkers seeking a sense of prospect in their work setting, i.e. having an extension, an overview of the outside landscape or other areas of the home.
4. The **degree of contextual fit of the façade, fenestration, and massing** of the structure within the existing neighborhood context, as well as between residential and occupational areas of the structure, can project an imagery of distinction or of similarity. In those hybrid houses that are intentionally designed to have commercial/retail space on the first floor and residential on the upper floors, the lower business level is often designed slightly differently from the upper residential levels for some features (e.g. size of windows, size and prominence of entry). Nonetheless, there is a well-considered design pattern that allows both levels to read as one integrated whole.
5. **Multiple ground-floor entries** for home and business spaces are desirable for those homeworkers who have clients enter the home; but are less desirable for those who feel vulnerable in their homes with unknown clients often coming to the house. If multiple entries are unacceptable, a **primary street entry leading to a neutral space**, such as a foyer, from which there are separate entries to the residential and business areas of the home can be effective for perceptually distancing business and domestic areas.
6. **Designed adaptability or flexibility** is often an expressed ideal, but less so an achieved reality. Since home businesses do not necessarily stay forever in the residences, an adaptable design could allow the home business space to easily convert to other needs and uses, and even other occupants, given the fluidity of the household's changing needs. Such conversions may include: renting out the space to another for a business; changing to living space for an extended family member; or renting out the space to a boarder for income. Given the nature of the building and the fluidity of the occupational work, **moveable wall partitions** have been used successfully to visually and physically separate the two areas of the home when desired. Other examples of adaptable residential elements and design concepts are provided in Friedman et al. (1996).
7. **Interior design elements**, such as color, furnishings, lighting sources, etc., can be used to strengthen the degree of perceptual blurring or segregating of business and domestic areas.
8. If noise transmission is a concern, then the **length of common walls** between business and residential areas should be minimized; and **acoustical insulation** should be sufficient to dampen noise penetration between the areas.
9. When clients are frequent visitors, a **separate gathering area** outside the homemaker's major work area and the residential domain successfully accommodates client waiting, etc.
10. **Size of residential space need not be extensive or large**. Many hybrid housing precedents examined can accommodate single-person or small households, and include a number of one or two-bedroom units. This may not be amenable to all community or income situations. But these cases do suggest the desirability of such home businesses among single persons and small households also.
11. If budgets permit, providing **separate plumbing, heat register locations, and thermostats in each area** is often desirable.
12. Health and safety concerns mentioned previously.



## An Interest Expressed, A History Respected, An Effort On-Going

Like most older U.S. cities, Milwaukee has a history of housing home businesses. The corner grocery, shop, and tavern often started with living quarters above the store where the proprietors resided. Craig Thomas Reisser (1977) notes that in Milwaukee almost all pre-World War I commercial structures outside the central business district and outlying business centers were shop houses containing one or more flats above or behind the store, with one of the flats usually occupied by the proprietor. For example, between 1889 and 1914 in Polish areas of the city, there was considerable construction of storefront additions to homes. By 1909 in these areas, one out of every 10 dwelling structures contained a store. Some of today's international corporations based in Milwaukee, such as Harley-Davidson Motors and the Allen-Bradley Corporation, started their operations at home during the first couple decades of the twentieth century. For example, The Grunau Company, Inc., now a national mechanical contracting firm, began its operations in 1920 on South Kinnickinnic Avenue. The company was housed in two buildings, separated by an alley and back yards. The storefront operations were located on the ground floors, the Grunaus lived in the second story of one building, and piping and other plumbing materials were scattered and stored in the backyard. By 1920, many city leaders considered stores intermixed with houses unsightly, destroying the symmetry of better residences evenly set back from the street behind a building line (Reisser, 1977). As a result, the passage of the 1920 Milwaukee Zoning Ordinance segregated residential and commercial land uses. Nonetheless, the extant building stock in many of the older urban communities of Milwaukee contains a variety of styles and sizes of these dual-

purpose buildings, or shop houses.

While of a different nature from most of those at the turn of the twentieth century, home businesses continue to flourish in Milwaukee. While no extensive formal survey has been undertaken, the most reliable data on the extent of home business and home-based work is derived from the previously-mentioned U.S. Department of Labor's 1997 survey of work at home. While these data are not broken down by city or by metropolitan area,<sup>5</sup> figures for Wisconsin may suggest a general sense of the scope and nature of home businesses in the Milwaukee area. In my analysis of this data, and in comparing it with other states in the Midwestern region as well as nationwide, Wisconsin often stands out in terms of home business operations.

### Extent of Wisconsin Home Businesses

As reported in the 1997 Department of Labor survey, 18% of Wisconsin non-agricultural workers report work at home (17% of the state's male workers, 19% of the women workers), similar to the larger trends of Midwestern states<sup>6</sup> (18%) and to the country as a whole (18%). However, two thirds (i.e. 67%) of self-employed<sup>7</sup> Wisconsin workers reported working at home: this is the second highest proportion of the 12 Midwestern states and much higher than the national average of 53% (ranking fifth among the nation's states in this regard). However, there is a noticeable gender difference among these workers: 55% of self-employed men in the state but 91% of self-employed women report working at home. The latter figure is the highest in the Midwest, with 66% of self-employed Midwestern women reporting working at home; 63% of the country's self-employed women report working at home.

The Department of Labor distinguishes a separate category of self-employed: those with home-based businesses. Of these, 36% in Wisconsin say their primary job is done *entirely* at home, a much lower percentage than that

for the Midwest (49%) or U.S. (48%). But once again we see a difference between women and men: 58% of self-employed women with home businesses, but 17% of men, perform their job entirely at home, reflecting a similar gender differentiation noticeable in the Midwest and the country at large.

These data suggest that there is a sizeable labor workforce in the state who report working at home, in similar proportions to regional and national averages. However, self-employed persons working at home are noticeably higher in Wisconsin—certainly much higher than the national and regional averages. This is in part a reflection of the predominance of self-employed women who do much of their work at home.

### Home Business Operations in Milwaukee

To cast a more focused eye on the extent and nature of home businesses in the city of Milwaukee, we identified and spoke with several local organizations involved in community development and planning, and small-business training and entrepreneurship programs. None of these organizations had conducted formal surveys of home businesses, but their contact with local residents and business owners provided valuable insights into the existence and feasibility of home business operations in various areas of the city.

Overall, their statements and opinions suggested support for considering home business as an economic development strategy in their constituent Milwaukee communities. Some staff suggested efforts directed toward strengthening home business development for those engaged in such operations part-time or for supplementary income. As discussed previously, income packaging is often necessary for low-income recipients to survive, and home-based work and self-employment are ways that can provide flexibility, as well as income, as a second job. Other staff



claimed there were people in their communities who did and wished to pursue a home business on a primary or full-time basis. Examples included home businesses in tailoring and alterations; catering and bakeries; child-care; graphic design; retail; and other service-related ventures, many targeted to the needs of the residents and employees in their respective communities (e.g. beauty parlor).

These conversations and interviews prompted us to start by targeting one area of the city for further analysis,<sup>8</sup> because of the nature of the home businesses currently existing there, interest among prospective business owners, and encouragement from the community development organizations. The Vliet Street neighborhood we focused on consists of a 5-block stretch of this commercial/residential street in a central area of the city and directly east of Washington Park. Also, it is only blocks away from one of the city's largest and most established employers, Harley-Davidson Motors, Inc. The building stock on Vliet Street consists of a variety of structures: primarily dual-purpose buildings (or shop houses), but also some two-story residential structures and one-story commercial establishments. Many of these structures date from the early

part of the 20<sup>th</sup> century, with a few infill projects constructed after World War II. Vliet Street itself is a product of the streetcar era. Its businesses mirror the ethnic mix of the surrounding neighborhood (Department of City Development, 1988). Surrounding this commercial strip is a residential area of primarily low-income housing. Most of the housing stock here is an assortment of frame duplexes and single-family structures, with a liberal sprinkling of larger homes (built in the days when this area, with its local race-track, was a mecca for fans). Vliet Street is part of a larger neighborhood targeted for a \$1.2 million investment by the city to help home and business owners get low-interest loans for repairs. In 1998, the average assessed home value in the neighborhood was \$28,995. Owner-occupied residences accounted for 39% of the neighborhood housing stock in 1998. Estimates of the sale price of the dual-purpose buildings along Vliet Street range from \$30,000 to \$50,000 (Sloan, 1999).

Once we developed an interview guide, we began contacting and interviewing current home business owners on the street. The interviews focused on a number of concerns: reasons for wanting to live/work in the area; social/personal reactions of living

and working in the same building; physical characteristics of the structure; financing arrangements; regulatory issues; and demographic characteristics. We interviewed owners of the following businesses in the neighborhood, all of whom lived, or had lived, in second-story residences over their establishments:

- A pet-grooming service;
- A speciality food manufacturing and retail establishment;
- A limousine service;
- A retail shop;
- A catering business.

Interestingly, all of the persons we spoke with had no small or teenage children living at home. And some of them rented out their residential units when they had more than one above their shop, or when the one was spacious and could accommodate shared tenancy. While each operation was different, there were several common perceptions that emerged from these interviews. The primary **advantages** of having a home business on Vliet Street were:

- **Convenience** of working downstairs from where you live, and no commute;
- **A building stock** that is spacious and readily accommodates residential and business space, with little financial investment in major structural renovations to do so;



*Proposed revitalization of one block of Vliet Street, incorporating home businesses.*



- Generally, a **less expensive way of living**;
- A strong belief that the area has the potential for business/residential development. Starting a business in this area **now is affordable**, but may be less so in the future if neighborhood revitalization is successful and property values consequently rise;
- **Increased feelings of safety**. In a relatively deteriorated neighborhood, these residents appreciated being able to supervise their businesses day and night. Also by being in the location throughout the day, they had a much stronger sense of who “belongs” in the community, who is suspicious, etc.;
- **Low property taxes**;
- The **assistance** and **support** of the Vliet Street Business and Residents Association;
- **Current neighborhood involvement of a large corporate establishment** (i.e. Harley-Davidson Motors, Inc.) that has demonstrated interest and investment in the proximate neighborhood revitalization.

But there were common **problems** encountered as well. They included:

- **Financing**. Creative and extended efforts had to be made to get financing for their structures and businesses. Most felt that this was a result of their location in a poorer, higher-crime rate area; they often felt the area was “redlined” by lenders. Most of these business owners had owned previous businesses or had taken business classes in entrepreneurship, so they were familiar with standard financing procedures. Yet this was consistently the primary complaint. Interestingly, one business owner mentioned that now that his business is successful, banks are contacting him about loaning him money to expand (which he is not interested in doing);
- **Burdensome financing requirements**, paperwork, and packaging;
- Many **did not know of various state**

**and federal financing options** available to them;

- **Neighborhood deterioration**, and the efforts needed to ameliorate that situation. Concomitantly, clients and customers perceive the area as unsafe.

### Design Recommendations and Prototype

The majority of the structures on this section of Vliet Street are constructed pre-World War II, and were originally designed to be mixed-use buildings with both exterior and interior stairs connecting the ground-floor commercial space to the upper-floor residential spaces (an exception is the historic firehouse). Of particular concern to local business owners is the need to conform to city building codes and other requirements necessary to receive local funding. From a property inventory of this neighborhood, from a list of names<sup>9</sup> of individuals who had expressed an interest in purchasing and developing a home business on the street, and from site visits to assess the viability of the building and site characteristics, we were able to identify those structures on Vliet Street that seemed most conducive to further development for housing home businesses. We targeted an entire block of six buildings. Given that these buildings were all internally developed (i.e. no or only minor structural changes were necessary to accommodate suitable ground-floor commercial/business activities and upper-floor residential facilities), our efforts focused on the exterior, particularly in addressing façade treatments necessary to gain city building approval and funding. All but one of these structures are intended to house one business and household (and in this one case, two residential units, one renting from the owner-occupied household). We designated one structure as a neighborhood work center or cooperative, in which local residents with a common business activity (e.g. tailoring) might rent out space and share work

equipment. (Our interviews with local business development agencies indicated that there were a number of entrepreneurs who are unable or unwilling to designate a separate area in their home as business space but could still use workspace in a separate building close to their homes.) Using graphic software, we changed the original photographs of these structures to reflect relevant building changes conducive to housing home businesses (see illustration).

## Conclusions

Historically, the home has often been the base of economic empowerment for many poor and working-class households. While recent self-employment demonstrations have promoted home-based self-employment among low-income households and have provided assistance with many aspects of starting and growing a business, they have not provided technical assistance on ways to make the best fit between living space, household life, and running a business. Our interviews with local community and business organizations in Milwaukee show that there is considerable interest and home-business activity among individuals living in low-income areas of the central city. Our interviews with home-based business owners in these neighborhoods show that they see many potential benefits of both starting and moving their businesses to these areas, and have persevered through the regulatory and financial roadblocks along the way. Such motivations and advantages may be likely in other urban centers of the U.S. This specific case study and our on-going research propose ways to revitalize existing residential and mixed-use building stock in central city areas, when interest and opportunity in home and local business development is apparent. Such has the potential to be a significant player in enhancing local economic development and revitalization of the city fabric.



## Footnotes

1. I would like to acknowledge the assistance of Lynne Dearborn-Karan in the research of this project and in helping to draft sections of the larger research report from which much of this paper is derived. A version of this article was presented at the European Network for Housing Research (ENHR) 2000 conference, held in Gälve, Sweden, in June 2000.
2. It obviously occurs among many middle-income households also, although such efforts are often labeled as “side jobs,” “consulting on the side,” property investments,” and the like.
3. Neighborhood work centers are offices equipped and financially supported by different companies or organizations, but the location is in close vicinity to or within a neighborhood of a number of homeworkers who use that same space exclusively for or in addition to their home business.
4. The term “shop house” refers to a building structure that has the commercial/business space on the ground floor and the business owner’s residence on the upper floors.
5. These data exclude persons employed in agriculture industries.
6. Twelve states constitute the Midwest in this report: Illinois, Indiana, Michigan, Ohio, Wisconsin, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota.
7. Includes those with both incorporated and non-incorporated businesses.
8. We are currently looking at a second neighborhood with a number of home business operations: Lincoln Avenue west of I-94.
9. This list was provided by the local community organization that often receives calls from interested business owners.

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