



The Power of Place: Evaluating Policies to Transform Distressed Urban Neighborhoods

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Written by:

Laura Tach*
Cornell University

Christopher Wimer
Columbia University

Allison Dwyer Emory
Cornell University

Introduction

Over the years, a wide range of policy efforts have tried to improve economic, physical, and social conditions within distressed urban neighborhoods. Even as many city centers have experienced a recent revitalization, the benefits have been shared unequally by urban residents. Increases in concentrated poverty as well as income inequality and economic segregation exacerbated by the Great Recession have highlighted a need for continued investment in urban neighborhoods. Tragic events in cities such as Baltimore and Ferguson have also brought renewed focus on addressing the pervasive economic development, housing, and safety challenges facing residents of the nation's most disadvantaged neighborhoods.

In response, the Obama Administration has prioritized "place-based" interventions that target investments to address the needs of these communities, whose residents often experience restricted access to economic mobility due to a legacy of policies and practices that have engendered place-based racial and economic inequality. In this summary brief (and the longer white paper), we review place-based policy approaches that have focused on aspects of neighborhoods central to promoting opportunity, including economic development, education, housing, and neighborhood safety. We include policies and programs that have been subject to rigorous evaluation using experimental or quasi-experimental research designs aimed at identifying the causal effects of interventions. We also bring in additional information from implementation studies or other observational research to supplement the causal analysis. This summary concludes with a description of current challenges and recommendations for place-based programming efforts.

To view the full white paper, visit www.21stcenturyneighborhoods.org.

Economic Development Initiatives

Policies aimed at promoting economic opportunities for residents of distressed communities have been primarily offered as supply-side policies, which target economic growth by incentivizing businesses to hire within specific areas that are often disconnected from local labor markets. Two major supply-side policies – Empowerment Zones and Enterprise Zones – have provided various tax incentives to businesses hiring within targeted distressed areas. There is evidence that the federal Empowerment Zone program, which provided tax credits to employers for hiring residents in designated zones, increased employment and earnings among zone residents, particularly among zones with adequate public transportation and little spatial isolation. Enterprise Zones are state-level programs that provide state tax credits or tax breaks to incentivize local hiring. The evidence on state Enterprise Zones is more mixed relative to Empowerment Zones, with most evaluations finding small to no effects on employment outcomes overall. This may be due in part to the fact that Empowerment Zone programs have typically been implemented in much more distressed communities than Enterprise Zones, so government incentives were less necessary to spur business investment in the latter.

Few studies explicitly test mechanisms for how these place-based economic development incentives may produce their desired effects. Taken together, however, the research points to a few factors:

1. Concentrating incentives on distressed geographical areas of small size to not dilute impact
2. Tying incentives explicitly to the creation of new jobs
3. Building in social services
4. Developing a strategic economic plan and providing needed technical assistance to zone administrators and staff in the implementation of the plan

Overall, even when they are effective, the economic gains from place-specific economic development incentive programs are diluted because most employed residents do not work in the zone, and most workers in the zone do not live in the zone. In addition, some benefits that accrue within the zone may be offset by economic losses in adjacent areas not in the designated zone.

Education Interventions

On the human capital side, programs have focused on improving the economic outcomes of area residents through education and skills training. Providing employment services and work incentives to public housing residents, the Jobs Plus program has shown evidence of increasing participants' earnings over several years among a population disproportionately impacted by concentrated poverty. These positive effects notwithstanding, the Jobs Plus program and later replication efforts have faced significant implementation challenges across many of the sites.

Other human capital interventions have focused on school-aged populations. The Harlem Children's Zone and its federal counterpart Promise Neighborhoods provides resident

children with high-quality schooling as well as family and neighborhood supports. Evaluation of Harlem Children's Zone indicates that the program has had large effects on the student achievement and college enrollment of low-income, minority students. The federal government has sought to scale up of this model through the Promise Neighborhoods program implemented in several U.S. cities.

Finally, the Kalamazoo Promise program addressed barriers to higher education by offering college tuition subsidies equivalent to 100 percent of the tuition and fees for any public college in Michigan to all graduates of Kalamazoo public schools. The first community-based scholarship program, this initiative has significantly increased both college enrollment and completion among Kalamazoo's public school graduates. Many other communities have sought to adopt Kalamazoo Promise-style initiatives.

Housing Transformation Initiatives

Housing programs focused on public housing redevelopment and neighborhood revitalization have attempted to alleviate persistent and concentrated poverty. The HOPE VI program was begun in the 1990s for the demolition and rehabilitation of public housing stock as well as construction of replacement mixed-income housing and supportive services for public housing residents. Evaluations indicate that HOPE VI achieved some primary objectives by improving the living environment with higher quality housing and reducing poverty in the neighborhood sites, while also leading to modest increases in surrounding home values. There is not much evidence that it improved the employment and income of public housing residents, however, at least in the short-run. An important question to emerge from HOPE VI is whether reinvestment in communities with concentrated public housing can be accomplished without the displacement of long-term residents or decreasing the total amount of affordable housing in the community. The Choice Neighborhoods program is the successor federal initiative that expands on HOPE VI, focusing on distressed affordable housing stock more generally, and including multi-sector involvement from a range of community stakeholders and institutions.

Older place-based policies have also aimed at neighborhood revitalization efforts. The Community Development Block Grant (CDBG) Program provides block grants for local housing and community development projects that primarily benefit low-income residents. CDBG funds have been used for a variety of projects, making the program somewhat difficult to evaluate. However, there is some evidence of positive neighborhood effects, such as increased property values, when CDBG funding is substantial and highly targeted to specific distressed communities.

Other housing policies aim to increase the stock of affordable housing. The Housing Choice Voucher (HCV) Program (formerly the Section 8 voucher program) provides a housing subsidy to eligible households that can be used for any unit that passes inspection and in which rent is below Fair Market Rent, typically set at the 40th percentile among all city rents. Similarly, the Low Income Housing Tax Credit (LIHTC) Program offers tax incentives to housing developers in exchange for setting aside a specified number of units that are affordable to low-income tenants. Together, these two programs constitute half of all current affordable housing stock nation-wide. There have been some quasi-experimental

studies to evaluate the consequences of whether the presence of these forms of subsidized housing affect neighborhoods outcomes. Concentration of LIHTC units in lower-income neighborhoods has positive effects on local property values and reduced crime rates, and has had few negative effects in higher-income neighborhoods.

Taken all together, the research on public housing redevelopment and affordable housing policies suggests that these initiatives can lead to positive improvements in disadvantaged communities, though they can have adverse consequences in terms of displacement. We still do not have good evidence on whether these efforts can significantly transform the economic circumstances of area residents.

Safety

Another important domain of place-based policies focuses on issues of safety and crime prevention. Interventions have typically focused on 1) targeting key individuals in communities who are at high risk of involvement in crime and violence, or 2) focusing on specific locations or “hot spots” that account for disproportionate shares of violent crime.

Using the first approach, Operation Ceasefire concentrated on gang-involved youth responsible for a large share of Boston homicides through police-community partnerships that offered services along with strong sanctions, including applying any available legal pressure to individuals identified as high-risk chronic offenders. Operation Ceasefire showed positive impacts, including sharp declines in youth homicide and gun assaults. With the support of the National Institute of Justice, the program was scaled up as part of Strategic Approaches to Community Safety Initiatives in 10 U.S. cities. One component of Operation Ceasefire that focused on handguns was scaled up as Project Safe Neighborhoods in 82 U.S. cities. While these large-scale iterations contained some additional components, both reflected Operation Ceasefire’s core strategy of increased sanctions targeted at high-risk individuals accompanied by strategies to promote community engagement. Evaluations indicate that while the interventions resulted in large reductions in violent crime, impacts varied widely by city as a result of the diversity of implementation efforts.

Instead of emphasizing law enforcement strategies, Chicago CeaseFire targeted individuals involved in crime through a public health approach that focused on prevention by employing outreach workers to reshape social norms around community violence and to provide high-risk individuals with services intended to reduce violent activity. There is evidence of reductions in violence among some Chicago neighborhoods using Chicago CeaseFire, though evaluations of other sites where this model was implemented have found rather inconclusive program impacts. This may be attributed to both implementation challenges as well as the long-term approach of the program model, which may inhibit noticeable, shorter-term impacts.

A more traditional “place-based” approach to violence prevention that focuses on specific areas accounting for disproportionate shares of violent crime is “targeted deterrence” also referred to as “hot spot” policing. These types of interventions can include both community “problem-oriented” policing – which can include targeted resources for specific problem activities, times, or locations – as well as zero tolerance or “broken windows” policing that

employs vigorous enforcement of all violations, even petty offenses, to deter criminal activity. These place-based policing strategies have mostly been found to be effective at reducing crime and violence. Yet, such targeted policing strategies may have adverse consequences on other outcomes, including undermining trust and cooperation of community members or collateral consequences of high incarceration rates in targeted areas.

Implications for Policy and Practice

Neighborhoods play a significant role in shaping well-being and economic opportunity. Federal, state, and local governments have funded a wide range of interventions to boost well-being and opportunity within disadvantaged areas. Looking across these interventions, effective place-based programs share several features:

- A commitment to local planning and collaboration for program design
- Close attention to the fidelity of the intervention accompanied by implementation research
- Engagement by multiple levels of government and multiple institutional sectors
- Use of data for planning and evaluation purposes

These interventions also shared a number of challenges, however, that should be considered for future program planning and evaluation of place-based policies.

#1: Programs have varied treatment effects across sites. The impact of many place-based programs can be difficult to evaluate nationally due to variation in local conditions that may influence a program's design, implementation, and impacts. Place-based interventions will, by design, have varying impacts based on many local factors, including neighborhood needs, current neighborhood conditions, and implementation efforts. While programs tailored to local needs present some challenges for evaluation, careful implementation studies offer important insights into which program variations are or are not successful.

#2: The unintended consequences of geographic targeting. Some place-based programs result in positive or negative spillover effects on areas surrounding the targeted locale. Most concerning are potential negative consequences, such as displacement of long-term residents in revitalizing neighborhoods or adverse economic impacts on areas surrounding economic development zones. Negative effects might be managed, at least partially, through the thoughtful design of place-based programs that use community data and local collaborations to identify and address in real time any negative spillovers on other areas. Use of community data should also be accompanied by technical assistance or assessment of community capacity that ensures that communities have the ability to effectively access and use data for program planning purposes.

#3: Identifying and scaling appropriate program strategies is challenging. Many interventions discussed here – such as the Harlem Children’s Zone, Kalamazoo Promise, and Operation Ceasefire – were relatively large successes and led to scaling up and replicating these efforts in more locations. Yet, it is often more challenging to replicate these successes, particularly if there is less institutional capacity or sustainable funding than in the original locations where the impetus for innovation occurred. The specific problems that need solving vary across places, as well, which makes it challenging to identify and align programmatic efforts for place-based programs in multiple sites. This challenge highlights the need for programmatic planning led by local organizations and leaders who have knowledge of local conditions that may influence a program’s potential for achieving its objectives.

Moving Beyond People versus Place. Successful geographically-targeted programs have many positive benefits for urban neighborhoods, improving neighborhood employment, housing, and safety. Investments that are not place-specific, but that disproportionately target residents of less-advantaged communities, can have large impacts as well. Both of these approaches can be integrated as part of a “place-conscious” policy approach to policymaking that recognizes the complex interactions between people and places, and thinks about how national, state, regional, and local policies jointly shape the fortunes of disadvantaged places.



Urban Revitalization in U.S. Cities and Neighborhoods, 1990 to 2010

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Written by:

Ann Owens

Department of Sociology
University of Southern California

Introduction

There have been substantial changes in American cities in recent decades. Economic and demographic shifts such as the integration of new immigrants and internal migration, economic restructuring, and the Great Recession have changed who lives in cities, where and how they live, and what work they do. This brief looks at the changing trajectories of city and neighborhood well-being to examine how these changes vary across the country and over time.

In this brief (and the accompanying white paper), I use Census Bureau data to estimate city and neighborhood vitality scores for the 100 largest U.S. cities. I combine five measures of a city or neighborhood's socioeconomic characteristics: the total population, the median household income of residents, the proportion of residents with a four-year college degree or greater, the employment rate, and the housing vacancy rate. Using these factors to create an indicator for a neighborhood and city vitality and how this has changed from 1990 to 2010, I consider how the changes are related to shifts in the city's industrial and occupational structure, racial composition and segregation, and immigration. I also examine differences across regions and explore whether city changes correspond to neighborhood-level changes in their metropolitan areas.

To view the full white paper, visit www.21stcenturyneighborhoods.org.

City Vitality Scores (CVS)

To calculate the vitality score, I set the average vitality score to zero in each year, so all cities with an overall positive score (a weighted combination of all five socioeconomic characteristics) are above the average among the 100 largest cities, and all negative scores indicate they are below average. Table 1 (below) shows characteristics for the cities with the five highest and lowest scores in 2010. The median household income in the cities with the overall lowest scores is approximately \$30,000 while in the cities with the highest scores it can be over \$90,000. Similarly, the educational attainment of residents and employment rates differ widely. The cities with lower scores also have housing vacancy rates two to three times as great as those in the higher scoring cities.

Table 1. City Vitality Score Components, Top and Bottom 5 Cities in 2010

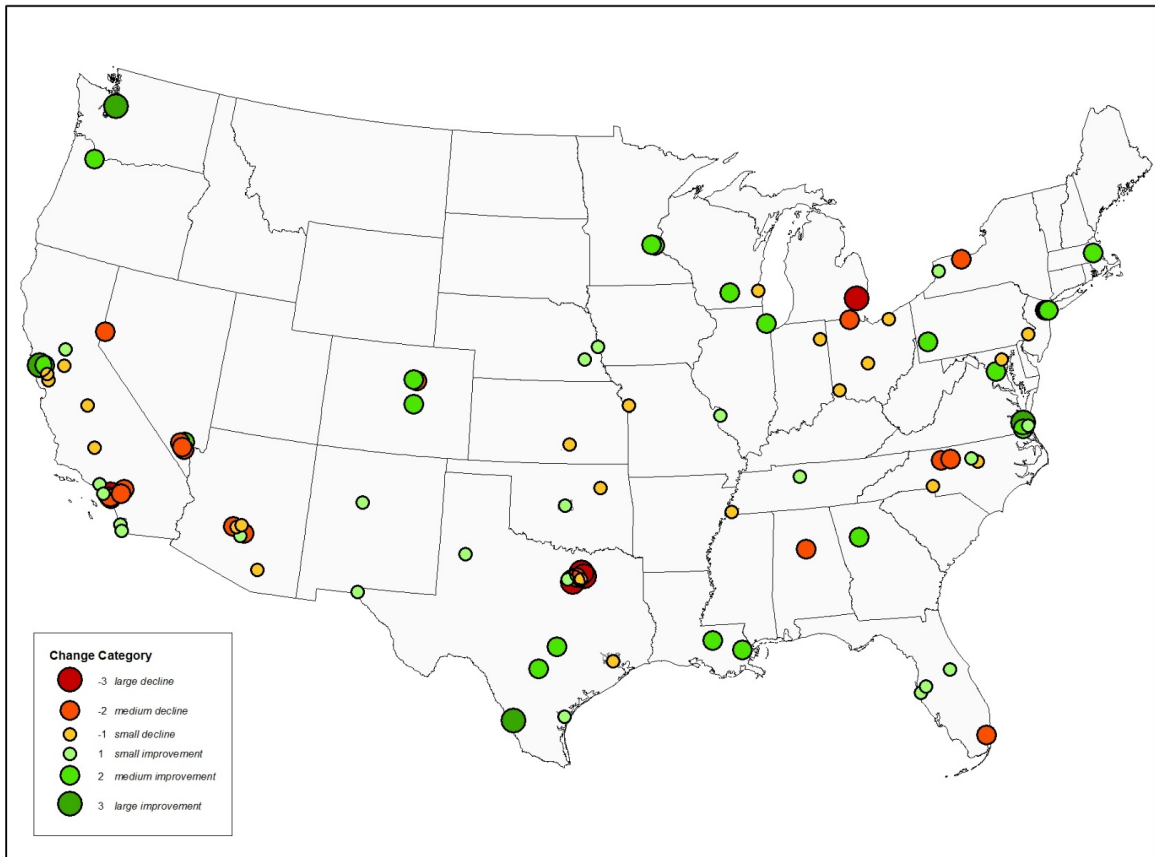
	Population	Median Household Income	Employment Rate	% of Residents over 25 with BA (or higher)	Housing Vacancy Rate
Top 5 CVS					
Irvine	213,880	\$92,663	.615	.657	.060
Plano	263,122	\$83,193	.680	.540	.055
Fremont	215,188	\$99,169	.615	.495	.067
Seattle	612,916	\$63,470	.677	.565	.069
Madison	234,586	\$53,958	.687	.533	.057
Bottom 5 CVS					
Detroit	721,459	\$26,955	.390	.123	.287
Cleveland	397,972	\$26,556	.478	.140	.217
Newark	276,478	\$34,387	.511	.125	.161
Birmingham	213,180	\$31,467	.514	.215	.199
Miami	401,927	\$29,762	.531	.230	.195

The five cities that showed the greatest socioeconomic improvements from 1990 to 2010 were Norfolk, VA, Laredo, TX, Louisville, KY, San Francisco, CA, and Seattle, WA. Three of these cities (Norfolk, Laredo, and Louisville) had negative vitality scores in 1990 and saw substantial improvement but still remained below average in 2010. San Francisco and Seattle, on the other hand, started with positive scores in 1990 and experienced substantial improvement on many measures and much higher scores in 2010.

Similarly, among cities that had the greatest declines in their socioeconomic characteristics from 1990 to 2010 there are cases such as Anaheim, CA, and Arlington, TX, which had positive scores across this time but saw their scores decline significantly relative to other cities. Detroit saw its score start from a very negative level and its position erode further over this time.

Figure 1 (page 4) illustrates changes in vitality scores for the 100 largest cities from 1990 to 2010. Green circles mark cities that have experienced improvement, and red circles denote cities that have experienced decline, relative to all 100 largest cities. Changes are measured relative to the 100 largest cities—a positive change indicates greater improvement than average; a negative change indicates a city is falling further behind the average city.

Figure 1. City Vitality Score Changes, 1990 to 2010



Economic and Demographic Factors Contributing to Cities' Vitality over Time

- Changes in cities' occupational and industrial structure contribute to the shifts in socioeconomic well-being. Cities that gained workers in managerial, technical, and professional jobs saw improvements in their socioeconomic wellbeing. There was widespread decline in the manufacturing sector, and cities that experienced the sharpest declines in manufacturing experienced greater socioeconomic decline. Cities with relatively greater growth in the service sector also saw declining socioeconomic well-being, perhaps because service workers may have lower educational attainment or income. The construction industry tended to grow in improving cities, perhaps because these cities were undertaking large building projects.

Washington, D.C., experienced revitalization, particularly in the 2000s, alongside economic transformation. While Washington's small manufacturing sector shrunk during this time, the proportion of residents employed in managerial, professional and technical jobs rose from 39% in 1990 to 51% in 2000 to 59% in 2010, far outpacing the average increase of 8 percentage points across cities. The proportion of service workers has stayed steady at about 9%. Washington also experienced shifts in its composition during this time as its African-American population share shrunk, and the white and Hispanic population shares increased.

- Changes in cities' racial composition may also contribute to the shifts in cities' socioeconomic well-being. Cities that retained higher proportions of white residents were less likely to experience socioeconomic declines in the 1990s and 2000s. This suggests continuing racial stratification across place, with minority residents less likely to enjoy urban revitalization and the benefits it may provide.

Oakland, CA, experienced substantial racial transition and city revitalization between 1990 and 2010. Oakland's CVS improved from below the average large city in 1990 to above the average in 2010. Over this time, Oakland experienced considerable decline in the black population share (15 percentage points overall, much greater than the average among large cities), though it experienced an increase in the Hispanic population share (11 points, slightly above average among large cities). Oakland's white population was relatively stable—a decline from 1990 to 2010 of only 2 points compared to the average decline of 15 points. In the 2000s, the share of white residents in Oakland actually increased by about 2 points. Black-white segregation in Oakland's metropolitan area also declined more than the average from 1990 to 2010.

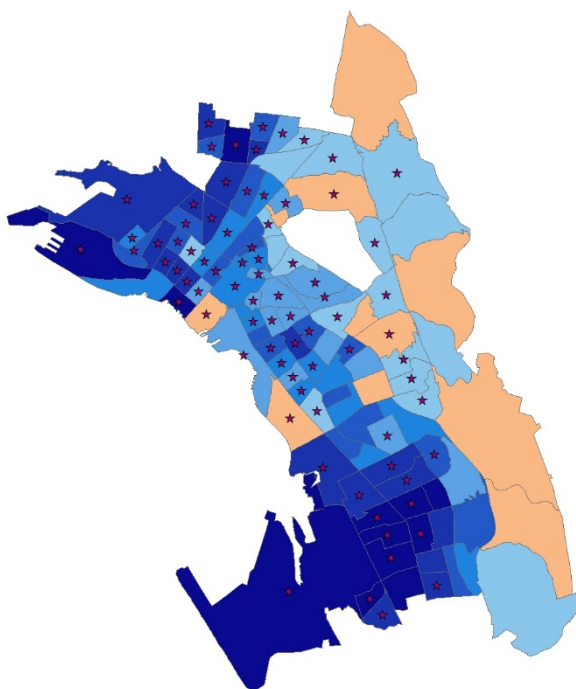
- The foreign-born population share has a complex relationship to city trajectories. Accounting for the change in the Hispanic population, which composes the majority of immigrant population in many cities, growth in the immigrant population was associated with socioeconomic improvement in the 1990s but declines in the 2000s.

Neighborhood-Level Changes in Improving and Declining Cities

Consistent with city-level results, shifts in the city's minority population appear to be related to neighborhood socioeconomic changes. For example, in a city such as Oakland, where the vitality score increased between 1990 and 2010, improvement was widespread across neighborhoods including those experiencing declines in their black population.

Figure 2 (below) presents a map of the tracts in Oakland, with neighborhoods experiencing declines in the black population shaded deeper shades of blue according to the degree of black population decline. The orange areas indicate neighborhoods where the black population share increased. A star indicates a neighborhood where the neighborhood vitality score increased from 1990 to 2010. As the map illustrates, the majority of neighborhoods in Oakland have experienced declines in the black population (shaded blue), and most neighborhoods also experienced improvement on measures of socioeconomic well-being.

Figure 2. Changes in Neighborhood Vitality Scores and Share of Black Residents in Oakland, CA, 1990 to 2010

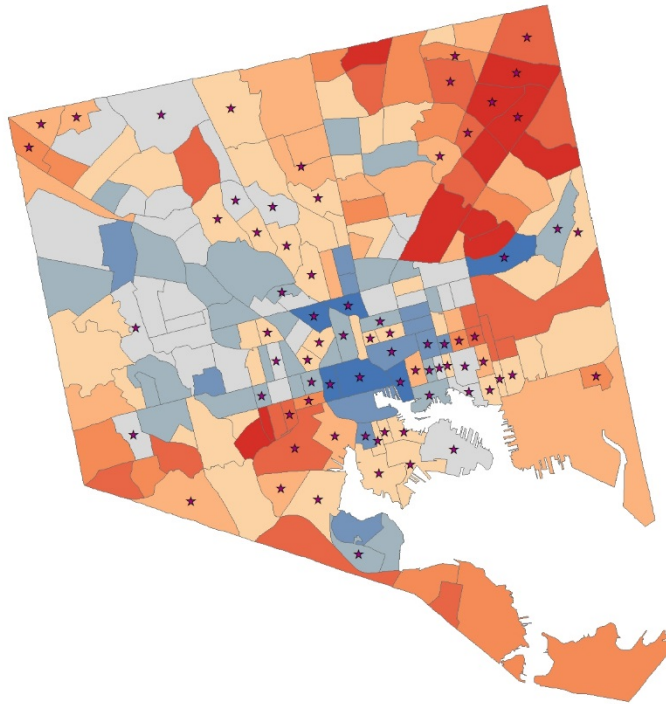


Notes: Deeper shades of orange/red indicate greater increases in proportion black. Deeper shades of blue indicate greater declines in proportion black. Delineation of degree of increase or decline is defined by the range in Oakland. Stars identify neighborhoods where neighborhood vitality scores increased from 1990 to 2010.

One concern with neighborhood revitalization is that minority residents are displaced. In the overall analysis, both the total black and Hispanic population declined in a greater proportion of improving than declining neighborhoods, suggesting displacement may occur alongside socioeconomic improvements. The data used here cannot track individual families, so it is possible to only know the net change and not whether individual families moved in or out.

Within cities that have experienced overall decline, there are nevertheless neighborhoods that experienced improvement. While as a whole Baltimore saw a decline compared with average large cities between 1990 and 2010 – a large decline in the 1990s and a smaller improvement in the 2000s – many parts of the city saw improving socioeconomic conditions, with the majority of these concentrated around the downtown Inner Harbor area. While many neighborhoods that improved experienced declines in black population share, as Figure 3 shows below, there were some neighborhoods gaining black population share that experienced improvements in their vitality scores (shaded red, marked with stars).

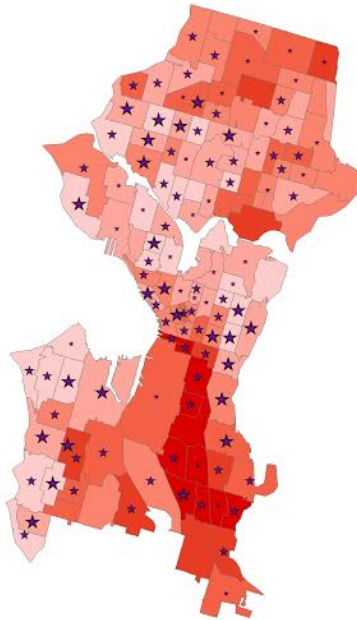
Figure 3. Changes in Neighborhood Vitality Scores and Share of Black Residents in Baltimore, MD, 1990 to 2010



Notes: Deeper shades of orange/red indicate greater increases in proportion black. Deeper shades of blue indicate greater declines in proportion black. Delineation of degree of increase or decline is defined by the range in Baltimore. Stars identify neighborhoods where neighborhood vitality scores increased from 1990 to 2010.

Even within areas that have seen strong gains in the last two decades in their economic well-being such gains can be larger in some communities relative to others. For example, Seattle experienced widespread improvements from 1990 to 2010. Of its 132 tracts, 110 had higher neighborhood vitality scores in 2010 than 1990. Figure 4 (page 8) shows that many of the largest improvements (largest stars) occurred in neighborhoods with smaller 1990 foreign-born populations (lighter red). However, some immigrant enclaves did improve substantially, particularly those adjacent to other improving areas.

Figure 4. Changes in Neighborhood Vitality Scores, 1990 to 2010 and Shares of Foreign-born Residents in 1990 in Seattle, WA



Notes: Deeper shades of orange/red indicate higher foreign-born population share in 1990. Stars identify neighborhoods where neighborhood vitality scores increased; larger stars correspond to greater improvements.

Overall, the relationship between immigrant population and urban change is complex and has changed over time. Cities with growing foreign-born population shares experienced improvement in the 1990s. Cities where the immigrant population increased at the greatest rate, however, did worse since 2000, perhaps because some cities in the West particularly hard hit by the Great Recession when the housing bubble burst also experienced considerable immigrant population growth.

At the neighborhood-level, the relationship between foreign-born population and neighborhood well-being depends on city-level change. In declining cities, controlling for Hispanic population share, neighborhoods that experienced greater increases in the foreign-born population share experienced improvements in neighborhood vitality, suggesting immigrants may be an important revitalizing force in declining cities. In improving cities, the immigrant population appears to be a less important driver of change in this time period.

Conclusion

Over the past several decades, U.S. cities and urban neighborhoods have experienced a variety of socioeconomic and demographic changes. Many cities and neighborhoods in the U.S. experienced improvements along the dimensions of population growth, residents' educational attainment, employment, household incomes, and housing vacancy rates. How cities' socioeconomic characteristics changed often coincided with shifts in the industrial and occupational structure, racial/ethnic composition and segregation, and immigrant population.

Changes in cities were not equally borne across neighborhoods. Communities with minority residents were less likely to share in their cities' improvements and more likely to experience declining socioeconomic conditions. City leaders and policy researchers must consider the demographic and economic traits of urban improvement as they consider the role of gentrification, income segregation, population change, and economic inequality in how city residents experience these changes.