Reducing Poverty and Economic Distress after ARRA

Potential Roles for Place-Conscious Strategies

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Introduction

The nation as a whole has experienced a significant period of economic distress. Unemployment has topped 10 percent, foreclosures have skyrocketed, and savings have plummeted. With the pain so broadly felt, it is easy to forget that some have suffered more than others—and that addressing the worst pockets of poverty remains a key task for urban and economic policy.

What has definitively changed in the current period—and not simply because of the financial crash but because of longer-term trends that have restructured our society and our economy—is how we might effectively approach those pockets of poverty. It has, after all, long been the case that living in a distressed neighborhood exacerbates the effects of family poverty on individual educational achievement, economic prospects, health, and other measures of well-being. This has often led to a simplistic framing that we need to transform distressed neighborhoods through narrow “place-based” programs. This strategic approach is typically contrasted with (and often pitted against) policies that facilitate individual escape through “people-based” strategies.

In our view, effectively addressing the problem of concentrated poverty and neighborhood distress requires moving beyond either inward-looking approaches or mass departure. Instead, we need a broader portfolio of place-conscious strategies that simultaneously improve neighborhood conditions, open up access to opportunity-rich communities, and realign regional growth and development strategies to better connect low-income people and places with regional opportunities.

To be sure, this is an emerging perspective—and one that runs against traditional views and traditional interests—but we think it may hold great hope for more effectively moving the needle on poverty. We understand that ARRA had little time to consider the sort of alternative measures that flow from this view, partly because a focus on “shovel-ready” projects can lead to a bias toward business as usual. But we see hopeful signs from the Obama administration that a coupling of urban policy with new metropolitan thinking could be afoot. In addition, the next evolution of economic strategy-making on the part of both the administration and Congress could be open to fresh perspectives.

In what follows, we lay out the case for new, place-conscious strategies. We begin by reviewing the well-documented case that place does indeed matter—that where you grow up affects where you wind up. We then consider neighborhood revitalization approaches, pointing out both the potential and the limits of such programs. We turn to mobility approaches, reviewing the evidence on how life chances are altered by relocation to opportunity-rich neighborhoods. We then consider the regional equity perspective, a view that tries to place the fortunes of low-income residents and places in the context of the metropolitan region, and ask what differences this might make for policy. Building on experience and evidence from these three policy strands, we recommend principles for the federal government’s place-conscious policies going forward and suggest some specific applications for these principles. Finally, because policy is shaped as much by politics as by research and analysis, we close by considering the coalitions necessary to bring about a new place-conscious approach.

How Place Matters

Growing up poor is a challenge—and growing up in a poor neighborhood exacerbates those challenges. A substantial body of research finds that, other things being equal, community distress
undermines individual outcomes and trajectories.\textsuperscript{1} Preschool children living in low-income neighborhoods exhibit more aggressive behavior when interacting with others (Kupersmidt et al. 1995). Young people from high-poverty neighborhoods are less successful in school than their counterparts from more affluent communities; they earn lower grades, are more likely to drop out, and are less likely to go on to college (Brooks-Gunn et al. 1993; Clark 1992; Dornbusch, Ritter, and Steinberg 1991; Duncan 1994; Garner and Raudenbush 1991). Neighborhood environment influences teens’ sexual activity and the likelihood that girls will become pregnant during their teen years (Brewster 1994; Brewster, Billy, and Grady 1993; Brooks-Gunn et al. 1993; Crane 1991; Hogan and Kitagawa 1985; Hogan, Astone, and Kitagawa 1985; Ku, Sonenstein, and Pleck 1993). Young people who live in high crime areas are more likely to commit crimes themselves, other things being equal (Case and Katz 1991). And living in disadvantaged neighborhoods increases the risk of disease and mortality among both children and adults (Aber and Bennett 1997; Acevedo-Garcia and Osypuk 2008).

Of course, individual and family characteristics interact with neighborhood environment and play an important role in shaping incomes. Some poor families are able to help their children overcome the influences of a distressed neighborhood. Others may be especially vulnerable and would face severe difficulties regardless of where they lived. But in general, when poor families are trapped in distressed neighborhoods—with failing schools; high levels of crime and violence; poor-quality grocery stores, health services, and child care; and few working adults—their well-being and long-term life-chances are compromised.

In crafting policies to address these challenges, it is essential to recognize that the spatial concentration of poverty is not the natural or inevitable result of private housing market choices. Massey and Denton demonstrated in \textit{American Apartheid} (1993) that discriminatory policies and practices confining urban blacks—among whom the incidence of poverty was markedly higher than for whites—to a limited selection of city neighborhoods produced much higher poverty rates than in white neighborhoods. Subsequent job losses and rising unemployment pushed poverty and isolation in many central-city black neighborhoods even higher.

Today, although blacks and other minorities are less starkly segregated than in the past, virtually all high-poverty neighborhoods contain mostly minority households (Massey and Denton 1993; Jargowsky 2003). Poor white households are much more geographically dispersed than poor black or Latino households (Jargowsky 1998, 2003; Kingsley and Pettit 2003). Recent research suggests that the disproportionate share of black children living in high-poverty neighborhoods contributes to the substantial gap between blacks and whites in economic mobility. More specifically, white children are much more likely than black children to experience upward mobility over a lifetime, while black children are more likely to suffer downward mobility (Sharkey 2009).

Concentrated poverty and neighborhood distress are inextricably linked to sprawling urban growth. Historically, suburbanization has been fueled in part by the desire among families and employers to distance themselves from minorities (Lehman 1991; Massey and Denton 1993) and later to escape from inner-city poverty, crime, and poor-performing schools (Downs 1994; Katz and Turner 2008). The resulting loss of population, jobs, and tax base further undermined the health of central cities and isolated poor neighborhoods from social and economic opportunities (Wilson 1987). The spatial dispersion of entry-level jobs, reliance on cars and highways for commuting, and the exclusion of affordable housing options from many opportunity-rich suburban communities all exacerbate concentrated poverty (Blackwell and Treuhaft 2008; Orfield 1997; Rusk 1993).
Understanding the link between concentrated poverty and metropolitan dynamics has given rise to regional equity, a framework to which we return later.

**Revitalizing Distressed Neighborhoods**

Place-based policy focuses on improving conditions in distressed neighborhoods by targeting investments in housing, infrastructure improvements, jobs, or human services. Typically, neighborhood revitalization initiatives seek to attract a wider mix of income levels to poor communities or to building incomes among the original residents. Recent experience offers some basis for optimism that well-conceived and well-implemented investments can catalyze meaningful improvements, not just for *places*, but for the *people* who live in them. But experience also teaches that transforming distressed neighborhoods into “communities of choice and opportunity” is time-consuming, expensive, and operationally challenging. Funders have to be willing to invest over many years and to wait for desired outcomes while community institutions and residents get organized and build capacity. Here we review the programmatic experience and evidence of effectiveness for four “classes” of neighborhood revitalization strategies: those focused primarily on housing, those focused on job creation and employment, those focused on children’s well-being, and those that take a comprehensive approach, which often encompasses housing, jobs, retail services (especially grocery stores), schools, safety, and even health.

**Housing-Focused Strategies**

Historically, many federally funded investments in affordable housing development have been characterized as community development investments. Proponents argued that by expanding the availability of decent, low-cost housing in neighborhoods where poor people lived, these investments improved quality of life and neighborhood vitality (Newman and Schnare 1992). However, such investments also intensified the spatial concentration of poor families, making poor neighborhoods even poorer (Schill and Wachter 1995). And because affordable housing investments often occurred in the absence of investments in schools, public safety, retail services, or other community needs, the neighborhoods became more rather than less distressed (Turner, Popkin, and Rawlings 2009).

By the early 1990s, the thinking about how housing investments could help revitalize neighborhoods had evolved to focus on income-mixing and on links between housing and other essential facilities and services. This new thinking was most prominently reflected in HUD’s HOPE VI program, which provided flexible grants to local housing agencies to demolish and replace severely distressed public housing projects with high-quality, mixed-income communities. HOPE VI invested over $5 billion of federal funds in the replacement or revitalization of severely distressed public housing developments, and leveraged billions more in other public, private, and philanthropic investments. By the time all the funded projects are completed, roughly 85,000 distressed public housing units will have been demolished.

The HOPE VI program succeeded in many important respects, providing convincing evidence that targeted investments in severely distressed housing projects can improve conditions for families and for neighborhoods (Cisneros 2009). The program replaced thousands of units of substandard—and in many cases uninhabitable—housing with new, high-quality housing. It provided many former public housing residents with housing vouchers that they were able to use to relocate to better housing in safer neighborhoods. In many instances, HOPE VI activities were
creatively linked with other public- and private-sector investments, extending the redevelopment beyond the immediate public housing site to upgrade streets and sidewalks, parks, community centers, recreational facilities, and public schools. These investments appear to have helped catalyze real market turnarounds in central-city neighborhoods that had long been given up as hopelessly distressed. Middle- and high-income households—including homebuyers—moved in, market rents and sales prices rose, and new, private-sector investment in both homes and retail businesses took root (Turner 2009).

HOPE VI also faces serious criticism. First, early relocation planning and resident support services were generally weak. In particular, the needs of hard-to-house families were inadequately addressed, and many ended up being transferred to equally or more distressed public housing projects (Popkin and Cunningham 2009). Second, although many HOPE VI redevelopment projects produced significant income mixing, very few achieved meaningful racial or ethnic integration. Some argue that racial integration is not essential to neighborhood revitalization as long as meaningful income-mixing is achieved. But for decades and still today, majority-minority communities have suffered from significant deficits in both public and private investment, even when they are middle-class or affluent. Third, the viability of HOPE VI neighborhoods has been jeopardized by the current financial meltdown. Gains in newly revitalized areas are being lost as housing prices plummet and subprime loans fail, often in largely minority communities. This means potentially returning to long-term vacancies, disinvestment, abandonment, and distress (Turner 2009).

The Obama administration has proposed a new Choice Neighborhoods Initiative to replace HOPE VI. Choice Neighborhoods intends to target distressed neighborhoods where subsidized rental housing is clustered by providing flexible funding for redeveloping public and other federally subsidized housing projects and privately owned housing. Competitive awards will go to communities whose proposals make a convincing case that the housing redevelopment will catalyze and leverage lasting neighborhood revitalization, including better schools, grocery stores, and parks. In other words, its objective is to jumpstart the broader revitalization of neighborhoods that are currently impoverished but have real potential for sustainable redevelopment. In addition, the initiative incorporates systematic relocation and other support services designed to deal with some shortfalls of the early HOPE VI effort. The administration’s 2010 budget proposed $250 million for the new initiative’s first year, with an additional $250 million proposed for 2011. Congress has appropriated only $65 million for 2010 and has sustained funding for HOPE VI.

**Job-Focused Strategies**

Federally funded efforts to revitalize distressed neighborhoods have focused not only on housing but also on employment. The nationwide decline in manufacturing employment and the steady suburbanization of jobs throughout the second half of the 20th century contributed to high levels of unemployment and poverty in central-city communities (Ihlafeldt and Sjoquist 1998; Kain 1968; Wilson 1987). Beginning in the 1960s and extending through the 1980s, urban renewal, model cities, and the Community Development Block Grant (CDBG) program all sought to attract and retain businesses in central-city communities to expand resident employment and income. Over the same period, a number of states provided tax relief and waived regulatory barriers to businesses locating (or expanding) in designated “enterprise zones” (Hirasuna and Michael 2005). Evidence about the effectiveness of all these efforts was mixed, with proponents often reporting impressive tallies of businesses and jobs created, while most economists expressed doubts about whether these jobs would have been created without the subsidies or regulatory relief (Immergluck 1998).
In the 1990s, the Clinton administration launched the Empowerment Zone (and Enterprise Community) program, an initiative to catalyze job growth and revitalization in 31 competitively selected urban and rural communities. To spur job creation, business activity, and private investment within the 31 zones, $11 billion was allocated to these communities over about 15 years. Subsidies mostly took the form of tax credits, deductions, and exclusions to firms that expanded their operations, invested in property or equipment, and employed local residents.\textsuperscript{4} HUD reports that use of the most popular tax incentive, the employment credit, expanded steadily over the life of the program.\textsuperscript{5} Unfortunately, the federal government had no comprehensive evaluation strategy, so evaluation has not been cross-cutting. Employment outcomes improved in some of the Empowerment Zone and Enterprise Community (EZ and EC) communities, but the results cannot be definitively attributed to program activities (GAO 2006; Oakley and Tsao 2006). Comparing EZs to communities that applied but were rejected shows substantial labor market improvements and moderate increases in rents (Busso and Kline 2007). However, many urban scholars contend that “EZs alone are inadequate to reverse urban decline,” especially in combating forces that push investment away from central cities (Orfield 2002, 79; see also Ladd 1994 and Riposa 1996).

The much smaller Jobs-Plus demonstration initiative launched by HUD during the 1990s focused on the extremely high jobless rates among public housing residents. But instead of trying to create jobs in distressed neighborhoods, the Initiative focused on encouraging and assisting residents to find and retain employment, by offering high-quality employment services on site along with rent incentives that rewarded work and earnings. The hope was that increased employment would not only benefit individual residents and their children, but would also help revitalize the surrounding community by reducing joblessness, isolation, and ultimately crime (Bloom, Riccio, and Verma 2005).

Jobs-Plus was implemented by local housing, welfare, and workforce agencies in five large public housing developments in Baltimore, Chattanooga, Dayton, Los Angeles, and St. Paul. The thought was that local administration would give the program a better chance of being expanded and institutionalized after the demonstration ended, but there were substantial differences in the quality of implementation and program attachment. In Dayton, Los Angeles, and St. Paul, the demonstration achieved statistically significant gains in resident employment and earnings, which were sustained over four years and increased each year. Several patterns in the data suggest that the rent incentives played a particularly important role in generating the positive effects on earnings (Bloom et al. 2005). In Baltimore and Chattanooga, residents were much less likely to use the rent incentives, and the demonstration did not produce significant gains.

Although individual residents made gains through Jobs-Plus, the improvements in employment and earnings in the demonstration sites did not yield the hoped-for neighborhood improvements. One reason for this disappointing outcome was the high levels of mobility among public housing residents. Across the five demonstration sites, nearly one-third of adults had left the targeted projects within two years. As a consequence, the higher levels of employment and earnings for individuals did not automatically translate to lower levels of joblessness and distress in the community (Turner and Rawlings 2005).

The neighborhood-focused job strategies discussed here do not encompass the full gamut of employment programs available to residents of poor communities. In fact, most employment programs are not targeted to particular neighborhoods, and other research suggests that staying within the confines of a residential neighborhood often actually limits ties to emerging sectors and
better jobs in a regional economy (Benner, Leete, and Pastor 2007). This perspective argues for linking effective place-based delivery systems with broader economic development strategies and the industrial clusters driving metropolitan economies, a point to which we return below.

**Child-Focused Strategies**

The poverty, social isolation, crime, and poor-quality services of distressed neighborhoods all have severe consequences for children. As discussed earlier, the research evidence is persuasive that—other things being equal—growing up in a high-poverty neighborhood undermines a child's long-term life chances. With this evidence in mind, the Harlem Children's Zone, launched with philanthropic support in 1997, focuses on improving outcomes for all children living in a 24 square block area in Harlem. The Zone estimates that it serves more than 10,000 children and 7,400 adults with a budget of over $75 million—about $5,000 per child per year on average.6

While much of the writing about the Harlem Children's Zone has focused on its charter school and the significant impacts on student learning, the Harlem Children's Zone has systematically added programs and services over the past decade to address children's needs, fill gaps, and engage as many of the neighborhood's babies, children, and youth as possible. The Zone thus also offers parenting classes, the Harlem Gems preschool program, an asthma initiative, and an obesity program for youth. Other services include after-school programs, nutrition centers, boys and girls clubs focusing on youth development, college preparatory programs, community tenant organization, youth leadership programs, and a family support center. The underlying concept is to provide a “conveyor belt” of services supporting children and enabling them to achieve academic excellence.

Systematic data collection and performance measurement are central to the philosophy of the Harlem Children's Zone, and internal evaluations show significant gains among participating families and children. For example, 86 percent of parents who completed the Baby College parenting classes were reading to their children more. All 3rd graders at the Zone's charter school tested at or above grade level on the math exam, outperforming their peers in New York City and both black and white students throughout the state. In addition, 93 percent of 9th graders in HCZ's Promise Academy High School passed statewide algebra exams. Recent analysis indicates that children who have been in the program longest show the greatest benefits: the middle-school black-white achievement gap in math was reversed and the gap in English was narrowed; both gaps were closed among elementary school children (Dobbie and Fryer 2009).

The Harlem Children's Zone is unique in many ways—conceived and directed by an exceptionally effective and charismatic leader and flexibly funded over many years, partly because of substantial support from corporate and philanthropic leaders. Some have questioned its replicability and the potential effectiveness of narrower efforts to improve outcomes for a neighborhood's children. Nonetheless, the Harlem Children's Zone warrants consideration, both because of its ambitious scale and success and because of its policy relevance. Inspired by its example, the Obama administration is developing a new Promise Zone program, to be administered by the Department of Education. The administration’s 2010 budget proposes $10 million for initial planning grants while the 2011 budget calls for $210 million for implementation activities. Neither the ultimate scale of this initiative nor its programmatic details are yet fully known.
Comprehensive Community Change Strategies

Because distressed communities suffer from multiple, interconnected problems (joblessness, crime, social isolation, failing schools, poor public services, disinvestment), one-dimensional revitalization strategies may have limited impact. The initiatives outlined above recognize this challenge, and few have limited their investments exclusively to housing, jobs, or children. But a class of foundation-sponsored neighborhood revitalization initiatives goes further, explicitly tackling the comprehensive nature of neighborhood distress. These efforts, known as comprehensive community initiatives (CCIs), generally engage neighborhood residents and community organizations in vision and goal setting, build upon the community’s current assets rather than focusing exclusively on deficits, and evolve over time as successive challenges are targeted and community goals evolve.

Advocates and practitioners for comprehensive community initiatives envision neighborhoods that effectively operate as incubators for their low-income residents, offering the services, social connections, and supports that families need to thrive as well as the amenities that make them want to remain even after their circumstances improve. Such neighborhoods would attract better-off families while also enabling their original residents to advance economically, so outcomes improve for both long-term residents and the neighborhood as a whole (Fulbright-Anderson and Auspos 2006).

The most recent assessment of comprehensive community change initiatives recognizes important achievements in both the theory and practice of community building, including effective strategies for building the capacity of neighborhood residents and organizations to work together effectively to identify and solve problems (Kubisch et al. 2002). Significant progress has been achieved in fostering leadership among low-income residents, providing effective technical assistance and operating support to community organizations, helping local stakeholders achieve a shared vision for change, and measuring progress toward that vision. As a consequence, many CCIs can claim credit for significant improvements in particular community programs and services.

But thoughtful advocates and practitioners increasingly recognize that the challenges facing distressed communities cannot be overcome by interventions that focus exclusively within these communities. Substantial and lasting community improvements (including poverty reduction) also require changes in the larger structural barriers that create and sustain neighborhood poverty. Discrimination in employment and housing markets; disparities in the quality of schools and other essential, place-based public services; the persistent gap between wages for low- and moderate-skilled jobs and the costs of living; and the lack of transportation options linking poor neighborhoods to areas of job opportunity all undermine the prospects of poor neighborhoods and cannot be effectively tackled from within. We return to these issues when we discuss neighborhoods in their metropolitan context.

Moreover, one can imagine that another way in which neighborhoods might benefit low-income residents is by functioning more as a launching pad than as an incubator. Like an incubator neighborhood, a launching pad offers essential services and connections that enable residents to advance economically. But as residents achieve greater economic security, many move on to more desirable neighborhoods, making room for a new cohort of needy households. Past research suggests that neighborhoods that serve as entry points for successive waves of immigrants may function in this way (Borjas 1998; see also Pastor forthcoming). The launching pad model of neighborhood performance sets a different standard of success than the incubator model, because even though many residents may be making significant individual progress, the neighborhood as a
whole won’t show any improvement on indicators such as employment, income, or wealth. As policymakers and practitioners broaden our thinking about the potential contribution of neighborhood investments to antipoverty efforts, we need to learn more about how launching pad neighborhoods work and how their success might be measured.

Finally, part of creating this launching opportunity involves connecting modest income workers with financial services so they can build wealth. A new strategy used as part of addressing the community more comprehensively has been addressing the “financial desert” in many low-income communities. Residents of lower-income neighborhoods often rely on payday lenders, pawn shops, and cash checkers (Fellowes 2006) because they are plentiful and there are some barriers to banking. However, tailoring banking products to get around these barriers and connecting them to lower-income consumers would make a dent in neighborhood poverty. Rather than losing money to high-cost nonbank institutions, a full-time worker who uses a bank could amass an additional $360,000 in a lifetime by avoiding fees and making some simple investments (Fellowes and Mabanta 2008 1, 14). In 2005, Bank On New York was launched to connect modest-income residents with banks. San Francisco and Los Angeles have followed with their own Bank On programs with an especially promising approach: they use appropriate intermediaries, like community service providers, to connect consumers and banks. And both programs are making a profit. Expanding banking services may be one of the most effective and lowest-cost place-based antipoverty policies available.7

Mobility and Opportunity-Rich Neighborhoods

A second broad approach for overcoming neighborhood isolation and distress helps poor families gain access to communities that are already safe, well-served, and rich in social and economic opportunities. This help takes the form of housing assistance—either building low-cost housing in high-opportunity neighborhoods or providing housing vouchers that enable poor families to move to existing homes and apartments in nonpoor neighborhoods. Some observers characterize these strategies as people-based rather than place-based. But in our view, the best of these programs are intensely place-conscious, requiring an awareness of the regionwide geography of opportunity and insuring that opportunity-rich neighborhoods are opened up to low-income families seeking new locations. Moreover, efforts to revitalize distressed neighborhoods cannot truly succeed unless poor families have meaningful choices about where to live and work. Therefore, we see revitalization and mobility as complementary—not competing—strategies for tackling concentrated poverty. Here we review the programmatic experience and evidence of effectiveness of both assisted housing mobility and inclusive housing development.

Assisted Housing Mobility Strategies

The first assisted housing mobility initiative emerged from a lawsuit charging the Department of Housing and Urban Development (HUD) and the Chicago Housing Authority with illegal discrimination in the siting and occupancy of public housing. Part of the court-ordered remedy to Gautreaux v. Chicago Housing Authority provided special-purpose housing vouchers that poor black families could use to move to nonblack neighborhoods (Polikoff 2006). Research found that children whose families moved to predominantly white, suburban neighborhoods were more likely to succeed in school, graduate, go to college, and get jobs than children from comparable families who remained in the city of Chicago (Rosenbaum 1995; Rosenbaum and DeLuca 2000).
These early findings generated intense interest in the potential of assisted housing mobility as an antipoverty tool, and led to a congressionally mandated demonstration called Moving to Opportunity (MTO). MTO was targeted to families living in severely distressed public and assisted housing developments, and it offered portable housing vouchers and search assistance to those that volunteered to move to low-poverty neighborhoods. A total of about 1,800 families in five cities received the experimental treatment; the cost of mobility counseling averaged $3,000 for every household that successfully moved (Shroder 2001). Large numbers of eligible families applied to participate in MTO, motivated primarily by a desire to escape from high levels of crime and violence. And roughly half of those receiving the targeted vouchers and search assistance successfully moved to low-poverty neighborhoods (Shroder 2001).

Although the vast majority of low-poverty neighborhoods (in which MTO families could use their vouchers) were predominantly white and located in suburban areas, most MTO families moved to majority-minority neighborhoods in central cities, often near their original locations. These neighborhoods were dramatically safer than the distressed neighborhoods participants left behind and generally offered somewhat better schools (Orr et al. 2003). But because most MTO families remained within central cities, few gained access to substantially better schools or better access to employment opportunities. Further, MTO families were much less likely than Gautreaux program participants to stay in their new neighborhoods for long. Rather, most made multiple moves over the subsequent years, generally to higher-poverty neighborhoods, though not as poor as those from which they originated (Turner and Briggs 2008).

To date, research has documented striking improvements in both mental and physical health among MTO mothers and daughters but no meaningful gains in educational achievement or employment (Kling, Liebman, and Katz 2007; Liebman, Katz, and Kling 2004; Orr et al. 2003). The final evaluation of MTO is still under way, but evidence to date suggests that future assisted housing mobility programs should focus not on the poverty rate of destination neighborhoods but on more specific opportunity indicators such as public school quality or employment access; that low-income families may need help staying in opportunity-rich neighborhoods, not just getting there; and that some families may need a broader array of support services in conjunction with mobility assistance to achieve meaningful gains in educational or employment outcomes (Turner and Briggs 2008).

Families using housing vouchers to relocate from public housing projects being demolished as part of the HOPE VI program also moved to lower-poverty, but predominantly minority, neighborhoods and experienced significant improvements in safety and health but not education or achievement (Popkin and Cunningham 2009; Turner et al. 2009).

Assisted housing mobility programs have also been included in the negotiated settlements of several major desegregation lawsuits. These programs typically provide special allocations of housing vouchers, targeted to minority households that either live in public housing or are eligible to do so. Recipients receive counseling and search assistance to help them find a house or apartment outside areas of segregation and poverty concentration. The most recent of these initiatives has been implemented in the Baltimore region, and it focuses explicitly on helping low-income residents of distressed, segregated neighborhoods in the central city move to racially diverse, opportunity-rich neighborhoods throughout the metropolitan region. The latest performance data from this initiative find that poor black families are successfully moving to (and remaining in) majority-white suburban neighborhoods, that the schools in these neighborhoods are significantly better than those serving
the families’ origin neighborhoods, and that many parents report that their children are doing better in school (Engdahl 2009).

The Obama administration appears to be incorporating lessons learned about assisted housing mobility into its Choice Neighborhoods Initiative, promising serious attention to helping the original residents of these neighborhoods relocate to better neighborhoods either temporarily or permanently. In addition, HUD’s new Transforming Rental Assistance initiative, outlined in the 2011 budget, encourages local housing agencies to transition toward regional administration of the Housing Choice Voucher program and provides extra funding for mobility counseling services, so all participating families can more easily find and move to homes and apartments in opportunity-rich communities.

Inclusive Housing Development Strategies

Although housing vouchers (in conjunction with effective mobility counseling) can effectively expand access to low-poverty, opportunity-rich neighborhoods, their potential is constrained by the limited availability of moderately priced rental housing in these neighborhoods. Historically, many suburban communities have used their zoning and land-use regulation powers to exclude multifamily development and other affordable housing types. Suburban land-use regulations can inhibit the production of affordable housing by imposing direct costs (such as administrative fees, impact fees, and environmental mitigation requirements) and by constraining the range of allowable development types (such as large-lot zoning ordinances, inflexible building codes, density restrictions, or outright bans on multifamily housing). Many of these regulatory barriers reflect competing priorities about land use and development. But some are in fact intended to prevent low-cost housing from being built in a local community, to exclude lower-income (and minority) households, and to maintain high property values for current residents (Downs 1994; Nelson et al. 2004).

The federal government has very limited leverage over local zoning and land-use regulation, and has historically taken almost no action to mandate (or even encourage) the development of affordable rental housing outside central cities. Virtually all public housing developments (as well as privately owned housing that receives comparable rent subsidies from the federal government) are in central cities. And the federal programs producing affordable rental housing today largely continue this pattern. Almost six of every ten rental units subsidized under the Low Income Housing Tax Credit (LIHTC) program and two-thirds of those funded by the HOME program are located in central cities (Freeman 2004; Herbert 2001). Although the federal government requires local and state governments that receive federal block grant funding to identify and ameliorate local regulatory barriers and impediments to fair housing, current regulations do not impose any consequences if a local government fails to remove the barriers it has identified, or if it fails to identify any barriers in the first place (Stowell and Shelburne 2004). In effect, the federal government has looked the other way when local jurisdictions acted in an exclusionary manner (Katz and Turner 2008).

Some states have taken steps to rein in local authority over zoning matters, requiring local jurisdictions to allow (or even actively plan for) the development of more affordable housing types. For example, California’s “Fair Share” legislation requires local governments to contribute their “fair share” toward regional housing needs. Local governments must submit comprehensive plans with a housing element to state authorities for approval, and if localities do not comply with their state-approved housing plans, the state can limit eligibility for federal and state money for affordable housing (Calavita, Grimes, and Mallach 1997). This has performed better in theory than in practice;
smaller and wealthier jurisdictions are more likely to choose to be noncompliant, eschewing both the funds and the housing (Lewis 2003).

New Jersey’s state courts effectively outlawed local exclusionary zoning practices during the 1970s. An administrative agency—the Council on Affordable Housing—was established to determine fair share obligations of all the municipalities in the state. Once a municipality earns certification, it is protected from lawsuits for six years (Calavita et al. 1997). Unfortunately, however, a serious loophole in this effort was a provision allowing “regional contribution agreements,” in which wealthier jurisdictions could pay poorer cities to fulfill their affordable housing obligation. As we note below, a regional organizing effort was able to close that loophole in 2008, effectively opening up more of the state’s residential landscape to low-income residents.

In Massachusetts, an “Anti-Snob Zoning” law passed in 1969 provides a consolidated permit application and hearing process for affordable housing developers, along with a state zoning appeals system that strongly favors developers over local zoning boards. For a local planning board to block an affordable development project, it must prove that other local considerations—environmental, open space, or safety, for example—outweigh regional housing needs. This provision is credited with expanding affordable housing production significantly, although progress has been slowed by continued suburban resistance (Krefetz 2005).

The new administration at HUD has signaled that it is prepared to play a more active role in requiring jurisdictions that receive block grant funding to live up to their obligations to “affirmatively further fair housing.” Communities that receive CDBG or HOME funding (including many suburban jurisdictions) must submit reports analyzing the impediments to fair housing as part of their regular planning processes. In 2009, a private lawsuit challenging the adequacy of Westchester County’s analysis of impediments was settled, with HUD committing to provide more meaningful oversight of both the analysis and the use of federal resources. If HUD begins to put some teeth into the affirmatively furthering requirement, it could increase pressure on suburban communities to tackle regulatory and other barriers that exclude lower income and minority households, opening up more affordable options in opportunity-rich areas.

**Neighborhoods in a Metropolitan Context**

Thus far, we have focused on what we term place-conscious strategies—distinct from narrow place-based investments in that they don’t simply address the redevelopment of low-income neighborhoods (“bricks and mortar”) but also the multiple ways that place can affect outcomes (through health and environment, for example), serve as a springboard for family success (either through being an incubator or a launching pad), and shape access to opportunity.

Another important aspect of such place-conscious strategies focuses on how to maximize positive connections between a low-income neighborhood and other opportunities in the regional or metropolitan economy. Rather than simply seeking to change places from within (through revitalization) or facilitate the departure of residents from places which are not revitalizing, this regional equity perspective sees distressed places—and distressed people—as part of a broader pattern of urban sprawl that has also generated other problems, including environmental degradation. Most important for our purposes here, the regional equity perspective suggests that low-income neighborhoods cannot be transformed unless they are better linked to positive regional
economic dynamics. Rusk (1999), for example, argues that the main determinant of a neighborhood turnaround is regional recovery, not the local efforts of community development corporations.

As important as the term equity may be in this regional equity frame—the proponents, after all, generally hail from organizations representing and concerned about low-income neighborhoods (Blackwell and Fox 2004)—is the term region. At least one set of analysts in the regional equity sphere essentially argue that one reason to pursue equity and opportunity regionally is simply that the region has become a more important economic unit (Benner 2002; Pastor et al. 2000). The rising importance of the region, demonstrated through both increasing heterogeneity of regional performance and the strengthening of connections between regional growth rates and poverty reduction, makes it a key decision-making forum for antipoverty advocates (Barnes and Ledebur 1998; Muro et al. 2008; Pastor, Lester, and Scoggins 2009). This is particularly the case given the argument that regional or metropolitan patterns are helping cause the disparity (Orfield 1997), as well as the emergence of new regional or metropolitan organizing (and hence, policy venues) on the part of business interests (Henten, Melville, and Walesh 2004).

What’s more, the causality goes two ways: effective approaches to promoting regional growth can help reduce poverty, but tackling areas of concentrating poverty may help fuel regional growth. One of the most recent works in this field is a study by economists at the Cleveland Federal Bank that used a factor analysis of the economic performance of nearly 120 metropolitan areas throughout the United States and found that a skilled workforce, high levels of racial inclusion, and progress on income equality correlate strongly and positively with economic growth (Eberts, Erickcek, and Kleinhenz 2006). Pastor and Benner (2008) similarly find that segregation, increasing poverty, and high levels of inequality dampen regional growth in per capita income. Moreover, this pattern prevails even in “weak market” regions where some argue that equity must take a back seat to simply growing the economy. So there’s a potential win-win here—tackling poverty does not have to be a resource drain but instead can be a resource enhancer at the regional scale. The trick is determining what sort of difference adopting this view makes for either the policy or politics around poverty alleviation.

From our perspective, the differences between a regionalist angle on poverty and the traditional place-based view can best be understood if we recognize that regional equity policies come in several different buckets: workforce, transportation, and housing. On the workforce side, for example, regional equity argues for job training programs that may target families living in particularly isolated locations or use neighborhood-level delivery systems but also take advantage of regional clusters and regional attractions. This is sensible, of course, and squares well with the new regional economics. What the regional perspective adds is attention to determining which clusters to support and why, as well as new strategies to leverage regional assets to promote opportunity for low-income residents.

**Regional Workforce Strategies**

In an informative study of the San Diego economy, the labor-based Center for Policy Initiatives demonstrated that a typical cluster approach in that economy—invest in creating conditions for high-growth “gazelles”—would contribute to worsening inequality given the wage and opportunity structures in those industries (Marcelli and Joassart 1998). To understand this, consider the extreme example of the Silicon Valley: a narrow focus on promoting software innovation is likely to miss many low-skill and low-income workers. Of course, economic growth requires regional specialties, and a focus on external-serving or driving industries is key, but sectors that maximize the possibility
that lower-income individuals will connect to pathways out of poverty (by offering clear career ladders) can also be promoted.11

Neighborhood connections are not automatic, and this is where neighborhood-based delivery systems are key. Such systems ensure that the disadvantaged can actually access employment. Examples here include Workplace Hollywood, an attempt to connect workers from low-income zip codes with the dynamic entertainment industry in Los Angeles (Pastor et al. 2009), and Austin’s Project Quest (Osterman 2002).12 Interestingly, both these efforts were pushed into being by community-based organizers, a point to which we return later. Shifting policy is not just a question of a better mousetrap but also a function of organizing and influence. The central point here, however, is simple: it’s not just region and not just neighborhoods but effectively linking the two. Thus, antipoverty advocates need to think about policies that are more generally economic and industrial in focus and might be located in the departments of Commerce, Labor, and Transportation, as well as the U.S. Environmental Protection Agency. These agencies should also see their role in helping reduce pockets of poverty as part of their economic growth, employment, transportation, or greening missions.

Another promising approach from the regional equity perspective has been the development of community benefits agreements (CBAs). Pioneered in Los Angeles but gaining presence through the country, CBAs tend to leverage local jobs from regional attractions. The result of private negotiations between community groups and developers, with the incentive to developers being the ability to secure early public support and hence streamline regulatory approval processes, CBAs can bring concrete hiring results and training programs to poor communities. The Los Angeles Sports and Entertainment District development (a.k.a. the Staples Center expansion) received $150 million in public subsidies but agreed that 70 percent of jobs created would pay the city’s living wage and that first-source hiring programs would be targeted to give opportunities to low-income residents and those displaced by the development (as well as developer funds for parks and recreation for the community, increased affordable housing requirements, a developer-funded parking program for the surrounding neighborhood, and “standards for responsible contracting and leasing decisions” (Gross, LeRoy, and Janis-Aparicio 2005, 14).13 As we note below, taking a CBA-style strategy to the local implementation of ARRA projects might make up for the equity provisions that did not make their way into the bill itself.

Regional Transportation Strategies

On transportation, the key is to provide effective connections between where people live and where jobs are. Given the suburbanization of employment over recent decades, this includes developing workable systems of reverse commuting. Unfortunately, however, the available evidence suggests that one-dimensional reverse-commuting strategies may not be sufficient. The most recent, rigorous test of this approach was conducted during the 1990s under a demonstration initiative called Bridges to Work, which provided suburban job placement and transportation assistance to “work ready” residents in poor, central-city neighborhoods (Roder and Scrivner 2005). The Bridges to Work (BtW) design included three program elements: a suburban job placement mechanism, including the recruitment of suburban employers to hire central-city residents; targeted commuting services for inner-city residents; and limited supportive services intended to directly address the challenges of the suburban commute. This third element distinguished BtW from earlier “reverse commute” experiments—explicitly attempting to help participants sustain their connection to the suburban labor market by addressing problems created or exacerbated by the suburban commute.14
Nonetheless, across the four experimental sites, the BtW interventions produced no statistically significant impacts on employment or income overall. Participant retention proved a major problem; of the two-thirds of participants that were ever placed in a BtW job, most used the program services for only a short time. Focus groups and interviews with program staff suggest that low retention resulted from participants’ personal struggles, dissatisfaction with certain aspects of their suburban jobs, and the long commute. These disappointing findings suggest that transportation strategies alone may have limited impact unless they are explicitly linked to training and job retention services. And even so, in some metropolitan areas, the distance between poor neighborhoods and suburban employment locations may simply make it infeasible to design reverse commuting strategies that are both effective and affordable (Turner and Rawlings 2005).

Overall, one fundamental problem is the imbalance of transportation funding: too much is devoted to highway construction—which only exacerbates sprawl, a form of development which is also more expensive to maintain and thus drains resources from antipoverty efforts (Muro and Puentes 2004)—and not enough is slated for the development and maintenance of public transit. ARRA has geographic targeting on the transportation side, but as Puentes and Tomer point out, the requirement that funds be spent in economically distressed areas, defined at the county level, tends to steer funding to rural areas because of the failure to adjust the poverty level upward in denser cities and metropolitan areas to reflect cost-of-living differences.

There are also interesting opportunities with regard to transit-oriented development (TOD). TOD provides the opportunity for a region to connect residents from work to home in a coordinated manner, as well as to promote local development. In West Chicago, for example, Bethel New Life, a community development corporation, was able to fight to keep open a rail line that had been slated for closure in 1992, a turn of events that would have left their already low-income residents without a good connection to work. Bethel New Life quickly allied with suburbanites at the other end of the line and fought to preserve the transit connection, eventually saving the line and creating the opportunity for a TOD project with a 23,000-square-foot commercial center that houses a day-care facility, a community bank, commercial enterprises, a clinic, employment services, and job training (Pastor, Benner, and Matsuoka 2009, 100). The Fruitvale Village in Oakland is another example of a TOD that emerged from a neighborhood struggle and created what many now consider a model development. In both cases, groups had significant issues with putting together the leveraged financing, a challenge which suggests a role for government assistance.

**Regional Housing Strategies**

On the housing side, regional equity proponents worry about the spatial concentration of the poor. While there is support for the housing mobility programs outlined earlier, such programs are only feasible if there is actually housing in opportunity-rich areas. As we have noted above, that requires strategies like inclusionary zoning, mixed-income housing initiatives, and fair share mechanisms so all localities are required to accommodate all income levels.

During the housing boom of the past decade, a growing number of suburban jurisdictions implemented inclusionary zoning and regulatory policies of various kinds, in efforts to moderate spiraling housing costs. In general, these policies were not intended to produce housing at rents affordable for poor households, and the overall impact on the affordable housing landscape was limited. Nonetheless, they provide an emerging body of tools and experience for opening up more housing options in opportunity-rich communities throughout metropolitan regions (Pendall 2008).
In this context, the federal government has several tools that could be more effectively used to encourage inclusionary state and local policies and expand the production of affordable housing in opportunity-rich communities. The new Sustainable Communities Initiative partnership between HUD, the Department of Transportation (DOT), and the Environmental Protection Agency (EPA), may offer incentives for some suburban jurisdictions to implement inclusionary zoning regimes. In addition, the federal government can and should be imposing more stringent requirements on states’ allocations of the LIHTC so the affordable rental housing produced under this program does not contribute to concentrations of poverty. Legal analysis indicates that federal obligations to “affirmatively further fair housing” obligate the Treasury Department (which administers the LIHTC) to update its regulations and enforce them more effectively (Bookbinder et al. 2008; Julian 2008). Although the current financial crisis and housing market downturn have stalled production under the LIHTC program, activity will undoubtedly resume as the economy recovers.

Another potentially important tool for expanding affordable housing options actually stems from the current financial crisis. The Neighborhood Stabilization Program, launched in 2008 to stem the neighborhood spillover effects of the mortgage foreclosures, provides funding for local governments to acquire and redevelop foreclosed and abandoned properties. Because suburban communities as well as central cities have been hit hard by foreclosures, this program creates an opportunity for local governments and nonprofit organizations to acquire and manage properties in areas where affordable rentals have been scarce. The second round of funding under the Neighborhood Stabilization Program is being allocated competitively rather than by formula as a strategy for encouraging more innovative uses. This competition also offers incentives for jurisdictions within a region to coordinate their activities and submit joint applications.17

Finally, while gentrification may seem like a distant concern in the context of the current recession and housing downturn, the boom years produced a pattern in which many black and Latino house-buyers “drove till they qualified”—and are now losing housing and staying (partly because of inertia, partly because children may already be enrolled in schools) in distressed suburbs. The geography of the housing meltdown, at least in many large metropolitan areas, is that the most robust housing prices occur in the center. If a region works to contain sprawl—which would be good—these efforts are also likely to intensify the pressures on central-city housing prices. While this issue mostly will have to be tackled by regions and localities, ensuring that the federal government at least considers the implications of its own actions on the geography of housing prices is important.

The federal government could help by developing research on tools that local communities can use to assist planning in a new age of transit-oriented and compact development. PolicyLink, for example, literally offers a “toolbox” for equitable regional development, from which we highlight a few options (Rose 2001). Community land trusts, for example, can protect land from speculative purchasing and reserve it for lower-income renters and home owners who can then enjoy the redevelopment happening in the neighborhood without being kicked out. Housing trust funds combat gentrification by dedicating ongoing revenue streams to affordable housing. Revenue can come from commercial development or government funds, based on the legislation that enacts the fund. A related and overarching strategy is to apply regional equity criteria to public revenues streams to fund strategies promote affordable housing throughout a region (Blackwell et al. 2004).

Of course, making any of these measures a reality can require a high level of community organizing and pressure. We mentioned earlier that New Jersey’s regional contribution agreements
constitute an effective loophole for suburban jurisdictions to avoid their fair allocation of affordable housing; this was only overturned after substantial pressure from a grassroots interfaith coalition called the New Jersey Regional Coalition that brought together groups from the state’s cities and more distressed suburbs. Regional equity proponents thus also stress that any of the policy opportunities noted above—more effective workforce development, better transportation, and more appropriate housing—will only be secured if metropolitan organizations represent and advocate for lower-income residents. We return to this more political side of the equation below.

Principles for Place-Conscious Federal Policy

Place matters—but the way it matters has changed. Older approaches to poverty tended to pit place-based strategies against people-based strategies, as though promoting development would automatically benefit residents and enhancing mobility might not lead to even deeper pockets of despair. We have argued here that such distinctions are no longer applicable (if they ever were) and that instead we need a blended place-conscious approach, recognizing that poor communities need to be revitalized but that they also need to be connected, and that residents need to be provided a choice to exit but also a choice to stay. What does all this mean for the federal government and its antipoverty efforts? What would we do differently, what do we see emerging, and where are the new opportunities?

First, we need to realize that poverty is a multifaceted problem, and addressing it will require a much higher level of coordination than is typical of federal policymaking. At a recent meeting of researchers discussing challenges facing men and boys of color, a colleague who was bemoaning our “siloed” bureaucracy was quickly rebuffed and told that he meant “platinum cylinders of excellence.” Indeed, the federal government delivers some excellent programs, such as Pell grants, the EITC, Head Start, and housing vouchers, but the effectiveness of each would be much higher if they were connected to the work of other federal departments. Learning can only improve so much when asthma keeps a kid out of school. Work supports to help parents earn enough to lift their families above the poverty level will be more effective if they can also access cluster-specific job training. And pouring money into a transportation system that encourages employers to disperse geographically works against the place-based approaches that can deconcentrate poverty.

The Obama administration certainly seems to be headed toward greater policy integration. As noted above, in June 2009, HUD, DOT, and the EPA created the Partnership for Sustainable Communities to integrate housing and transportation decisions for both residential and business purposes—exactly the stuff of equitable smart growth. Incentives for regional planning and interjurisdictional collaboration are more likely to result in the multipronged approaches that get at the complexities of poverty. This initiative is to be housed in the Office of Sustainable Housing and Communities, which includes other collaborations with the Department of Energy and the Environmental Protection Agency. The Department of Education, in administering the Promise Neighborhoods funds, encourages a cross-disciplinary approach and coordination between the departments of Housing and Urban Development, Health and Human Services, and Justice, as well as the EPA. HUD’s Choice Neighborhood program will give extra points to local housing agencies for including early education strategies in their applications. And the newly established White House Office for Urban Affairs actively encourages and supports these and other examples of cross-departmental planning and coordination.
Efforts to revitalize poor communities can’t achieve their full potential if they tackle only what goes on within the neighborhood’s boundaries. Instead, new initiatives like Choice Neighborhoods and Promise Neighborhoods should be designed and implemented with a more regional perspective in mind. Site selection should consider development dynamics under way in surrounding neighborhoods, metropolitan employment opportunities (both existing and anticipated), regional housing market conditions, and demographic trends that could create or undermine demand for new housing. And the publicly funded investments in the selected locations should not only seek to build opportunities and amenities inside the neighborhood but to connect residents (both old and new) to resources and opportunities offered throughout the metropolitan region.

Moreover, investments in the revitalization of distressed neighborhoods must go hand in hand with efforts to expand opportunities to choose nonpoor neighborhoods. Instead of seeing these as dueling strategies—or the responsibilities of entirely separate public entities—we need to treat revitalization and mobility as two sides of the same coin. Efforts to revitalize distressed neighborhoods too often reflect a static view of neighborhoods and their residents, and envision a future that better serves the same people within the same geographic boundaries. But in fact, individuals and families move a lot, for both positive and negative reasons. This mobility can contribute to or undermine efforts to revitalize neighborhoods and complicates our understanding of who benefits from neighborhood change. For example, if investments in a neighborhood succeed in attracting private-sector investment and higher-income residents without preserving affordable options for the original residents and businesses, the place may improve at the expense of people. But it is also possible to imagine improvements in neighborhood supports and services that would enable some residents to move “up and out” while welcoming a new “cohort” of needy families.

Given that most strategies and activities we discuss here operate locally or regionally, what does this mean for federal policy implementation? The first thing to understand is that while the field of action may be metropolitan, the very landscape of regional inequity being inherited is the result of federal policy, including the National Housing Act of 1934 that eventually insured reasonable mortgages to middle-class families in new suburban areas (PolicyLink 2002, 6) and the Federal Aid Highway Act of 1956 that built highways that induced sprawling development. While state and local government have certainly had a hand at building region inequity, these federal laws created a sort of scaffold on which sprawl has hung. In addition, since sprawl and regional inequality were not the results of the free market, neither will be their remedies.

Generally speaking, the federal government should reverse its previous bias toward sprawl and offer incentives for more balanced metropolitan approaches to growth and development. This might mean attaching regional equity criteria to public funding. Community Development Block Grant funds, for example, could prioritize projects that put homes near transit, employment, and schools, promoting TOD (Blackwell and Fox 2004, 9). Incentives could change so LIHTCs do not further concentrate affordable housing and, hence, poverty (such concentration occurs both because of the qualified census tract requirement for the LIHTC and because the developer profit is higher where competing market rents are lower; see Hollar and Usowski 2007 and Lang 2009). HUD grants could fund working with local planning agencies to update zoning, enable TODs, and promote integrated and inclusionary housing. HUD and DOL could include language prioritizing living wages and local hiring to their grantees. DOL could prioritize sectoral community economic and workforce development, and it could provide extra incentives for the development of model neighborhood delivery systems for job training.
In general, the Obama administration seems to grasp the benefits of the regional equity and metropolitan perspective. The administration has certainly promised elements of a traditional place-based strategy, particularly with the proposed replication of the Harlem Children's Zone. On the other hand, HUD’s Choice Neighborhoods program promises a full suite of complementary community-based services that reflects what we have been terming a place-conscious comprehensive approach. More significant yet is the Sustainable Communities Initiative, an infrastructure-focused partnership designed to link together housing, transportation, and environmental programs. The EPA, HUD, and DOT specifically want to apply the program to metropolitan areas in “developing truly integrated transportation, land use, and economic development plans to serve projected growth over the next several decades.” Grants would be awarded to entice metropolitan areas “to devise their own innovations for coping with congestion and greenhouse gas emissions across transportation, housing, land use, economic development, and energy policies” (Puentes 2009).

Three features of the initial program design are especially attractive. The first is that the initiative is interdisciplinary and more reasonably considers the intersection of federal policy (note that past policy had transportation pushing for sprawl and urban policy seeking to repair the damage to communities left behind). The second is that it embraces livability principles, including the provision of more transportation options, the promotion of affordable housing, the enhancement of economic competitiveness, support to existing communities, the aforementioned coordination of policies, and a value for communities and neighborhoods. The third feature is the possibility (with the devil in the details) of creating financial incentives for interjurisdictional cooperation about sustainable development. The worry, of course, is not only the details but also the fact that this is an entirely new way of doing business, local resistance may be high, and some of the seemingly best ideas can wind up furthering inequality (think, for example, of the unintended concentration effects of the LIHTC). Equity advocates will have to keep a sharp eye on this program.

Also key to watch will be transportation spending. In the last round of major reworking of our federal transportation spending, the 2005 adoption of the Safe, Accountable, Flexible, and Efficient Transportation Equity Act–A Legacy for Users (SAFETEA-LU), community organizers were able to win a provision allowing for local hiring programs; one of the two Senate champions of that provision was an Illinois freshman named Barack Obama. But this simply opened up the possibility for local groups to apply pressure rather than mandating local hiring and apprenticeship programs as part of the usual requirements.

The next round of multiyear funding was supposed to be approved in 2009, but a plethora of other legislative initiatives, as well as all the other transit investments built into ARRA and the recent jobs bill, meant that the bill design and decision have been pushed back to 2010. For equity advocates, the key is tackling the imbalance of spending on highway expansion versus public transit as well as ensuring that disadvantage communities can directly benefit from job creations. In this regard, we think that prioritizing “fix it first” strategies for road infrastructure (which would help older cities and suburbs) as well as mandating local hiring goals could be important. Equally important might be restructuring voting power on metropolitan planning organizations (MPOs) that are generally “one jurisdiction, one vote,” a structure that gives disproportionate voice to smaller suburbs and can result in less spending on public transit (Nelson et al. 2004; Rubin 2009).

In terms of housing, the National Housing Trust Fund was created with the Housing and Economic Recovery Act of 2008 and is the first legislation since the HOME program 1990 that dedicates fund to extremely low income households. Administered by HUD to states, “at least 90%
of the funds must be used for the production, preservation, rehabilitation, or operation of rental housing...[and] at least 75% of the funds for rental housing must benefit extremely low income households (those with incomes at or below 30% of area median income) or households with incomes below the federal poverty line. All funds must benefit very low income households (50% of area median income or less). This much-needed infusion of resources for affordable rental housing has the potential to reduce hardship and expand opportunities for low-income families, but not if all the funds are spend to build or preserve housing in high-poverty and distressed neighborhoods. The regional equity perspective argues for investments in opportunity-rich neighborhoods where affordable rental options are scarce, and in gentrifying neighborhoods where lower-income renters are being squeezed out.

Still in the mix is the new markets tax credit created by the Community Renewal Tax Relief Act of 2000. The program has stimulated billions of dollars of equity investments in the economic development of low-income neighborhoods. For example, in 2009 and 2010, $95 million of new market tax credits in New York and $70 million in Los Angeles are being used to finance new construction that will provide medical services, job training programs, and office space for low-income communities. This program is, by necessity, place focused, and one needs to guard against the consequent possibility of concentrating the poor. Indeed, our main point here is that consideration in federal programs should be given to efforts that potentially deconcentrate the poor; we understand that the initial costs might be more expensive (as land and housing costs in opportunity-rich areas is more expensive), but the eventual savings if families and children do better may justify the expense.

There are also opportunities we have not addressed, such as the multifaceted attempt to address climate change. This will require the much ballyhooed “green jobs”—and this could be explicitly tied to job generation in lower-income communities. But it will also require a reconfiguration of metropolitan space to reduce the commuting that pumps so much carbon into an overheated atmosphere. In California, Senate Bill 375 is requiring that regional MPO analyze how they can reduce carbon intensity by coordinating transportation, land-use, and housing plans. There is, however, no penalty for not complying—there could be if the federal government would make such planning one element of the regional transportation plans used to solicit federal dollars.

Another opportunity may arise from a rethinking of national financial institutions in the wake of the current recession. At the federal level, several bills propose substantial reforms including modernization of the Community Reinvestment Act and establishment of a new Consumer Financial Protection Agency. Both have the potential to strengthen low-income neighborhoods, but there are concerns about whether a large share of smaller banks may be exempt from coverage and whether the new consumer protection agency will lack effective teeth. And while Bank On programs are local, the federal government might find ways to support these efforts by offering the market studies that lure banks, building financial literacy into job training programs, and giving extra points to community development projects that include some aspect of financial strengthening at a neighborhood level.

The Politics of Place-Conscious Development

In a recent book about regional equity, Pastor, Benner, and Matsuoka (2009) argue that the practices and policy suggestions recommended here are important as a blueprint—but that getting there will require more than good research and smart ideas. As they argue, demonstration projects show us
what’s possible, policy changes make the possible standard practice—but power ultimately drives policy reform.

Considering the calculus of power may seem odd in a policy paper, but ultimately the best ideas only take root if there are constituencies to back them—and plenty of bad ideas persist exactly because there are constituencies that defend them. Many of the successes we noted above—opening up more of New Jersey to affordable housing by eliminating the regional contribution agreement escape clause, forging transit-oriented development in Chicago and Oakland, securing community benefits from development in Los Angeles—were not the workings of thoughtful academics but the results of hard-fought multi-constituency organizing. Generating the political will for a new approach, then, is critical.

One important institution in this effort to change the political landscape has been the Brookings Institution’s Metropolitan Policy Program, a nonpartisan effort that has stressed the role of regions, brought together business, labor, and civic leaders in multiple regions to see their common interests in regional prosperity, and then emphasized the need for policies that would recognize the centrality of metropolitan economies to strengthening the American economy. This strategy brings fighting poverty into the mainstream of economic strategy-making, and the director of that program, Bruce Katz, has been a special advisor to HUD Secretary Shaun Donovan. The White House seems on board with the approach: the Office for Urban Affairs is taking a decidedly regionalist approach, and the president himself in his pre-election speech to the U.S. Conference of Mayors recognized the need for a regional strategy for growing local economies.25

In considering the broader politics of place-conscious development, we need to realize that while the framework creates the possibilities for new alliances, particularly between regional business leaders and advocates for community development, the opponents may be many as well. It is not simply a question of some wanting to protect suburban privilege or a less dirigiste approach to regional development, but also that many have long valued place-based development as a platform for their own power and voice. African American leaders in Louisville, for example, were opposed to the consolidation of city and county governments because of worries about diluting political voice. Similar tensions have arisen in the Cleveland area (Savitch and Vogel 2004). In short, the regional side of the equation is as much of a challenge to equity proponents as the equity emphasis is a challenge to regional proponents.

On the other hand, such place-conscious development reflects a new framework that can blend the metropolitan emphasis of some business leaders and think tanks with the wider regional focus of some community organizers. It is, at times, an uncomfortable balance, particularly as those with a more metropolitan focus tend to engage in which might be called “stealth equity”—pulling together the policymakers and stressing the common economic interest in regional competitiveness, but avoiding the hard discussions of space, race, and the distribution of economic benefits. Equity proponents, on the other hand, worry that even if some underlying elements of a “broader” strategy wind up addressing poverty, antipoverty and equity goals may be diluted or neglected unless they are made explicit.

We are not pushing for any particular view on the question, but we do wish to stress one interesting phenomenon: that in a parallel to the early days of community development, the regional equity perspective that informs our own shift to a place-conscious approach has its roots in community organizing and a sense that mobilization is critical to holding policymakers accountable.
The Community Reinvestment Act (CRA), for example, brought millions of reinvestment dollars to disinvested neighborhoods and was not only advocated for by the community, but was also implemented by it and will, hopefully, be modernized at their insistence. Alex Schwartz puts it eloquently: the CRA is “the result and the vehicle of community-based efforts to combat redlining and other discriminatory bank lending practices” (1998, 270) that were reinforcing neighborhood poverty. Powerful interests in the financial industry have tried to weaken the CRA, but organizing efforts have consistently reminded them of the full extent of the law; and there will continue to be such battles as we rework our financial system in the wake of the crisis.

Because of this, building civic capacity and engagement at the regional scale has to be a part of meaningful place-conscious policy. Such civic capacity can take many different forms. In the Cleveland metropolitan area, a philanthropic effort called Fund for Our Future has helped focus business and civic attention on the way that housing segregation and income disparities can be an Achilles heel for growth, creating a slow shift in local politics and alliances. In Chicago, Metropolis 2020 has brought together business leaders to insist that affordable workforce housing be available through the region, promising that this will factor into business location decisions. In the Bay Area, community organizers, nonprofits, and foundation leaders have come together for the Great Communities Initiative, an effort to generate transit-oriented development all over the region; they are actively working with both developers and the local MPO to make their visions real.

Such efforts will need to scale up to consider the ways in which federal policy will promote or derail regional equity. In analyzing ARRA, Fox, Walsh, and Fremstad (2009) note that the speed of passage and the (quite reasonable) requirement that money be spent quickly meant that provisions specifically addressing poor communities and individuals were not built in. The bill required that funding be directed at those hardest hit by the recession—which would seem to target low-income and minority communities experiencing the highest rates of joblessness and foreclosures—but ARRA contained (with one exception) no local hiring requirements or specific connections to job programs for the hard to place. Emphasis on “shovel-ready” projects were also worrisome to many because efforts like transit-oriented development, alternative transit modes in low-income communities, or “fix-it-first” infrastructure spending in older areas take longer to generate and are likely less easy to take off the shelf and place in the queue than programs involving ex-urban highway construction (Fox and Rice 2009). Fox, Walsh, and Fremstad (2009) therefore recommend bringing to bear the tools and strength of labor-community organizing that helped achieve local community benefits agreements to monitor spending and push for more equitable results.

Our point here is simple: poverty is the result of politics as much as it is of policy. If we want to make sure that post-ARRA federal policies live up to the promise of helping those most in need, the sorts of coalitions of “unusual partners” that have been emerging regionally need to be replicated, nurtured, and scaled up to federal decisionmaking. It’s a tall order, and it will require an infrastructure of communication and policy development, parts of which exist in organizations like Brookings, PolicyLink, Smart Growth America, the Partnership for Working Families, Green for All (which won important jobs provisions in the recent climate bill), and others but which will need to be better coordinated to have a bigger effect on policymaking. And the federal government could help by requiring that post-ARRA investments meaningfully involve community partners, exactly along the lines of the criteria for demonstrating authentic partnerships that seem likely to be attached to the Promise Neighborhoods initiative—but with application to, say, regional transportation plans, infrastructure spending, and workforce development.
There are those who might argue that this simply adds another regulatory burden, that sustained and integrated efforts to reduce concentrated poverty are luxuries we can ill afford in a recession, and that policy attention should therefore focus on restoring the health of the macroeconomy or the financial system. We disagree; in our view, it is especially important to tackle poverty in times like these. As we noted earlier, research increasingly shows that economic strength and equity go hand in hand at a regional level—and we are convinced that the relationship is salient at a national level as well. After all, the economy shattered just as we hit the highest level of income inequality since the Great Depression—and surely the fragility of the financial system has something to do with an economy where some were so wealthy they poured their money into increasingly speculative investments and many were so stressed that they borrowed just to stay afloat. Tackling poverty, creating opportunity, and repairing our social fabric are all part of the needed American Recovery.

It won’t be easy. There is hard work ahead to really connect poor neighborhoods to their regions, and to do so at a federal level. The neighborhood approach has been popular for decades, but it clearly has not achieved all of what we had hoped for. The mobility strategy has promise, but it faces difficult political challenges as well as the sense among many poor people that they should not have to leave their communities to get ahead. Place-conscious strategies can make a difference, and thinking creatively about where and how to implement them will be a task for advocates, researchers and policymakers in the years ahead.
References


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1 The fact that many people living in high-poverty neighborhoods experience bad outcomes does not, of course, prove that the neighborhood caused the problem. In many cases, people with problems choose or are otherwise constrained to live in distressed neighborhoods, so neighborhood conditions reflect rather than cause bad outcomes. The studies summarized here all applied appropriate statistical controls and found significant evidence of independent neighborhood effects. See Ellen and Turner (1997).

2 Several federal programs channel public and private resources to local institutions that can then deploy them (more or less strategically) for neighborhood revitalization. These programs include the Community Development Block Grant (CDBG) program, which provides flexible funding (by formula) to cities and urban counties for improvements in poor communities; the HOME program, which also provides quite flexible block grants (again by formula) for local low-income housing investments; the Low Income Housing Tax Credit program, which provides federal income tax credits to investors in low-income housing developments (thereby reducing the cost of capital); and the new market tax credit program, which provides federal income tax credits for equity investments in community development entities (broadly defined). Our focus here is not on how these federal funding streams are deployed, but rather on the experience of targeted investments intended to revitalize distressed places.


6 Eighty percent of Harlem Children’s Zone’s revenue is from private support, with 11 percent coming from government and 9 percent from other sources.

7 A host of other market failures exist wherein institutions fail to locate in lower-income neighborhoods, partly though a lack of information about market possibilities, and residents literally pay the price. The poor tend to pay more for basic financial services, car and auto-related necessities, and home-related products (Fellowes 2006). For example, poor neighborhoods, along with being “financial deserts,” tend to be “food deserts”—grocery stores are far away or charge higher prices. The Reinvestment Fund and PolicyLink have been generating planning and financing that can help grocery stores find their markets and locate accordingly, and a $400 million Healthy Food Financing Initiative has emerged in the administration’s proposed budget for 2011. Such initiatives can have a modest direct impact on poverty through both creating jobs and lowering basic survival costs, and they complement comprehensive initiatives by improving access to good food.

8 MTO was implemented as a rigorously controlled experiment, with eligible families randomly assigned to one of three groups: a control group that continued to receive housing subsidies in the original developments, a comparison group that received housing vouchers with no geographic restrictions, and a treatment group that received the restricted vouchers with housing search assistance. Reported costs do not include the cost of the housing vouchers because demonstration volunteers already received housing subsidies. All three groups were systematically tracked and surveyed.
over the course of the demonstration. The last wave of data collection is in its final stages with final evaluation results expected in 2010.

9 See HUD’s announcement of the settlement at http://www.hud.gov/news/release.cfm?content=pr09-149.cfm


11 The “green” economy could be part of a career ladder for lower-income workers to the extent that it includes progression from, say, weatherization to retrofitting to new construction.

12 See Giloth (2004) for a more general description of effective workforce intermediaries.

13 For a broader view of CBAs, see Parks and Warren (2009).

14 Among the services included in the programs’ original plans were a guaranteed ride home in an emergency, payment of day care costs to cover the extra time required to commute to the suburbs, and staff assistance dealing with diversity issues in the workplace.

15 In addition, the economy was booming during the second half of the 1990s, and jobs were opening up throughout the metropolitan areas, making the BtW program less attractive or essential for the targeted work-ready population.


