



LOCAL FINANCE AND GROWTH

Federal Place-Based Programs

A Landscape Policy Review

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Executive Summary

Many past and current federal programs and regulations intentionally target their benefits to “place.” This report serves as a primer on federal place-based programs, explaining what they are and how they work and identifying key gaps in their theories of change. Given the inherent complexity and ambiguity of federal place-based policy, we believe this primer will equip current and future policymakers, practitioners, and scholars with a shared understanding of how place-based interventions have evolved over time; how these programs are designed, funded, and implemented; and the challenges associated with measuring their impacts on communities.

What Is Federal Place-Based Policy?

In general terms, federal place-based programs provide funding to support projects and interventions with the objective to systematically upgrade, over a sustained period of time, one or more specific features of a distressed local area’s physical or social environment (see Appendix A for examples). The outcomes should be measurable, and we expect the benefits to accrue, at least in part, to residents living in the area prior to the intervention.

Place-based policy typically involves:

- funding directed to a specific geographic area, such as a building, neighborhood, city, or region;
- activities, expenditures, and services that go beyond the status quo, with efforts concentrated in the target area; and
- proposed benefits for the area, both short- and long-term that either work directly (such as providing affordable housing for low-income households) or indirectly (such as corridor redevelopment) to assist lower-income or economically challenged people and places.

By contrast, other federal policies—such as the Small Business Administration’s 504 and 7(a) loan programs—are place-agnostic, with benefits provided without any geographic targeting. For these policies, benefits are targeted according to nongeographic criteria, such as firm size, borrower characteristics, industry sector, uses of funds, and job creation. Other policies that are not place-based include means-tested programs like Pell Grants or SNAP, which provide benefits to eligible people regardless of where they live.

Why Focus on Place?

There are widely differentiated benefits, opportunities, and socioeconomic conditions in communities across the United States. Some geographies are faced with concentrated poverty and lack of investment while others experience significant investment and maintain high levels of opportunity and well-paying jobs. Growing income and wealth inequality is evident across places, which makes the need for place-based interventions even more pertinent than before. And there is now extensive research and evidence demonstrating that living in these high-poverty areas negatively affects people's life chances and outcomes. While solutions like cash transfer programs can support individuals, they don't address the underlying structural economic factors that contribute to concentrated poverty and inequality.

Key Findings

Our review of literature and available program performance data indicate several important points and considerations related to how federal place-based programs are designed and implemented, the resourcing available for place-based programs, and challenges with measuring outcomes and impacts. These are summarized below.

Design and Implementation

- **There is emerging evidence of positive effects.** A growing body of evidence demonstrates positive outcomes for many place-based programs. The effects are often modest, but in some cases meaningful. The findings are directionally consistent, yet diverse in outcome by program focus, design, and delivery.
- **Place-based programs are increasingly privatized.** Federally controlled, place-based policy has progressively shifted to state and local governments and the private sector in the last 50 years. Relying on nonfederal and private actors to implement federal programs introduces both opportunities and challenges for the federal government in accomplishing its objectives.
- **Programs have complex structures and networks, but low coordination across and within agencies.** A complex and multifaceted network of structures and actors administer place-based programs. However, there is a lack of clear alignment across agencies, or even within agencies across programs, which leads to challenges with efficiency, organization, and strategic direction.

- **Specialized expertise and significant resources are often needed to implement federal place-based programs.** Many complex place-based programs require specialized expertise to secure or deploy funding. This complexity leads to high transaction costs and significant time spent assembling the necessary elements, undergoing review, and gaining approvals.

Federal Resourcing for Programs and Places

- **The federal government allocates significant funding to community and economic development.** Annual spending has more than doubled since 2010 and has continued to increase since 2020, although at relatively lower rates.
- **However, funding amounts are low relative to private market investment and to overall need.** Although the federal government spends considerable resources on place-based programs, public-related investment is quite small compared with private market investment activity, and, in total, is inadequate to address the development needs of all communities.
- **Geographic spread of federal funds is spotty and inadequately focused, leading to inconsistent coverage relative to need.** Not all programs face the same challenges, but in total, federal place-based funds are spread inconsistently across geographies and do not reach many communities that are eligible for and in need of investment and support.

Measuring Impact and Instilling Accountability

- **Place-based programs are difficult to measure.** There is inadequate funding available within programs to establish a consistent measurement and evaluation practice.
- **Despite implementation taking place at local levels, federal programs rarely incorporate local control or input.** Many programs lack the infrastructure to give local residents influence over how taxpayer dollars are spent.

Principles for Successful Place-Based Programs

Federal place-based policy has achieved many benefits for communities, and there are several ways policymakers can amplify, modify, and improve these tools for the future. We offer several characteristics of successful programs and guiding principles.

- **Target programs effectively.** Support the economic and social needs of the most disinvested places by improving the targeting and scale of place-based programs. Local governments can help prioritize neighborhoods for reinvestment and offer financing and incentives to help align priority areas and private sector participation.
- **Programs should be multidimensional and multisectoral and aim to benefit multiple domains or outcomes.** Funding should focus on efforts that address multiple community outcomes, avoiding narrow approaches that miss the complexity of community change.
- **Provide robust resources, leverage private capital, and do so responsibly.** Private and public investment is needed to truly transform neighborhoods, not just fund isolated projects. Coordination at all levels of government can help stretch dollars and make programs more effective. Private investment is important, but it should align with public sector goals.
- **Plan for the long term and adapt to shifting priorities.** Place-based development requires decades to accomplish neighborhood and community transformation. Financing structures need to better accommodate the long time horizons required for place-based change. Programs should remain flexible as broader regional trends shift. They should be engaged with broader local and regional efforts, adapting their efforts or pushing back others as necessary.
- **Incorporate community input and understand the push and pull between mobility and displacement.** Programs should be responsive to and accommodate the dynamism that exists within families and neighborhoods, having measures in place to avoid displacement as much as possible without keeping people stuck in place when their needs or desires change. Incorporate community voice and participation into development decisions using mechanisms like community land trusts, cooperatives, or rights to purchase for tenants.

Federal Place-Based Programs

From the 1930s through the 1960s, the federal government assumed a significant role in urban and rural development. This period was one of considerable ambition, characterized by the construction of the Hoover Dam, interstate highways, rural electrification, and public housing. At the same time, this era has been criticized for being less concerned with benefiting existing residents than removing them to build something different (Campagna 2020; Ortlepp 2020). In the 1970s, federal funding and the responsibility for urban development shifted to state and local governments. The 1980s saw greater privatization of federal responsibilities and cutbacks to development projects during the Reagan administration. In the wake of these shifts, philanthropic organizations emerged as critical sources of financing for local initiatives, and community development corporations (CDCs) and other nongovernmental organizations became key contributors to, and often drivers of, local development (Turner et al. 2014).

Today, although still critically important at the federal level, place-based policy looks very different. It encompasses a diverse set of tools, most of which are finely tuned to accomplish specific outcomes. But federal place-based policy is at a crossroads. Policymakers of many persuasions recognize that economic opportunity is missing from neighborhoods and regions in the US. Some do not believe that federal place-based spending is necessary. And among proponents of robust federal engagement, there remains confusion and disagreement about which policies are most effective, how to deploy them, and how to build lasting political support.

Some federal place-based programs saw meaningful revisions with the passage of the One Big Beautiful Bill Act in July of 2025.¹ These policy changes—largely to tax credits and incentives—may alter how communities access and take advantage of these federal programs going forward. For example, the New Markets Tax Credit (NMTC) program was made permanent, the Low-Income Housing Tax Credit Program (LIHTC) was made more attractive to investors, and Opportunity Zones (OZs) were made permanent and expanded incentives offered for rural areas.

At present, federal place-based policy has focused more on individual projects than comprehensive or concerted strategies for reshaping neighborhoods, cities, or regions. It spreads resources widely across places with varying levels of economic need. Implementing federal place-based policy still requires a great deal of technical skill, but expertise and authority largely sit outside of the federal government, not within it—and systems have increasingly devolved to lower levels of government or have been privatized as a result. Indeed, some place-based programs today are considerably more

complicated than previous programs, requiring specialized legal and financial expertise. The number of agencies and programs involved has multiplied, though this does not mean the government is devoting greater resources or that these programs are well coordinated.

There are some consistent shortcomings in how federal place-based resources have been used. Even in aggregate, federal place-based policy has not been sizeable enough to overcome the forces of deindustrialization, technological change, offshoring, population loss in rural markets, financial expropriation and exclusion (especially in Native or Black communities), or runaway home purchase prices and rent appreciation in rapidly expanding markets. Another continuity is that place-based policies still focus heavily on real estate projects, especially housing, as solutions, even though the needs are far more diverse. Additionally, federal policy continues to have limited appreciation for the fluidity and dynamism of places and struggles to address the needs of the segment of people most affected by where they live—children. Lastly, our current era has not advanced the critical connections between “people-based” approaches and “place-based” policies.

This report is a primer on federal place-based programs, describing what they are and how they work and identifying key gaps in their theories of change. The lack of a standard federal definition of “place-based” makes such an exercise challenging, and other common terms such as community development, economic development, or regional development are similarly ill-defined. We provide our working definition below, while acknowledging the many nuances and judgement calls involved in operationalizing it. Rather than being a deterrent, the ambiguity and complexity inherent to federal place-based policy is precisely the reason such a primer is necessary. We drafted this report in hopes that current and future generations of place-based policymakers, practitioners, advocates, and scholars will be better equipped to accomplish the change they hope to see.

Background

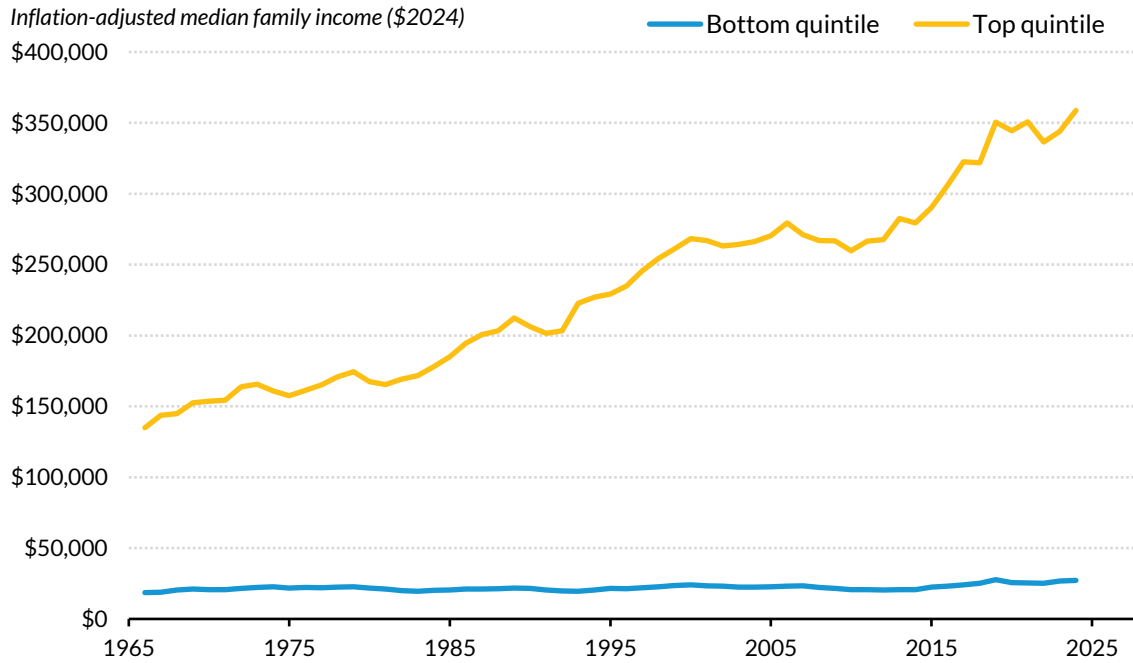
During the 1930s to 1960s, the federal government devoted significant energy to addressing economic inequality in urban and rural America, with the belief that government could solve it. Rural areas lagged far behind their urban counterparts in economic vitality, as they do today. This was not lost on elected officials, perhaps most memorably illustrated by President Franklin D. Roosevelt’s establishment of the Tennessee Valley Authority (TVA)—a federally owned corporation tasked with redeveloping the region and providing electricity to households, farms, and other businesses.²

Within cities, bustling, thriving central business districts existed alongside impoverished, overcrowded neighborhoods—often characterized as “slums”—which lacked adequate housing and infrastructure. The Housing Act of 1949 provided federal subsidies to local governments that engaged in locally planned redevelopment projects or to clear “slums and blighted areas” for redevelopment (Collins and Shester 2011; Von Hoffman 2012).³ Other efforts followed, such as the establishment of the Economic Development Agency (EDA) in 1965 and the Model Cities Program in 1966 (Theodos et al. 2021a). Many more recent efforts have been rooted in a desire to address past harms (such as redlining) or spur economic growth, and they rely on a growing body of empirical evidence showing that places have effects on their residents distinct from, and in addition to, the formative influences of family and school (Chetty and Hendren 2018; Chetty, Hendren, and Katz 2016; Galster, Santiago, and Lucero 2015; Laliberté 2021; Turner et al. 2014).

Inequality in the United States has become starker over the last half-century, with implications that play out spatially across different geographies, such as neighborhoods, states, and regions. In 1970, the average earning for the top income quintile in the US was 7.4 times the average of the bottom quintile. Since then, the top quintile has zoomed ahead while the bottom quintile has barely budged, so that now the top quintile earns on average 13.2 times more than the bottom quintile (figure 1). Growing inequality is even more evident in wealth than in earnings. For example, the top 10 percent most affluent households in the US hold 79 percent of total wealth; this is well above the Organisation for Economic Cooperation and Development average of 52 percent in other high-income countries.⁴ These trends vary across groups of people, and given segregation patterns, this also poses implications for place. For example, the median family wealth for Asian Americans is \$535,400; \$44,100 for Black Americans; \$62,120 for Hispanic Americans; and \$284,310 for white Americans.⁵

States provide a useful entry point to see how prosperity is shifting over time: Some states are capitalizing on growth, but others are falling behind. For example, as shown in figure 2, median inflation-adjusted household incomes grew by 78 percent in Utah and 67 percent in Colorado (the top two states in terms of income growth) over the past 50-plus years. In contrast, inflation-adjusted household incomes in West Virginia slightly shrunk from 1970 to 2023, and in Michigan, they were only 3 percent higher (Theodos and Meixell 2026). Such spatial inequalities are evident at smaller geographies as well. For example, while the average census tract’s poverty rate was 13.0 percent, 2,217 census tracts have poverty rates of 40 percent or higher, a level commonly referred to as extreme-poverty neighborhoods.⁶ And even in the absence of highly concentrated poverty, many rural communities have also grappled with population declines and slow or no economic growth in recent decades.

FIGURE 1
Inequality among Households Has Increased over Time
Average real household income of bottom and top quintile

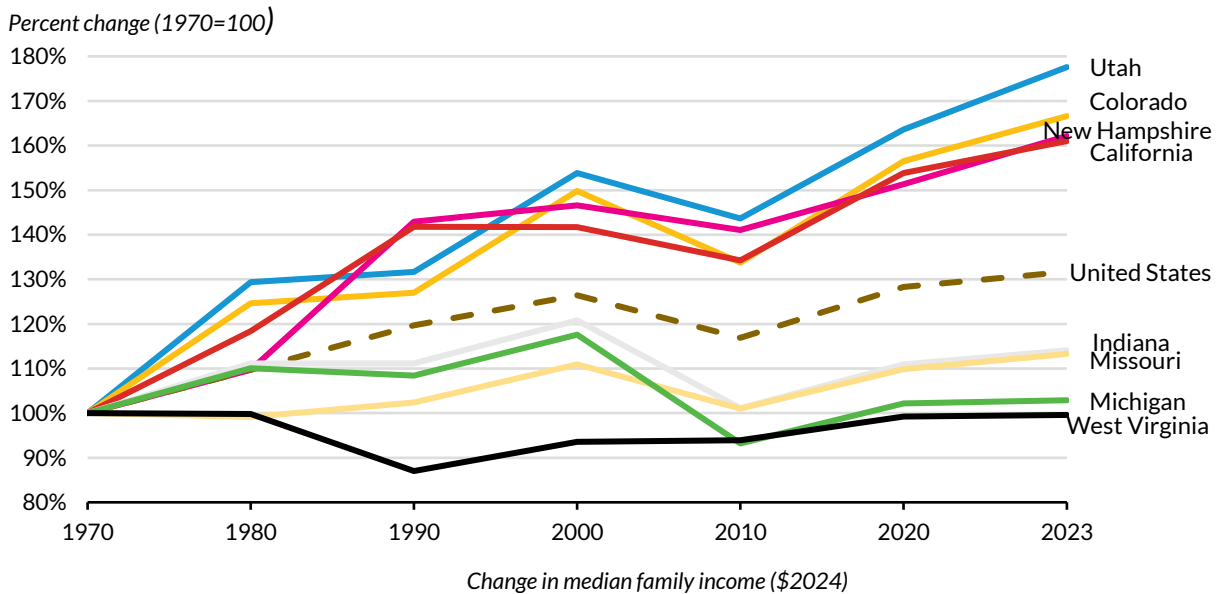


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Sources: US Census Bureau, Current Population Survey, 1967 to 2025 Annual Social and Economic Supplements.

FIGURE 2
Household Income Inequality Is Evident among States

Change in real median household income for selected states



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Sources: Theodos and Meixell 2026 (analysis of Decennial Census, American Community Survey, and microdata from IPUMS USA).

As income and wealth inequality have worsened over time—both within and between places—geographic mobility rates have also fallen. For example, approximately 8.6 percent of the US population moved during 2022, compared with 16.1 percent in 2000 and 20.2 percent in 1985.⁷ With fewer cross-state moves, more people are remaining in places with less economic opportunity; in this light federal place-based policy takes on even more importance.

Defining Place-Based Policy

Many past and current federal programs and regulations intentionally target their benefits to “place.” While difficult to summarize, we introduce our definition of federal place-based policy below.

We define federal place-based programs as programs that seek, through funding or regulation, to upgrade one or more features of the physical, economic, and/or social environment of a distressed local or regional area. Such programs should be sustained over time, with outcomes that should be measurable, at least in principle, and their benefits should accrue, at least in large part, to residents living in the area prior to the intervention.

There are several dimensions to this definition that provide further context for what we define as federal-place based programs. First, funding is generally meant to be targeted in a specific and defined geographic area, which can range from small geographic scales (such as a block or neighborhood) to larger geographic areas, such as a group of neighborhoods, city, county, or even region. Programs need to articulate their spatial dimensions or criteria or at least evidence a shared understanding of the intended geographical target among the actors involved in administering and using the program. Second, activities, expenditures, services, and regulatory incentives in the focus area need to be above and beyond the status quo—that is, they need to be additive. To be clear, not all benefits from the initiative must accrue only to the focus area—there can be spillover effects—but the activities must have some element of spatial concentration and targeting. Third, there are proposed benefits for the focus area associated with the intervention, typically with both short-term and long-term benefits. Place-based policies make claims on changing the defined target area in one or more discrete ways, such as poverty alleviation, crime reduction, blight mitigation, beautification, business growth, or public health gains. Such changes are, or at least in theory, measured at the place level.

There are perhaps hundreds of federal programs that fit these criteria, many of them to different degrees. In this primer, as a matter of practicality, we focus greater attention on the largest federal place-based programs with the greatest potential impacts. Even so, this encompasses a wide variety of programs that differ in their intended outcomes, financial structures, delivery channels, types of projects supported, and how place is operationalized. They include efforts as disparate as the EB-5 Immigrant Investor Program, Opportunity Zones, Empowerment Zones and Enterprise Communities, Appalachian Regional Commission, Economic Development Administration (including Tech Hubs), Community Development Block Grant (CDBG), Low-Income Housing Tax Credit (LIHTC), New Markets Tax Credits (NMTC), Abandoned Mine Land Economic Revitalization (AMLER) Program, HOME, and the Community Reinvestment Act. See Appendix A for a list of the federal place-based programs described in this report.

It is important to acknowledge that many federal programs have effects on places without being place based or deliberately working in a “place-conscious” way.⁸ “Place-neutral” programs can still have a place-based impact given segregation patterns in the US. For example, the Earned Income Tax Credit (EITC) is a significant redistribution to low- to moderate-income neighborhoods, even though it is targeted to families (Holmes and Berube 2015), and the same is true for many other programs, such as the child tax credit, Medicaid, or Low-Income Home Energy Assistance Program. Of course, the disproportionate distribution of benefits to affluent neighborhoods is also evident in programs or tax

expenditures like IRAs, 401(k)s, 529s, the mortgage interest deduction, state and local property tax deductions, and many others.

Although many federal place-based programs exist today, common federal approaches have not been studied in depth, in part because evaluating place-based programs is incredibly challenging (Theodos and Firschein 2015). There is much to understand about how well these programs are working and how they can be improved. We focus this report on key observations, diagnoses, lessons learned, and takeaways from the suite of federal place-based programs.

Design and Implementation of Federal Place-Based Programs

This section examines how federal place-based programs are designed and implemented by reviewing evidence on their community impacts and highlighting common program structures, coordination challenges, and capacity requirements.

Emerging Evidence of Positive Effects

There is a growing body of evidence that demonstrates positive outcomes for many place-based programs. The effects are often modest, but in some cases meaningful. Effects are most evident close to the footprint and occurrence of the project and diminish across space and time.

- EDA construction projects were shown to lead to economic gains for the census tracts and counties in which they were located. These gains included outcomes related to the number of firms, jobs, and median incomes, though the effects somewhat differed between tracts and counties (Theodos et al. 2024).
- The NMTC program, which was made permanent through the One Big Beautiful Bill Act of 2025, supports a diverse array of projects, which makes evaluation more difficult. Nevertheless, it has been linked to gains in local jobs, earnings, firms, incomes, and property values and to decreasing poverty rates (Freedman 2012; Freedman 2015; Theodos et al. 2021b; Theodos et al. 2022).
- CDBG has also demonstrated positive local outcomes in multiple cities where they have been assessed. This includes property value increases in Jersey City, Los Angeles County, and Washington, DC (Theodos, Galster, and Hermans 2024; Theodos, Galster, and Hermans 2025);

in Philadelphia (Pooley 2014); in Dallas (Overton and Stokan 2023); and in Richmond, Virginia (Galster, Tatian, and Accordino 2006).

- Even a housing production program like LIHTC has been shown to have place-based benefits beyond just housing stability. It has been linked with increased property values and public safety in low-income neighborhoods, though this may not be the case in upper-income or low-density places (An et al. 2023; Baum-Snow and Marion 2009; Diamond and McQuade 2019; Freedman and Owens 2011; Funderburg and MacDonald 2010). With the One Big Beautiful Bill Act's increases to the LIHTC's allocation amount and a reduction of the bond-financing threshold, more communities may see these benefits.
- Often, the impact of a federal place-based program depends on local design and implementation. This is evident in a recent impact evaluation of the first five Choice Neighborhoods projects. Three of the sites evidenced positive local impacts on home prices or incomes, while two of the sites had no evident impacts (Levy et al. 2024). Likewise, while HOPE VI demonstrated positive effects on surrounding neighborhoods, impacts varied by local institutional and economic conditions (Zielenbach and Voith 2010).
- Research into Empowerment Zones shows mixed results. Of the six initial sites, two demonstrated positive effects, with the differences attributed to the strength of local coordination and governance (Rich and Stoker 2014).
- Opportunity Zones have generated mixed findings. Research indicates the program has often supported projects that would have happened anyway, without the tax incentives (Corinth and Feldman 2024; Theodos et al. 2020). That combined with limited data on program activities means that impacts have been more difficult to identify. One study found net growth in residential addresses in Opportunity Zones (Glasner, Ozimek, and Lettieri 2025) and another found more jobs in zones, although these were offset by declines in nearby low-income communities (Freedman, KoucheKinia, and Neumark 2026). Other research has shown mixed or no effect on real estate investment, property values, or incomes (Chen, Glaeser, and Wessel 2023; Eldar and Garber 2022; Feldman and Corinth 2023; Freedman, Khanna, and Neumark 2023; Mayer and Pierzak 2022; Snidal and Li 2024).
- Regulatory policy can also affect place-based outcomes. The most prominent example is the Community Reinvestment Act, which has been shown to lead to increased numbers or levels of bank branches, small business lending, small business employment, and mortgage lending relative to if the policy did not exist (Ding, Lee, and Bostic 2020; Ding and Reid 2019; Kim 2023; Ringo 2022).

It is still unclear how programs interact to achieve expanded outcomes, whether effects are linearly related to investment amount, whether minimum investment thresholds must be met to achieve effects, and how investment types and amounts need to accommodate and relate to local and regional economic conditions. However, evidence from large, sustained, and locally coordinated (though principally government-funded) place-based initiatives indicates that such work can have effects on communities and that between \$500 million and \$1 billion may be needed to achieve sustained gains in an economically disinvested neighborhood—with the cost increasing with the spatial scale (Theodos 2022a, 2022b, 2022c).

An Increasingly Privatized System

Federal place-based policy has undergone dramatic shifts in the 20th and 21st centuries (Ferris and Hopkins 2015). From their inception, place-based programs were largely top-down, federally controlled efforts (though even urban renewal depended on private developers). The 1970s, however, marked a shift in responsibility for and control over federally funded community and economic development efforts toward state and local governments. The 1980s marked yet another shift, this time toward greater devolution of control of federal place-based programs to the private sector.

This evolution can be illustrated through a few signature programs. President Lyndon B. Johnson’s Model Cities had robust federal authority for design, control, and implementation. President Nixon and Ford’s Community Development Block Grant shifted significant control to states and localities, while retaining rules around approved use and locations of projects. President Carter’s Urban Development Action Grants gave the private sector greater influence in applying for and implementing place-based projects but retained federal underwriting and approval functions. President Reagan’s Low-Income Housing Tax Credit passed design and development work to the private sector, funded via tax credits, but state housing finance agencies had to set up competitive processes and review and select projects. President Clinton’s New Markets Tax Credit also had a competitive application processes, but the decisions about which projects were initiated were largely made largely by private actors and not approved by the public sector. During his first administration, President Trump’s Opportunity Zones program represented the greatest shift toward privatization—a by-right federal place-based tax incentive without federal review, approval, or competitive application process. (In the One Big Beautiful Bill Act of 2025, the second Trump administration updated the Opportunity Zones program to make the program permanent, boost the incentive in rural areas, and increase compliance and reporting requirements.) The Biden administration’s industrial policy approach returned to an era of greater federal influence over place-based development. Yet as in previous eras, these efforts were still heavily

reliant on companies, universities, financiers, and others to design, coinvest, complete, and operate battery manufacturing, microchip manufacturing, and other industrial policy attempts to spur local economic growth. The second Trump administration has also emphasized industrial policy, though more with articulated economic and national security goals than place-based development objectives.

Relying on private actors to implement federal programs introduces both opportunities and challenges for the government in accomplishing its objectives. Opportunities include the ability to access sophisticated technical expertise, engage actors with local market context and knowledge, apply private market discipline, increase the likelihood of financial sustainability, broaden the geography of influence and control, align government tools with market interest and incentives, and build a political constituency for a program. Challenges include those germane to other forms of public-private partnerships—namely, how to elicit the desired response from the private sector rather than providing subsidy for what it would already do “but for” federal funding, as well as lack of alignment between public and private goals and priorities.

Nonprofit real estate developers and lenders are increasingly key implementation partners for federal place-based programs. Community development corporations (CDCs) and other nonprofit developers, and community development financial institutions (CDFIs) and other mission lenders, emerged as the infrastructure for local economic development and community development as efforts moved increasingly out of city hall and into the private sector. These organizations exist to catalyze economic growth and build affordable housing in communities, typically those that are low income and historically disadvantaged. Mission lenders are key not just for affordable housing but also for small business finance. Private philanthropy continues to play an important role in helping direct and sustain these groups. Federal regulations also have an impact: the Community Reinvestment Act (CRA), for example, spurred large banks to make loans and investments in low- and moderate-income communities and to CDFIs. One important contextual note is that this local development capacity is uneven across the US and so cannot always be relied upon (Theodos, González-Hermoso, and Hariharan 2021; Theodos et al. 2024).⁹

For-profit lenders and investors have also become heavily relied upon partners for federal place-based policy. As programs increasingly expect or require private financing to come along with public resources at a project or fund level, banks have become essential to the system’s operation. Key developments include Congress establishing the LIHTC program in 1986 to encourage large corporations to invest in local housing projects (Von Hoffman 2012). And in 2000, the NMTC program was established to attract private investment in economically distressed communities (CDFI Fund 2022). (The NMTC program was made permanent by the second Trump administration in the One Big

Beautiful Bill Act of 2025.) For some programs, private “syndicators” find investors motivated by the federal subsidy provided (tax credits). As such, for-profit lenders and investors are instrumental in advancing place-based programs that finance businesses or commercial or industrial real estate.

For-profit developers, private or publicly traded businesses, and even homeowners are also central to the delivery of federal place-based resources. This is true for programs like historic rehabilitation tax credits, which are used in many rehabilitation projects in older cities, as well as programs like Opportunity Zones, which developers largely use to construct market-rate multifamily housing (Theodos, Meixell, Mitra, and Rajninger 2025).

Complex Structures and Networks, but Low Coordination

Place-based programs are administered through a wide variety of financing mechanisms, processes, structures and actors, making up a complex system through which funding for place-based programs flows to the intended beneficiaries. In terms of financing mechanisms, federal place-based programs are administered through grants (such as block grants), tax credits, loan guarantees or other loan products, and by leveraging private capital through matching requirements, regulatory requirements, and other incentives.

Place-based programs are present in several agencies. These include the US Department of Housing and Urban Development (HUD), US Department of the Treasury (Treasury), Internal Revenue Service (IRS), US Environmental Protection Agency (EPA), US Department of Commerce, US Department of Education, US Department of Defense, US Department of Agriculture, National Science Foundation, and US Department of Health and Human Services, among others.

Although delivery channels differ by program and agency, a common approach is to work through intermediaries. These include private or governmental organizations, such as state Housing Finance Agencies (HFAs), counties, cities, networks of business support organizations (BSOs), networks of CDFIs and other mission lenders, and networks of community-based organizations (CBOs). Intermediaries may be applicants and recipients of funding as well as key implementation partners. Intermediaries also play a role in facilitating funds reaching local governments or working in partnership with local governments to implement the proposed activities. Some place-based programs are available directly to the capital users, such as housing developers, investors, lenders, homeowners, or others.

However, there is a lack of clear alignment across agencies, or even within agencies across programs, which leads to challenges in alignment, organization, and strategic direction. Local governments, investors, lenders, developers, and others may have different priorities for how

neighborhoods should focus their work, resulting in resources being widely diffused and not reaching critical mass. Alignment across federal agencies and programs is inherently difficult, as agencies are generally focused on their particular issue or subject matter rather than on the broader needs of a specific place, and each program is held to its own particular regulations and funding mechanisms (Pendall 2016). Creating comprehensive federal programs across agencies would take significant effort to identify synergies and redundancies and likely require agencies to agree on and augment regulatory and funding parameters to ensure compatibility. In some cases, one policy may even undermine the objectives of another—for example, while the objective of LIHTC is to increase the availability of affordable housing, Opportunity Zones are aimed at increasing property values for the benefit of investors. When these objectives are operating in close proximity to one another, they may be in conflict.

Within the share of census tracts, cities, counties, regions, or other geographies that qualify for multiple place-based programs, there is no coordinating entity that assesses how much and what kind of financing and interventions are being deployed in a given geographic location. Without centralized coordination at the federal level, the burden of coordination and ensuring alignment horizontally and vertically between programs and financing falls on local or regional actors. While these actors are generally more embedded in development priorities and may have a better understanding and ability to uphold these priorities, local development ecosystems are also complex and at times crowded with competing interests.

A shift from federal control to local networks has led to the creation of dynamic housing development, advocacy, and finance sectors locally, in ways that would not have happened if significant federal control had been retained (Erickson 2009). Yet that capacity varies widely across localities and is not present in all places, especially rural areas and smaller cities (Theodos, González-Hermoso, and Hariharan 2021). And while CDCs used to be important for the coordination and completion of local development, their capacity or local focus has weakened over recent decades (Scally et al. 2023).

Local governments might be a logical choice for taking on a centralized coordination role, and local governments are fundamentally important to development, often through zoning, land disposition, tax breaks, subsidy, and agenda setting. Virtually no place-based developments happen without the involvement of local government. At the same time, local governments aren't always strong leaders of place-based strategies and face challenges and limitations in championing place-based development projects. Sustaining public priorities is hard over time, as neighborhood development efforts often take longer than a single mayoral administration to achieve. Further, there has been a long-term exodus of development expertise from government to nonprofits and other private entities, which makes it hard

for local governments to manage place-based processes. At times, local governments can have a limited vision for neighborhood transformation, or their priorities for change may be different from that of specific communities. Local governments may not be privy to or may not have strong influence over other aspects of the development process, such as capital stacks and return rates for developers or investors for a given project (and in some places, they do not have much control over land use). Overall, identifying, resourcing, and sustaining a coordinating entity at the federal, state, and local levels is difficult to do effectively and over the long term, leaving the alignment challenge not fully accounted for across federal place-based programs.

The Need for Specialized Expertise and Significant Resources

Federal place-based programs can be highly complicated, requiring specialized, even arcane, knowledge and experience to successfully receive or deploy funding. There may be multiple lenders, equity investors, syndicators, accountants, lawyers, and governmental organizations involved in each transaction. This can result in significant transaction costs, in addition to time required for assembling the necessary elements, undergoing review, and gaining approvals. Additionally, to present a financially attractive deal to investors, the overall financing package (which generally involves several sources of financing) must be more or less confirmed as part of the application for federal funds, which also takes significant capacity and resources to pull together. But this also differs by program. For example, with EDA and LIHTC, details need to be in place to apply for federal funds (and there are also instances where developers may need to apply multiple times before succeeding). But for other tools, like Opportunity Zones, such approvals are not required.

Programs such as Choice Neighborhoods, Promise Neighborhoods, and NMTCs have application processes that require applicants to put forth effort without knowing if they will get a benefit in return, and review timelines may stretch for months if not years. This was also true for Tech Hubs launched by the Biden administration, which were supposed to generate select economic innovation strategies to be implemented over 10 years. However, such ambitions require not just political buy-in across different presidential administrations, but also a wide range of state and private sector partners to financially commit to and sustain a given strategy (Theodos, Su, and Nunna 2024).

A different type of challenge is evident for tax incentive and credit-financed programs, notably LIHTC, NMTCs, and Opportunity Zones. These programs impose fewer costs on local governments but still have considerable upfront fees for lawyers, accountants, lenders, investors, and those supporting predevelopment work, such as architects and developers. Such expertise is expensive and is paid for through the federal subsidy.

Resourcing for Programs and Places

The scale and distribution of federal resources affect how well programs can meet communities' needs. This section situates federal place-based funding within the broader community and economic development investment landscape and considers how distribution patterns align with need.

The Federal Government Allocates Significant Funding to Community and Economic Development

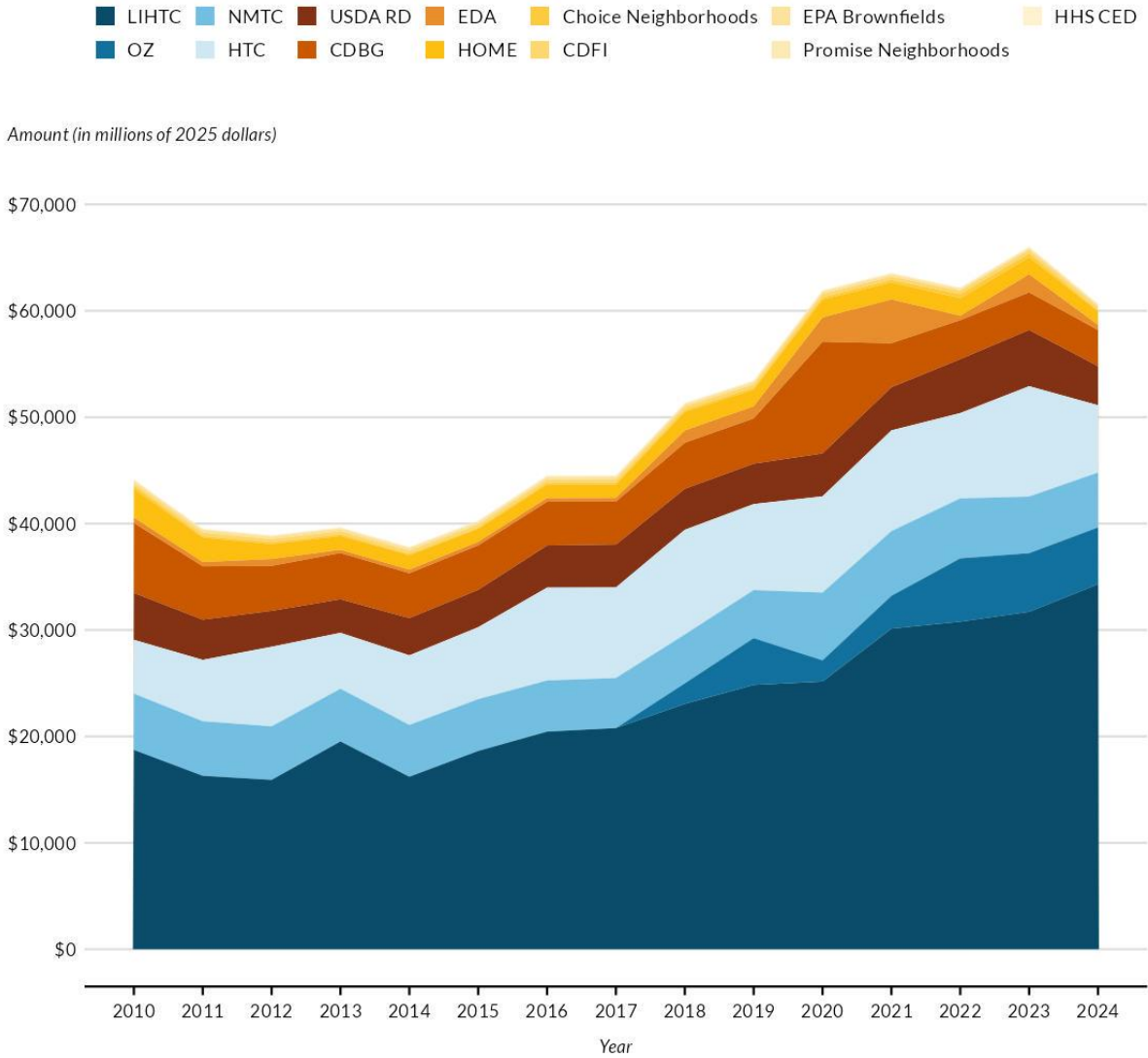
In FY 2024, the federal government spent \$9.7 trillion on programs, goods, services, and interest accrued on outstanding federal debt.¹⁰ As a share of overall spend, federal spending on community and regional development programs made up 1.2 percent (\$112.6 billion) in FY 2023, with most federal spending going to Medicare (16.3 percent), Social Security (15.9 percent), national defense (14.0 percent), and interest expenses (11.9 percent).¹¹ And of the \$112.6 billion classified as community and regional development spending in FY 2024, 80 percent was for disaster relief and insurance, with the remainder classified as community economic development and area and regional development spending.¹²

To provide a more detailed understanding of federal spending on place-based programs over time, we compiled historical expenditure and appropriation data for a selection of some of largest, longest-standing, and most visible federal place-based programs. Figure 3 depicts the trends and patterns in federal spending on place-based programs from 2010 to 2024. From 2014 to 2018, federal spending for place-based programs steadily increased from approximately \$38 billion to \$51 billion in annual total spending. Total annual spending began to increase significantly in 2019 and rose appreciably between 2019 and 2020, bringing total spending up to unprecedented levels in 2020 (likely as a result of COVID-19-related funding increases). Annual spending has continued to increase since 2020, although at relatively lower rates.

FIGURE 3

Federal Spending on Place-Based Programs Has More Than Doubled Since 2010

Federal spending on place-based programs



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Sources: US Treasury’s Community Development Financial Institutions Fund transaction-level reports; the New Markets Tax Credit program; US Department of Housing and Urban Development Community Development Block Grant, Choice Neighborhoods, HOME, and Low-Income Housing Tax Credit programs; US Department of Agriculture Rural Development programs; Joint Committee on Taxation; Environmental Protection Agency Brownfields and redevelopment programs; US Economic Development Administration programs; National Park Service; US Department of Health and Human Services Community Economic Development program.

Notes: Expenditure and allocations amounts are adjusted for inflation using 2025 dollars. LIHTC = Low-Income Housing Tax Credit; NMTC = New Markets Tax Credit; USDA RD = US Department of Agriculture Rural Development; EDA = US Economic Development Administration; EPA = US Environmental Protection Agency; HHS CED = US Department of Health and Human Services Community Economic Development Program; OZ = Opportunity Zones; HTC = Historic Tax Credit; CDBG = Community Development Block Grant; HOME = US Department of Housing and Urban Development HOME Investment Partnerships Program; CDFI = Community Development Financial Institution.

Federal place-based programs operationalize federal dollars through direct program spending as well as through tax incentive programs. Direct program spending involves programs that receive a specific budget amount to cover program costs, inclusive of staff salaries and grants of other spending. Tax incentives are tools that decrease the amount of tax paid to the federal government for a given entity, the structure of which varies program to program. Tax incentives are designed to encourage private investment in economically distressed areas, build affordable housing, or preserve historic structures. Collectively they represent a growing share of federal spending in this arena. Beginning in 2010, tax credits and incentives (e.g., LIHTC, NMTC, historic rehabilitation tax credits, and the more recently established Opportunity Zone program) accounted for 66 percent of major program spending tracked in figure 3 above. This rose to 84 percent in 2024.

The growing share of tax expenditures compared with direct program funding in federal spending on community and economic development illustrates the expanding role of the private market in community investment. Although tax expenditures have substantially increased over time, direct program spending has decreased in real (inflation-adjusted) terms. For example, CDBG's annual program spend decreased from \$6.6 billion in 2010 to \$3.4 billion in 2024 (in 2025 dollars). Similar trends are observed in the HOME program, which decreased from \$2.7 billion in program spending in 2010 to \$1.3 billion in 2024 (in 2025 dollars). While overall spending on place-based policy has increased over time, direct program spending has not increased substantially, often leading to a smaller role for local government and a larger role for the private sector.

Funding Amounts for Place-Based Programs Are Low Relative to Private Market Investment and Overall Need

Although the federal government spends considerable resources on place-based programs, this does not mean the sum total of those resources is adequate to develop communities or large in comparison with private market investment activity. Indeed, public-related investment is quite small compared with that of the private market, even for disinvested rural and urban areas.

While not exhaustive, we compiled spending information for the most significant place-based programs and compared this to private market capital flows. Between 2010 and 2021, federal and mission investment in economic development combined represented just 4.6 percent of all private market, federal, and mission investments in data we have assembled. (For reference, all federal net outlays were 22.4 percent of US gross domestic product in 2023.¹³) While federal spending represents a high share of funding for certain sectors, such as defense, health, and retirement, it is not a surprise that such a small share of total investment in the housing, community development, economic development,

and small business sectors and systems is public related. Most housing, commercial and industrial facilities, and business entities are financed purely through private channels. When government money is involved, it typically leverages private resources to amplify its effect, and such leverage may be required by the program, not just preferred by those who use it. For example, the State Small Business Credit Initiative and the Capital Magnet Fund require a leverage ratio of 10-to-1 private to federal dollars.

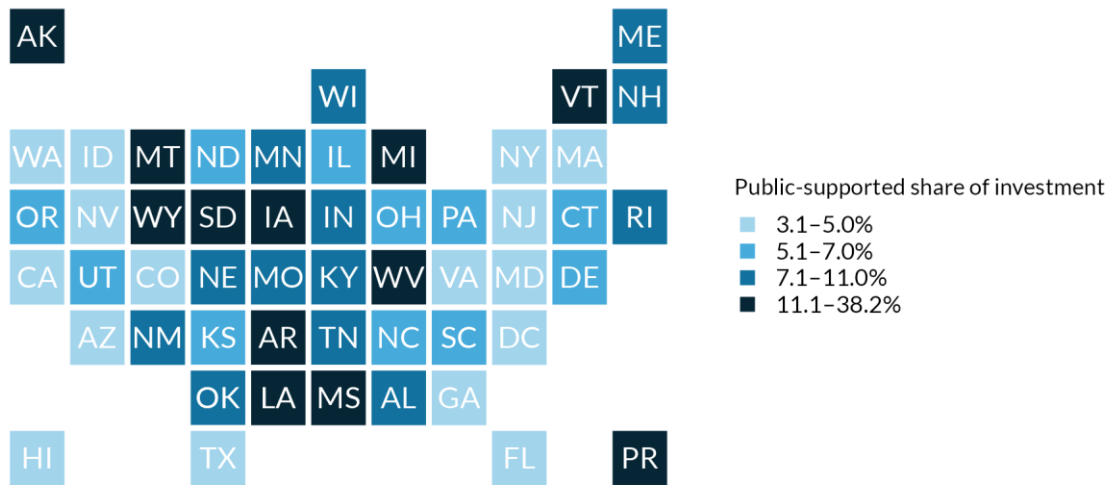
The overall story does vary somewhat by geography. We observe that the public-related share of total investment is higher for some places and is associated with demographic and economic factors. To calculate investment, we gathered census tract-level data on federal investment in select programs; loans made by mission-driven organizations like CDFIs; and private investments in housing, small businesses, and agricultural, commercial, industrial, and institutional entities. This enables us to observe differences at the state, county, city, and local levels. However, it does also impose some limits on scope, or what programs can be included in our analysis. Note that we only track a portion of the federal government's activities, and we only observe arms-length debt and grant transactions—not cash or familiar transfers.

The ratio of public to private investment varies considerably by state, ranging from 3.1 percent in Massachusetts to just more than 38 percent in Mississippi (figure 4). But most states fall somewhere between 4 and 7 percent. Most of the variation is due to differences in levels of private investment, which vary to a greater degree than variations in public-related investment. Many of the states with the highest shares of public-related investment are located in the Midwest and South, particularly those that are more rural, have higher rates of poverty, and slower growth.

FIGURE 4

States in the Midwest and South Receive Greater Shares of Public Investment and Less Private Investment Compared with States on the East and West Coasts

Ratio of selected public-related investment to total investment by state, 2010–23



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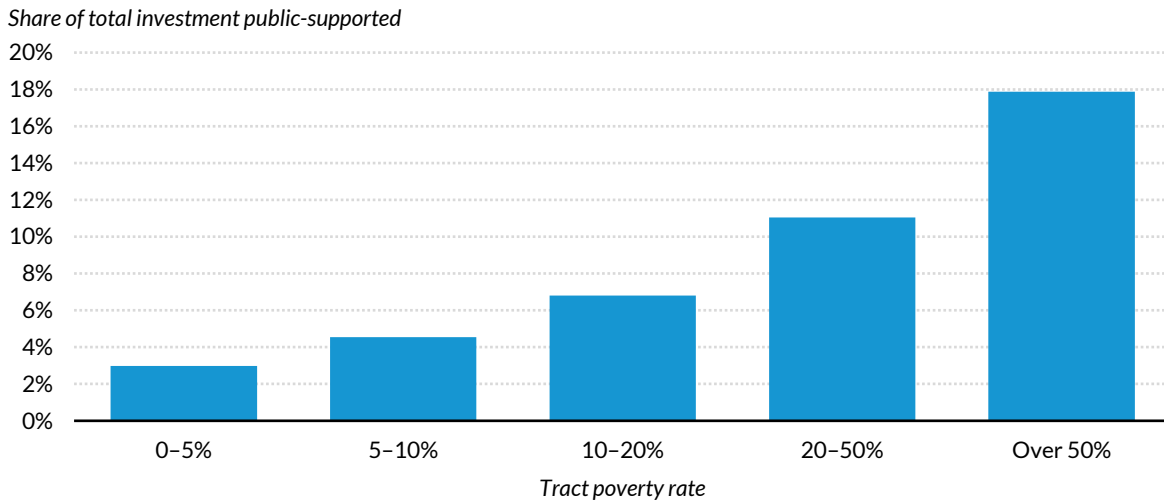
Sources: Community Development Financial Institutions Fund transaction-level reports; the New Markets Tax Credit Program; Community Reinvestment Act data; CoreLogic; Environmental Protection Agency Brownfields and redevelopment programs; Home Mortgage Disclosure Act data; US Department of Housing and Urban Development Community Development Block Grant, Choice Neighborhoods, HOME, and HOPE VI programs; the Low-Income Housing Tax Credit program; US Department of Agriculture Rural Development programs; Opportunity Finance Network; the US Small Business Administration; and the 2009–23 five-year American Community Survey.

Place-based public-related investment is a higher share of total investment in places with higher rates of poverty, making up 11 percent of investments in neighborhoods with poverty rates between 20 and 50 percent compared with just 3 percent of total investment in neighborhoods with 5 percent poverty or less (figure 5). This may reflect positively on targeting decisions by program designers or implementation partners. It should be noted, however, that it may also reflect negative factors. For example, affluent communities may seek to exclude affordable housing investments, reflecting “not in my backyard”-style concerns. Nevertheless, federal and mission capital are typically used to fill gaps where the private market falls short and are often explicitly targeted toward places with higher rates of

poverty. It is clear they are more prevalent in less affluent communities, but these sources do not compensate for the tremendous differences in private capital that emerge between places.

FIGURE 5
Place-Based Public-Related Investments Go to Neighborhoods with Higher Poverty Rates

Ratio of selected public-related investment to total investment, by tract poverty rate, 2010–23



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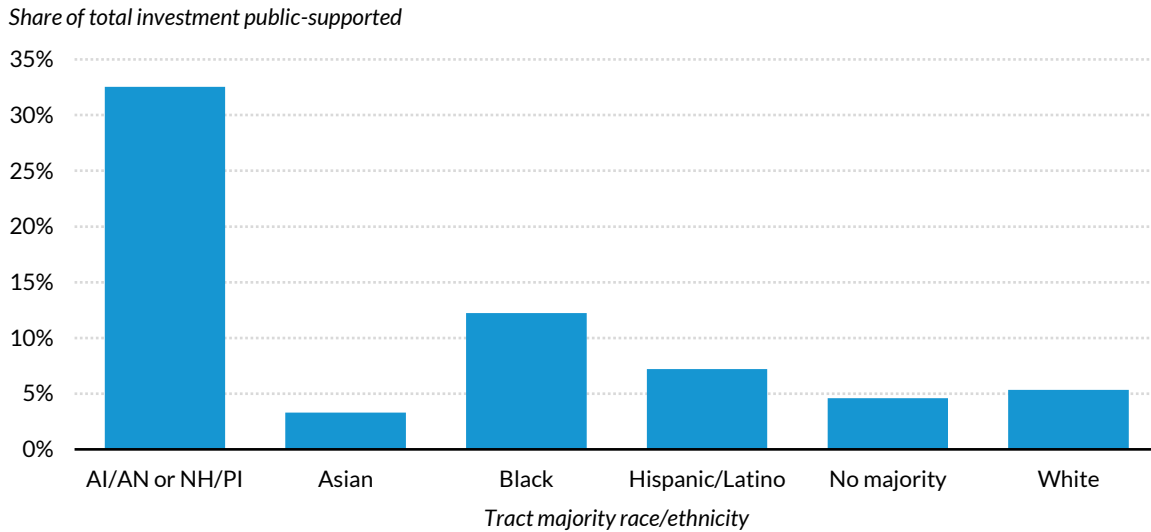
Sources: Community Development Financial Institutions Fund transaction-level reports; the New Markets Tax Credit Program; Community Reinvestment Act data; CoreLogic; Environmental Protection Agency Brownfields and redevelopment programs; Home Mortgage Disclosure Act data; US Department of Housing and Urban Development Community Development Block Grant, Choice Neighborhoods, HOME, and HOPE VI programs; the Low-Income Housing Tax Credit program; US Department of Agriculture Rural Development programs; Opportunity Finance Network; the US Small Business Administration; and the 2009–23 five-year American Community Survey.

Public-related investment also varies on other dimensions, most notably by the majority race or ethnicity of a tract. Tracts that are predominantly Asian, non-Hispanic white, or have no racial majority have a lower share of public-related investment, while tracts that are predominantly Hispanic/Latino, Black, American Indian and Alaska Native, or Native Hawaiian and Pacific Islander have a higher share (figure 6). The federal share is dramatically higher in communities where a high share of the population is American Indian and Alaska Native or Native Hawaiian and Pacific Islander, reflecting far less private investment (the denominator in this calculation). This is less a reflection of the positive contributions of Native or tribal land-focused place-based programs than the dearth of private market investment into these places.

FIGURE 6

Majority–American Indian and Alaska Native and Native Hawaiian and Pacific Islander Census Tracts Have the Highest Share of Federal Funding Relative to Private Investment

Ratio of selected public-related investment to total investment, by tract race and ethnicity, 2010–23



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Sources: Community Development Financial Institutions Fund transaction-level reports; the New Markets Tax Credit Program; Community Reinvestment Act data; CoreLogic; Environmental Protection Agency Brownfields and redevelopment programs; Home Mortgage Disclosure Act data; US Department of Housing and Urban Development Community Development Block Grant, Choice Neighborhoods, HOME, and HOPE VI programs; the Low-Income Housing Tax Credit program; US Department of Agriculture Rural Development programs; Opportunity Finance Network; the US Small Business Administration; and the 2009–23 five-year American Community Survey.

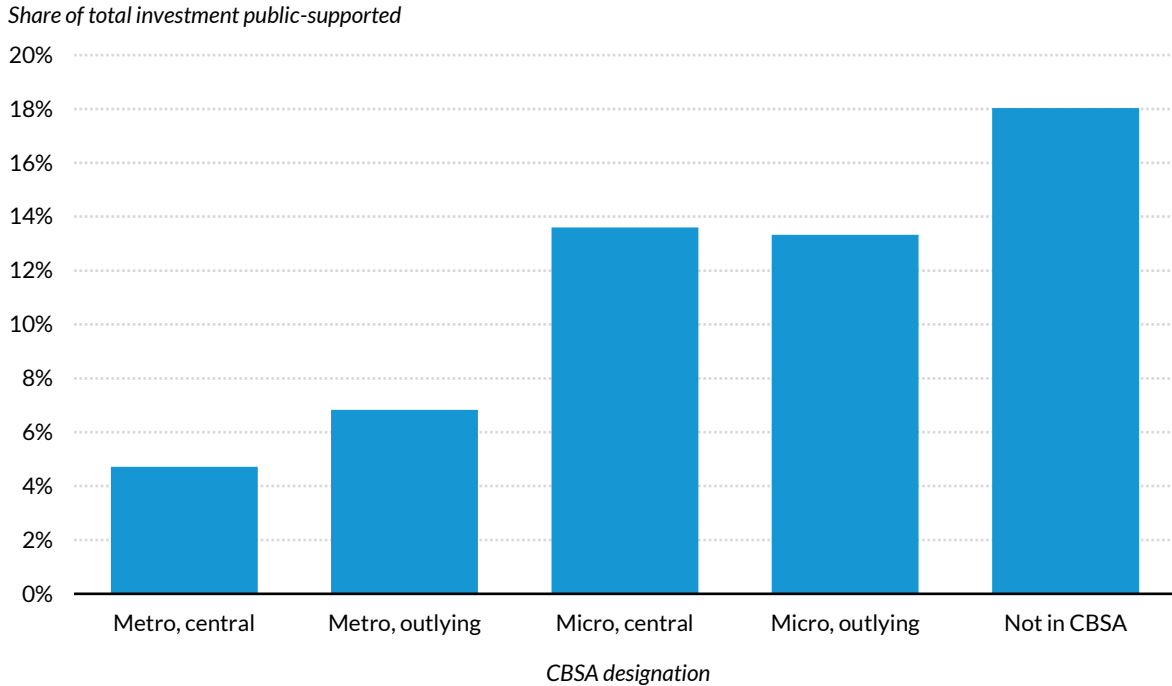
Notes: AI/AN = American Indian and Alaska Native. NH/PI = Native Hawaiian and Pacific Islander.

The public-supported share of investment is higher in rural areas, as categorized by core-based statistical area (CBSA) status. Counties not in CBSAs and micropolitan areas have the highest ratios of public investment relative to private investment, while central metropolitan counties have the lowest ratios (figure 7). Urbanized cores have higher concentrations of private economic activity than outlying counties, even when scaling by population. The public-supported share of investment in nonmetropolitan or in micropolitan areas is more than twice that of outlying metropolitan regions, and more than three times that of central metropolitan regions. Development in more rural areas may be limited by electric, water, or transportation infrastructure; internet access; or access to financial, educational, and medical institutions. These factors may contribute to the relatively higher use of public-related investments we observe.

FIGURE 7

Public-Related Investments Are Higher Relative to Private Investment in More Rural Counties

Ratio of public-related investment to total investment by metropolitan status, 2010–23



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Sources: Community Development Financial Institutions Fund transaction-level reports; the New Markets Tax Credit Program; Community Reinvestment Act data; CoreLogic; Environmental Protection Agency Brownfields and redevelopment programs; Home Mortgage Disclosure Act data; US Department of Housing and Urban Development Community Development Block Grant, Choice Neighborhoods, HOME, and HOPE VI programs; the Low-Income Housing Tax Credit program; US Department of Agriculture Rural Development programs; Opportunity Finance Network; the US Small Business Administration; and the 2009–23 five-year American Community Survey.

Notes: CBSA = core-based statistical area; Metro = metropolitan statistical areas (urban area population of at least 50,000 people); Micro = micropolitan statistical areas (urban area population of 10,000 to 50,000 people); Central = central county of CBSA; Outlying = adjacent counties with commuting ties to central county of CBSA.

Geographic Distribution of Federal Funds Leads to Inconsistent Coverage Relative to Need

Not all programs are equally challenged, but in total, federal place-based funds are spread inconsistently across geographies and do not reach many communities that are eligible for and in need of investment. There are several contributors to this, including the small size of federal place-based programs relative to the level of need and the scale of the private sector; weaknesses in explicit or implicit targeting criteria, incentives, and guidelines; unequal distribution of developer, CDC, and local

government capacity that leads to some geographies being able to compete for scarce resources better than others; and inadequate authority or incentives for key actors and decisionmakers, who might otherwise encourage productive locating of government funds.

The NMTC program, which determines eligibility primarily based on census tracts' median incomes or poverty rates, exhibits many of these challenges.¹⁴ From 2001 through 2017, NMTC only distributed funds to 10 percent of eligible census tracts (Theodos et al. 2021c). Several factors may contribute to this rather small portion of eligible neighborhoods receiving NMTC projects. First, eligibility criteria are likely too broad: 51 percent of census tracts in the US (nearly 40,000) were eligible for funds at some point during this period. Additionally, the limited pool of overall funding means there are not enough dollars to support all communities in need. With the NMTC program now made permanent through the One Big Beautiful Bill Act of 2025, research will be needed to see if this trend continues in the future.

Some programs have more obvious shortcomings in their guidelines or eligibility criteria determining which communities can receive funds. For example, the EB-5 Immigrant Investor Program through the US Department of Homeland Security (DHS) provides a green card to immigrants who invest a specified amount in a new commercial enterprise (NCE) or targeted employment area (TEA).¹⁵ Although DHS provides definitions for NCEs (essentially, any for-profit US entity formed after 1990) and TEAs (a rural area larger than 20,000 people or an area where the unemployment rate is at least 150 percent of the national average), these definitions are quite loose. For example, the definition of a TEA does not encompass other key characteristics that may contribute to a neighborhood's state of historic disadvantage and/or underinvestment, such as median incomes or racial and ethnic demographics. The historic rehabilitation tax credits program, administered by the National Park Service and IRS, offers a subsidy to fund the rehabilitation of historic buildings.¹⁶ However, it does not incorporate any place-based incentives or eligibility criteria that may encourage the distributors of funds to target communities facing historic disadvantage and inequity. Another example is the EDA's targeting criteria, which are not highly selective (Theodos et al. 2023).

There are some programs that, while on their face are decently well-targeted, exclude necessary decisionmakers or incentives to help direct funds to communities with the greatest need. For example, the Opportunity Zones program designated census tracts areas as places where qualified opportunity funds could invest. The actual selections were neither well-targeted nor egregiously poorly targeted (Theodos, Meixell, and Hedman 2018). However, investors have full decisionmaking authority over where to place their capital—there is not a competitive process for receiving benefits, and all types of investors (not just mission investors or lenders like CDFIs) can benefit. The upshot is just 1 percent of zones received 42 percent of all Opportunity Zone investment, and fully 78 percent of investments

went to just 5 percent of zones (Kennedy and Wheeler 2021). Moreover, as the statute allows, \$1 in \$10 of investment happens *outside* of zones, including in higher-income communities. Generally, Opportunity Zones benefit a “narrow subset of tracts in which economic conditions were already improving prior to implementation of the tax subsidy” (Kennedy and Wheeler 2021).

Aside from limited overall funding and inadequate targeting, some eligible places do not receive funding because they lack certain capacity or infrastructure that would make them more likely to participate in and benefit from the program. And, in addition to potential capacity inequities related to a place’s ability to apply for and receive funding from certain federal programs, private sector priorities may be at odds with the federal programs’ stated goals. Projects are more likely to be located where they are more financially viable rather than in more economically distressed neighborhoods.

Finally, although some federal programs are fairly well-targeted *and* have incentives and decisionmakers in place to direct dollars to the places with the highest need, these programs still tend to fund a very limited number of places overall. Two prime examples are HUD’s Choice Neighborhoods program and the US Department of Education’s Promise Neighborhoods program, both of which make a handful of investments each year across the US. This was also true of Tech Hubs and the US Department of Transportation’s Reconnecting Communities and Neighborhoods grant program (DOT 2023).

Intended Outcomes of Federal Place-Based Policy

Below, we identify five distinct intended outcomes of federal place-based programs based on our review of federal-place based programs and building on previous research (e.g., Theodos 2021b).

- improving residents’ life chances through poverty alleviation and/or community transformation
- increasing and preserving the supply of affordable housing
- spurring economic growth through redevelopment and revitalization
- supporting small business ecosystems
- leveraging industry networks to rapidly transform regional economic growth

These outcomes are more challenging to delineate in dynamic and complex community and regional contexts. Additionally, each of these outcomes is linked to (and often positively contributes toward) broader national goals of economic growth and competitiveness, climate resilience, upward mobility and reduced inequality, wealth-building, bolstered social connections, and improvements in overall

well-being. In practice, these elements relate to other factors—such as the strength of regional banking or investment sectors—and partially overlap. As discussed above, there is significant diversity in approaches and delivery mechanisms across federal place-based programs. Some programs strive to achieve multiple outcomes, while others focus narrowly on one. Additionally, surprisingly few place-based policies have clearly articulated intended outcomes (Theodos 2021a). This may be because Congress or program administrators do not want to be held accountable to such outcomes or because objectives may evolve over the course of a program’s existence.

At a high level, federal place-based programs operate on the understanding that lack of adequate resources and investment (both public and private) are key drivers of decline and concentrated poverty at all geographic scales, from neighborhoods to cities to regions. Federal place-based programs aim to address these issues by directing funding and resources to distressed neighborhoods and communities and targeting a vast range of challenges and deficiencies. Yet their theory of change—the pathway for how additional resources and funding will transform neighborhoods and lift residents out of poverty—is not always clear. This may limit how effectively public and private investments can positively transform communities.

We articulate seven aspects of place-based program design that demonstrate where programmatic theories of change face challenges.

Aligning Private and Public Motivations

First, virtually all federal place-based programs depend on the significant participation of the private market. As mentioned, the shift toward market-based strategies for community development began in earnest in the 1970s and has continued to be the standard approach for pursuing economic growth and poverty alleviation. In any given federal program, public dollars often function to attract companion private investments, hopefully encouraging private actors to make investments they may not be willing or able to make otherwise. However, private investment understandably seeks to make a financial return and limit risk, which shapes decisionmaking on which projects or investments are likely to merit attention. This objective is not always well-aligned with the realities of concentrated poverty and poverty alleviation, which is centered on placing more resources in the hands of disadvantaged households and promoting wealth-building for existing residents. Despite a strong role for and participation of mission-based capital and investors in place-based programs, current incentives are not sufficient for distressed places to receive private capital investments “on par” with traditional investment patterns. Further, the nature of private sector participation (such as how public-private partnerships are structured) has been accepted or incorporated into federal place-based programs with

limited scrutiny as to whether the program design is the most effective and equitable approach to leveraging private dollars. For example, one of the core tensions within the Opportunity Zone program is that the tax benefit is most attractive when invested into projects with high potential for growth and favorable returns. While the program was designed to promote job creation and business growth, fully 98 percent of investments are made in real estate development, such as high-end multifamily housing, with very little investment into operating businesses (Novogradac 2025).

One Project or Many

Second, the intended outcomes embedded in the design and descriptions of place-based programs sometimes imply that transformational neighborhood change can be triggered or achieved through program implementation, but many programs do not have predictable flows of funds over sustained periods of time. Instead, funds are typically available for one-off projects or multiple projects scattered across disparate geographies. Such challenges are evident within programs. For example, it is relatively rare for successive NMTC projects to be located in the same census tract (Theodos et al. 2021c), and the same is true of EDA construction projects (Theodos et al. 2023). They are also evident across programs, given that it is rare (and challenging) to coordinate investments across agencies, systems, and programs within a local redevelopment effort.

The Link between Neighborhoods and Regions

Third, the conceptualization of “place” within and between programs often does not illustrate an understanding of place as multi-scalar and situated within broader geographic and economic systems. As described in one paper, “Poor neighborhoods cannot be improved by working in one community at a time, as if each were an isolated problem unrelated to broader socio-economic forces ... [and] initiatives must also be ‘nested’ within larger, mutually reinforcing public policies, and must be strategically linked to the full force of the market economy” (Ferris and Hopkins 2015, 100). The conception of place across programs is often defined through a combination of eligibility criteria (e.g., higher than average unemployment rates, below average area median income, or concentrated poverty) and a defined geographic boundary, such as a census tract, a region, or a district. Yet the defined scales for any given program do not appear to be based on careful analysis of how a neighborhood or defined geography is situated within broader systems, or how broader systems may affect neighborhood-level interventions.

Several place-based programs focus on interventions at the regional level—for example, the Appalachian Regional Commission or EDA’s Regional Technology and Innovation Hubs (Tech Hubs)

program. However, these efforts may be so broad that they do not adequately reach disinvested communities in these regions. Conversely, there are programs whose outputs are hyper-local (at the neighborhood level), with targeting defined by census tract and investment decisions typically concerning a single property or building, such as with EPA brownfields, NMTCs, and Opportunity Zones, among others. But these efforts are too small to uplift a low- or no-growth region and may not connect with or reinforce a broader regional growth strategy. This points to a lack of dynamism incorporated into the conception of place within and across programs, which considers both vertical (across stakeholders) and horizontal (local connections to regional scales) dimensions of place. For place-based interventions to have a transformative impact, there need to be linkages across local networks and broader regional systems—all of which is costly, time-consuming, and challenging.

The Timescale of Place-Based Financing Is Not Well-Aligned with the Timescale of Community Change

Fourth, neighborhood change that facilitates economic upward mobility of residents is a long and difficult process. Yet the financing offered through many place-based programs is limited to a few years, with dedicated funding rarely made available for more than five years. Virtually all federal place-based programs provide initial financing but require participation of the private sector for long-term financing and sustainability.

Tech Hubs illustrate this issue acutely. Initially envisioned to provide multiyear grants worth upward of \$500 million each, the program that passed was to provide grants of \$40 million to \$70 million, maintaining the original goal of achieving regional economic transformation within 10 years. More often, as much as \$500 million to \$1 billion may be required to accomplish economic growth in disinvested communities (Johnson and Muro 2024; Theodos 2022a, b, c).

There are assumptions embedded in place-based programs related to how quickly benefits of place-based projects and interventions will be felt or observed. . But in practice, the benefits of these interventions are not immediate, nor are they necessarily realized within the short term. Transformation can take decades, and that is indeed what some large place-based initiatives have required and achieved, such as the East Lake Initiative in Atlanta (Theodos 2022a), City Heights Initiative in San Diego (Theodos 2022b), and East Baltimore Development Initiative (Theodos 2022c). Other notable sustained and coordinated efforts include the Dudley Street Neighborhood Initiative in Roxbury, Massachusetts; development efforts in the Over-the-Rhine neighborhood in Cincinnati; the Harlem Children’s Zone; HOPE SF in San Francisco; and the development of the Pullman neighborhood in Chicago, among others.

Exogenous and Macroeconomic Factors

Fifth, even when programs are well-resourced and have longer timelines, other external factors impede the ability of a place to grow at all or in a linear trajectory. Economic crises, housing bubbles, recessions, and pandemics have all obstructed regional and local development efforts in recent years. Sometimes these challenges pose temporary setbacks, but in other cases, they arrest all progress and discontinue place-based development indefinitely.

High Rates of Residential Mobility

Sixth, while places do not change their economics or demographics quickly, this does not mean they are static. In most cases, they experience high rates of residential mobility—especially places with higher concentrations of renters with low incomes, who are more likely to churn through homes and neighborhoods. This means that residents living in a distressed neighborhood may not remain in place long enough to benefit from the intervention. For example, one study of a place-based effort in low-income, predominantly renter neighborhoods found that 57 percent of households had moved in just three years (Coulton, Turner, and Theodos 2012). This poses challenging questions related to the theory and rationale underpinning the concept of place-based community economic development. Critics of place-based development use this weakness to advocate for people-based interventions, such as direct cash transfers or housing vouchers, yet these approaches do not adequately account for the contextual conditions of poverty, inequality, segregation, and limited economic mobility in the US.

Limited Flexibility or Adaptability

Seventh, there is significant funding and investment in programs that focus narrowly on one dimension of community development, whereas programs that take a more holistic approach are comparatively few and far between. While this may seem attractive at one level—bringing greater focus and reduced complexity—in reality, local economies are highly dynamic and intricate. Places rarely experience disinvestment because of one problem, and rarely if ever do they require one solution.

Funding models in federal place-based programs generally focus on one dimension of neighborhood change (such as commercial redevelopment or affordable housing construction) or provide funding aimed at addressing a wide range of community development dimensions (such as CDBG). However, even within more flexible funding models, jurisdictions may still allocate funding for one-dimensional interventions. For example, in the City of Baltimore and in Maryland counties surrounding the DC region, CDBG performance reports for FY 2022 indicate that funds were most often used for affordable

housing construction, with small amounts invested in economic development activities (HUD 2024a, 2024b, 2024c, 2024d). Similarly, while Opportunity Zone financing can finance a wide range of activities, with very few limitations on eligible activities and with few constraints or hurdles on how quickly funds can be deployed, the vast share of projects funded has been multifamily and commercial real estate (Theodos, Meixell, Mitra, and Rajninger 2025).

This trend is evident within programs aimed at supporting affordable housing development. While it is critical to support the development of affordable housing given the nation’s affordable housing crisis, doing so without introducing or incorporating ancillary services or opportunities—such as job creation, business development, or other economic growth—can miss the mark when it comes to supporting residents’ economic mobility. For example, the HOME program provides important financing for the construction, rehabilitation, and preservation of affordable housing, but these projects are not necessarily paired with other economic opportunity efforts that would support job creation and wealth-building for people in need of affordable housing. Housing stability and affordability-related issues are a function of housing markets as well as household incomes, appetite for investment, and local resources or tools to support the construction and preservation of affordable housing.

The complexity of community change can lead to one of two approaches: focus on addressing one dimension (e.g., affordable housing construction) or attempt a complex, multifaceted approach to address a wide range of dimensions (but struggle to make meaningful progress on any of them). One-dimensional interventions do not adequately deal with the larger structural barriers that create and perpetuate community disadvantage, but multidimensional interventions may not be able to affect any specific dimension deeply and often are not able to create change at scale.

Measuring Impact and Instilling Accountability

Despite implementation taking place at local levels, many programs lack the infrastructure to give local residents influence over how taxpayer dollars are spent. In addition to federal programs’ wide variety of targeting mechanisms, eligibility criteria, intended outcomes, and flexibility and adaptability, programs’ control and accountability structures also vary.

Historically, federal programs aspired to put decisionmaking power into the hands of residents and the local community. For example, President Lyndon B. Johnson’s Economic Opportunity Act of 1964 established Community Action Agencies to enable “low-income families and low-income individuals of all ages, in rural and urban areas, to attain the skills, knowledge, and motivation to secure the

opportunities needed for them to become self-sufficient” (Tolbert n.d.). Many employees of the Community Action Agencies were residents with low incomes themselves. However, Community Action Agencies did not always or even often achieve resident control, in part due to mayoral opposition (Moynihan 1970). However, there was still support behind this priority, and this aspiration continued for decades in other place-based efforts. For example, President Bill Clinton’s Empowerment Zones and Enterprise Communities programs required applicants to demonstrate how they engaged community residents when identifying local priorities and how the proposed strategies reflected those priorities (McFarlane 1995). But even when federal programs do aim to establish local control and accountability, it can be somewhat difficult to achieve.

In more recent decades, as federal community and economic development programs have grown more complex, programs have started to delegate decisionmaking and implementation to nonprofit and for-profit actors, in addition to states and local governments. For example, Opportunity Zones, EB-5, NMTCs, and LIHTCs tend to leave control in the hands of developers, lenders, and investors rather than with the residents these programs are intended to benefit. State and local governments still control or influence many federal policies, such as through LIHTC, HOME, CDBGs or Section 108 programs. One reason for this is that most cities lack decisionmaking bodies comprising local residents and community representatives (Theodos 2021a). As a result, tensions arise in most federal place-based programs over who controls resources and who gets to decide which communities benefit and how.

With federal place-based programs implemented by a wide variety of agencies and offices, it is difficult to develop consistent practices for measurement and evaluation and acquire the funding to do so. This dynamic is not new. Historically, there has been relatively little focus on the actual impacts and successes of place-based programs in achieving their stated goals (Aber et al. 1995).

There are several reasons for the lack of measurement and evaluation in federal community and economic development initiatives. First, it is difficult to decipher causal relationships between one’s neighborhood or surroundings and one’s life trajectory. For example, it may not be possible to isolate the effects of a specific place-based program from those of other resources and services available in the neighborhood. Additionally, the places served by a given federal program may not have clear geographic boundaries, making it challenging to study program impacts (Ellen and Turner 1997; Hollister and Hill 1995; Jencks and Mayer 1990; Theodos and Firschein 2015).

Several scholars have endeavored to identify the ways people’s neighborhoods and surroundings influence their lives, and all these factors may complicate the study of program impacts. For example, Galster (2012) identified four categories of mechanisms—social-interactive, environmental,

geographical, and institutional mechanisms—that cause people’s neighborhoods to influence their personal lives. Ellen and Turner (1997) also developed a framework for understanding the effects of neighborhoods on individuals, particularly throughout different phases of life. Several aspects of this framework include the quality of local services (e.g., public schools), peer influence, exposure to crime and violence, and physical isolation.

In addition to factors that may make the evaluation of place-based programs somewhat difficult, most place-based programs fail to provide sufficient funding to support evaluation efforts. In theory, it may be simpler to evaluate place-based programs that are fairly well-targeted or, in other words, consistently direct funding to the communities most in need. However, even for programs that are well-targeted, such as the Promise Neighborhoods program, there have not been rigorous outcome evaluations to better understand the impacts of these funds.

Concluding Thoughts for Policy Futures

Although informed observers may arrive at different conclusions about the impacts of various individual place-based programs, federal place-based policy as a whole has achieved many benefits for communities, and there are several ways policymakers can amplify, modify, and improve these existing tools for the future. The potential impacts and challenges of these programs should be considered in the context of recent program changes, expansions, and cancellations made by the One Big Beautiful Bill Act and the Trump administration as well as fundamental shifts in how the federal government prioritizes place-based work. While emphases for place-based work differ administration to administration, the goal of place-based targeting of economic and housing stimulus has proven to be politically durable.

In many ways, federal place-based policy seeks to address what have been termed “wicked problems”—dramatically increasing inequality, stark segregation, systemic racism and exclusion, technological change and trade that have led to deindustrialization, depopulation of some rural communities, local economic competition rather than cooperation, constrained federal budgets, and rigid partisanship. Each of these challenges is daunting to address on their own, but they often overlap, creating compounding effects that are incredibly difficult, expensive, and time-consuming to solve. It is important to recognize the positive impacts that place-based programs have had, especially in light of the complex and evolving barriers to economic mobility that contribute to growing wealth inequality among households and geographies.

However, there are clear examples of place-based policies failing to reach the highest-need communities or delivering patchwork outputs rather than aiming for intentional, place-based outcomes. Namely, some of the largest federal programs—such as Opportunity Zones, New Markets Tax Credits, and Economic Development Administration programs—are overly focused on supporting real estate development as a proxy for community economic development. Many of these programs are designed to support other activities, such as providing equity investments into operating businesses in distressed communities, but these investments are often viewed as too risky and not as profitable as real estate development. For example, earlier studies of NMTC indicated that less than a quarter of financing goes to non-real-estate activities, and less than 1 percent of funds goes to true equity investments for operating businesses (Theodos et al. 2024). Similarly, despite being framed as a job creation and wealth-building tool, the structure of Opportunity Zone financing makes it very challenging to use funds for equity investments into operating businesses. As a result, just 2 percent of Qualified Opportunity Zone Funds focus on providing equity investments to operating businesses (Novogradac 2025). This begs the question of whether the propensity toward real estate development in place-based policy implementation is actually moving the needle toward better outcomes and opportunities in neighborhoods and communities or whether this feature hinders economic mobility and exacerbates growing disparities.

What, then, should be the future of federal place-based policy? Although individual programs will certainly have different emphases and approaches, we offer several characteristics of successful programs and guiding principles.

- **Programs should be targeted to support the economic and social needs of places that have seen less investment.** As we discuss in this report, targeting and geographic coverage of place-based funds have been inconsistent for the communities with the greatest need. Programs that are well-targeted and function effectively to reach these communities are not typically implemented on a wide scale. Local governments can play a role in determining what neighborhoods should be prioritized for place-based development and offer complementary local financing and incentives to facilitate alignment between priority areas and private sector participation.
- **Programs need robust resources so they can truly develop places rather than just fund one or a few isolated projects.** Despite considerable public funds going to place-based programs, this investment is small compared with private market investment and is insufficient to meet overall need. True economic transformation of neighborhoods requires substantial investment, which includes significant public funding support to subsidize private dollars. Further, many place-

based programs assume that transformational neighborhood change can be triggered by a single investment. Although more public funding and resources are necessary, stronger coordination and intentional funding decisions at all levels of government and implementation could help stretch existing dollars further and be more effective.

- **Programs should be connected to broader market capital, which will always be more sizable than federal place-based resources.** However, they should avoid being overly beholden to market capital in its definition of success or most comfortable operating pathways. Federal place-based work will always require private investment, as the sums required to fund these projects so are simply too great. Projects must be set up to attract and leverage those funds, both in terms of how they operate and where they operate. But attracting private resources is not a goal to be pursued in isolation of others. To be effective (and cost-effective), the private financing induced by federal funding must align with public sector goals, must not have happened “but for” the public investment, and rates of return must be in accordance with risk undertaken so the private sector is not oversubsidized.
- **Program timelines should allow for the two or more decades required to accomplish community development.** The timeline embedded in the financing structure of most place-based programs is misaligned with the slow and challenging process of neighborhood change. Public dollars are generally available for the initial financing, but more programs need to better accommodate the long horizons required for place-based change.
- **Programs should remain flexible and adaptable as macroeconomic and regional trends shift, and they should incorporate alignment between local and regional strategies.** “Place” is often conceived at one isolated geographic level, rather than as neighborhoods situated within regions, which in turn are made up of diverse and heterogeneous neighborhoods. Incorporating this perspective can be challenging but is an essential consideration to avoid unintended consequences of multiple efforts operating at different scales conflicting with each other. Efforts at the regional level should incorporate due diligence practices to identify local efforts that may complement or contradict regional initiatives. Similarly, local efforts should be plugged into and engage with regional efforts and trends regularly, adapting their efforts or pushing back others as necessary.
- **Places need multidimensional, multisectoral approaches that aim to benefit multiple domains or outcomes.** The complexity of federal policy and financial instruments and markets often result in programs and policies narrowly focused on one domain. In addition to increasing funding for all place-based programs, it is particularly important to increase funding for flexible

programs that promote multidimensional and multisectoral approaches to neighborhood change.

- **Programs should understand and accommodate the dynamism that exists within families and neighborhoods, seeking to avoid displacement where possible without keeping people stuck in place when their needs or desires change.** One of the challenges and critiques of place-based programs is that low-income households, especially renting households, tend to move through homes and neighborhoods at higher rates than higher-income households, suggesting that supports should be people-based rather than place-based. Yet place-based approaches offer an opportunity to address contextual structural barriers to economic mobility for low-income residents while enabling them to remain in place. People-based approaches may solve some immediate hurdles but do not fully address structural barriers that prevent residents from, for example, building wealth. Place-based approaches and programs should aim to understand the difference between general mobility trends and development-induced displacement, building in mitigation strategies for the latter while also facilitating the ability for residents to move should they choose. This means prioritizing strategies that achieve change *for* people rather than change *of* people.
- **Programs should reflect local residents' voices and the priorities of the community.** Incorporating community voice into development decisions has been a key community development principle for decades but is, in practice, often difficult to implement in a meaningful way. Especially because community development decisionmaking and implementation have devolved to the local level through nongovernmental actors, discerning who represents the “community” and identifying appropriate structures to leverage community input has become more complex. Mechanisms such as community land trusts, limited equity cooperatives, and rights to purchase for tenants offer opportunities for community control and decisionmaking power that could be incorporated into community economic development initiatives. Especially for more flexible place-based programs, making residents an integral part of the development process could be an effective approach for ensuring their perspectives are heard and actualized.

Appendix A. Overview of Examined Federal Place-Based Programs

TABLE A1
Selected Federal Place-Based Programs

Program name(s)	Administering agency	Description	Funding mechanism	Principal place-based mechanisms
Urban Renewal (1949-1973)	US Department of Housing and Urban Development (HUD)	Grants and loans for “slum clearance” and the redevelopment of “blighted” areas	Grants and loans	Mainly inner cities but also some suburban communities.
Public Works, Local Technical Assistance, Planning, and University Centers (1965/66–present)	US Economic Development Administration (EDA)	Grants to help distressed communities revitalize and improve physical infrastructure (Public Works), technical assistance for leaders in public or nonprofit sector in distressed areas (LTA), grants to support planning efforts (Planning), grants to enable higher education institutions to build regional economic ecosystems (UC)	Grants and technical assistance	Per capita income at or below 80 percent of national average, unemployment rate at least 1 percent greater than national average, or has experienced or is about to experience a special need arising from actual or threatened severe unemployment or economic adjustment problems
Area Development Program, Investments Supporting Partners in Recovery Ecosystems (INSPIRE), and Partnerships for Opportunity and Workforce and Economic Revitalization Initiative (POWER) (1965–present)	Appalachian Regional Commission	Grants through federal-state partnership to support economic development and improved quality of life for the people of Appalachia	Grants	Targets communities that have high levels of economic distress, have been affected by unemployment in coal-related industries, or are experiencing a substance use disorder crisis

Program name(s)	Administering agency	Description	Funding mechanism	Principal place-based mechanisms
Regional Commissions (1965–present)	US Congress	Federal-state partnerships that make place-based investments in technical assistance, capacity building, economic development, workforce, and infrastructure	Grants, technical assistance, and capacity building	10 regional commissions currently support rural and underdeveloped regions of the US including the Appalachian states, the Mississippi River Delta, and states in the southwest and southeast.
Model Cities (1966–1974)	US Department of Housing and Urban Development	Grants to subsidize a variety of projects, including affordable housing and community redevelopment (e.g., buildings, hospitals, schools, community centers, street, landscapes, etc.)	Grants	About 150 cities were selected to participate in the program through a competitive process that favored cities with particularly blighted areas.
Community Development Block Grants (CDBG) (1974–present)	US Department of Housing and Urban Development	Flexible block grant offered to state and localities to support community development activities and build more resilient communities	Block grants	Formulas that distribute funds to localities and states; at least 70 percent of their CDBG grant funds for activities that benefit low- and moderate-income (LMI) persons (those at 80 percent or less of the area median income). Where at least 51 percent of residents are LMI persons, HUD allows grantees to count 100 percent of “area-benefiting” expenditures as benefiting LMI persons.
Section 108 Loan Guarantee Program (1974–present)	US Department of Housing and Urban Development	Allows communities to transform a portion of CDBG funds into federally guaranteed loans of up to \$140 million	Loan guarantees	Follows CDBG criteria

Program name(s)	Administering agency	Description	Funding mechanism	Principal place-based mechanisms
Indian Grants (including Indian CDBG and Indian Housing Block Grant) (1974–present)	US Department of Housing and Urban Development	Discretionary, formula-based, and block grant programs to support housing and community development in tribal communities	Grants and block grants	Limited to Indian tribes, bands, groups, and nations or to Alaska Native villages
Indian Loan Guarantee and Insurance Program (1974–present)	US Bureau of Indian Affairs	Financial support to tribal communities and individual residents who face barriers to conventional financing	Loan guarantees and secured insurance rates	Limited to federally recognized AI/AN individuals, tribes, and groups or businesses with no less than 51 percent ownership by federally recognized AI/AN individuals
Trade Adjustment Assistance for Firms (TAAF) and Economic Adjustment Assistance (EAA) (1975–present)	Economic Development Administration	Support to firms to bolster global competitiveness, expand markets, strengthen operations, and increase profitability (TAAF), and support to regions experiencing adverse economic changes (EAA)	Technical assistance	Limited to US firms that have experienced declines in sales or may soon experience declines in employment
Urban Development Action Grant Program (1977–1989)	US Department of Housing and Urban Development	Grants to states to support cities and urban counties that are physically and economically distressed	Grants	Eligible applicants must be ranked in the lower half of all cities for three out of six poverty-related characteristics
Community Reinvestment Act regulations (1977–present)	Federal Reserve	Requires the Federal Reserve and other federal banking regulators to encourage banks to help meet credit needs of businesses in all neighborhoods, no matter their incomes	Bank regulations	Within bank assessment areas, tests for serving low- and moderate-income areas defined by the census tract’s area median family income

Program name(s)	Administering agency	Description	Funding mechanism	Principal place-based mechanisms
Historic Rehabilitation Tax Credit (1979–present)	US National Park Service; Internal Revenue Service	Tax credits toward historic building renovations (tiered form based on age of building)	Tax credits	No federal place-based eligibility, but several states offer additional tax credits for low-income housing developments, which tend to be in neighborhoods with more low- and moderate-income residents
Low Income Housing Tax Credit (LIHTC) (1986–present)	US Department of Housing and Urban Development	Tax credit to developers of new or rehabilitated affordable rental housing for low- and moderate-income households	Tax credits	Projects often located in low- and moderate-income communities, although not required for eligibility; incentives for qualified census tracts (at least 50 percent of households have income at or below 60 percent AMI) and difficult development areas (high construction, land, and utility costs)
Base Realignment and Closure (1988–2006)	US Department of Housing and Urban Development	Technical assistance to communities in the vicinity of a military redevelopment with regard to plans	Technical assistance	Support provided to communities with bases slated for closure
EB-5 Immigrant Investor Program (1990–present)	US Department of Homeland Security	EB-5 visas for individuals who invest in specified commercial enterprises	EB-5 visas	Lower investment thresholds for funds directed to rural or high-unemployment communities
HOME Investment Partnerships Program (1990–present)	US Department of Housing and Urban Development	Grants to states and localities for activities such as building, buying, and/or rehabilitating affordable housing or providing rental assistance to low-income households	Block grants	Formulas that distribute funds to entitled states and localities for projects that benefit low-income families

Program name(s)	Administering agency	Description	Funding mechanism	Principal place-based mechanisms
Single Family and Multifamily Housing Programs (1991–present)	US Department of Agriculture	Rental assistance for low-income tenants and assistance to homebuyers and homeowners in rural areas	Loans, grants, guarantees, rental subsidies	Place or city that is not part of an urban area and has a population of below 10,000 and is rural in character, or up to 20,000 and not part of a metropolitan statistical area
HOPE VI Program (1992–2010)	US Department of Housing and Urban Development	Grants to create rehabilitated public housing and mixed-income communities where public housing units were too deteriorated to be fixed through standard rehabilitation	Grants	Site-specific to public housing campuses undergoing redevelopment
Section 184 Indian Home Loan Guarantee Program (1992–present)	US Department of Housing and Urban Development	Loan guarantees to be used on home construction, rehabilitation, purchasing, and financing; can be used both on and off tribal lands	Loan guarantees	Limited to American Indian/Alaska Native families, tribes, or tribally designated housing authorities
Empowerment Zones, Enterprise Communities, and Renewal Communities (1993–2000)	US Congress	Federally designated geographies with high poverty and economic distress that may be eligible for certain federal grants and tax incentives	Designated areas	Within Empowerment Zones and Enterprise Communities, each census tract's poverty rate had to be at least 20 percent, and 90 percent of all census tracts had to have poverty rates of at least 25 percent (with special criteria for sparsely populated tracts). Renewal Communities had census tract poverty rates of at least 20 percent, at least 70 percent of households with incomes below 80 percent of the median household income, and an unemployment rate at least 1.5 times the national unemployment rate.

Program name(s)	Administering agency	Description	Funding mechanism	Principal place-based mechanisms
Community Development Financial Institutions (CDFI) Fund (1994–present)	US Department of Treasury	Grants to certified CDFIs to provide resources and programs to mission-driven financial institutions through resources and programs	Grants	Certified CDFIs must direct at least 60 percent of their financing to low- and moderate-income and underserved communities
Native American CDFI Assistance (1994–present)	US Department of Treasury	Supports the creation and expansion of Native CDFIs	Loans, grants, investments, technical assistance, and support with capacity building	Limited to Native CDFIs, which serve rural reservation and urban Native communities
Rural Development Programs (including Community Facilities Grants and Guaranteed and Direct Loans, Business and Industry Loan Guarantees, Intermediary Relending Program, Rural Business Development Grants, Rural Microentrepreneur Assistance Program, Rural Innovation Stronger Economy [RISE] grants, and the Broadband ReConnect Program) (1994–present)	US Department of Agriculture	Loans, grants, and loan guarantees to help create jobs and support economic development in rural areas	Loans, grants, and guarantees	Homes must be located in eligible rural areas as defined by USDA
Brownfields Program (1995–present)	US Environmental Protection Agency	Technical assistance and grants to communities, states, tribes, and other geographies to clean and reuse environmentally contaminated properties	Grants	No federal place-based eligibility requirement, but brownfield sites are disproportionately concentrated in low-income communities

Program name(s)	Administering agency	Description	Funding mechanism	Principal place-based mechanisms
Historically Underutilized Business (HUB) Zones (1997–present)	US Small Business Administration	Incentivizes federal contracting to businesses in distressed communities through 10 percent price evaluation preference	Federal set-aside contracts	Census tracts qualify as HUB Zones if they have a poverty rate of at least 25 percent or if 50 percent of households have incomes below 60 percent of the area median gross income.
Community Economic Development Program (1998–present)	US Department of Health and Human Services	Grants to community development corporations (CDCs) to expand employment for people in low-income communities and foster business growth	Grants	Projects are required to promote equity in “underserved communities,” which have at least 65 percent of households at or below twice the federal poverty line, and have at least one environmental, health, or climate-related burden as defined under the Justice40 Initiative.
New Markets Tax Credit (2000–present)	US Department of the Treasury	Tax credits to community development entities (CDEs) to incentivize private investment in distressed communities	Tax credits	Limited to CDEs that are certified by the CDFI Fund, meaning at least 60 percent of their financing is directed to low- and moderate-income and underserved communities
Social and Economic Development Strategies for Native Americans (2005–present)	US Department of Health and Human Services	Grants to support local social and economic development projects in tribal communities	Grants	Limited to tribal communities
Tax Incentives in Puerto Rico (2008–present)	Government of Puerto Rico	Tax incentives to help create and expand local businesses, diversify energy resources, and promote tourism and exportation	Tax incentives	Limited to Puerto Rico

Program name(s)	Administering agency	Description	Funding mechanism	Principal place-based mechanisms
Choice Neighborhoods Program (2010–present)	US Department of Housing and Urban Development	Grants to help reinvigorate neighborhoods with distressed public housing and associated challenges	Grants	Limited to housing projects in neighborhoods with at least 15 percent of residents living in poverty or with extremely low incomes
Promise Neighborhoods Program (2010–present)	US Department of Education	Technical assistance and grants to local organizations and higher education institutions to transform neighborhoods with high poverty rates into areas of opportunity	Grants	Must be implemented within a single, contiguous geographic area that exhibits “concentrated poverty” with childhood poverty rates of at least 30 percent (if the location meets other indicators of childhood disadvantage) or 40 percent otherwise.
Tribal economic development bonds (2012–present)	Internal Revenue Service	Financing for project on tribal lands for which governments could issue tax-exempt bonds (e.g., water treatment or waste disposal facilities)	Bonds	Limited to tribal communities
Abandoned Mine Land Economic Revitalization Program (2016–present)	US Department of the Interior	Grants to revitalize economies in legacy coal mining sites	Grants	Limited to sites with unreclaimed or reclaimed abandoned mine land and polluted water including adjacent land areas.
Opportunity Zones (2017–present)	US Department of Housing and Urban Development	Governors designate economically distressed census tracts for incentivized public and private investment	Tax incentives	Eligible census tracts are defined based principally on poverty rates and area median incomes
Living Languages Grant Program (2020–present)	US Bureau of Indian Affairs	Funding for tribal communities to document and revitalize Native languages that are at risk of disappearing	Grants	Limited to tribal communities

Program name(s)	Administering agency	Description	Funding mechanism	Principal place-based mechanisms
CARES Act Economic Recovery Corps and Equity Impact Investments (2020–present)	Economic Development Administration	Funding to support economic development plans and projects in underserved communities	Technical assistance and networking	Prioritized sites for Economic Recovery Corps fellows include areas with low economic development capacity, federally designated Opportunity Zones, or areas eligible for New Markets Tax Credit incentives.
Indigenous Communities Program (2021–present)	Economic Development Administration	Grants to develop projects to help tribal communities recover from the pandemic and bolster economies	Grants	Limited to tribal communities
Build Back Better Regional Challenge (2021–present)	Economic Development Administration; US Department of Commerce	Grants to develop and strengthen regional industry clusters, create good-paying jobs, support workers, and prioritize equity	Grants	Prioritized regions have either a 24-month unemployment rate at least 1 percentage point higher than the national average unemployment rate or a per capita income that is 80 percent or less of the national average per capita income.
Regional Technology and Innovation Hubs (Tech Hubs) (2022–present/altered by Trump administration)	Economic Development Administration	Investments to transform regions into globally competitive innovation centers in the next decade	Grants	Limited to EDA-designated Tech Hubs.
Indian Business Incubator Program (2022–present)	US Bureau of Indian Affairs	Grants to support economic development in tribal communities	Grants	Limited to tribal communities
National Tribal Broadband Grant (2022–present)	US Bureau of Indian Affairs	Grants to support the development and/or extension of broadband services in tribal communities	Grants	Limited to tribal communities

Program name(s)	Administering agency	Description	Funding mechanism	Principal place-based mechanisms
Native American Business Development Institute Grant (2022–present)	US Bureau of Indian Affairs	Grants to fund feasibility studies of potential business development projects in tribal communities	Grants	Limited to tribal communities
Tribal Tourism Grant Program (2022–present)	US Bureau of Indian Affairs	Grants to support economic development in tribal communities	Grants	Limited to tribal communities
Greenhouse Gas Reduction Fund (2023–present/paused)	US Environmental Protection Agency	Grants to incentivize financing and private capital to address the climate crisis, support economic competitiveness, and promote energy independence	Grants	Prioritized projects are located in low-income or disadvantaged communities
Reconnecting Communities and Neighborhoods (2024–present)	US Department of Transportation	Grants to communities to repair harm caused by past infrastructure decisions (e.g., highways that broke apart neighborhoods)	Grants	Existing transportation infrastructure that divides communities, with preference given to projects that benefit disadvantaged communities

Source: Authors' analysis.

Notes: AI/AN = American Indian or Alaska Native; CDBG = Community Development Block Grants; CDE = community development entity; CDFI = community development financial institutions; LMI = low- to moderate-income (people who have a household income less than or equal to 80 percent of the area median income); EDA = US Economic Development Administration.

Notes

- ¹ One Big Beautiful Bill Act of 2025, Pub. L. No. 119-21, 139 Stat. 72 (2025).
- ² Tennessee Valley Authority Act 1933.
- ³ Housing Act of 1949, Public Law 171, Chapter 338, 81st Cong.; 63 Stat. 432; 42 U.S.C. 1471 et seq (1949).
- ⁴ “OECD Data Explorer,” Organisation for Economic Co-operation and Development, accessed April 4, 2025, <https://data-explorer.oecd.org/>.
- ⁵ Data from the 2022 Survey of Consumer Finances, available at “Nine Charts about Wealth Inequality in America,” Urban Institute, April 25, 2024, <https://apps.urban.org/features/wealth-inequality-charts/>.
- ⁶ Authors’ analysis of 2019–23 five-year American Community Survey data.
- ⁷ Authors’ analysis of the Current Population Survey.
- ⁸ See Turner (2015) for more on the development of the place-conscious framework.
- ⁹ Brett Theodos and Noah McDaniel. “CDFIs Are Pillars of Local Economic Growth for Rural and Urban Communities,” *Urban Wire* (blog), Urban Institute, March 19, 2025, <https://www.urban.org/urban-wire/cdfis-are-pillars-local-economic-growth-rural-and-urban-communities>.
- ¹⁰ “Spending Explorer,” USASpending.gov, accessed May 6, 2025, https://www.usaspending.gov/explorer/budget_function.
- ¹¹ “Spending Explorer,” USASpending.gov.
- ¹² “Spending Explorer,” USASpending.gov.
- ¹³ “Federal Net Outlays as Percent of Gross Domestic Product,” Federal Reserve Bank of St. Louis, updated March 27, 2025, <https://fred.stlouisfed.org/series/FYONGDA188S>.
- ¹⁴ For a full description of the targeting criteria, see Theodos et al. (2021c).
- ¹⁵ “EB-5 Immigrant Investor Program,” US Citizenship and Immigration Services, accessed May 24, 2024, <https://www.uscis.gov/working-in-the-united-states/permanent-workers/eb-5-immigrant-investor-program>.
- ¹⁶ “Rehabilitation Tax Credit,” Internal Revenue Service, accessed May 24, 2024, <https://www.irs.gov/businesses/small-businesses-self-employed/rehabilitation-credit>.

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