



# Gun Violence Affects the Economic Health of Communities

*Yasemin Irvin-Erickson, Mathew Lynch, Annie Gurvis, Edward Mohr, and Bing Bai*

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Despite broad interest in estimating the economic costs of gun violence borne by victims and the nation, these conversations rarely address the impact of gun violence on the health of local economies. Do surges in gun violence slow business growth and lower home values, homeownership rates, and credit scores in communities? How do increases in gun violence shape local economic health over time? To answer these important questions, we assembled and analyzed newly available business establishment and credit score data, along with gunshot and sociodemographic data by census tract and gun homicide data (when available), for Baton Rouge, Louisiana; Minneapolis, Minnesota; Oakland, California; Rochester, New York; San Francisco, California; and Washington, DC.

Our findings demonstrate that sharp and sudden increases (or surges) in gun violence can significantly reduce the growth of new retail and service businesses and slow home value appreciation. Further, higher neighborhood gun violence can be associated with fewer retail and service business establishments and new jobs. Higher gun violence also can be associated with lower home values, credit scores, and homeownership rates.

**Surges in gun violence reduce the growth rate of new retail and service businesses.** Across Minneapolis, Oakland, San Francisco, and Washington, DC, gun homicide surges in neighborhoods reduced the growth rate of new retail and service establishments by 4 percent. City-specific analyses showed the following:

- In Minneapolis, each additional *gun homicide* in a census tract in a given year was related to 80 fewer jobs the next year.
- In Oakland, each additional *gun homicide* in a census tract in a given year was related to 5 fewer job opportunities in shrinking businesses the next year.

- In Washington, DC, each additional *gun homicide* in a census tract in a given year was related to two fewer retail and service establishments the next year. Every 10 additional *gunshots* in a census tract in a given year were related to one less new business opening, one more business closing, and 20 fewer jobs in new establishments the same year.

**Surges in gun violence slow home value appreciation.** Across Baton Rouge, Minneapolis, Oakland, Rochester, San Francisco, and Washington, DC, gun violence surges in neighborhoods slowed home value appreciation by approximately 4 percent. The analysis of gun homicides in 2014 and home values, homeownership rates, and credit scores in 2015 demonstrated that one more gun homicide in a census tract was associated with the following outcomes:

- a \$22,000 decrease in average home values in Minneapolis and a \$24,621 decrease in Oakland,
- a 20-point decrease in average credit score in Minneapolis and a 9-point decrease in Oakland, and
- a 3 percent decrease in homeownership rates in Washington, DC, and a 1 percent decrease in Baton Rouge.

**Conversations with business owners, homeowners, and city stakeholders in these cities gave context to these findings.** Interviewees detailed the significant costs business owners incur because of gun violence—costs they believe are necessary to keep their businesses open. These costs include security strategies such as camera systems, Plexiglas, bulletproof windows, motion sensor lights, bars on doors, and extra security staff. Business owners and residents described the coping mechanisms that they incorporated into their daily lives, such as businesses closing early, business owners and managers keeping the doors locked at night during operating hours, business owners increasing investment in security, residents avoiding shopping during night hours, and employees who work night shifts avoiding public transit. Residents, business owners, and stakeholders shared their perception that gun violence hurts housing prices, drives community members to relocate, and causes people to avoid moving to affected neighborhoods.

These results demonstrate that gun violence reduces new business growth and local job opportunities, slows home value appreciation, and can impact community members in many ways. To escape a vicious cycle where gun violence reduces the economic resilience of communities whose members are already at risk of gun violence, public policy and local efforts should promote a virtuous cycle by simultaneously pursuing efforts to promote business development, strengthen economic resilience of communities, and reduce gun violence. Because these positive effects are self-reinforcing, economic development and gun violence reduction efforts should go hand in hand. This requires homeowners and business owners to recognize their strong incentive to collaborate with local governments and other community members in order to outline the issues that need to be addressed and create policies and practical solutions that are connected to the needs of local communities. Based on our findings, we propose the following recommendations to translate these findings into action:

- Publicize the economic impacts of gun violence and promote success stories showing what communities can gain from reducing gun violence.
  - » **Raise awareness of the risks of increased levels of gun violence for diverse geographies, groups, and businesses.** Local campaigns should delve into the economic issues that plague business development and sustainability in their cities.
  - » **Increase media engagement to address the economic issues of gun violence.** Media sources play a key role in establishing perceptions around crime and violence, and they can buttress gun violence prevention strategies and support stakeholders looking to curtail violence. Efforts should be made to promote media coverage that raises awareness of the impact of gun violence and showcases positive efforts to reduce gun crime and support local economic development. Local governments and businesses should collaborate to develop traditional media and social media strategies.
  
- Engage businesses as advocates for gun violence reduction strategies.
  - » **Support and develop public-private-community partnerships.** A possible model is Detroit's Project Green Light, which mixes crime-fighting and community policing aimed at improving neighborhood safety, promoting the revitalization and growth of local businesses, and strengthening police efforts to deter, identify, and solve crime.
  - » **Incentivize safety measures.** Implement (or continue) incentives to install additional safety features in establishments (e.g., cameras, property lighting, street lighting).
  - » **Prioritize local resources toward supporting complementary efforts to reduce gun violence and promoting local business and community development.** Efforts should target the local business districts most affected by gun violence, while promoting multi-stakeholder conversations about community solutions to local problems and emphasizing opportunities to implement economic incentive programs to bring in new businesses.
  - » **Implement violence reduction strategies at the local and community levels.** A holistic violence reduction model should include economic stakeholders knowledgeable of the economic impact of gun violence in areas with disproportionate levels of or surges in gun violence. Approaches that focus on education of youth and young adults around gun violence prevention should be aligned with education and training to improve economic prospects.

## About the Authors

**Yasemin Irvin-Erickson** is a senior research associate in the Urban Institute's Justice Policy Center, where she directs projects on economic resilience of women and girls, refugees, and geographies disproportionately affected by violent crimes.

**Mathew Lynch** is a research associate I in the Justice Policy Center, where his research portfolio includes projects on police technology and innovation, program evaluation and implementation, prisoner reentry, and treatment alternatives/ diversion.

**Annie Gurvis** is a research assistant in the Justice Policy Center, where her work covers a range of topics, focusing on policing and crime statistics.

**Edward Mohr** is a research assistant in the Justice Policy Center, where his research focuses on new and unique approaches that organizations are taking to alleviate poverty in urban areas across the country.

**Bing Bai** is a research associate I in the Urban Institute's Housing Finance Policy Center, where he helps build, manage, and explore data to analyze housing finance trends and related policy issues.

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2100 M Street NW  
Washington, DC 20037  
[www.urban.org](http://www.urban.org)

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