Evaluating Policies to Transform Distressed Urban Neighborhoods

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This memo synthesizes research on the impacts of major place-based policy interventions targeting distressed urban neighborhoods.\(^1\) We focus on four domains that are important for place-based policymaking: economic development, human capital, housing, and crime prevention.\(^2\)

### Place-Based Economic Development

Place-based economic development policies direct incentives and resources to distressed areas to create jobs and build human capital for residents disconnected from local labor markets. Two of the most prominent place-based economic development programs, federal Empowerment Zones and state Enterprise Zones, are supply-side policies that offer economic incentives to firms, such as tax breaks, in exchange for hiring zone residents. Evaluations of federal Empowerment Zones consistently find positive effects on employment outcomes for zone residents, but there are smaller and more mixed results for state Enterprise Zones.\(^3\),\(^4\),\(^5\),\(^6\),\(^7\),\(^8\) This difference may be because federal Empowerment Zones were implemented in more disadvantaged neighborhoods, where business investment was unlikely without government intervention to stimulate the market and where there was less in-migration driving up prices. The research points to factors that may be important for producing a positive impact: (1) concentrating on distressed zone areas of small size so as not to dilute impacts; (2) tying incentives explicitly to creation of new jobs; (3) building in social services that may help small firms access additional supports for their workers; and (4) building in a strategic economic plan and strong technical assistance for zone administrators.\(^9\),\(^10\)

Even when they are effective, however, the economic gains in zones are diluted because most zone residents work outside the zones and most workers in zones do not live in the zone.\(^11\) And when a zone is effective, those reaping the benefits may leave for more desirable areas of the city. This dilution is troublesome given recent evidence that the economic benefits of such policies were concentrated among more affluent residents and that there were negative economic spillovers for neighborhoods surrounding the zones.\(^12\),\(^13\),\(^14\)

### Building Human Capital

Another way to improve economic conditions is to improve resident education and job skills. Although human capital interventions are more often thought of as people based, some target neighborhoods or other small geographic entities.

Jobs Plus, a randomized controlled trial implemented in public housing, offered employment services, revised rent calculations, and community outreach to boost public housing residents’ employment and earnings. Despite considerable implementation challenges, the developments that
implemented Jobs Plus saw significant increases in earnings among residents with multiple barriers to employment, but there was little change in other quality-of-life dimensions.\textsuperscript{15,16}

Focusing on children, the Harlem Children’s Zone combined “no excuses” charter schools (with high expectations, strict discipline, and considerable supports) with community-based services in high-poverty areas of Harlem. Economists used lotteries to evaluate the charter schools and found large effects for low-income students of color in math achievement and college enrollment and, to a lesser extent, reductions in teen pregnancy and incarceration rates.\textsuperscript{17,18,19,20} The federal government is expanding the successes of Harlem Children’s Zone under a larger federal program called Promise Neighborhoods.\textsuperscript{21}

The Kalamazoo Promise program has offered large college tuition subsidies to graduates of the Kalamazoo Public Schools since 2005. The subsidies significantly increased college enrollment, college completion, and predicted lifetime earnings.\textsuperscript{22} Since 2005, more than 50 communities have adopted Kalamazoo Promise-style place-based college scholarship programs.\textsuperscript{23} Evaluations of these programs have identified positive average effects on college attendance and local population size, but across programs, impact varies. In particular, merit-based programs increased housing prices in areas with high-performing schools and boosted the number of white families with children in the catchment area but may have decreased the number of families of color.\textsuperscript{24} These findings present cautionary evidence of potential inequalities in who reaps the benefits of these popular and rapidly expanding place-based college scholarship programs.

\section*{Transforming Housing}

The past several decades of housing policy have taken both place-based and person-based approaches to deconcentrate poverty and improve housing conditions within high-poverty neighborhoods. We focus on place-based approaches, including HOPE VI, Choice Neighborhoods, Community Development Block Grants, and affordable housing provision via housing vouchers and the Low-Income Housing Tax Credit Program.\textsuperscript{25} Public housing redevelopment and affordable housing construction initiatives improve the physical quality of housing stock in distressed urban neighborhoods, directly by building new, high-quality units and indirectly by raising surrounding property values.\textsuperscript{26,27,28,29} More extensive revitalization efforts, such as HOPE VI and Choice and Community Development Block Grants, can also improve neighborhood infrastructure and amenities and leverage additional private and public investments. The idea that subsidized housing depresses property values or generates more crime is not true, at least when the units are constructed in disadvantaged neighborhoods and when they are well managed.\textsuperscript{30,31,32,33,34,35,36,37,38,39,40,41}

As with our synthesis of the economic development literature, we offer two important caveats. First, housing improvements can displace low-income residents, either directly by demolishing distressed housing as in the case of HOPE VI and Choice, or indirectly by raising property values, and thus rents, as in the case of Community Development Block Grants or Low-Income Housing Tax Credit development. Any advantages that accrue to distressed communities need to be weighed against the adverse consequences of displacement. Second, although affordable housing development improves the physical quality of housing stock and neighborhood amenities for residents, there is little evidence that
deconcentrating poverty by moving in high-income residents will result in cross-class contact or alter the economic well-being of low-income neighborhood residents, although the economic returns to changing community context may take time to materialize and may unfold across generations.\textsuperscript{42,43,44,45,46,47,48,49}

**Crime Prevention**

The latter half of the 20th century was host to dramatic growth in violent crime rates, and several interventions were implemented to reduce violent crime in disadvantaged neighborhoods. Although there are many overlapping components across programs, place-based crime interventions typically fall along a continuum from more heavily law-enforcement based to more holistic and community based. Some, such as Operation Ceasefire, Strategic Approaches to Community Safety Initiative, and Project Safe Neighborhoods, take a police-oriented approach that aims to deter violence among key players via preventive measures, community engagement, and threats of sanctions. Others, such as Chicago Ceasefire and Cure Violence, were modeled on public health interventions and approach violence prevention by involving community-based organizations and outreach workers to alter social norms and the behavior of key people involved in violence.

Looking across these strategies, we conclude that the law enforcement strategies have generated substantial reductions in violence and crime, although the magnitude of the effects varies across studies.\textsuperscript{50,51,52,53,54,55,56,57,58,59} In contrast, the public health–based crime prevention strategies have some promising results in a few sites but are largely inconclusive because results vary so much across sites.\textsuperscript{60,61,62} The inconsistency across cities may be because of the inability to construct adequate counterfactuals in the quasi-experimental research design, variation in what was included in the treatment intervention, and how well the intervention was implemented. Although there is an intuitive appeal to the public health intervention models because of their focus on generalized deterrence and broader community change, interventions that tried to engage in comprehensive strategies may have diluted their power by trying to do too much with limited resources and limited organizational capacity.

Virtually all these studies focused on preventing violent crime as the key outcome of interest. Given the growing awareness of aggressive and racially biased policing tactics, we want to highlight potential negative consequences of tough-on-crime policing tactics, which may undermine the trust and cooperation of community members. A key challenge is to determine how to implement targeted law enforcement–based approaches in ways that respect, rather than undermine, communities of color.

**Cross-Cutting Themes**

“Treatments” vary in place-based policies. Even when implemented under a guiding philosophy or approach, place-based policy implementation often varies across areas. Perhaps this is as it should be, but such a reality creates challenges for evaluating place-based policies’ effects. The challenge for researchers is to harness variation in treatments to determine what features are most likely to produce success and under what circumstances so we can say what aspects of a policy work for what places.

Two research approaches can help here. The first is to incorporate systematic implementation studies across sites so these data can be linked to the quantitative evaluations. Researchers could
identify whether a treatment was fully implemented, as was the case for Jobs Plus, where implementation varied considerably across sites and only places with full implementation had significant results. In some cases the treatment itself varies across sites in response to local conditions and capacity. In these situations, systematic implementation studies allowed researchers to determine what treatments were most effective, as was the case with California Enterprise Zones. In-depth qualitative research is a second approach that has helped explain why policies do or do not have certain effects. Qualitative data allow researchers to get at mechanisms in a richer way and allow researchers to discover important processes and outcomes they may not have anticipated a priori. For example, qualitative research has illuminated the effects of HOPE VI redevelopment on social exclusion and cross-class interaction within mixed-income housing developments.

**Geographic targeting can have unintended consequences.** Although the geographic targeting of place-based policies allows for concentrated flows of resources to particularly distressed areas, challenges result from geographic targeting. Improving quality of life within a geographically targeted area can make it a more attractive place to live, but this can prompt residential mobility flows that dilute the effects of geographic targeting and have potentially concerning distributional consequences. For example, if property values rise in the targeted area, it can displace current low-income residents and prevent new low-income residents from moving into the area to take advantage of the improvements. This occurred across all the policy domains we examined.

Geographic spillovers are another challenge endemic to place-based interventions. Sometimes, focusing on one geographic area can have negative effects on another, either by diverting resources that otherwise would have gone to that area or by displacing problems from the targeted area to another area. On the flip side, place-based policies may lead to *positive* spillovers, as seems to be the case with some focused deterrence policies in the crime area. Policymakers and researchers should consider potential consequences of geographically targeted policies on other areas and look at changes in the flow of residents into and out of the neighborhoods, as these may offset positive developments within the targeted area.

**Expanding successful programs is challenging.** Many large-scale policy initiatives were based on highly successful early programs. The early interventions were often unique. They were typically intensive with significant funding, a strong institutional capacity to deliver the intervention, and visionary leadership. Expanding some of these early successes will be a challenge because other sites may have less funding and a less well-developed institutional capacity to deliver the intervention with the same fidelity. The problems in need of solving also vary across places, so what worked in one locale may not be as effective in another. It is often challenging for policymakers to replicate the successes of promising pilot programs.

**The importance of community capacity and technical assistance.** Some communities are better poised than others to deliver effective interventions. Factors enabling effective implementation are specific to the intervention in question, but overarching themes include prior experience among the stakeholders who will deliver the intervention, evidence of those stakeholders’ ability to collaborate and garner the support of local officials, and including technical assistance as an explicit part of the
intervention. Many policy efforts are moving in the direction of building community capacity as a central part of the intervention or before the intervention, and we see this as a promising development.

_Tension between breadth and depth in scope of intervention._ There seems to be tension between the breadth and depth of place-based interventions in their ultimate scope. Interventions narrowly targeted for a specific behavior or outcome, such as an employer tax credit, may be insufficient to turn the economic tide in disadvantaged neighborhoods where there are many compounding forms of disadvantage. Any effects may be small or confined to the intervention’s domain. The recognition of multiple and overlapping forms of disadvantage within these communities has led federal policy to push for more comprehensive interventions that coordinate across agencies and sectors to implement “comprehensive community initiatives,” such as Choice and Promise Neighborhoods. The challenge we discovered in this review is that such broad goals can dilute the impact and effort in any one area. And it is challenging to coordinate across the multiple sectors. Reinforcing this notion is evidence from Empowerment Zone–type interventions, which suggested that a laser-like focus on smaller, bounded geographic areas was more likely to generate positive outcomes.

Finding the sweet spot in the middle of this continuum between breadth and depth seems promising: big enough to turn the tide a bit but not so big that it dilutes efforts or creates coordination challenges. We saw several examples that fit this bill: early Empowerment Zones, which focused not only on business tax credits, but social services; Jobs Plus, which not only offered job training, but reduced work disincentives and fostered community social capital; and Boston’s Operation Ceasefire, which targeted specific people within the community but did so via coordination among law enforcement and community stakeholders.

_Beyond people versus place._ In this review, we covered many policy efforts that have tried to improve economic, physical, and social conditions within distressed urban neighborhoods. Place-based policies were a hallmark of the Obama administration, and they have delivered resources to areas that have been underinvested for decades. Despite the promise and appeal of place-based policies, broader, non-place-based interventions can have disproportionate benefits for disadvantaged communities. For example, antipoverty programs, such as the earned income tax credit, also funnel considerable resources into high-poverty neighborhoods.

In recent years, there has been a softening of the people-versus-place distinction in the policy world, with recognition of the complex interactions between people and places. Margery Austin Turner, a leading housing scholar, has advocated for _place-conscious_ community and economic development, which considers the effects of policies on particularly disadvantaged areas but stops short of restricting funding to only those geographically targeted areas. We see this as a promising avenue for future policy development.

Targeted place-based interventions have made incremental change, but few have been transformative. Conditions in our nation’s most distressed urban neighborhoods were formed from decades of political, economic, and institutional discrimination and neglect. Those actions will not be undone with a single policy or intervention or even a suite of interventions. Rather, transformation will require targeted investment supported by equitable policies enacted over generations.
Endnotes

1 By “place-based,” we mean policies that target interventions and investments within certain geographically defined areas (typically neighborhoods, but sometimes, the geographic scale is a bit smaller or larger than a neighborhood).

2 This summary draws from a forthcoming paper by Laura Tach, Chris Wimer, and Allison Emory commissioned by the 21st Century Cities Initiative at the Johns Hopkins University. We reviewed policies and programs with rigorous experimental or quasi-experimental research evaluations and drew on implementation studies and other descriptive research to supplement the evaluations.


8 There is also strong evidence of positive employment effects of Empowerment Zone–type interventions in France, called Zones Franches Urbaines or ZFUs:


As with US Empowerment Zones, however, there is evidence of negative economic spillover effects on the areas immediately surrounding the ZFUs:


20 They argue that the schools and not the community interventions produced these effects, because children who lived outside the zone but went to the schools also saw large gains, while the siblings of those who went to the schools (but who did not themselves attend and thus could only have benefitted from the community supports) did not show gains.

21 Spearheaded through the US Department of Education since 2010, the program has targeted distressed areas and funded comprehensive community initiatives that attempt to improve access to high-performing schools along with family and community supports that will improve children’s outcomes from birth to when they join the labor market. Communities that receive Promise Neighborhoods awards must evaluate their programs as a condition of the award, but it is too soon to assess the initiative’s outcomes and whether it can reproduce the successes of HCZ. See “Promise Neighborhoods,” US Department of Education, last updated July 27, 2017, https://www2.ed.gov/programs/promiseneighborhoods/index.html.


The Gautreaux Program and the Moving to Opportunity program are two other notable quasi-experimental and experimental (respectively) attempts to evaluate the effects of moving public housing residents into less racially segregated and lower-poverty (respectively) neighborhoods. Although these programs provide strong evidence that living in less disadvantaged neighborhoods can improve at least some aspects of life for low-income families, we do not include them in our review because they are not technically place based. Their aim was to improve family outcomes by relocating families to a wide range of neighborhoods, rather than transforming conditions within a particular neighborhood. These programs do not tell us about the effectiveness of policies to transform neighborhoods.


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ABOUT THE US PARTNERSHIP ON MOBILITY FROM POVERTY

With funding from the Bill & Melinda Gates Foundation, the Urban Institute is supporting the US Partnership on Mobility from Poverty. Led by chair David Ellwood and executive director Nisha Patel, the Partnership consists of 24 leading voices representing academia, practice, the faith community, philanthropy, and the private sector.

The Partnership’s definition of mobility has three core principles: economic success, power and autonomy, and being valued in community. Our collective aspiration is that all people achieve a reasonable standard of living with the dignity that comes from having power over their lives and being engaged in and valued by their community.