



# New Approaches to Neighborhood and City Revitalization



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Ellen-O'Regan: "...Trends in Neighborhood Revitalization...Policy  
Decisions and Strategies

"Joseph: "Reinventing Older Communities Through Mixed  
Development" Chicago

- **Welfare Improvement – People, Places?**
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  - **Unknown Program Effects**
  - **Housing and Employment**
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# Consider...

- Do neighborhood programs improve neighborhoods?
- Poverty Alleviation
  - Improve poor neighborhoods
  - Help Households (HHs) in troubled areas move to better neighborhoods
- Do these strategies improve welfare?
  - How
  - Winners & Losers
  - Methods for Determining Success
- Alternative approaches to improving peoples' welfare



# How Does Place Matter?

## Neighborhood Revitalization to Reinvent Older Communities

- People v. Place
  - Cities v. Suburbs
- Net Improvement: NOT ALL persons or places gain / WINNERS & LOSERS
  - Suburbanization →
  - Concentrated City Poverty →
  - Fiscal Inadequacy →
  - Deteriorating Schools, Infrastructure, City Services

## Explanation For So Many Place Oriented Public Programs

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- Place “Policy”
    - Business Improvement Districts (BIDS)
    - Oriented Toward Downtown Improvements, Center City, and the Business Environment
  - Employment Zones

# Basic Changes

1990s Major Finding to be Explained /

Understood  
Ellen-O'Regan:

NEIGHBORHOODS CHANGE! 1990s (NOT 80s or 70s)

- Large gains in relative average incomes in lowest income central city census tracts and smallest large losses in these census tracts
- Worth Repeating
  - 19% Large Gain
  - 7% Large Loss
  - Highest Avg. Inc Tracts, 19% v. 55%
- Implication
  - Low Income Neighborhoods & Households Doing Better?
- Alternative Explanation
  - Average income gains in low income neighborhoods → GENTRIFICATION

# NUMERICAL EXAMPLE

## *Low Income Tract with Large Relative Average Income Increase*

- Average HH income in MSA
  - 1990 / \$33,000 - 2000 / \$55,000
- Lowest income group are CC census tracts avg. HH income in 1990 = 23,100 or less  $\leq .7$  of MSA avg.
- Of lowest income group in 1990 an increase of 10 percentage points 2000 =  $\leq 44,000$   $.80$  of MSA avg.
  - HH Improvement or Gentrification

	<u>1990</u>		<u>2000(1)</u>		<u>2000(2)</u>
Q1 100 hhs inc =	11500	100	18000	50	20000
2000	17250	100	28000	75	28000
1990	23000	100	44000	75	35000
100	28750	100	60000	110	48000
100	34500	100	70000	100	63045

# Basic Changes

## 1990s Major Finding to be Explained / Understood

- Low-income Housing Tax Credit (LIHTC)
  - These Are Welfare Questions / Role of LIHTC
- LIHTC
  - Tax Credits must be used for new construction, rehabilitation, or acquisition and rehabilitation;
  - 20 % or more of residential units in the project are both rent restricted and occupied by individuals whose income is 50 % or less of area median gross income, *or*
  - 40 % or more of the residential units in the project are both rent restricted and occupied by individuals whose income is 60 percent or less of area median gross income.

### MIXED INCOME HOUSING!!

- \*\*\*HUD report, 11/07: Research needed (don't know anything about): Are designated neighborhoods (QCT's, LIHTC qualified census tracts) "areas of greatest need for affordable housing?"
- "Because neither existing housing supply nor affordability are taken into consideration in the designation process...undesignated areas, [with] slightly higher income levels but a lower stock of affordable rental housing, might...have a greater need for

# Welfare Implications

Ellen O'Regan

During the 1990s:

- 36 % of LIHTC units were built in low poverty census tracts (pov.  $\leq .10$ )
- 12 % were built in NHs with high poverty rates (pov  $\geq .40$ )

DO THESE FIGURES SUGGEST NH IMPROVEMENT EITHER IN LOW OR HIGHER POVERTY NEIGHBORHOODS?

In low poverty census tracts: did welfare improve for low income households who moved in? Yes? – lower crime, better schools than previous NH. NO? Loss of social networks....

Did welfare improve for households in lower poverty/higher income NHs as lower income households moved in: increase in crime? More troubled schools?

In higher poverty census tracts: were poorest households displaced?

Where were poorest households in 1990 living in 2000?

Did they improve their positions or were they the hhs who moved to the small percentage of lowest income census tracts whose average income declined relative to MSA average? (Even worse neighborhood: more crime; worse schools and other public services?)

# Joseph-Mixed Income Housing

Chicago mixed income housing program:

- HH Qualifications for Mixed Income Housing Units - leave many HHs in public housing **ineligible** for the new mixed income housing
- Unlikely; greater concentration of poorest, most socially at risk households – income, crime, drugs

If mixed-income housing built in poorest neighborhoods, some higher income households enter → neighborhood improves → poorer HHs who remain or occupy the new mixed income units have better housing and neighborhood

Those who leave as a result of fewer units available in NH and ineligibility for mixed income housing may or may not be better off / Requires investigation

# Neighborhood improvement goals: Education (Based on related research)

- Five cities' data - no overall positive impact on children's learning
- Major finding - Standardized test scores among young children improve
- Improvement due to change in school vs. change in NH?
- Effect on teens— increase in school behavioral problems (may be different standards in new schools)
- Major welfare issue
  - Assessing B and C of moving poor families from high to low poverty NHs: (a) direct effects mixed; (b) effects on families who remain behind (negative?) AND (c) effects (negative?) on children in host neighborhoods (new lower poverty neighborhoods) General NH effects not simply school outcomes

# Neighborhood Improvement Goals: Less delinquent or anti social behavior

- Mortality of Black Male Youth: 2008
- Relocating to more advantaged NHs substantially impacts mortality risks faced by poor black male youth
- In their sample
  - 68.8 lives would have been lost (in contrast to the 52 observed mortalities), including 43.4 due to homicide (instead of 30).

# Neighborhood Effects on Barriers to Employment

- No significant effects on adults
  - Voucher group
    - No employment or earnings gains in part because of pre-existing human capital barriers
  - Expected peer group effects
    - Employed neighbors set example and provide job information
- \*New neighbors with different employment not as helpful to current population

# BUSINESS IMPROVEMENT DISTRICTS

## (BIDS: Alternative for “reinventing older communities”)

- Private organization of business interests
  - Generally “Downtown” property owners
  - Aim to improve environments of central business district (CBD) to better compete with suburbs
  - Membership compulsory once approved
- Expect improvement within district
  - Greater Retail Activity
  - Lower office vacancy rates
  - Improved cultural & social opportunities
- EXPECT POSITIVE SPILLOVERS
  - To surrounding NH’s, to City (increased employment opportunities;
  - Increased agglomeration effects

# BID OUTCOMES

- Some findings: crime reduction in BID BUT spillover to adjacent neighborhoods and other neighborhoods (for mobile crimes)
- Ellen, Schwartz, Voicu: positive impacts on commercial property values of large predominantly office space BIDs.
- Little spillover to adjacent commercial properties.
- Little impact in small and predominantly retail or industrial BIDs.
- Effect on residential properties unclear.
- Large CBD BID Philadelphia: Major positive effect on vitality of CBD: restaurants, entertainment, residential activity (not clear how much due to economy vs BID);
- BUT STILL LOOSING OFFICE JOBS.
- OFFICE BLDGS BEING CONVERTED TO RESIDENTIAL USE.
- OTHER OUTLYING NHs STILL DETERIORATING; LOOSING POPULATION.
- JURY OUT ON BIDS!
- ENTERPRISE ZONES → INCREASE EMPLOYMENT OPPORTUNITIES  
→ EVIDENCE MIXED.