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# CASCADE

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## Reinventing Older Communities: Bridging Growth & Opportunity\*

By Keith L. Rolland, Community Development Advisor

How can economic growth create better job, education, and housing opportunities for low-income people and communities? The sixth biennial Reinventing Older Communities conference probed strategies to create opportunities in education, employment, revitalization, and other areas.

Recurring themes were the importance of collaboration and partnership with different sectors and of ongoing data collection and analysis to identify issues and measure progress in addressing them.

The conference was organized by the Federal Reserve Bank of Philadelphia and

11 cosponsors and was attended by 465 practitioners and researchers from 25 states and the District of Columbia.

### Intergenerational Mobility

The U.S. is “a collection of societies, some of which are ‘lands of opportunity,’ with high rates of mobility across generations, and others in which few children escape poverty,” Raj Chetty, Bloomberg Professor of Economics at Harvard University, and coauthors said in a National Bureau of Economic Research working paper issued in January 2014,<sup>1</sup> which provided the basis for Chetty’s keynote speech.

...continued on page 22

\* The views expressed here are those of the author and do not necessarily represent the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.

<sup>1</sup> See [www.nber.org/papers/w19843](http://www.nber.org/papers/w19843) and <http://ow.ly/ywzxf>.



Angela Glover Blackwell, Founder and CEO, PolicyLink; Manuel Pastor, Professor of Sociology and American Studies & Ethnicity, University of Southern California; and Raj Chetty, Bloomberg Professor of Economics, Harvard University



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## Message from the Community Affairs Officer

As many sectors of the economy have begun to improve, important questions about the future of economic growth and who benefits from that growth have emerged. The questions include:

- Can economic growth be encouraged in an equitable way that provides opportunities for a broad range of residents and communities?
- Will historically underserved communities continue to be disconnected from the resources needed to achieve greater prosperity?
- How can equitable growth strategies best be integrated into regional economic development plans in a way that benefits low- and moderate-income people and places?

From May 12–14, 2014, the Federal Reserve Bank of Philadelphia and its cosponsors hosted more than 460 participants at the biennial Reinventing Older Communities conference to discuss these very questions. Attendees from 25 states and the District of Columbia traveled to Philadelphia to engage with thought leaders on the topics of equitable development and intergenerational mobility. The conference was designed to encourage discussion of how these issues impact older industrial communities and, more important, identify the resources that are needed to transform these communities in the future.

This issue of *Cascade* contains some highlights from the conference, with a specific focus on some of the key themes. Articles that delve into the topics of intergenerational mobility and equitable growth include discussions that examine strategies to achieve and



**Theresa Y. Singleton, Ph.D.**  
Vice President and Community Affairs Officer

measure equity. "Mapping Our Community" illustrates intergenerational mobility across the Third District. Other articles highlight the role of community development corporations, the future of housing, and community development strategies focusing on people and places.

We are extraordinarily grateful to our 11 conference cosponsors and 68 conference supporters who helped to make the 2014 Reinventing Older Communities: Bridging Growth & Opportunity conference successful. We're particularly excited to work with several partners to continue our efforts in our District. Over the next year, the Philadelphia Fed will collaborate with the Cleveland Fed and the Fund for Our Economic Future to identify District partners who are interested in pursuing inclusive development strategies.

A handwritten signature in black ink that reads "Theresa Y. Singleton". The signature is fluid and cursive.



# Mapping Our Community — Third Federal Reserve District\*

By Keith Wardrip, Community Development Research Manager

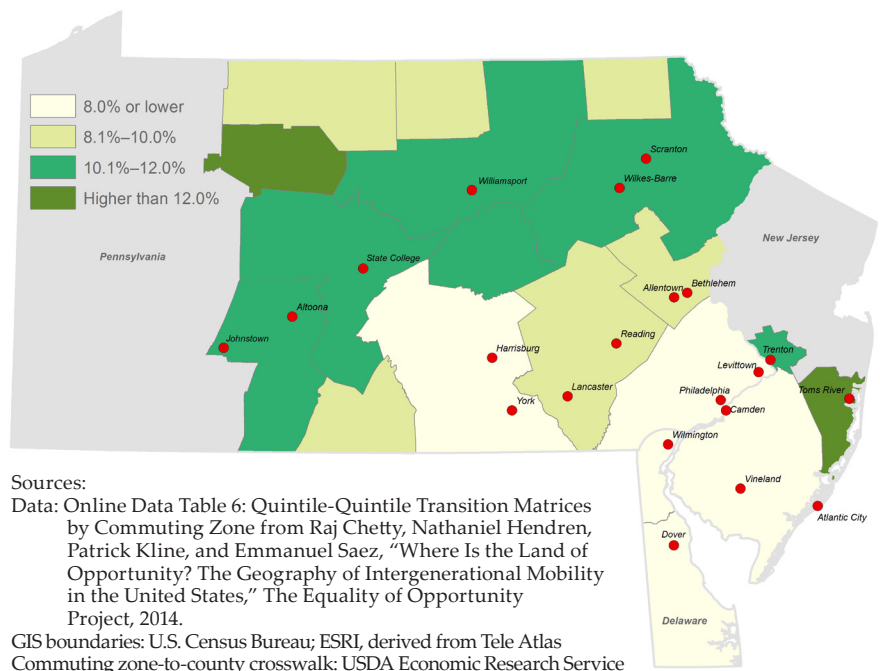
## Connecting Growth and Opportunity

The ability to improve one's economic status within an unequal society is part of the American ethos. Whether achieved through hard work and determination, an advanced education, entrepreneurship, skills improvement in the workplace, networking, or some combination thereof, the notion of intergenerational mobility is an important underpinning of a free market economy, and it's part and parcel of the American dream.

## Measuring Intergenerational Mobility

The concept of social mobility is the focus of recent research analyzing socioeconomic outcomes for children born in the early 1980s. Researchers compare the income of these children's parents in the 1980s to the children's household income today (as young adults) and find that social mobility in the U.S. is far from uniform throughout the country. Children who grow up in less-segregated communities with greater income equality, better K–12 schools, higher levels of social capital, and more stable families appear to be more upwardly mobile than children who grow up in communities without these characteristics.<sup>1</sup>

Figure 1: Likelihood of a Child Born to Parents in the Bottom Fifth of the Income Distribution Rising to the Top Fifth as a Young Adult



In a society with perfect social mobility, every child, regardless of parental or hometown characteristics, would have a 20 percent chance of occupying the top (or any) fifth of the income distribution as a young adult. Using data produced by this study for "commuting zones"<sup>2</sup> in the Third District, Figure 1 shows the likelihood of a child born to parents in the bottom fifth of the income

distribution rising to the top fifth as a young adult.

In the majority of regions in the Third District, this likelihood falls between 8 percent and 12 percent, with higher rates in Elk and Cameron counties on the western edge of the District and in Ocean and Monmouth counties in New Jersey.<sup>3</sup> At the other end of the spectrum,

\* The views expressed here do not necessarily represent the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.

<sup>1</sup> Raj Chetty, Nathaniel Hendren, Patrick Kline, and Emmanuel Saez, "Where Is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States," Executive Summary, The Equality of Opportunity Project, January 2014. The authors note that these factors are associated with higher levels of social mobility but are not necessarily causal in nature. Reports and downloadable data are available at The Equality of Opportunity Project; [www.equality-of-opportunity.org/](http://www.equality-of-opportunity.org/).

<sup>2</sup> Commuting zones are similar to metropolitan statistical areas but have the advantage of being geographically comprehensive because they include nonmetropolitan counties. Some of the counties in the Third District are included in commuting zones that lie primarily outside of the Third District. These commuting zone definitions are based on 1990 decennial census data.

<sup>3</sup> Although Monmouth County, New Jersey, is not included in the Third District, it is part of Ocean County's commuting zone.



the study suggests that children born into low-income families in south-central Pennsylvania, the Philadelphia region (including South Jersey), and Delaware have less than an 8 percent chance of attaining upper-income status.

The likelihood illustrated for the District in Figure 1 ranges from 4.4 percent to 12.9 percent for the 50 largest commuting zones in the U.S. Philadelphia falls roughly in the middle of the pack (24th) at 7.4 percent. The table below shows Philadelphia’s rank among these 50 commuting zones on a handful of the measures included in this recent research that are shown to be correlated with social mobility (either positively or negatively). Philadelphia ranks highly on some characteristics associated with lower levels of social

mobility (e.g., percent of households headed by a single mother) and places anywhere from 17th to 34th on some of the measures associated with higher rates of mobility.

Measuring Economic Growth

Most would agree that, regardless of one’s hometown or family income when growing up, a household is much more likely to be economically self-sufficient when its working members have access to a resilient, diversified, and growing job market. Ready access to job openings that match a wide array of educational levels, skills, and interests can provide a community’s residents with the opportunity to secure affordable housing, build wealth, and create a stable platform for their children’s future. At the municipal level, a

vibrant economy can also form the backbone of a stable tax base, providing local governments with the fiscal capacity to create a quality of life that current residents enjoy and prospective residents seek.

A community’s economic strength, as well as its change over time, can be measured in a variety of ways. One common measurement is job growth. Figure 2 illustrates the percentage change in the number of jobs for commuting zones in the Third District between the first quarter of 2010 and the second quarter of 2013.<sup>4</sup>

As Figure 2 indicates, a number of regions in the Third District have exhibited relatively strong job growth since the economic recovery began in 2010. On a percentage basis, the

Table: Philadelphia’s Rank Among the 50 Most Populous Commuting Zones on Some Measures Correlated with Intergenerational Upward Mobility		
MEASURE	ASSOCIATION WITH MOBILITY <sup>a</sup>	RANK
Percent of population that is black or African American	Negative	11
Of households with children, percent headed by a single female	Negative	13
Social Capital index <sup>b</sup>	Positive	17
Percent of workers with a commute less than 15 minutes	Positive	26
Test scores for grades 3 through 8 (controlling for income)	Positive	29
Percent of parents in middle class	Positive	34
<sup>a</sup> In this column, “negative” indicates that higher levels of the measure are associated with lower levels of intergenerational upward mobility. Higher levels of “positive” measures are associated with higher levels of upward mobility. <sup>b</sup> This index captures voter turnout, census form completion, and participation in community organizations. Sources: Author’s calculations using data from Online Data Table 8: Commuting Zone Characteristics from Raj Chetty, Nathaniel Hendren, Patrick Kline, and Emmanuel Saez, “Where Is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States,” Executive Summary, The Equality of Opportunity Project, January 2014.		

<sup>4</sup> The first quarter of 2010 is used as the starting point because it represents the quarter that the number of jobs in the United States reached its postrecession low, according to an analysis of Moody’s Analytics employment data provided in the Brookings Institution’s “Metro Monitor — April 2014,” by Alec Friedhoff and Siddharth Kulkarni. The current version of this report is available at <http://ow.ly/zgSSz>. This author’s analysis of Quarterly Census of Employment and Wages data from the Bureau of Labor Statistics reaches the same conclusion.

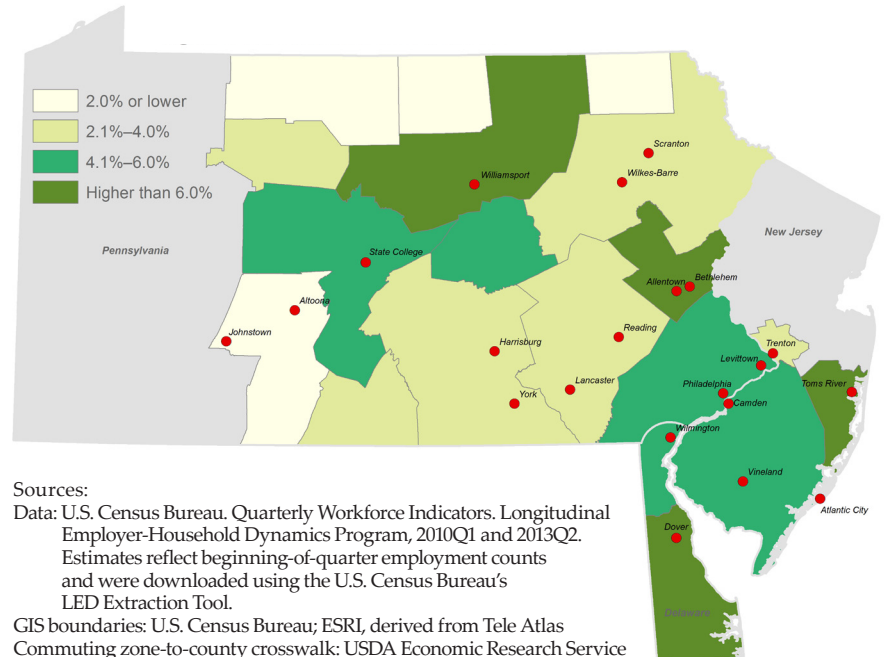




Lehigh Valley — as indicated on the map by Allentown and Bethlehem — has led the way with employment growth of nearly 9 percent. In absolute terms, however, the Philadelphia region is the real story, accounting for 128,000 new jobs, or 53 percent of all job growth in Third District counties over the period. It is noteworthy that areas such as the Philadelphia region and Delaware, identified in Figure 1 as having relatively low rates of social mobility, demonstrate relatively strong levels of employment growth in Figure 2.

A recent study analyzing metropolitan-level economic growth over the past two decades — using measures such as employment, gross metropolitan product, worker productivity, and income — finds that places with a low cost of doing business and high levels of education, innovation, self-employment, and entrepreneurship exhibited stronger economic growth than their counterparts.<sup>5</sup> The same report also finds that “economic polarization,” as measured by factors such as income inequality, poverty, and crime, is positively associated with employment growth but negatively associated with income growth. In other words, economically polarized places are at an advantage in terms of job growth, but this success has not led to income gains for their residents. An emerging and exploratory body of research suggests that over the long term, economic growth may not be as strong where income inequality is high because some segments of the population lack the resources to make human capital investments — in education or other

Figure 2: Job Growth, 2010Q1 to 2013Q2



skills-building efforts — that could otherwise strengthen the economy.<sup>6</sup>

### Making the Connection

The economic opportunities provided by a robust and growing job market are critical for both individual and communitywide financial success and stability, but they do not guarantee either one. Moving forward, the community and economic development fields must tackle a number of questions head-on, such as:

- What are the best ways to create stronger connections between local jobs and local job seekers in order to fully capture both the short- and long-term benefits of economic growth?
- Can traditional economic development strategies that prioritize job growth also incorporate equity as

a parallel objective? Or do equity and inclusion require a different economic development paradigm?

- Do community characteristics such as income inequality influence the magnitude or duration of economic growth? If so, what are the mechanisms, and how large is the effect?
- How can educational systems best prepare students to fully take advantage of the economic opportunities that await them as adults?

These questions are as challenging to answer as they are important, which is why the department's recent Reinventing Older Communities conference was dedicated to bridging growth and opportunity and why this issue of *Cascade* continues the conversation.

<sup>5</sup> Emily Garr Pacetti, “What Matters to Metros: Foundational Indicators for Economic Competitiveness,” Cleveland: Fund for Our Economic Future, 2013.

<sup>6</sup> See the literature reviewed in Emily Garr Pacetti's “Growth and Opportunity: A Framework for Stronger, More Equitable Local and Regional Economies,” Cleveland: Fund for Our Economic Future, 2014.

# Reversing the Cycle of Poverty\*

By Daniel Hochberg, Community Development Senior Research Assistant

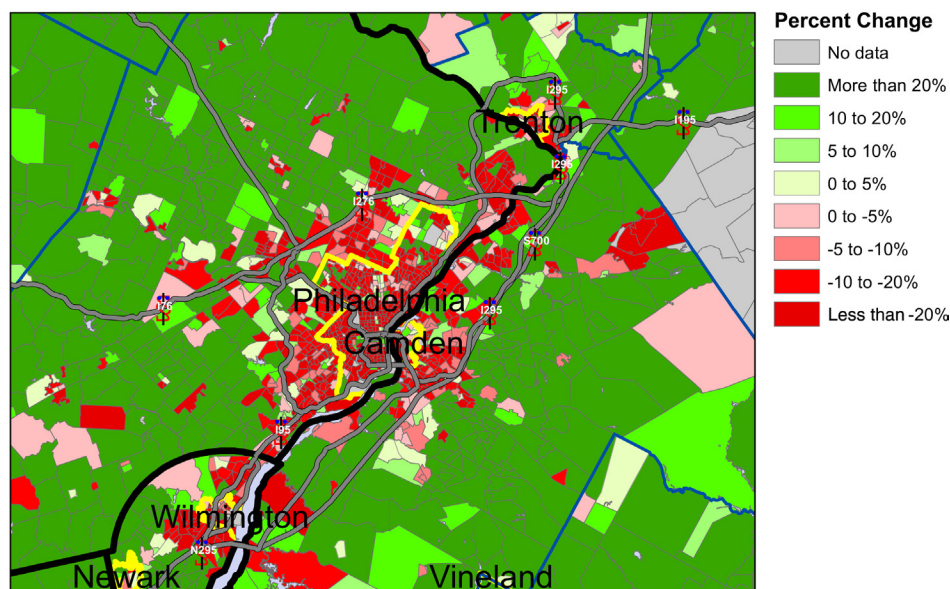
Poverty can be viewed from both people and place perspectives, and each was explored at the Reinventing Older Communities conference. Speakers considered barriers to self-sufficiency in high-poverty neighborhoods and discussed programs to assist high-risk youth and connect hard-to-serve populations with jobs.

## Why Neighborhoods Matter

Discussions on poverty often focus on family income, but according to Paul Jargowsky, professor of public policy at Rutgers University–Camden and author of *Concentration of Poverty in the New Millennium*,<sup>1</sup> the economic and social characteristics of neighborhoods are equally important. Because high-poverty neighborhoods<sup>2</sup> generally have higher unemployment rates, lower-quality schools, and higher levels of crime, drug activity, and violence compared with their low-poverty counterparts, it is reasonable to assume that a family living in a high-poverty neighborhood will be worse off than if that same family lived in a low-poverty community. Therefore, the “spatial context of poverty” must be considered in order to fully understand the impact of poverty on an individual’s life chances and opportunities.

Jargowsky investigates the individual and spatial components of poverty jointly by looking at the concentration of poverty, which is defined as the percentage of poor persons living in high-

## Suburban Sprawl and Central City Decline in the Third Federal Reserve District — 1970 to 1990



Source: Paul Jargowsky, professor of public policy and director of the Center for Urban Research and Education, Rutgers University–Camden.

poverty neighborhoods. Historically, rapid suburbanization compounded by exclusionary zoning has been a major cause of concentrated poverty, as affluent families moved to the suburbs and poor residents were left behind. This led to disinvestment and depopulation in many central city neighborhoods. Although a strong economy and changes to U.S. housing policy in the 1990s temporarily reduced the concentration of poverty, Jargowsky’s most recent research shows that the gains of the 1990s have all but disappeared,<sup>3</sup> and, in absolute terms, more people now live in high-poverty neighborhoods than ever before.

Programs designed to assist people living in high-poverty neighborhoods are vital, and several were examined at the Reinventing conference.

## Educating and Mentoring At-Risk Youth

When at-risk young people are sent to juvenile detention centers instead of back to school, their chances of gainful employment in the future are weakened and the likelihood that they will commit crimes grows, says Jimmie Edwards, juvenile court judge in St. Louis, MO. Edwards established the Innovative Concept Academy (ICA) in 2009 to

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<sup>1</sup> The full report is available at <http://ow.ly/yFhjB>.

<sup>2</sup> For the purposes of this article, a high-poverty neighborhood is defined as a census tract with a poverty rate of 40 percent or higher.

<sup>3</sup> The overall concentration of poverty in the U.S. in 2012 was 13.6 percent, up from 10.3 percent in 2000. The concentration of poverty was 15.1 percent in 1990. The data are based on U.S. Census Bureau decennial census and American Community Survey data files.



give young people who have been expelled from school or who have recently been released from juvenile correction facilities a second chance.

The ICA's curriculum consists of traditional coursework in addition to mandatory activities such as training dogs, which teaches students to love and to be loved, and playing chess, which encourages kids to think three to four moves ahead rather than act impulsively. This unique approach to education has been successful thus far; only 7 percent of the 3,000 students who have attended the school have reentered the criminal justice system. The approximate cost of one year of schooling at the ICA is \$5,000, one-quarter the cost of housing a child in a juvenile detention facility for the same period.<sup>4</sup>

The ICA provides an attractive model for those looking to improve the educational outcomes of children affected by the juvenile justice system, but the majority of children living in high-poverty neighborhoods do not require such an intensive approach. According to Marcus Allen, CEO of Big Brothers Big Sisters Southeastern Pennsylvania (BBBS), something as simple as a strong adult presence can also have "a direct and lasting effect on the lives of young people."

BBBS matches adult volunteers with children between the ages of six and 18 to build meaningful relationships that help young people achieve educational success and avoid risky behaviors. Most mentoring is school- and community-based, but BBBS also matches children with adults at companies such as BNY Mellon,

Comcast Corporation, and PECO. Nearly 3,000 children in southeastern Pennsylvania were mentored in BBBS programs in 2013.

A national study has shown that children who participate in BBBS programs are 46 percent less likely to begin using illegal drugs and 52 percent less likely to skip school.<sup>5</sup> The approximate cost of mentoring a child through BBBS is \$1,500.

### **Connecting Hard-to-Serve Populations with Jobs**

For adults living in high-poverty communities, workforce development programs can provide them with skills to support themselves and their families. The Cara Program, a Chicago-area workforce and leadership development training program for adults affected by homelessness and poverty, offers individuals

intensive training and transitional jobs and internships to prepare them for placement into the private sector. Forty-four percent of the participants have been affected by the criminal justice system.

The training, which lasts up to four and a half months, teaches adults traditional career and life skills such as interviewing, presenting, and goal-setting, in addition to more abstract skills such as conflict resolution. To provide trainees with an avenue with which to further develop these skills, participants are also employed by one of the program's affiliated businesses during this period. Following completion of the program, Cara graduates are placed into private-sector jobs where they earn, on average, \$10.50 per hour, \$2.25 more than minimum wage in Illinois. Roughly half the jobs have benefits.



Computer skills are part of intensive short-term job readiness provided to low-income residents by The Cara Program in Chicago. Participants are provided access to temporary positions with Cara-affiliated companies and ultimately to permanent jobs.

Photo credit: Erwin Delfin

<sup>4</sup> Edwards indicated during the session that the approximate cost of housing a juvenile in a detention facility for one year is \$22,000.

<sup>5</sup> The full study is available at <http://ow.ly/yEHvW>.



The Cara Program places graduates into nearly 600 transitional and permanent jobs each year, and 70 percent go on to celebrate their one-year work anniversary.<sup>6</sup> According to Maria Kim, the program's chief operating officer, The Cara Program also generates a 574 percent social return on investment based on annualized contributions and savings to society.<sup>7</sup>

A different approach to helping ex-offenders is to reach out to them before they reenter society. Marilyn Brown, county commissioner of Franklin County, Ohio, and chair of the Franklin County Reentry Coal-

tion, hands out business cards to inmates and invites them to call her office for a range of assistance, including obtaining employment. Through area partnerships with companies, Brown helps place recently incarcerated workers into jobs with benefits. Brown said, "Never assume you know what ex-offenders need; ask them." The recidivism rate of ex-offenders who contact Brown's office is only 3 percent compared with 29 percent in Ohio and 43 percent nationally. A coalition website lists resources that ex-offenders can use to address housing, job training, and other needs.<sup>8</sup>

### An Eye Toward the Future

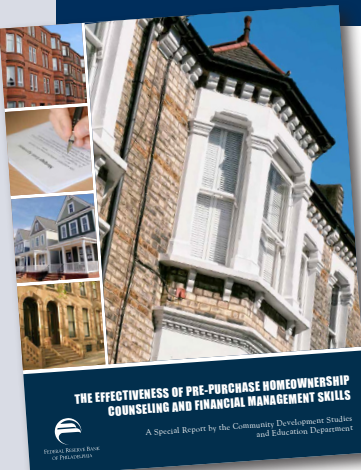
Speakers at the Reinventing conference saw a continued need for programs to help children and adults living in high-poverty neighborhoods, but Jargowsky also believes that we must nonetheless change the development paradigm that creates high-poverty neighborhoods in the first place. An estimated 30 million new housing units are needed by 2050 to accommodate population growth, and this presents an opportunity for future housing development that does not come at the expense of urban communities.

<sup>6</sup> For more information about job placement, read The Cara Program's FY2014 Performance Update, available at <http://ow.ly/yEJMG>.

<sup>7</sup> Annualized contributions include payments for income taxes, Social Security taxes, and sales taxes. Savings to society include the costs of incarceration, food stamps, health care, housing, etc.

<sup>8</sup> See <http://www.franklincountyohio.gov/reentry/>.

## HOMEOWNERSHIP COUNSELING REPORT RELEASED



A special report on a longitudinal study that evaluates the effectiveness of pre-purchase homeownership and financial management skills counseling has been released by the Community

Development Studies and Education Department. To review the report, see [www.philadelphiafed.org/HOC/](http://www.philadelphiafed.org/HOC/).

## CALL FOR PAPERS: ECONOMIC MOBILITY

Paper submissions are invited for the ninth biennial Federal Reserve System Community Development Research Conference, which will focus on economic mobility. Abstracts of 500 words, along with optional attachments, are due September 8, 2014.

The conference will be held April 2–3, 2015, in Washington, D.C. For information on the conference or paper guidelines, go to [www.stlouisfed.org/community\\_development/economic-mobility-conference-2015/](http://www.stlouisfed.org/community_development/economic-mobility-conference-2015/).

# CDCs: What Does Success Look Like?\*

By Miriam Axel-Lute, Editor, *Shelterforce*

Community development corporations (CDCs) understand that they have differing roles in differing contexts, depending on whether they are working with a high-vacancy, seriously depressed area where many residents and businesses do not want to stay; a rapidly gentrifying neighborhood; or a traditionally exclusionary suburb. The roles that CDCs play were explored in two sessions at the Reinventing Older Communities conference: The Future of CDCs: Three Compelling Visions and Measuring the Impact of CDCs.

## CDCs as Catalysts

Both sessions made it clear that many, if not most, CDCs focus on more complicated, multidimensional challenges than just developing affordable housing. “CDCs are part of an ecosystem,” noted Joe Kriesberg, president and CEO of the Massachusetts Association of Community Development Corporations (MACDC). According to Kriesberg, CDCs are not the entirety of the system, and they don’t and can’t operate in isolation. He said, “If you are going to have place-based revitalization, you will need something that looks like a CDC and sounds like a CDC and acts like a CDC, so you might as well have a CDC.”

CDCs frequently have to wrestle with larger policy and funding environments that are not set up to accommodate or support the comprehensive and context-specific work that they do. Housing and Neighborhood Development Services, Inc. (HANDS) in Orange, NJ, identified a cata-



Photo credit: APM

Paseo Verde is a \$48 million 206,000-square-foot transit-oriented project developed by the nonprofit Asociación Puertorriqueños en Marcha (APM) and for-profit Jonathan Rose Companies in 2012–2013. The development, located adjacent to the SEPTA regional rail station at Temple University, includes 120 rental housing units and 30,000 square feet of retail and office space, including a primary care facility, pharmacy, and supportive services. It is the first Leadership in Energy and Environmental Design for Neighborhood Development project in the country that received a platinum rating.

\* The views expressed here do not necessarily represent the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.



Photo credit: HANDS, Inc.



BEFORE



AFTER

HANDS, Inc. in Orange, NJ, worked with other community developers to change state housing program regulations to provide subsidies for affordable homeownership rehabilitation. Before-and-after photos of one property rehabilitated by HANDS are shown.

lytic role for itself in turning around high-profile problem properties in order to spark a feeling of optimism necessary for further change, according to Patrick Morrissy, founder and executive director of HANDS.

HANDS has been very successful with this strategy, but HANDS first had to overcome policy and funding obstacles. HANDS developed a model and asked for a subsidy appropriation for a demonstration project to purchase mortgages on vacant properties and ultimately to rehabilitate and sell the properties to homeowners. The new system worked well and resulted in revisions to regulations of the New Jersey Department of Community Affairs and the New Jersey Housing and Mortgage Finance Agency, said Morrissy. The revisions were supported by the Housing and Community Development Network of New Jersey, the principal CDC trade association in New Jersey.

Kriesberg said that the affordable housing sector, especially at the federal level, is not set up to support healthy neighborhoods and the mix of housing and other infrastructure that is needed but is more focused on unit volume and supporting the affordable housing development industry (which is much larger than CDCs and includes both for-profit and nonprofit developers).

As a result of the availability of funding from the Low Income Housing Tax Credit program, 95 percent of the housing that CDCs develop in Massachusetts consists of rental properties for households making \$40,000 to \$55,000 a year, according to Kriesberg. A healthy, inclusive neighborhood would have a mix of housing types for a range of incomes as well as nonhousing development, Kriesberg said.

In a different part of the country, the South Carolina Association

of Community Development Corporations (SCACDC) focuses on community economic development to emphasize the breadth of its work and to enlist the support of political leaders and environmentalists. As a result, it enjoys significant support. Bernie Mazyck, SCACDC's president and CEO, observed that he relies on partners to make the case for SCACDC's work in influential circles within the state.

The speakers at the Reinventing conference agreed on the crucial importance of supporting state-level CDC networks and organizing broad coalitions to build momentum for neighborhood change. Within its state, MACDC built long-term relationships with labor, business, education, and law enforcement sectors, and their support was key to the passage of a state community development tax credit that was considered to be a long shot.

## Measuring the Impact of CDCs

Thinking clearly and critically about what success looks like is also crucial for evaluating the work of CDCs. Numerous data exist on neighborhoods and regions, and although it takes work and resources to collect these statistics, there are tools and protocols such as Success Measures for collecting organization- and program-level data. Margaret Grieve, vice president of NeighborWorks America's Success Measures project, said that the key factors are determining what's important to measure and how to interpret the data.

Grieve drew a distinction between full-fledged academic research and the kind of evaluation that Success Measures supports. Evaluation provides CDCs with a real look at outcomes and how conditions for



both people and place are changing over time. Success Measures can also provide feedback that can shape and improve a program's design. For example, some groups that provide financial counseling had thought that credit card debt was their clients' major issue; however, evaluation revealed that the real problem was student and medical loans.

Impact measurement can help CDCs pursue appropriate strategies and show funders a strong return on investment, said Rick Sauer, executive director of the Philadelphia Association of Community Development Corporations. Impact measurement must include the views of residents, a process that can increase resident involvement in community rebuilding. However, CDCs often do not have adequate resources for impact measurement.

It would be very helpful to CDCs if different funders would agree to a consistent core set of measures, Sauer said. At present, CDCs must provide similar data in widely differing forms to each funder, a time-consuming process, he added.

A crucial challenge in the community development world is figuring out how to measure equitable development, said Sauer.<sup>1</sup> Some measures such as rising property values could be positive or negative, for example, depending on the context, on a CDC's goals and concerns, and on the pace at which the values increase.

In a Q&A session, one participant said that enough data are now available to get a more nuanced look at how people move in and out of

neighborhoods as these communities change. This research could provide powerful insight into equitable development questions but would be expensive to carry out.

However, evaluation is not a full research study with controls and generalizable findings. According to Grieve, once organizations get good at data collection, they are poised to be great partners for academic researchers who are engaged in a larger study.

Community developers and partners are increasingly working together to increase their collective impact in low- and moderate-income communities. However, funders need to be realistic about how long it takes to achieve measurable change in communities that have experienced long-term disinvestment, observed Sauer.

Looking to the future, Kriesberg said, "The whole CDC field has been about changing the future — seeing a trajectory you don't like and changing it. What is the future we want, and how do we build it? What is it we want? Let's go get it, not just wait."

For more information, contact Miriam Axel-Lute at 518-431-8392 or [miriam@nhi.org](mailto:miriam@nhi.org); [www.shelterforce.org/](http://www.shelterforce.org/).

Note: Readers will be interested in the Winter 2012–2013 issue of Shelterforce, which focuses on "Time to Rethink CDCs?"; this issue is available at [www.shelterforce.org/archive/issues/172/](http://www.shelterforce.org/archive/issues/172/). Another useful resource is the Federal Reserve Bank of San Francisco's Spring 2014 issue of Community Investments, which discusses "Collective Action for Community Development" and is available at <http://ow.ly/yXCV9>.



BEFORE



AFTER

HANDS, Inc., a nonprofit in Orange, NJ, responded to the problem of vacant properties by acquiring the properties and rehabilitating them for sale to first-time homeowners. Before-and-after photos of one such property are shown.

Photo credit: HANDS, Inc.

<sup>1</sup> "Beyond Gentrification, Toward Equitable Neighborhoods" is the focus of PACDC's 2014 magazine, available at [pacdc.org/pacdc-2014-magazine](http://pacdc.org/pacdc-2014-magazine).



## Moments Captured from the Reinventing Conference



▶ Edward G. Rendell, Former Governor of Pennsylvania, and Jeffrey Brown, Founder, President, and CEO, Brown's Super Stores, Inc.

M. Night Shyamalan, Filmmaker and Author of *I Got Schooled*



Dana L. Redd, Mayor, City of Camden, NJ

Theresa Singleton, Vice President and Community Affairs Officer, Federal Reserve Bank of Philadelphia



▶ William Hite Jr., Superintendent, School District of Philadelphia; Jack Martin, Emergency Manager, Detroit Public Schools; and Romules Durant, CEO and Superintendent, Toledo Public Schools







► Keith Wardrip (center), Community Development Studies and Education, led the “Rocky Run” through Center City to the Philadelphia Museum of Art.



► Charles I. Plosser, President and CEO, Federal Reserve Bank of Philadelphia

Mark Zandi, Chief Economist, Moody’s Analytics, and Susan Wachter, Albert Sussman Professor of Real Estate, Wharton School of the University of Pennsylvania



► A Reinventing Older Communities conference plenary session in the ballroom of the Loews Philadelphia Hotel



# The Housing Market and Its Influences\*

By Marvin M. Smith, Ph.D., Senior Community Development Economic Advisor

The housing market influences our economic and social well-being. It serves as a prime mover of overall economic activity,<sup>1</sup> the foundation for wealth creation, and the basis for the landscape of our neighborhoods as well as the dynamic relationship between cities (particularly older ones) and suburbs. The recent downturn in the housing market generated changes in its aforementioned influences. It also fostered changes in the regulatory environment in the mortgage market. These topics were discussed at the 2014 Reinventing Older Communities conference.

## Population Shifts and Housing

The housing market influences and is influenced by changes in our cities and transformations in our neighborhoods. Between 1950 and 1980, our largest cities experienced a decline in population, when many people moved to the suburbs. More recently, the cities are enjoying resurgence. The decline and rebirth has had a marked impact on the housing market. During the exodus, the reliance on the car coupled with highway investment made the suburbs readily accessible. As people left the cities, property values declined, spurring more people to exit. The revitalization of cities has had an opposite influence on the housing market. Richard Voith, senior vice president and principal of Econsult Corporation, pointed out that there has been a shift in demand for smaller units, preferably near transit and with close access to amenities. Also, there has been an increase in rental demand. The crisis

in the housing market was thought to release a large number of units to the rental market, which would have improved those conditions. However, the anticipated improvement didn't materialize initially. According to Raphael Bostic, the Judith and John Bedrosian Chair in Governance and the Public Enterprise at the University of Southern California, in many markets, those who lost their homes to foreclosure became competitors for the fixed set of rental properties — thus driving up prices. In addition, to further complicate matters, in some markets, renter incomes have fallen, while rents have increased. Consequently, cities have been faced with the challenge of providing more affordable housing.

## Changes in Neighborhoods and Gentrification

Over the course of cities' decline and resurgence, their neighborhoods have also experienced periods of deterioration and upgrading. A popular topic associated with neighborhood change is gentrification. John Landis, Crossways Professor of City and Regional Planning, department chair, and Urban Spatial Analytics director, University of Pennsylvania School of Design, has studied the issue and devised a method to measure changes in neighborhoods and gentrification based on changes in income. According to his studies, he notes that although gentrification is in the news, only 3 percent of the population in the 70 largest metropolitan areas in 1990 lived in neighborhoods that would gentrify between 1990 and

2010, while 20 percent of the population in 1990 lived in neighborhoods that would continue to decline during the next 20 years. Thus, contrary to popular reports about gentrification being the dominant phenomenon between 1990 and 2010, neighborhood income decline continued to be a more noteworthy problem. Nonetheless, gentrification remains a hot-button issue that commands attention. Landis offers some advice regarding a policy prescription, namely, that the focus of local gentrification policy should not be to stop it but to safeguard long-time residents from rapidly rising home prices and rents and, where possible, to make sure that some of the increases in local tax revenues are directed back to the neighborhoods where those increases were generated.

## House Price Changes

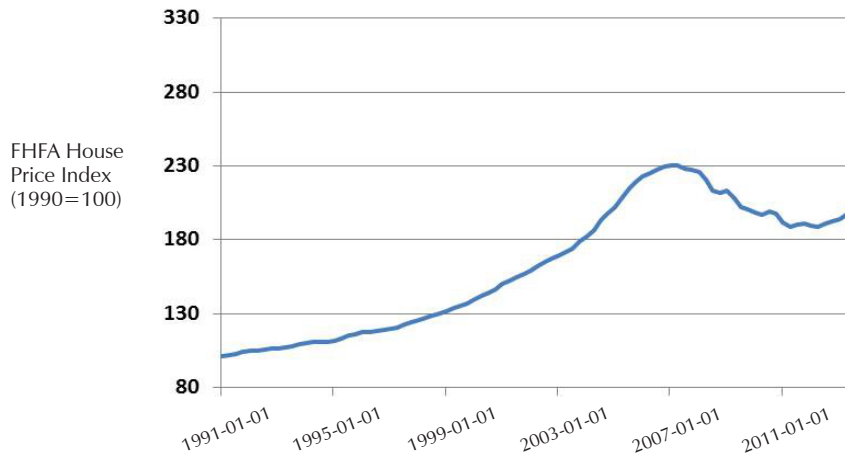
House prices not only serve an equilibrium function in the housing market, but they also are the basis for home equity, which is a source of wealth building. This has been a particularly important wealth-creation mechanism for low-income households. The recent crisis in the housing market resulted in a free fall in housing prices, which has had a deleterious effect on those who relied on their home's wealth generation. Although prices are no longer falling, Bostic noted that tens of thousands of families lost all of their equity (and, thus, some of their wealth). They continue to experience negative equity and are at risk of default. As far as the recovery of house prices is concerned, Bostic observed that it reveals two

\* The views expressed here do not necessarily represent the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.

<sup>1</sup> See the figure on page 15.



### National Economic Dynamics: Housing as a Driver



Source: Raphael Bostic, University of Southern California

realities. In the middle of the country, the housing recovery as represented by changes in the house price index showed a slow and steady improvement. The housing market in the coastal areas and mountain states experienced more dynamic ups and downs. He cautioned that when thinking about housing and possible policy prescriptions, we must be mindful that changes in the housing market have varied across the country. Moreover, in some areas of the country (coastal markets), there is a shortage of housing units, which becomes a barrier to the smooth functioning of the housing market. However, in other areas (such as the Midwest), housing might not be the panacea, but other measures should be undertaken, such as improving incomes and generating more jobs. In these areas, improving housing might be a catalyst to help other efforts move forward.

### Regulatory Changes in the Mortgage Market

The recent crisis in the housing market stemmed in part from a number of mortgage loans that were made by lenders who failed to ensure that the borrowers had the ability to repay the loans. The lenders were able to do this because they sold the mortgages in the secondary market and thus had no “skin in the game.” The mortgages were packaged into mortgage-backed securities and sold to investors. Kenneth Benton, senior consumer regulations specialist at the Federal Reserve Bank of Philadelphia, pointed out that Congress passed the Dodd-Frank Act to address this issue. A provision in the law requires residential mortgage originators to verify that borrowers have the ability to repay the loan. During the legislative hearings, lenders became nervous in anticipation of such a requirement, since they could be sued if a loan

went into default. In the final legislation, Congress responded with a compromise that if originators offered a safe mortgage product known as a qualified mortgage (QM), which has certain characteristics including verification of repayment ability, they would receive legal protection. As a result, lenders have two options when offering a residential mortgage loan. They can provide a QM and receive certain legal protection or a non-QM without legal protection. With a non-QM, lenders must verify eight underwriting factors.<sup>2</sup> Benton mentioned that four different types of QMs are available with different requirements, including two QMs for small creditors.<sup>3</sup> In addition, Congress imposed a related requirement on lenders who originate mortgages and sell them in the secondary market. To ensure these lenders have skin in the game, they must retain 5 percent of their originations — unless the mortgages meet the definition of a qualified residential mortgage (QRM), which is exempt from the risk retention requirement. Six federal agencies issued a proposed definition of QRM in April 2011, which included down payment and loan-to-value requirements. However, in response to feedback the agencies received during the public comment period, they revised the proposal in August 2013. In the revised proposal, a mortgage that meets the requirement of a QM would also satisfy the requirements of a QRM. As of this date, the agencies have not yet issued a final rule.

*For more information, contact Marvin M. Smith, Ph.D., at 215-574-6393 or [marty.smith@phil.frb.org](mailto:marty.smith@phil.frb.org).*

<sup>2</sup> These include current or reasonably expected income or assets; employment status; monthly payment on this loan; monthly payment on “simultaneous loans”; monthly payment for “mortgage-related obligations”; current debt obligations; monthly debt-to-income ratio, or residual income; and credit history.

<sup>3</sup> They are a general QM; a temporary government-sponsored enterprise/federal agency QM; a small creditor balloon QM; and a small creditor QM.

# Data Visualization as a Community Development Tool\*

By Emily Antoszyk, Community Development Studies and Education Intern

Data visualization is becoming an increasingly important planning tool because it shows the connections and relationships that exist between people and places at the neighborhood, city, and regional levels. Urban developers use the tool as they try to keep pace with changing desires for mixed-use, holistically designed spaces near transit lines, retailers, and workplaces.

Data visualization can be applied in a variety of ways to tackle the challenges facing low- and moderate-income (LMI) communities nationwide. Geographic information systems (GIS) facilitate data display on maps for conceptual purposes and data analysis. Generally, the process of creating a map involves connecting data to a map file formatted for the GIS software. Applications include using pure visualization of data in a graphic or spatial format or applying statistical techniques to explore spatial phenomena, such as “clustering” in a data set.

## Informing Infrastructure Development

Recent trends show that well-educated workers with high wages live in cities with comparable wages, and less educated, lower wage workers live on the outskirts of high-wage cities or in lower-wage cities.<sup>1</sup> These shifts raise questions of equity,

as LMI individuals are marginalized and transportation challenges emerge between home and the workplace.

The Pratt Institute (Pratt) in Brooklyn, NY, uses data visualization techniques to support the claim that LMI residents have “the longest commutes, the fewest transit options as housing close to subway lines becomes less affordable, and the least access to jobs.”<sup>2</sup> Maps compiled by Pratt show the concentration of New York City residents earning less than \$35,000 per year with commutes longer than one hour, the type of employment by residence, population change between 1990 and 2010, and the configuration of racial groups and income delineations across the boroughs. Data depicted in these maps of the region were then analyzed spatially, informing potential routes for Select Bus Service (SBS) lines that connect low-wage workers directly with job centers (Figure 1).

To date, seven of the proposed SBS lines have been implemented by the New York City Department of Transportation in conjunction with the Metropolitan Transit Authority. Pratt’s use of GIS to inform these two entities has been instrumental in developing transit lines in the region, as Pratt’s proposals have helped bridge the gap between community

interests and agencies. Further, new proposals by Pratt are currently being integrated into the next generation of routes, thus demonstrating the importance of shared goals conveyed through data visualization.

Transportation analyses and other types of site selection require deeper investigation into demographic and spatial data beyond visual analysis and are based on available data and end-user preferences. For Pratt, this process provided a tool for connecting residents to job centers and amenities.

## Understanding and Connecting Neighborhood Assets

As many cities revitalize, there are challenges in connecting regional resources and neighborhood resources. Data visualization has secured a place in New Orleans as leaders consider strategies to redevelop neighborhoods post-Katrina.<sup>3</sup> The approach to revitalization in New Orleans has largely been on a neighborhood-by-neighborhood basis, and one of the major redevelopment projects has been in the urban core of the city where six historic neighborhoods intersect. Because these neighborhoods are historic and high tourist traffic areas, it was especially important to take an integrated approach to redevelopment. Data visualization has been an important

\* The views expressed here do not necessarily represent the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.

<sup>1</sup> Rebecca Diamond, “U.S. Workers’ Diverging Locations: Causes and Inequality Consequences,” presentation at the 2014 Reinventing Older Communities conference, May 14, 2014, available at [www.philadelphiafed.org/ROC-Diamond/](http://www.philadelphiafed.org/ROC-Diamond/).

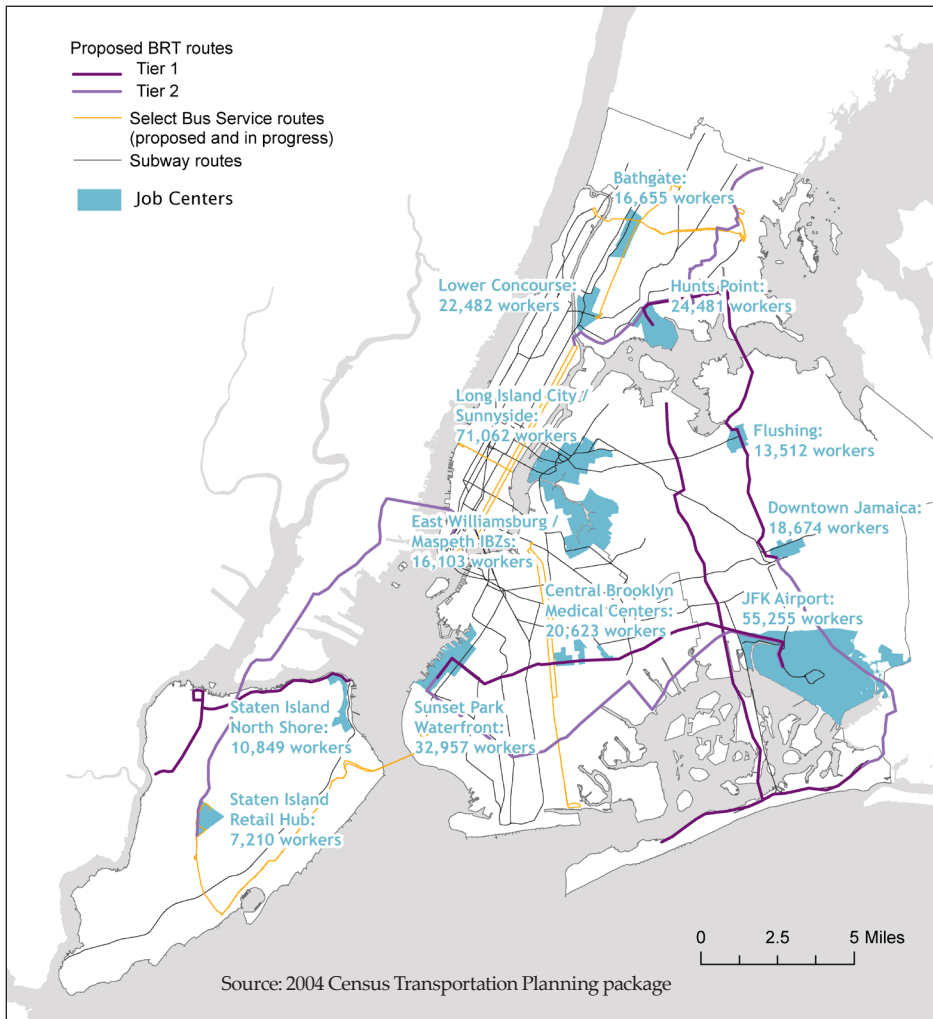
<sup>2</sup> Joan Byron, “Mobility and Equity for New York’s Transit-Starved Neighborhoods: Evolving Bus Rapid Transit,” presentation at the 2014 Reinventing Older Communities conference, May 12, 2014, available at [www.philadelphiafed.org/ROC-Byron/](http://www.philadelphiafed.org/ROC-Byron/).

<sup>3</sup> Andy Kopplin, “Local Governments Do More with Less,” presentation at the 2014 Reinventing Older Communities conference, May 13, 2014, available at [www.philadelphiafed.org/ROC-Kopplin/](http://www.philadelphiafed.org/ROC-Kopplin/).





Figure 1: Connecting Low-Income Workers with Job Centers in New York City



This image shows major New York City employment centers in conjunction with implemented and proposed transit routes to connect low-wage workers to job centers. This analysis enabled the Pratt Center for Community Development to propose new Bus Rapid Transit (BRT) routes; tier 1 and tier 2 BRT lines have yet to be implemented. Tier 1 proposals are in areas most physically suited to designated BRT lanes; tier 2 proposals are those that have some physical constraints.

addition to the planning process because it allows for a full appreciation of the assets in a neighborhood.

Maps enable developers and leaders to visualize not only institutions and neighborhood assets but also the connections between these entities. Accordingly, redevelopment

efforts have included the reopening of Armstrong Park, the renovation of the Oscar Medrano Health Clinic, investment in the VA/UMC Hospitals and Iberville public housing units, and the restoration of the Saenger Theatre. Maps also enable stakeholders to visualize connections between area schools, recreation

centers, and retailers with the aforementioned amenities and the city at large through the Lafitte Greenway project, bike lanes, and a proposed streetcar line.

New arrivals and long-time residents alike seek communities in which they can live, work, and play. Creating neighborhoods that are walkable, bikeable, and connected by public transit to retailers, job centers, and amenities is of the utmost importance in creating livable, self-sustaining communities. Simple visualizations can make a strong statement to the public about the efforts surrounding the connection of places on any scale.

### Fostering Partnerships and Community Buy-In

Data visualization can also be used as an engagement tool to attract funders and stakeholders. A rendering of a proposed space laid over an existing infrastructure is a creative way to show how a place can be created from an existing landscape. Renderings provide the opportunity to not only conceptualize a new space but also comment on the layout, allowing for cross-sector collaboration in the planning process.

The New Kensington Community Development Corporation (NKCDC) in Philadelphia has been particularly successful in fostering partnerships and connections through the use of such a rendering (Figure 2). The Big Green Block project is among the major revitalization efforts of the organization and was aimed at transforming a 20-acre site into a community space that includes a LEED-certified<sup>4</sup> high school and con-

<sup>4</sup> Leadership in Energy and Environmental Design (LEED) is a green building certification program that rates structures based on environmentally friendly design principles.

Figure 2: The Big Green Block Project



nections with public transit. Project partners included the Philadelphia Water Department, Philadelphia Parks & Recreation, the Pennsylvania Horticultural Society, Sustainable 19125, and the Mural Arts Program.<sup>5</sup>

In the first phase of development, NKCDC partnered with organizations to level and secure the ground. In the second phase, NKCDC convened community meetings in which stakeholders from the broader neighborhood talked about how they wanted to structure the space and diagrammed potential layouts on the map. Neighborhood stakeholders determined a need for a space that was a model of green infrastructure that provided safe passageways within the neighborhood, and as a result, the school, once separated by a fence, is now connected with the Shissler

Recreation Center. The recreation center and surrounding grounds have been outfitted with educational murals as well as improved sidewalks, landscaping, parking, sports field and play areas, and a dog park. Infrastructure to mitigate stormwater overflows was also integrated, reducing runoff and burdens on the sewer system during storm events. The Big Green Block now serves as a springboard for community members to engage in growing revitalization efforts from this central point in the neighborhood.<sup>6</sup>

The efforts of the NKCDC have engaged stakeholders in a way that benefits the mission of each, gaining funding and support for the Big Green Block through strategic partnerships. Data visualization allows simple conveyance of goals and ideas

and proved a major asset in solidifying partnerships for the NKCDC.

Traditionally used in the environmental and transportation planning fields, data visualization to depict trends by geographic location is now spreading to health, policy, and community development. This tool allows developers to be efficient, accounting for more opinions and integrating more varied data in the planning process than ever before. Alternatively, these tools aid stakeholders in articulating their desires and, overall, connect planning to place. Arming people with spatial knowledge to make decisions allows for greater consideration of how individual entities contribute to the function of the neighborhood, city, and region and provides for more cohesive development efforts when employed.

<sup>5</sup> U.S.–Brazil Joint Initiative on Urban Sustainability, “Big Green Block,” available at [www.epa.gov/jius/projects/philadelphia/big\\_green\\_block.html](http://www.epa.gov/jius/projects/philadelphia/big_green_block.html).

<sup>6</sup> Sandy Salzman, “The Big Green Block,” presentation at the 2014 Reinventing Older Communities conference, May 13, 2014, available at [www.philadelphiafed.org/ROC-Salzman/](http://www.philadelphiafed.org/ROC-Salzman/).



# Ohio Funders Promote Collaboration on Economic Development and Opportunity\*

By Keith L. Rolland, Community Development Advisor

The Fund for Our Economic Future (the Fund), which was formed in 2004 by 28 community and private foundations to address the long-term economic decline in northeast Ohio,<sup>1</sup> has promoted economic growth and equitable access to opportunity largely by providing multiyear grants to regional economic development intermediaries and initiatives.<sup>2</sup>

The Fund has been bringing together people from the “growth camp” (i.e., economic development agencies and chambers of commerce) and the “opportunity camp” (i.e., private, community, and corporate foundations; health-care systems; colleges and universities; social service providers; and nonprofits). Previously, there was little organized contact between the two “camps,” which are exploring closer alignment in a regional economic competitiveness strategy.

The Fund has 50 member organizations, including private, community, and corporate foundations, higher education institutions, health-care systems, corporations, and individuals. Working in three-year phases, the Fund has raised nearly \$100 million to improve regional economic competitiveness by pooling grantmaking, conducting research, and convening events. According to the Fund, its efforts have helped retain and create nearly 15,000 jobs, \$550 million in business payrolls, and nearly \$3 billion in capital in

northeast Ohio. Since 2010, Fund investments have directly or indirectly leveraged more than \$170 million in additional federal, state, and national philanthropic grants to the region.

In a recent interview, Fund President Brad Whitehead shared several insights on regional collaboration based on the Fund’s experience.

**Collaboration is key to addressing systemic issues. How can leaders in midsize metropolitan areas start and continue the collaborative process in an effective manner?**

**Whitehead:** The collaborative process is greatly dependent on the level of trust among the stakeholders. Leaders from different sectors often don’t know each other well enough, nor do they have enough familiarity with the issue — in our case, regional economic competitiveness — to feel a high degree of trust. We believe a key to starting and sustaining an effective collaboration is to create an opportunity for leaders to jointly learn about and grapple with issues and develop a shared understanding of the fundamental challenges being faced, the root causes, the potential solutions, and the tangible steps that need to be taken to reach those solutions.

While this journey may sound obvious, we are continually struck by how radically perspectives, terminology, and metrics vary across (and

even within) sectors. It is not enough for leaders to read a report or a set of recommendations; they must hash out the foundational issues with each other. As leaders learn together, they get to know each other, appreciate each other’s distinct perspectives, and begin to see the value of working together.

The convening role can be found in any number of sectors: public, private, or philanthropic. While philanthropy predominantly played this role in the early days in northeast Ohio, the business and higher education sectors are now taking on the role of convener.

**The Fund uses research to build consensus among Fund partners on common priorities and approaches. What kinds of research are useful for different sectors that are beginning to work together?**

**Whitehead:** In the Fund’s experience, economic research is critical in order to create and maintain a shared understanding among partners of both the long-term challenges and opportunities. Research that is done well offers reliable, unbiased information to ensure that partners are engaged in constructive and forward-thinking dialogue about what the merits of different approaches to economic development are, where strengths and weaknesses lie, and what alternative scenarios look like.

\* The views expressed here do not necessarily represent the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.

<sup>1</sup> The region has a population of more than 4 million people and includes the metropolitan areas of Akron, Canton, Cleveland, and Youngstown, OH.

<sup>2</sup> For more information, see the Fund’s 2013 annual report and other materials at [www.thefundneo.org](http://www.thefundneo.org).





Fund President Brad Whitehead

It is a first step in galvanizing support around shared priorities.

Over the past 10 years, in-depth research has informed — and continues to inform — where and how the Fund allocates its resources. A unique aspect of the Fund's research is that rather than simply keeping tabs on *how* the region is performing on self-selected indicators, it has leveraged its partnerships with the Federal Reserve Bank of Cleveland and Cleveland State University to statistically identify *what* makes a difference to the northeast Ohio economy.

The series, *What Matters to Metros* (formerly known as *The Dashboard of Economic Indicators*),<sup>3</sup> points to factors associated with economic growth (such as income, gross metropolitan product, output, and productivity) in more than 100 similarly sized metropolitan areas across the country. In the past decade, our research has led to a strategic focus on business growth, talent development, and government collaboration. We have

also strived to ensure our programmatic work reaches traditionally disadvantaged minorities no matter where they are located.

The latest iteration of our research, published in 2013, brought to light the fact that job growth in many places did not coincide with income growth and that entire neighborhoods are increasingly cut off from the broader economic growth. This knowledge informs our support for strategies that help residents of economically distressed neighborhoods — many but not all of whom are also minorities — build and strengthen connections to the regional economy.

Another critical role that research plays for the Fund is in identifying common goals. Trend research allows the Fund to set realistic and achievable goals for the region, track the Fund's progress in meeting the goals, and evaluate outcomes. When looking forward five and 10 years, research helps to ensure that goals around jobs or income are translatable to different geographies and sectors so that various stakeholders can see their role as contributors to a regional vision.

Research continues to evolve as more and better data become available at the local level. An important role of the Fund moving forward will be to ensure that local and regional partners are using these data to inform and align their strategies.

**Foundations and businesses have different goals and ways of working. What has the Fund learned about the potential and limitations of foundations and businesses working together?**

**Whitehead:** We work with business leaders who have chosen to participate in the civic arena, and there really is a great deal of alignment between our goals. For example, our business partners share our desire to advance a growing economy where all people of northeast Ohio have equitable access to the opportunities being created.

While our goals are more closely aligned than we may have initially thought, the ways in which we work are significantly different. The Fund is a collaboration across a large, diverse economic region. Most business-led civic organizations are designed to serve narrower geographic interests. Also, business leaders are accustomed to having control over their business enterprises. When it comes to a civic enterprise — especially something as complex as regional economic competitiveness — no one is in control.

Because of this, we have found that business leaders often prefer working on discrete, achievable projects, rather than on long-term systems changes that are necessary for transformation. However, the more time we are able to engage business leaders in learning with us about what it truly takes to transform our economy, the more we have found them to be willing to develop a common agenda and address the priorities that will help us achieve our goals.

Likewise, we have learned to make changes in the way we operate to accommodate their way of working. Since its founding, the Fund has operated under a one-member, one-vote philosophy, meaning that each member has an equal say in our

<sup>3</sup> See <http://www.thefundneo.org/what-matters>.

decision-making process. For a business leader, having 50-plus board members is a nightmare scenario; business leaders were reluctant to engage with such a large body. When we developed the Regional Competitiveness Council to strengthen our partnership with the business community, we agreed that only a handful (not the full Fund body) would represent our organization at the council table. This created discomfort for some of our members who had worked together for nearly a decade. But we knew we had to adapt and evolve, just as we were asking the business community to do.

**An evaluation of the Fund said, “The Fund has concentrated its efforts overwhelmingly on business growth, the part of the agenda with the most consistent approach across funders, but has achieved less progress advancing other core priorities, including talent development, racial and economic inclusion, and government collaboration and efficiency.”<sup>4</sup> What challenges did the Fund experience as it worked on the other core priorities?**

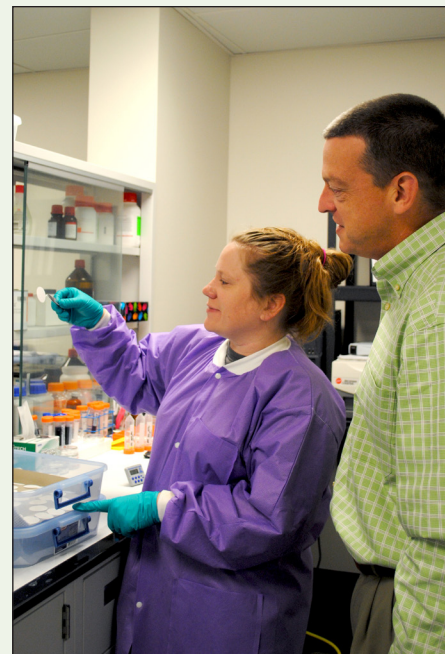
**Whitehead:** The commitment to each of these areas must be long term. While philanthropy is structurally positioned to take the long view, foundations are notorious for wanting to see results quickly and moving on to the next thing. It’s human nature, but we must resist that impulse. We must be impatient for change but realistic

in knowing what transformational change really entails. “Impatient persistence” is perhaps the best way to describe what is needed.

Through talent development, we’ve learned that funding is often focused on one part of the work but is not well connected across the continuum of the work. We need to be more strategic in our allocation of resources and understand how that funding fits in to the broader stream of work around the issue.

In our racial and economic inclusion work, we have strived to focus on what the data say, and we’ve learned that economic growth won’t necessarily be shared by all. We’ve reached a place where our business partners are prioritizing this issue, but that was a challenge when we were just striving to create jobs.

In our government collaboration and efficiency work, we’ve also faced challenges in reaching scale. We’ve found it to be effective to stimulate this work through initiatives such as EfficientGovNow, which focused on giving birth to innovative ideas and action that could spur collaboration and efficiency. Its work helped influence the state of Ohio to develop a Local Government Innovation Fund (LGIF), which offers communities financial support to create more efficient and effective service delivery. In 2012–2013, the state authorized \$45 million for the LGIF.



Credit: BioEnterprise

BioEnterprise, an economic development intermediary and grantee of the Fund for Our Economic Future, assists biomedical businesses in management and business development. BioEnterprise has worked with staff from a medical device company, Arterioocyte Medical Systems, shown here.

The Fund and its partners are pursuing a Growth & Opportunity Initiative that emphasizes cross-sector partnerships and the interconnections between job creation, job preparation, and job access as core components to a successful economic development strategy.

*For more information about the Fund for Our Economic Future, contact Fund President Brad Whitehead at 216-456-9801 or [bwhitehead@thefundneo.org](mailto:bwhitehead@thefundneo.org); [www.thefundneo.org](http://www.thefundneo.org).*

<sup>4</sup> See *Catalyzing Regional Economic Transformation: Lessons from Funder Collaboration in Northeast Ohio* at [www.knightfoundation.org/publications/catalyzing-regional-economic-transformation](http://www.knightfoundation.org/publications/catalyzing-regional-economic-transformation).

Visit [www.philadelphiafed.org/ROC2014/](http://www.philadelphiafed.org/ROC2014/) for presentations, audio recordings, and videos of the 2014 Reinventing Older Communities conference.



# Reinventing Older Communities: Bridging Growth & Opportunity

...continued from page 1

The probability that a child of parents who are in the bottom fifth of the income distribution can reach the top fifth of the income distribution varies from 4.4 percent in Charlotte, NC, to 10.8 percent in Salt Lake City, UT, to 12.9 percent in San Jose, CA, according to the paper. Chetty and other researchers used anonymous federal income tax records that provide data on the incomes of over 40 million children and their parents between 1996 and 2012.

Areas with high upward mobility have less residential segregation, less income inequality, better primary schools, greater social capital (such as involvement in church and civic organizations), and greater family stability, the paper said. Upward mobility is significantly lower in areas that have larger African American populations, even for whites who live there.

Chetty said in a keynote presentation at the Reinventing conference that upward economic mobility has been low in the U.S. relative to other developed countries for the past several decades and that increased mobility could contribute to economic growth and reduce transfer payments.

He said that differences in upward mobility result from factors that affect children while they are growing up, rather than after they enter the labor market, and concluded that “local policies and community

structures matter a great deal for life opportunities for all.”

Speakers throughout the conference highlighted challenges with inter-generational mobility. Manuel Pastor, professor of sociology and American Studies & Ethnicity at the University of Southern California, said that education is a “leveler,” but there are persistent economic gaps for members of racial and ethnic minorities. Angela Glover Blackwell, founder and CEO of PolicyLink, observed, “Where you live is a proxy for opportunity.”

## Equitable Growth

A major area of focus at the Reinventing conference was on how economic growth can become more “equitable” and include all people and communities. An inclusive, equitable model for growth recognizes growing racial and ethnic diversity in the U.S.<sup>2</sup> Some international economists believe that an equitable approach can extend periods of economic growth.<sup>3</sup>

Equitable growth strategies typically involve building connections with different sectors and different parts of a region. Collaborative discussions might bring together community-based organizations, businesses, foundations, developers, city and regional leaders, and planners, among others. Equitable growth strategies often promote transit-oriented development and environmental sustainability, connect

workers to high-growth job sectors, encourage anchor institutions to implement local procurement and local hiring policies, strengthen local and minority-owned businesses, and maximize job creation through public investments.

For example, the Partnership for Southern Equity in Atlanta held forums, conducted research to support opportunities for equitable development, and helped develop the Metro Atlanta Equity Atlas.<sup>4</sup>

Equitable growth initiatives combine an inclusive vision and a community organizing process, noted Pastor, who has developed regional equity profiles as a first step in building consensus on growth and opportunity issues.<sup>5</sup>

Data collection and measurement are critically important in equitable growth strategies to understand community needs, build agreement, evaluate progress, and adjust future plans. The speakers agreed that data must be made accessible to the community as well as to researchers.

## Bridging Through Education

In a view echoed by several speakers, Mark Zandi, chief economist at Moody's Analytics, said that the path to intergenerational mobility is raising skills and educational attainment.

Chetty told the Reinventing audience that improvements in education have

<sup>2</sup> See [www.policylink.org/focus-areas/equitable-economy](http://www.policylink.org/focus-areas/equitable-economy).

<sup>3</sup> See Jonathan D. Ostry, Andrew Berg, and Charalambos G. Tsangarides, “Redistribution, Inequality, and Growth,” International Monetary Fund, 2014, available at <http://ow.ly/ywzXv>.

<sup>4</sup> See <http://atlantaequityatlas.com/about-maea/>.

<sup>5</sup> See regional equity profiles on Kansas City and other regions, available at <http://ow.ly/z40ye>, and see the Metro Atlanta Equity Atlas, available at [www.atlantaequityatlas.com](http://www.atlantaequityatlas.com). Pastor has written several book chapters on equitable growth and is the coauthor of a forthcoming book on the subject.



the clearest causal effects on upward mobility and that teacher quality matters in all grades, not just in early ages, and may be more important than class size. Better teachers, as measured by teachers' impacts on children's test scores, substantially increase students' earnings and college attendance rates, according to a 2013 study by Chetty and coauthors that tracked over 1 million children from childhood to early adulthood.<sup>6</sup>

Public school leaders in Toledo, OH; Philadelphia; Milwaukee, WI; and Detroit had the following suggestions on strengthening public school systems: The most talented teachers should teach students with the greatest needs; businesses and educators need a shared understanding of the competencies required for employment; homeowner and rental housing assistance programs might help attract teachers; and different sectors must be united in working for school success.

Research conducted by the family foundation of M. Night Shyamalan, director, filmmaker, and author of *I Got Schooled*, found that in highly successful schools the entire school staff promotes and reinforces student achievement and success; the best teachers are identified and retained; evidence-tested teaching methods are used; school principals spend much of their time coaching teachers; and the school day and school year are extended.

The importance of cross-sectional support for early childhood education and other issues was also emphasized. For example, the San Antonio Chamber of Commerce in Texas joined political leaders and equity advocates in backing a sales tax to fund pre-K education for disadvantaged children, an action consistent with the chamber's workforce development goals.

### **Bridging Through Employment**

A high priority of equitable growth initiatives is providing access to jobs in expanding employment sectors. Workers need long-term preparation so that they can secure jobs when they become available. Many organizations are involved in workforce development, and one speaker questioned which entity is best suited to link residents to jobs.

The Cara Program, a 23-year-old nonprofit in Chicago, provides low-income residents looking for employment with intensive short-term orientation, temporary employment through a Cara affiliate, and access to permanent jobs through a network of area employers. Cara Program staff works with residents for up to two years following permanent employment on budgeting and other needs.

Charles I. Plosser, president and CEO of the Federal Reserve Bank of Philadelphia, said that business leaders he has met with repeatedly say that they have difficulty finding qualified candidates in the areas of science, technology, engineering, and math (STEM).<sup>7</sup>

Respondents to the Philadelphia Fed's April *Business Outlook Survey* of manufacturers identified the availability of skilled labor as the most important factor influencing their decisions to remain in the region, President Plosser said. Manufacturers also ranked the availability of skilled labor as becoming a more important factor in recent years.

### **Bridging Through Revitalization**

Equitable revitalization seeks to ensure that low- and moderate-income residents and businesses benefit from revitalization and that negative impacts are minimized. Pastor asked how improvement in a geographic area should be measured to determine if redevelopment benefits residents and the region. Data collected should include areas of interest to residents, an action that builds trust with residents.

The East Baltimore Revitalization Initiative (EBRI) helped develop economic inclusion agreements for local and minority hiring, training, contracting, and business development after plans were announced for a science and technology office and laboratory complex and an adjacent mixed-income community. EBRI staff worked with residents to advocate for a school, early learning center, and park and enhanced assistance for 742 households that were relocated as a result of the development.<sup>8</sup> A broad-based Baltimore Neighborhood Indicators Alliance compiles data on "vital signs" and monitors changes in neighborhood conditions.<sup>9</sup>

<sup>6</sup> See <http://obs.rc.fas.harvard.edu/chetty/w19423.pdf>.

<sup>7</sup> STEM employment grew at three times the rate of non-STEM employment in the previous decade and is projected to grow at twice the rate of non-STEM jobs through 2018, the U.S. Department of Commerce estimates.

<sup>8</sup> For information, see [www.aecf.org/resources/the-east-baltimore-revitalization-initiative/](http://www.aecf.org/resources/the-east-baltimore-revitalization-initiative/).

<sup>9</sup> See <http://bniajfi.org/>.



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