

It's “And” Not “Or”

A Discussion of People- and Place-Based Policies

Alan Berube
Brookings Metro
June 20, 2019

- **Defining terms and titles**
- **Understanding the context**
- **Frameworks for policy and practice**

	AT	AU	AV	AW	AX	AY	AZ
1	Left-Aligned	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
2	Right-Aligned	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
3	Centered	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
4	TEXT function	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
5	Family Income	-0.0016	-0.0015	0.0016***	0.0016***	0.0013*	0.0012*
6	Percent Black	0.2628**	0.2808	-0.0765	-0.0767	-0.2130	-0.2358
7	Percent Hispanic	0.8591*	0.8907	-0.1034	-0.1223*	0.0526	0.0290
8	Percent Asian	0.1728	0.2298	0.1557*	0.1568	0.2779**	0.2160
9	Percent White	-0.8094	-0.7276*	0.0547	0.0551	-0.2117	-0.2331***
10	Percent Women	0.0058	0.0061	0.0026	0.0027	-0.0020	-0.0018
11	Percent under age 35	0.0000	0.0002	0.0005**	0.0005***	0.0001	0.0001
12	Percent Unemployed	-0.0226**	-0.0210**	0.0063	0.0064	-0.0025	-0.0020
13	Percent below Poverty Line	0.0007	0.0002	0.0018	0.0018	-0.0006***	-0.0007
14	Commuting Time	-0.5961	-0.6205*	0.0513	0.0507	0.0222	0.0097**
15	County Population	-0.0577**	-0.0034	0.0119*	0.0091	0.0307	0.0064**
16							
17	Not significant	0.0000 _ _ _ _ _					
18	***	0.0000"***"					
19	**	0.0000"***" _ _					
20	*	0.0000"*" _ _ _ _					
21	Text	""@ _ _ _ _					
22							

Policy Summit 2019:
Connecting people and places to economic opportunity

Policy Summit 2019:

Connecting people **and places** to economic opportunity

^
people
in
specific

The Policy Summit is the Cleveland Fed's premier regional conference that explores solutions, at both the practitioner level and the policy level, to challenges that low- and moderate-income communities face.

The Policy Summit is the Cleveland Fed's premier regional conference that explores solutions, at both the practitioner level and the policy level, to challenges that **low- and moderate-income communities** face.

The Policy Summit is the Cleveland Fed's premier regional conference that explores solutions, at both the practitioner level and the policy level, to challenges that **low- and moderate-income communities** face.

**Community Reinvestment
Act**

Workforce training

**Affordable housing
development**

Two-generation strategies

Opportunity Zones

Reducing benefit cliffs

**Improving health through
housing**

**Combating racial
segregation**

**Creating and connecting job
centers**

**Revitalizing inner-ring
suburbs**

**Expanding access to
mortgage credit**

Helping people through helping places

Frameworks for advancing economic mobility in lower-income communities

Alan Berube
Brookings Metro
June 20, 2019

- **Defining terms and titles**
- **Understanding the context**
- **Frameworks for policy and practice**

Can Buffalo Ever Come Back?

Probably not—and government should stop bribing people to stay there.

At the onset of the Great Depression, Buffalo had 573,000 inhabitants, making it the 13th-largest city in America. In the 75 years that followed, this once-mighty metropolis lost 55 percent of its population, a decline most dramatic in its blighted inner city but also apparent in its broader metropolitan area, one of the 20 most quickly deteriorating such regions in the nation. Twenty-seven percent of Buffalo's residents are poor, more than twice the national average. The median family income is just \$33,000, less than 60 percent of the nationwide figure of \$55,000. Buffalo's collapse—and that of other troubled upstate New York cities like Syracuse and Rochester—seems to cry out for a policy response. Couldn't Senators Hillary Clinton and Charles Schumer use their influence on Capitol Hill to bring some needed relief?

The truth is, the federal government has already spent vast sums of taxpayer money over the past half-century to revitalize Buffalo, only to watch the city continue to decay. Future federal spending that tries to revive the city will likely prove equally futile. The federal government should instead pursue policies that help Buffalo's citizens, not the city as a geographical place. State and local policymakers could take steps that might—might—help Buffalo stave off its demise, if they avoid the errors of the past. But make no mistake: Buffalo faces long odds.

The history of Buffalo helps us understand why it continues to lose people and why it will be hard to reverse the trend. Historians often overstate the

"All the News
That's Fit to Print"

The New York Times

Late Edition

Today, mostly sunny, warmer, high 83. Tonight, partly cloudy, mild, low 64. Tomorrow, mainly cloudy, an afternoon shower and thunderstorm, high 79. Weather map, Page B8.

VOL. CLXIV . . . No. 56,856

© 2015 The New York Times

NEW YORK, MONDAY, MAY 4, 2015

\$2.50



DANIEL REZIZHULAK FOR THE NEW YORK TIMES

A Bottleneck in Aid to Nepal

Relief arrived in the Gorkha District on Sunday, in a joint mission by India and Nepal. Other areas were still waiting. Page A4.

U.S. TO PUT CURBS ON FORMALDEHYDE

Lobbyists Fighting Hard to Loosen New Rules

By ERIC LIPTON
and RACHEL ABRAMS

WASHINGTON — A decade after emergency trailers meant to shelter Hurricane Katrina victims instead caused burning eyes, sore throats and other more serious ailments, the Environmental Protection Agency is on the verge of regulating the culprit: formaldehyde, a chemical

Chinese Aspirations in Antarctica Fuel Concern

By JANE PERLEZ

HOBART, Tasmania — Few places seem out of reach for China's leader, Xi Jinping, who has traveled from European capitals to obscure Pacific and Caribbean islands in pursuit of his nation's strategic interests.

So perhaps it was not surprising when he turned up last fall in this city on the edge of the Southern Ocean to put down a long-distance marker in another faraway region, Antarctica, 2,000 miles south of this Australian port.

Standing on the deck of an icebreaker that ferries Chinese sci-

entists from this last stop before the frozen continent, Mr. Xi pledged that China would continue to expand in one of the few places on earth that remain unexploited by humans.

He signed a five-year accord with the Australian government that allows Chinese vessels and, in the future, aircraft to resupply for fuel and food before heading south. That will help secure easier access to a region that is believed to have vast oil and mineral resources; huge quantities of high-protein sea life; and for times of possible future dire need, fresh water contained in icebergs.

It was not until 1985, about sev-

en decades after Robert Scott and Roald Amundsen raced to the South Pole, that a team representing Beijing hoisted the Chinese flag over the nation's first Antarctic research base, the Great Wall Station on King George Island.

But now China seems determined to catch up. As it has bolstered spending on Antarctic research, and as the early explorers, especially the United States and Australia, confront stagnant budgets, there is growing concern about its intentions.

China's operations on the continent — it opened its fourth research station last year, chose a

Continued on Page A6

Change of Address Offers A Pathway Out of Poverty

Study Finds Surprises on Upward Mobility — Worst Odds Found in Baltimore

This article is by David Leonhardt, Amanda Cox and Claire Cain Miller.

In the wake of the Los Angeles riots more than 20 years ago, Congress created an antipoverty experiment called Moving to Opportunity. It gave vouchers to help poor families move to better neighborhoods and awarded them on a random basis, so researchers could study the effects.

The results were deeply disappointing. Parents who received the vouchers did not seem to earn more in later years than otherwise similar adults, and children did not seem to do better in school. The program's apparent failure has haunted social scientists and policy makers, making poverty seem all the more intractable.

Now, however, a large new study is about to overturn the findings of Moving to Opportunity. Based on the earnings records of millions of families who moved with children, it found that poor children who grow up in some cities and towns have sharply better odds of escaping poverty than similar poor children elsewhere.

The feelings heard across Baltimore's recent protests — of being trapped in poverty — seem to be backed up by the new data. Among the nation's 100 largest jurisdictions, the one where children face the worst odds of escaping poverty is the city of Baltimore, the study found.

The city is especially harsh for boys: Low-income boys who grew up there in recent decades make roughly 25 percent less as adults than similar low-income boys who were born in the city and moved as small children to an average place.

Beyond Baltimore, economists say, the study offers perhaps the most detailed portrait yet of up-

ward mobility — and the lack of it. The findings suggest that geography does not merely separate rich from poor but also plays a large role in determining which poor children achieve the so-called American dream.

How neighborhoods affect children "has been a quandary with which social science has been grappling for decades," said David B. Grusky, director of the Center on Poverty and Inequality

The Upshot

at Stanford University, who was not involved in the research. "This delivers the most compelling evidence yet that neighborhoods matter in a really big way."

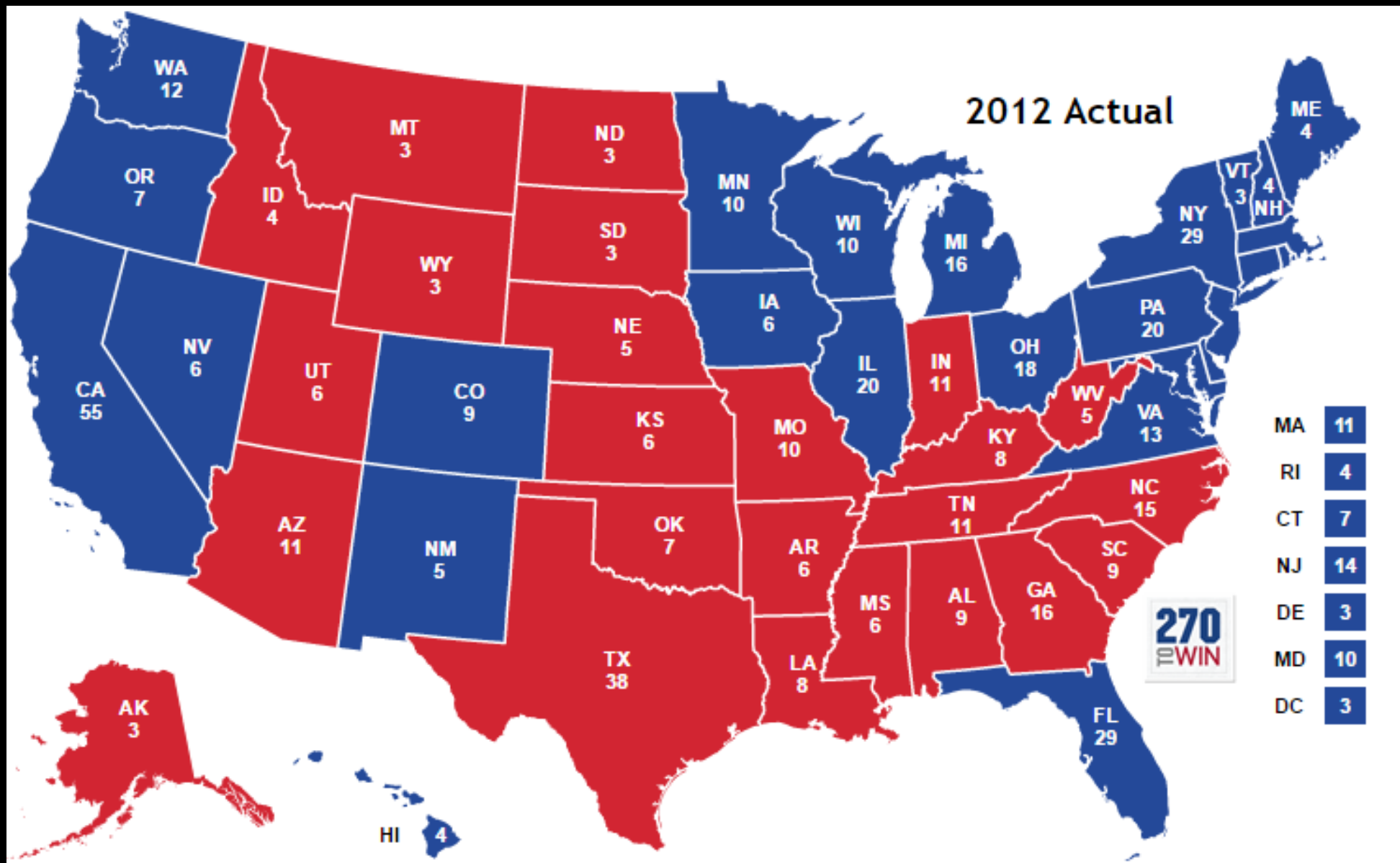
Raj Chetty, one of the study's authors, has presented the findings to members of the Obama administration, as well as to Hillary Rodham Clinton and Jeb Bush, both of whom have signaled that mobility will be central themes of their 2016 presidential campaigns. After more than 15 years of mostly mediocre eco-

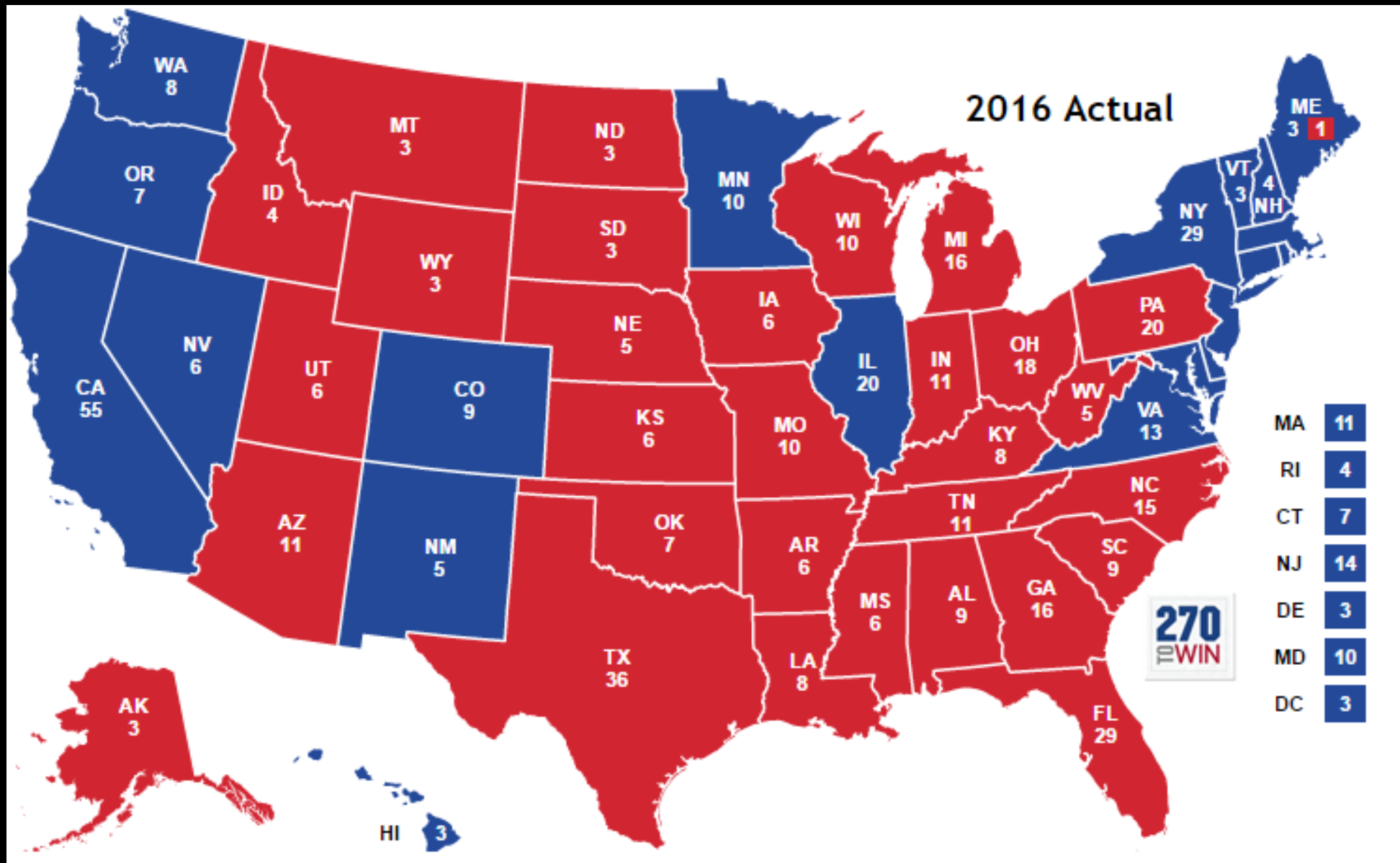
Continued on Page A13



PATRICK SEMANSKY/ASSOCIATED PRESS

TENSIONS EASE Baltimore ended its nightly curfew, and the National Guard began pulling out its troops on a "day of prayer and peace." Page A10.








Saving the heartland: Place-based policies in 21st Century America

Benjamin Austin, Edward Glaeser, and Lawrence Summers · Thursday, March 8, 2018



DOWNLOAD ↓

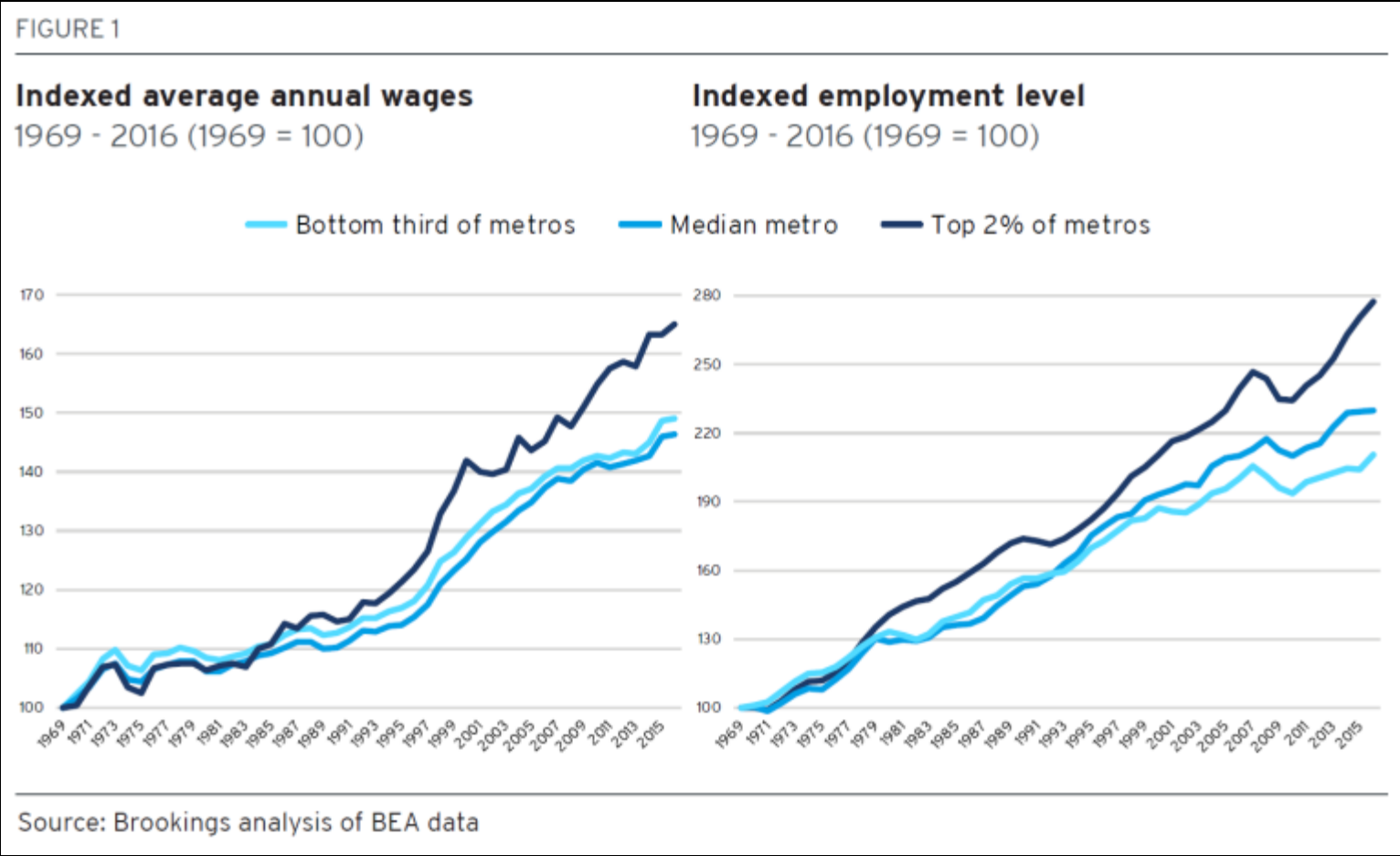
-  Download the final draft
-  Download the conference draft
-  Download the data

***Editor's Note:** This paper is part of the Spring 2018 edition of the Brookings Papers on Economic Activity, the leading conference series and journal in economics for timely, cutting-edge research about real-world policy issues. Research findings are presented in a clear and accessible style to maximize their impact on economic understanding and policymaking. The editors are Brookings Nonresident Senior Fellow and Northwestern University Economics Professor [Janice Eberly](#) and [James Stock](#), Brookings Nonresident Senior Fellow and Harvard University economics professor. Read summaries of all [six papers from the journal here](#).*

ABSTRACT

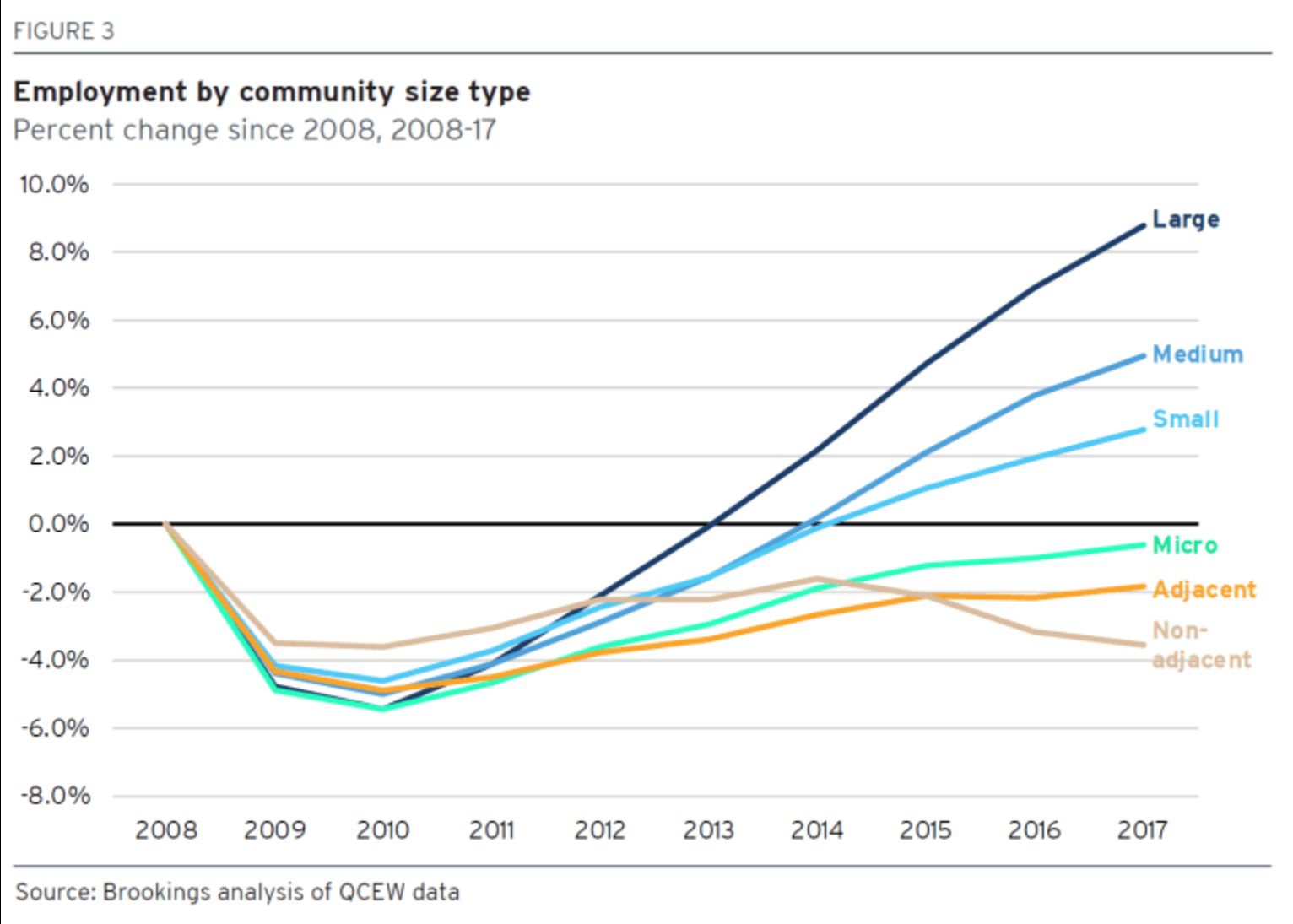
America's regional disparities are large and regional convergence has declined if not disappeared. This wildly uneven economic landscape calls for a new look at spatially targeted policies. There are three plausible justifications for place-based policies—agglomeration economies, spatial equity and larger marginal returns to targeting social distress in high distress areas. The second justification is stronger than the first and the third justification is stronger than the second. The enormous social costs of non-employment suggests that fighting long-term joblessness is more important than fighting income inequality. Stronger tools, such as spatially targeted employment credits, may be needed in West Virginia than in San Francisco.

Regional divergence



Source: Hendrickson, Muro, and Galston, "Countering the Geography of Discontent" (2018)

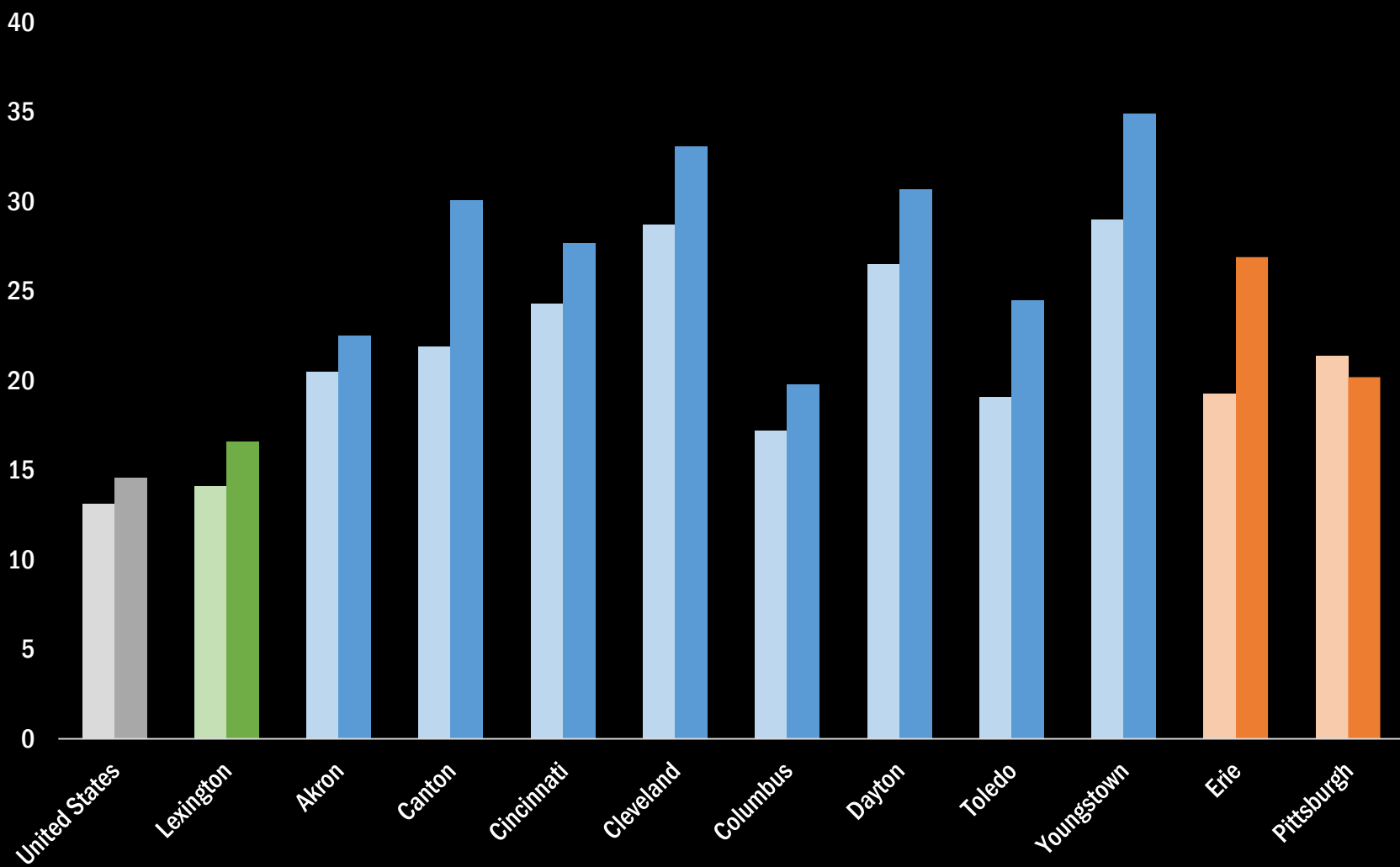
Regional divergence



Source: Hendrickson, Muro, and Galston, "Countering the Geography of Discontent" (2018)

Persistent poverty

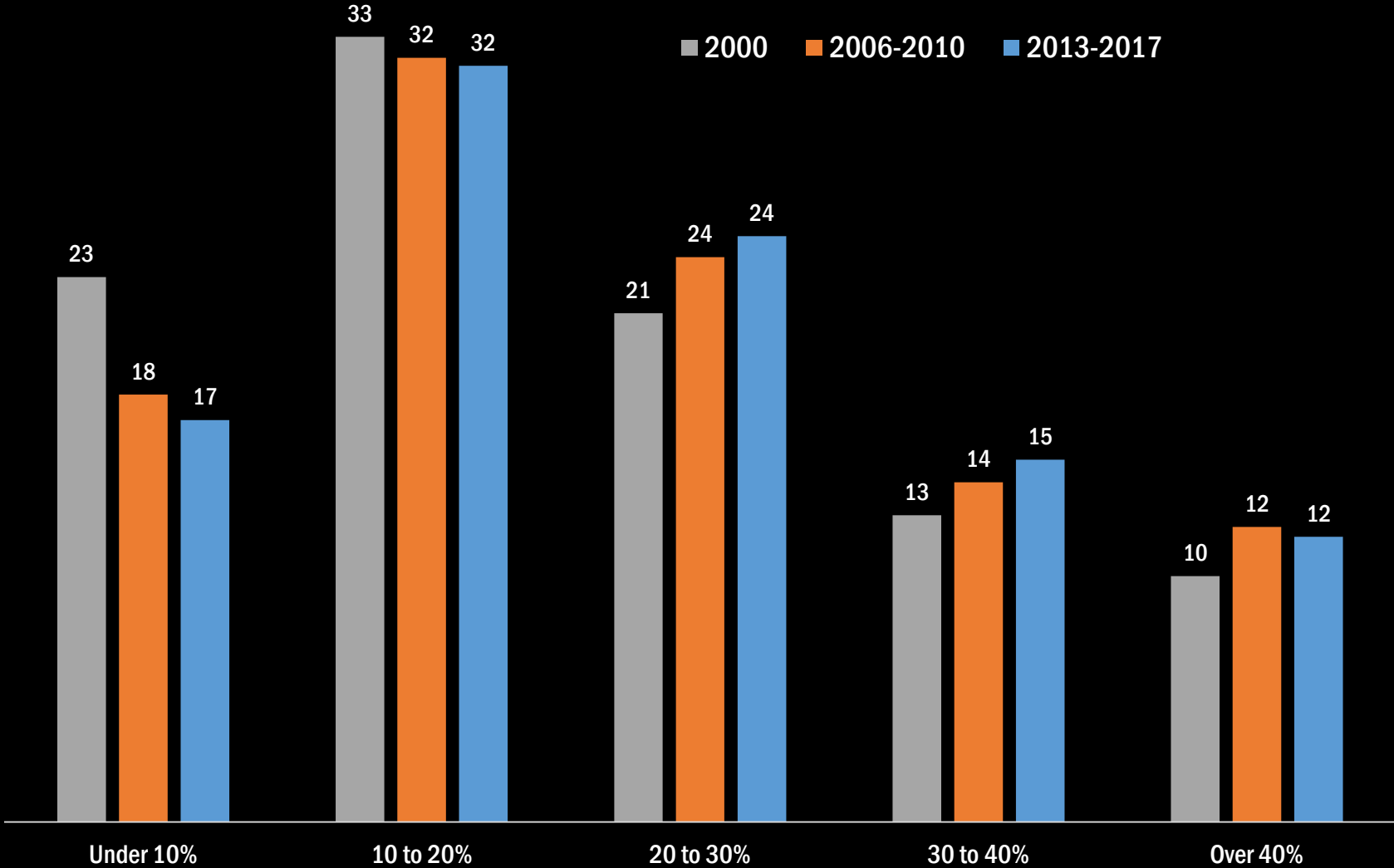
Share of population in poverty, 1990 and 2017



Source: Brookings analysis of NHGIS data

Persistent poverty

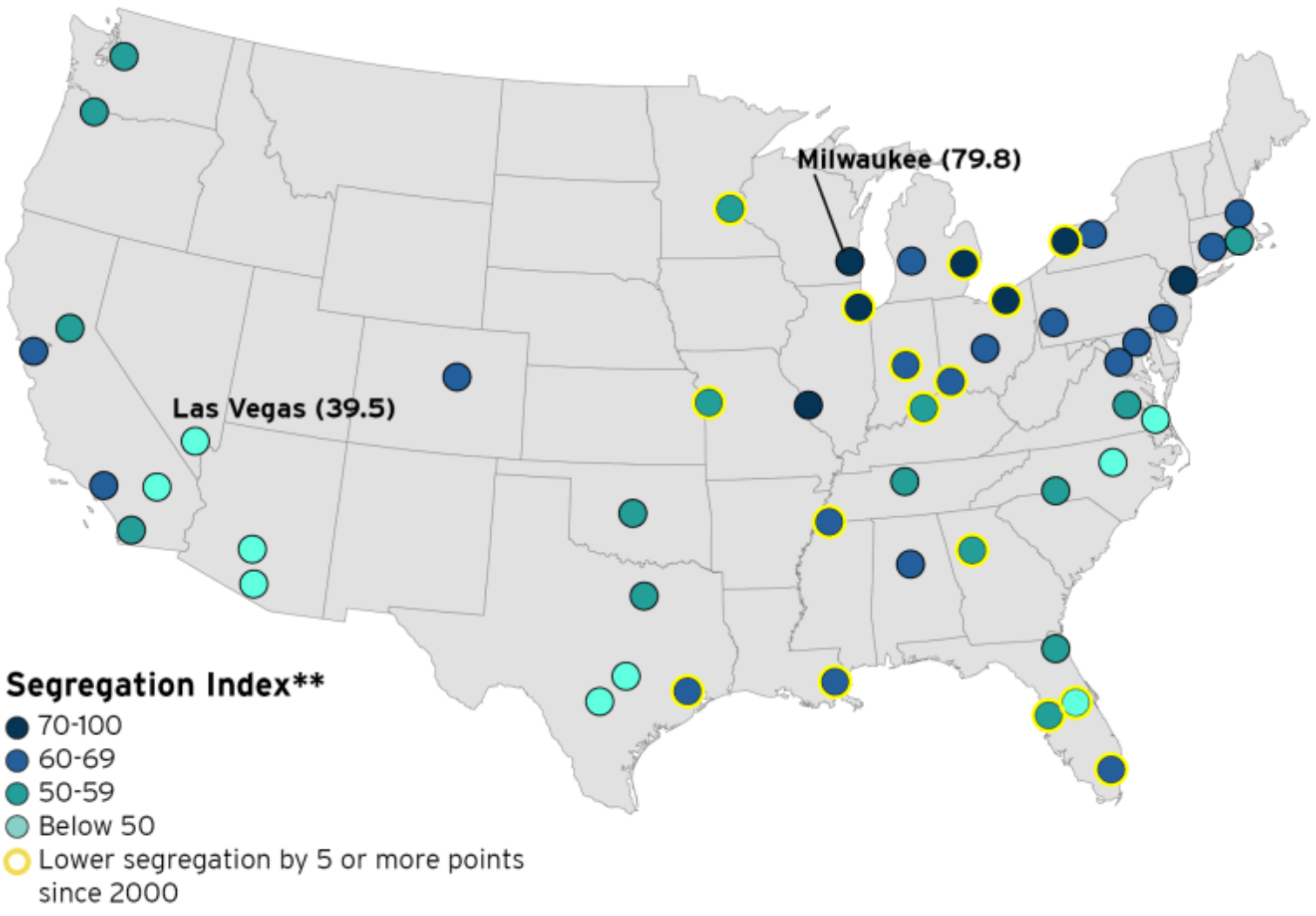
Share of poor people by neighborhood poverty rate, 2000, 2006-10, and 2013-17



Source: Brookings analysis of US Census Bureau data

Racial segregation

Black-white segregation in US metro areas
2013-2017*



Source: Frey, "Black-white segregation edges downward since 2000, census shows" (2018)

Homeownership while black

The devaluation of assets in black neighborhoods



In U.S. metropolitan areas, **10 percent** of neighborhoods are **majority black**

50% LESS

homes in **majority-black neighborhoods** are **undervalued** compared to homes in neighborhoods with **no black residents**



Majority-black neighborhoods at a glance:

- **37% of the U.S. black population** live in these communities
- **\$609 billion** in owner-occupied housing assets
- **10,000** public schools
- **3 million** businesses

Differences in **home** and **neighborhood quality** do **not** fully explain the devaluation of homes in majority-black neighborhoods



\$48,000 average loss in home market value



Amounting to **\$156 billion** in cumulative losses

Homes of similar quality in neighborhoods with similar amenities are worth **23% less** in majority-black neighborhoods

- **Defining terms and titles**
- **Understanding the context**
- **Frameworks for policy and practice**

people-based policies (*adj., n.*): policies that invest in **human needs/assets** to enhance economic well-being, without regard to the **location** of beneficiaries



place-based policies (*adj., n.*): policies that invest in **local-area assets** to enhance economic well-being, without regard to the **incomes** of beneficiaries



Initiative For Opportunity Zone Investment in Cleveland and Cuyahoga County

OPPORTUNITY CLE

I WANT TO INVEST

I HAVE A PROJECT

people-place strategies (*n., n., n.*): approaches that invest in **human needs/assets** in focused **locations** to maximize coordination and/or impact



If helping people through helping places makes sense,
why don't more of our policies embrace it?

Time to measurable return



Financing vehicles

Tax Credit Equity

Eligible Costs		14,405,812
QCT/DDA Boost (130%)	x	100%
Eligible Basis		14,405,812
Applicable Fraction	x	100%
Qualified Basis		14,405,812
Applicable Percentage	x	9.0%
Annual LIHTC Eligible		1,296,523
10 years	x	10
Total LIHTCs Over Period		12,965,231
Investor Ownership %	x	99.99%
Total Investor LIHTCs		12,963,934
Tax Credit Price	x	.95
Tax Credit Equity		12,315,738



Permanence/mobility



**Do leaders believe that people in lower-income communities
are worth investing in?**

Community Reinvestment Act

Workforce training

Affordable housing development

Two-generation strategies

Opportunity Zones

Reducing benefit cliffs

Improving health through housing

Combating racial segregation

Creating and connecting job centers

Revitalizing inner-ring suburbs

Expanding access to mortgage credit

@berubea1
www.brookings.edu/metro

Alan Berube
Brookings Metro
June 20, 2019