

The Place-Based Turn in Federal Policymaking, 1990-2015

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ABSTRACT

Although concentrated neighborhood disadvantage is a durable feature of the US landscape, government officials have reinvested in certain areas via place-based initiatives to expand economic and social opportunity. In this paper, we assemble a novel dataset of federal place-based funding across multiple policy domains to estimate the geographic reach of such investments. We document over \$365 billion in federal funding for place-based initiatives between 1990 and 2015. Most went to metropolitan areas, but differences between metro and rural areas are smaller on a per capita basis. Virtually all counties received some funding, but there is substantial variation among neighborhoods. About one in ten neighborhoods received no funding, while 25 received more than \$250 million each. We evaluate hypotheses about community characteristics associated with greater investment and find that more place-based funding went to areas with greater initial levels of disadvantage, more residential segregation, and a larger density of nonprofit organizations.

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BACKGROUND

Social and economic inequality is structured by the local context, with large and persistent geographic differences in resources, networks, and economic opportunities. Areas of concentrated neighborhood disadvantage, characterized by a dearth of such resources and opportunities, are durable features of the US landscape, resulting from pervasive discrimination and disinvestment across multiple generations. Over the past few decades, government officials have worked with public and private partners to reinvest in disadvantaged neighborhoods by developing place-based interventions that expand economic and social opportunities.

Place-based policies often have concrete goals like job creation or housing development alongside broader goals to enhance the welfare of residents of disadvantaged communities and to generate positive economic and social externalities for the target area as a whole. To date, the literature on such place-based interventions is scattered, typically focusing on a single intervention, which limits our understanding of the impact of place-based policymaking. However, there is considerable debate regarding the equity and efficiency of place-based policies as a means for achieving these goals (Kline and Moretti 2014; Neumark and Simpson 2015).

Despite these concerns, place-based policymaking has proceeded in earnest.¹ Hallmarks of the place-based initiatives of the 1990s include private sector involvement that focused on single-domains such as housing or economic development. These efforts gave way to a second generation of programs under the Obama administration that focused more on cross-sector coordination at both the federal and local level. This new era of place-based programming built on the active nonprofit and philanthropic sector, who often led the way in terms of comprehensive community change initiatives (CCIs). The development of place-based initiatives have proceeded along separate tracks in metropolitan and non-metropolitan areas, and metropolitan areas have received the lion's share of the funding and evaluation attention despite a higher prevalence of persistent poverty in rural areas. Place-based policies largely ignored rural areas in the first wave of federal policies and programs in the 1990s, but the Obama-era efforts included or targeted non-metropolitan areas as well.

CURRENT STUDY

In this paper, we document the place-based turn in federal policymaking that began in earnest during the 1990s and evaluate the uneven demographic and geographic reach of such

¹ Although this paper focuses on place-based initiatives since the 1990s, such efforts have a much longer history. Past efforts include the urban renewal of the 1940s and 1950s, the Model Cities Program during the War on Poverty, and the advent of community development corporations and block grants (Bartik 2012; Hyra 2012). Local initiatives go back even farther – Turner (2017) dates the origins back to settlement houses in the 19th century.

interventions. Our study has four main contributions. First, we estimate cumulative federal investment over a quarter century (1990-2015) when place-based policymaking was implemented with renewed vigor. Second, we assess investment jointly across distinct “silos” of policymaking and research – housing, economic development, education, health, crime, and other multi-dimensional initiatives. Third, we link longitudinal investment data to individual counties and neighborhoods across the nation, including both urban and rural areas. Fourth, we identify counties and neighborhoods that have received multiple, overlapping investments that collectively translate into millions, and sometimes even billions, of federal dollars – as well as places that have been largely overlooked by federal place-based initiatives.²

We define an initiative as *place-based* if eligibility was determined and implementation occurred based on a specific bounded geographic area. Furthermore, that area must be geographically concentrated – at the neighborhood level for metropolitan areas or at the county level (or lower) for nonmetropolitan areas. Though not an exclusive focus, most initiatives target communities that are disadvantaged in terms of resident characteristics, strength of the local labor market, quality of public amenities, or housing stock. We define an initiative as *federal* if awards were determined by a federal agency and funding came primarily from federal sources in the form of grants, loans, tax expenditures, or technical assistance. These are awarded on both formula and competitive bases.

Previous estimates of place-based investment focus on housing (Hyra 2012) or economic development (GAO 2012; Kline and Moretti 2014). None of these prior estimates link funding to specific neighborhoods and instead provide total national dollar amounts or the total awarded to entire cities. Overall, existing evaluations present a very limited picture of how much and where place-based investments have occurred.³ A better understanding of the scope of federal place-based initiatives is essential before a thorough study of their impacts can be carried out. Not all places received an equal amount of place-based investment, and one additional aim of this paper is to understand the local factors shaping the intensity of place-based investment and why investment varied across place. We evaluate hypotheses that the intensity of investment is positively associated with areas of greater disadvantage; greater residential segregation and inequality; and greater civic capacity.

DATA AND METHODS

Data Sources

² There is a long tradition of state- and local- place-based investment (Kline and Moretti 2014), and the nonprofit and philanthropic sectors have often played a central role in the innovation of place-based initiatives, even when the public sector has not (Turner 2017).

³ General features of existing evaluations include a focus on particular sectors or silos with a focus on short-run effects and limited attention paid to broader welfare implications. A national focus, as opposed to case studies of single cities/neighborhoods, and rural/urban comparisons are underdeveloped. We focus on the US, but examples of place-based policymaking internationally are plentiful, and are arguably even more prevalent in Europe than they are in the US (Neumark and Simpson 2015; Kline and Moretti 2014).

We obtained data on sources of federal funding from the public records of federal agencies. Some federal place-based interventions have targeted geographic areas that are an entire city, and the local city then determines where to allocate the funding within the city. If we were not able to determine the precise neighborhoods where the money was spent, we include it in the county-level analyses but not the neighborhood-level analyses. Table 1 provides all of the initiatives included in our study.

Unit of Geography

Most place-based initiatives in non-metropolitan areas use the county rather than the tract as the geographic target, so for non-metropolitan areas we use the county as the sole unit of analysis. For metropolitan areas, we use the county and tract.⁴ 2010 tracts are used for consistency across interventions. Sometimes target areas are tracts, other times we geocoded a different geographic target area into tracts (e.g., a federally-defined medically underserved area, or latitude/longitude of particular buildings). For geographic targets that do not correspond with tract boundaries, we include all tracts that are fully or partially within the geographic target as “treated” by the intervention. We allocate the funding equally to all tracts within the target geographic area.

Spending Amounts

Funding is adjusted for inflation and spending amounts are presented in 2016 dollars. For most interventions, we have annual spending amounts. For some, we only have total spending over the entire time period. In those cases, we estimate annual spending by apportioning the total funding in each tract to calendar years based upon the share of aggregate national program funding that occurred in each year. Some interventions are funded via tax credits, and we rely on per-capita tax credit values which we then apportion across the years of eligibility.

Methods

We first provide descriptive evidence of the place-based turn in federal policymaking and its uneven reach across regions, counties, and census tracts. We then estimate OLS models that regress county-level funding amounts on a series of county-level characteristics measured in 1990, including measures of disadvantage (), inequality (), and civic capacity (). We then repeat a similar set of models regressing tract-level funding amounts on tract-level characteristics and county fixed effects.

RESULTS

National

Nationally, we identified over \$363 billion in federal place-based investment from 1990-2015 as shown in Table 2. That translates to \$14.4 billion per year, \$1,463 per capita, or \$11,460

⁴ We use county rather than place because tracts nest perfectly within counties and provide complete coverage of the nation.

per poor person in the US as of 1990 population figures. The large majority of investment (\$313 billion) went to metropolitan areas, while about \$30 billion went to micropolitan areas and \$21 billion went to rural (i.e., non-CBSA) areas. On a per capita basis, this translated to \$1,531 per capita in metropolitan, \$1,140 per capita in micropolitan, and \$1,163 per capita in rural areas.

Figure 1 illustrates spending trends over time. Total annual spending grew during the 1990s, starting at around \$5 billion per year and rising to about \$17 billion per year in the mid-to-late 2000s. However, spending has declined since 2010. Most of this spending in total dollar terms went to metropolitan areas. In per capita terms, spending grew more for metropolitan areas during the 1990s, but in the 2000s it continued to grow for non-metropolitan areas while it levelled off for metropolitan areas. Since 2010, spending has continued to increase for non-metropolitan areas -- albeit unevenly year to year -- while declining for metropolitan areas. The largest spending categories are housing (\$910 per capita) and economic development (\$384 per capita), followed by health (\$155 per capita) as presented in Table 3. Crime, education, and other multi-dimensional initiatives are much smaller, at about \$1 per capita or less.

Variation by County and Tract

Most counties received some investment over the 25 years covered in the study – just 2.5% of all counties did not. The average county in the US received \$115 million in place-based investment. Areas with highest total spending are, unsurprisingly, the areas of largest population concentration, like Los Angeles and New York (Table 4). On a per capita basis, the areas with the highest per-person spending tend to be rural areas with small populations, like counties in Alaska, Arkansas, and Colorado. The highest spending counties on a per capita basis have cumulative per capita estimates north of \$10,000 per person, compared to \$1,000-\$2,000 per capita in the highest total spending metropolitan counties. There is also significant regional variation in place-based investments across counties. The greatest total investments are concentrated in many rustbelt cities and are found along the East and West coasts. The least investment is found in the South and along the Great Plains. On a per capita basis, the geographic distribution of investment looks quite different, with relatively less per capita investments in large urban centers along the coasts and rustbelt and more investment along the Mississippi River delta and rural north country (Figure 2). On a per capita basis, housing investments are concentrated in more urban areas, while economic development funds are concentrated in more rural areas.

The majority of the variation in spending occurs within counties. This means there is much more variation among the tracts within metropolitan and micropolitan areas. About 9 percent of tracts received no place-based investment over the time period. The average tract received \$4.9 million, but that is a very skewed distribution (Table 2). Many of the top spending tracts are located in or near the CBDs of large cities and rustbelt cities. Some of the highest per capita tracts are driven by very small--virtually nonexistent--residential populations. We also

identified a one billion dollar tract in New Orleans, tract 013400. The vast majority of this funding came from economic development funds (\$912) million, and the rest was about \$26 million in housing and \$88 million in health. This area includes much of the French Quarter, the iconic center of tourism and commerce for the city. It also includes the Tulane Medical Center.

Explaining Variation in Investment

We evaluate several hypotheses about community characteristics associated with greater investment. Based on our preliminary regression analyses, we find that more place-based funding went to areas with greater initial levels of disadvantage, more residential segregation, and a larger density of nonprofit organizations. Future analyses will further explore these multivariate findings and use them to assess the long-run impact of place-based investment on neighborhood change.

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TABLE 1. DATA SOURCES FOR FEDERAL PLACE-BASED PROGRAMS

PLACE-BASED PROGRAM	DATA SOURCE(S)	TOTAL SPENDING	YEARS COVERED	DOMAIN
Rural Housing and Economic Development (RHED)	Dept of Housing and Urban Development	\$187,991,875	2002-2005; 2007-2009	Multi-dimensional
Brownfields Economic Development Initiative (BEDI)	Dept of Housing and Urban Development	\$77,306,029	2005-2010	Economic Development
Building Neighborhood Capacity Program (BNCP)	Center for the Study of Social Policy	\$2,792,542	2012-2014	Multi-dimensional
StrikeForce for Rural Growth and Opportunity	US Dept of Agriculture	\$48,514,777	2010-2015	Economic Development
Innovations in Community Based Crime Reduction (CBCR)	LISC	\$31,249,239	2012-2015	Crime
Rural Innovation Fund (RIF)	Dept of Housing and Urban Development	\$6,134,134	2010	Housing
Promise Neighborhoods	US Dept of Education	\$207,018,175	2010-2015	Education
New Markets Tax Credits (NMTC)	US Dept of Treasury	\$45,409,133,827	2001-2015	Economic Development
Neighborhood Stabilization Program (NSP)	Dept of Housing and Urban Development	\$6,853,955,912	2008-2010	Housing
Low Income Housing Tax Credit (LIHTC)	Dept of Housing and Urban Development	\$151,809,754,237	1990-2015	Housing
HOPE VI	Dept of Housing and Urban Development	\$8,219,614,797	1993-2010	Housing
Federally-Qualified Health Centers	Health Resources and Services Administration	\$38,477,673,950	1996-2018	Health
Federal Empowerment Zones (EZ)	Dept of Housing and Urban Development; Ham et al. (2011)	\$7,160,051,736	1995-2015	Economic Development
Choice Neighborhoods	Dept of Housing and Urban Development	\$517,744,566	2010-2015	Housing
Appalachia Economic Development Initiative (AEDI)	Dept of Housing and Urban Development	\$550,000	2015	Economic Development
Community Development Financial Institution (CDFI) Fund	US Dept of Treasury	\$37,764,976,435	1990-2015	Economic Development
Community Development Block Grants (CDBG)	Dept of Housing and Urban Development	\$37,235,757,454	1990-2015	Housing
HOME Investments Partnership Program (HOME)	Dept of Housing and Urban Development	\$21,728,701,190	1990-2015	Housing

Economic Development Administration	USAspending.gov	\$4,926,021,110	2001-2015	Economic Development
Strategic Approaches to Community Safety Initiative (SACSI)	U.S. Department of Justice	\$3,237,385	1998, 2000	Crime
Project Safe Neighborhoods (PSN)	Office of Justice Programs	\$233,378,925	2003-2015	Crime
Healthy Food Financing Initiative (HFFI)	Food Access Research Atlas	\$46,020,078	2011-2015	Health

TABLE 2. TOTAL AND PER CAPITA SPENDING ON PLACE-BASED POLICIES BY METROPOLITAN STATUS, 1990-2015

	Overall	Metro	Micro	Rural (non-CBSA)
NATIONAL				
Total	\$361,138,806,878	\$310,763,969,005	\$29,912,404,252	\$20,462,433,621
Total per capita	\$1,452.05	\$1,520.81	\$1,125.63	\$1,149.94
Total per person in poverty	\$11,377			
COUNTY				
Mean county-level spending	\$114,793,008	\$282,512,704	\$43,477,332	\$15,068,066
Mean county-level per capita spending	\$1,155	\$1,165	\$1,189	\$1,130
Percentiles of county per capita spending				
10th	\$130.61	\$242.38	\$272.38	\$42.79
25th	\$367.31	\$515.37	\$485.33	\$224.87
50th	\$757.78	\$911.46	\$877.93	\$568.07
75th	\$1,408.13	\$1,523.81	\$1,422.50	\$1,204.48
90th	\$2,394.53	\$2,236.18	\$2,226.58	\$2,687.19
Share of counties with zero spending	2.48%	0.55%	1.16%	4.71%
TRACT				
Mean tract-level spending	\$4,890,114	\$5,154,089	\$3,900,709	\$3,424,647
Mean tract-level per capita spending	\$1,877	\$2,058	\$991	\$1,111
Percentiles of tract per capita spending				
10th	\$0.16	\$0.77	\$0.00	\$0.00
25th	\$23.13	\$23.79	\$24.45	\$11.80
50th	\$171.00	\$165.94	\$205.36	\$181.02
75th	\$858.15	\$851.75	\$881.36	\$882.88
90th	\$2,996.03	\$3,143.45	\$2,450.27	\$2,525.49
Share of tracts with zero spending	9.30%	8.02%	13.09%	17.70%

TABLE 3. PER CAPITA PLACE-BASED SPENDING BY INTERVENTION DOMAIN, 1990-2015

	Overall	Metro	Micro	Rural (non-CBSA)
NATIONAL				
Housing	\$910.18	\$987.37	\$606.46	\$477.25
Economic Development	\$383.53	\$383.79	\$354.56	\$423.80
Health	\$154.89	\$146.16	\$161.19	\$245.81
Crime	\$1.08	\$1.24	\$0.39	\$0.20
Education	\$0.83	\$0.89	\$0.94	\$0.03
Multi-Dimensional	\$0.76	\$0.42	\$2.07	\$2.76
TRACT				
Housing	\$999.91	\$1,109.32	\$546.72	\$427.22
Economic Development	\$677.79	\$747.52	\$299.26	\$432.73
Health	\$197.23	\$198.86	\$144.23	\$250.47
Crime	\$0.14	\$0.17	\$0.00	\$0.04
Education	\$0.73	\$0.79	\$0.69	\$0.04
Multi-Dimensional	\$0.01	\$0.01	\$0.00	\$0.00

TABLE 4. COUNTIES WITH MOST FEDERAL PLACE-BASED FUNDING, TOTAL AND PER CAPITA

	Total Funding		Per Capita Funding		
	Total (Millions)	Per Capita		Per Capita	Total (Millions)
1. Los Angeles County, CA	128,412	1,449	1. Tunica County, MS	14,757	1,205
2. Cook County, IL	97,181	1,904	2. Santa Fe County, NM	9,629	9,526
3. New York County, NY	57,824	3,887	3. St. Louis City, MO	8,052	31,940
4. Miami-Dade County, FL	46,075	2,379	4. District of Columbia	6,827	41,433
5. Philadelphia County, PA	45,141	2,847	5. Suffolk County, MA	6,423	42,646
6. Harris County, TX	43,461	1,542	6. Madison County, MS	6,227	3,350
7. Suffolk County, MA	42,646	6,423	7. Poinsett County, AR	6,015	1,484
8. Bronx County, NY	42,533	3,533	8. Carson City, NV	5,864	2,372
9. District of Columbia	41,433	6,827	9. Durham County, NC	5,537	10,069
10. Wayne County, MI	40,789	1,932	10. Orleans Parish, LA	5,511	27,389

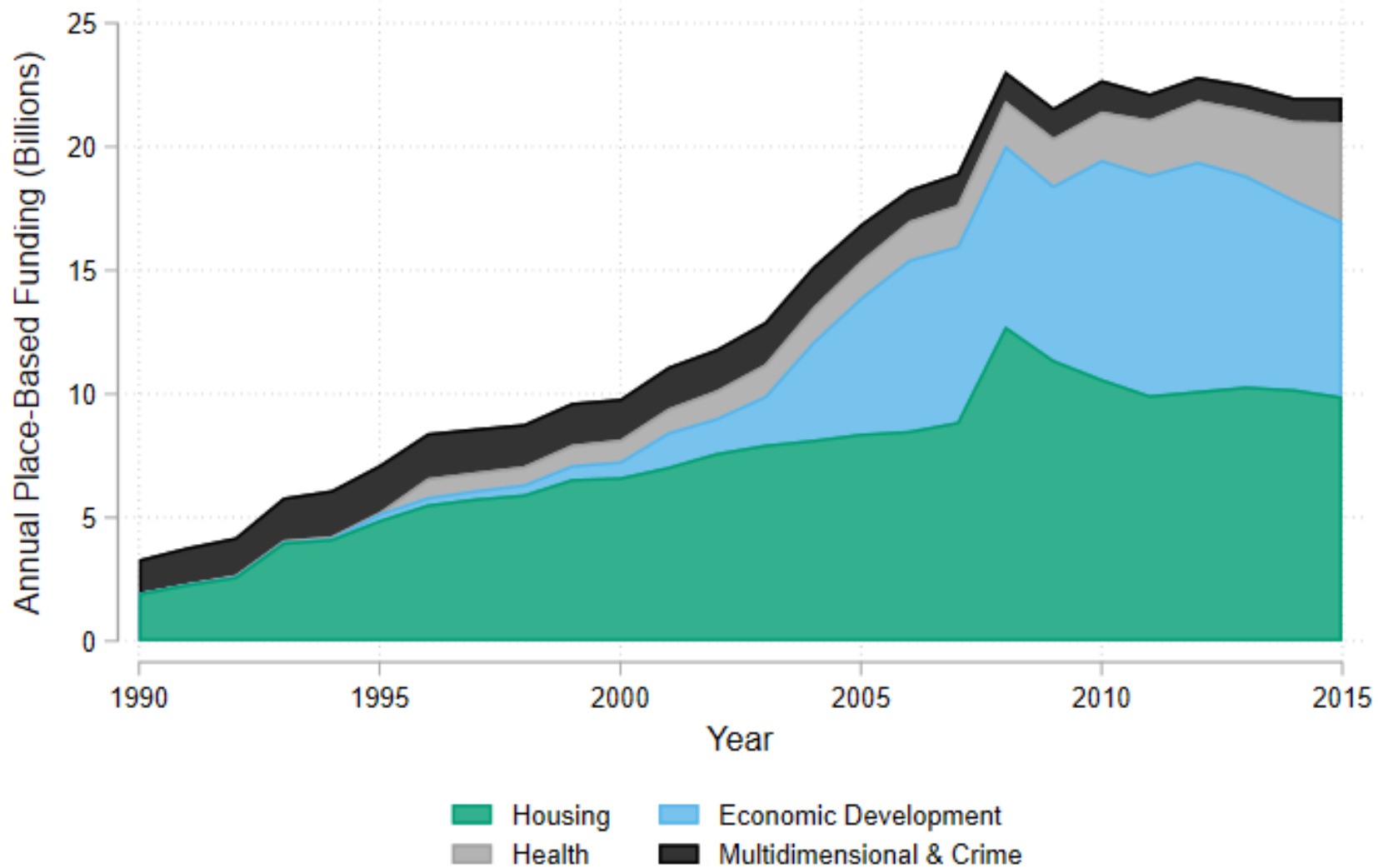


FIGURE 1. ANNUAL PLACE-BASED FUNDING FROM FEDERAL SOURCES, 1990-2015

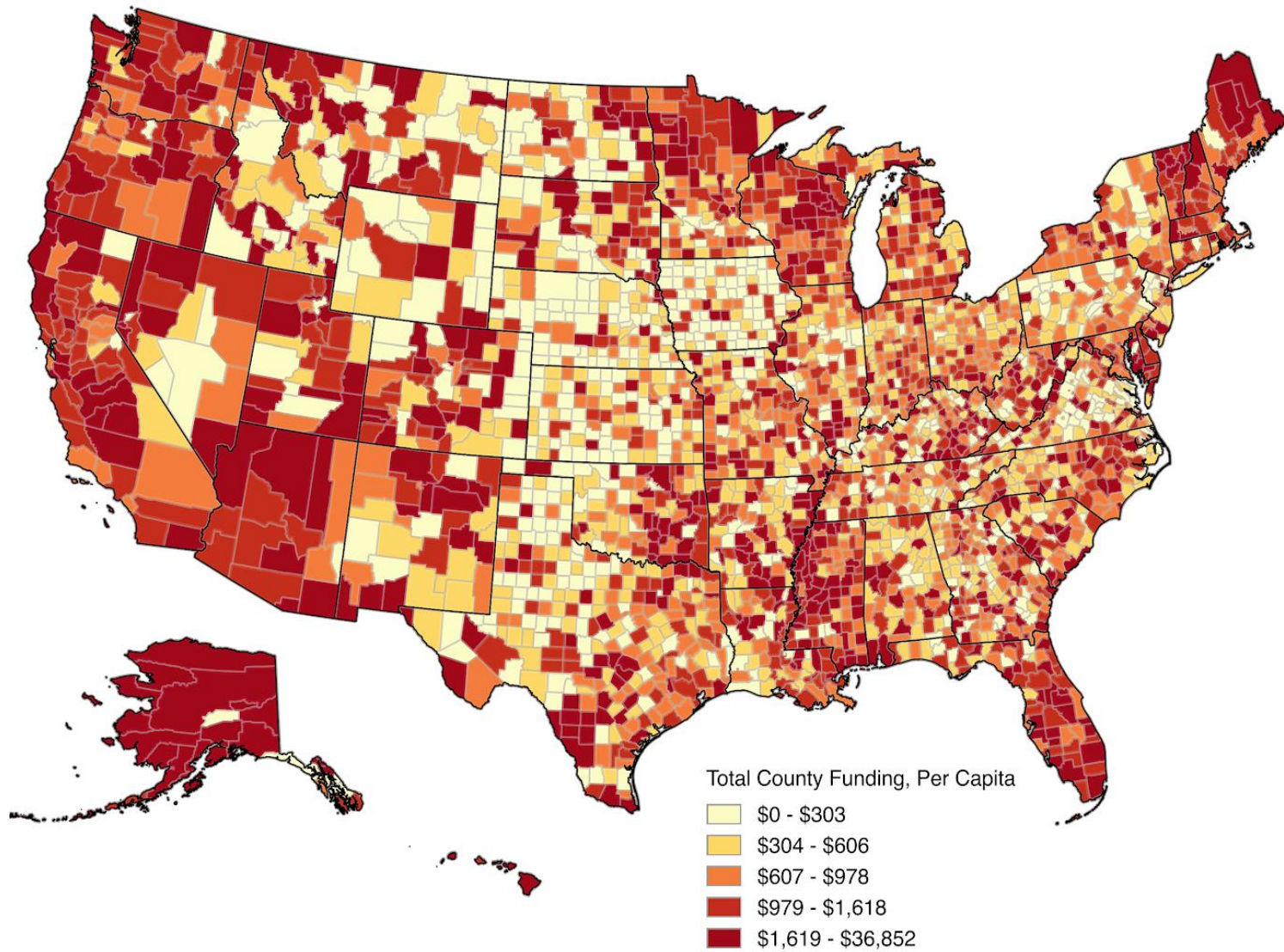


FIGURE 2. PER CAPITA PLACE-BASED FUNDING BY COUNTY, 1990-2015

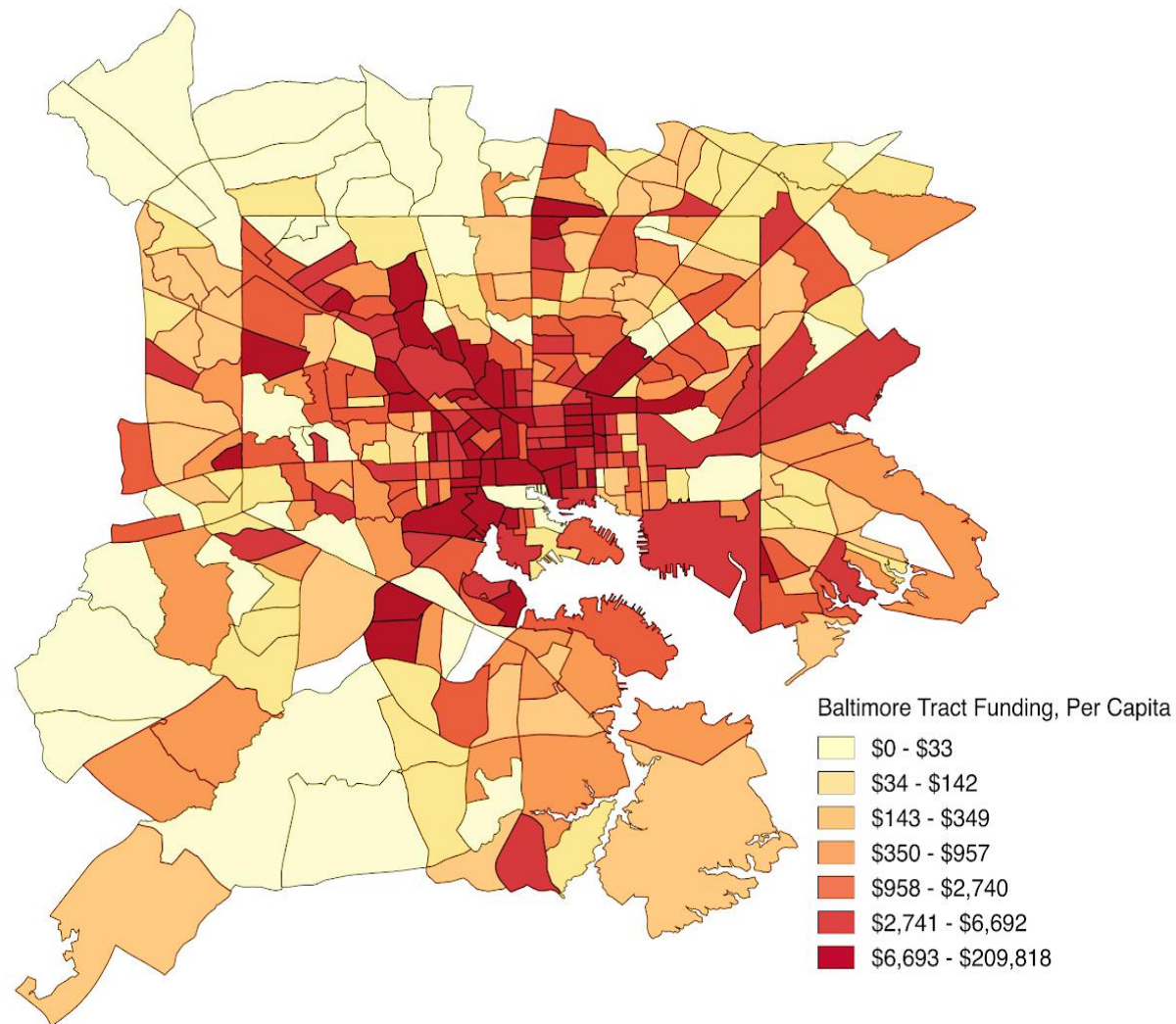


FIGURE 3. TRACT-LEVEL PLACE-BASED FUNDING IN BALTIMORE METRO AREA, 1990-2015