VALUING NEIGHBORHOODS — DRIVING CHANGE

Design Phase Report and Recommendations
for

LIVING CITIES
NEIGHBORHOOD MARKETS PROJECT

Submitted by

The Brookings Institution Center on Urban and Metropolitan Policy

and

RW Ventures

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OVERVIEW

For the last ten years, Living Cities has been working in urban neighborhoods throughout the country with the goal of building healthy communities. In planning its activities for the next decade, Living Cities commissioned the Brookings Institution Center on Urban and Metropolitan Policy and RW Ventures to undertake the design phase for a ten-year project that would invest in information to drive inner-city market investment, asset building and policy reform.

This Report reflects the outcome of that work.[1] The Project Design Team undertook an extensive literature review, and conducted meetings and interviews with a broad array of experts and practitioners. The team found an enormous amount of exciting innovation occurring, as well as great demand for building an overall framework, connecting the disparate efforts, moving the innovations to new places and sectors, and taking the work to scale. In short, there is a big opportunity for field-building that Living Cities can seize upon.

Following an Executive Summary, this Report is organized into four sections. Section I briefly describes "the big idea," and begins to provide a "lay of the land." It describes the power of information to drive change; provides illustrative examples of current innovations in the field; and summarizes the observations learned through the interview process. Section II outlines the mission of the Neighborhood Markets Project, laying out a ten year vision and project goals. Section III provides a work plan for the Project's first three years. Finally, Section IV outlines key principals for designing an effective institution.

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[1] See Appendix A for Methodology, Acknowledgements, Project Design Team and Interview Participants.

EXECUTIVE SUMMARY

In July, 2002, Living Cities commissioned the Brookings Institution Center on Urban and Metropolitan Policy and RW Ventures to undertake the design phase for a ten-year project—a **Neighborhood Markets Project**—that would invest in information to drive inner-city market investment, asset building and policy reform.

Over the past four months, the Design Team has conducted extensive research and interviewed nearly 100 individuals, including scholars, researchers, foundation executives, government officials, practitioners, advocates, consultants, business and technology executives and national nonprofit leaders. This report summarizes our findings and recommendations.

WHAT WE HAVE LEARNED

The design phase confirmed that information is playing an increasingly powerful role in determining what people and places get included in conventional markets, and which get left behind. Fortunately, enormous progress is being made in developing information and tools that better reflect the assets of urban neighborhoods and families. These efforts cut across different market sectors, from labor to retail to housing. They are targeted toward different users, from businesses to government to community institutions. They have distinct goals, from moving markets to informing neighborhood strategies to influencing policy reform.

These seemingly disparate innovations share a common theme, however: closing the information gap that now isolates poor communities and families. Leaders in this emerging field believe strongly that reliable, usable information is the missing link that can connect low-income neighborhoods today—just as development finance was the missing link ten years ago. Today, information has become the currency which drives markets, providing a key leverage point for connecting isolated people and places to the mainstream economy.

Many of the innovations occurring around the country are on the verge of breakthrough. Yet currently there is no institution trying to bridge isolated efforts, or working systematically to make information on urban neighborhoods more transparent and accessible, or helping to drive government information policy. The time is thus ripe for a major national effort to take this work to scale -- to build a field and industry -- around using information to drive real, positive change in urban neighborhoods.

WHAT THIS MEANS FOR THE NEIGHBORHOOD MARKETS PROJECT

The Design Team believes the Neighborhood Markets Project should have the following characteristics.

> *The principal **mission** of the Neighborhood Markets Project would be to develop information resources to connect low-income people and neighborhoods to the economic mainstream.*

This mission translates into three related and interdependent sets of **goals and strategies**:

❶ **The first goal would be to make federal data on the assets of urban neighborhoods and residents transparent and accessible.** Creating better information to move markets and systems to include inner cities begins with getting more accurate, specialized data. The federal government is the primary source of market, demographic and other relevant data. In many cases, the federal government already collects highly useful data it does not makes available (e.g., business firm data, data on federal investment flows). In other cases, the federal government has the capacity to easily collect and make available new data.

> *The Neighborhood Market Project would act as the premier national champion for assembling and displaying federal data in a manner that is usable by governmental, private sector and nonprofit actors.*

❷ **The second goal would be to make local data on the assets of urban neighborhoods and families standardized and usable.** A great deal of relevant data (e.g., building permits, housing sales, vacant land, utility usage) are collected by various local administrative agencies or other organizations, but often in a haphazard or inconsistent manner. Targeted collection of original local data would also have enormous utility for planning, policy, or moving markets.

> *The Neighborhood Markets Project would support local governments and organizations in a few cities to standardize the collection and dissemination of key data in ways tailored to distinct users and uses, using systems that can be models for the nation.*

❸ **The third goal would be to make data actionable to drive market investment, policy reform and asset building.** In the end, "people do not want data, they want answers." Making data actionable requires new research that provides leaders and practitioners a better understanding of the relationships between geography, economics, and information. It requires strategic tools that can gather, house, disseminate, analyze and facilitate transactions based on the data. And it requires bringing experts together to spur new thinking and ultimately build a new field around information resources.

> *The Neighborhood Markets Project would seed research to promote better understanding of the assets and dynamics of urban neighborhoods and their connections to city and regional economies. It would also encourage the development of information systems and tools that directly increase market activity and family asset building.*

GETTING STARTED: A THREE-YEAR WORKPLAN

Given this general set of goals and strategies, we believe the Project can achieve the greatest initial impact by focusing on three primary areas: federal investment flows, business development and neighborhood typologies.

These areas were chosen for several reasons:

- They address issues and affect outcomes of importance to Living Cities;
- They involve areas where there is clear evidence that information will make a difference;
- They build off of current innovations that can be taken to scale.

Federal Investment Flows. Understanding the spatial flow of federal investments in people and places is critical to efforts to improve neighborhoods and build the assets of low-income families. Yet we know little about the flow of these funds and even less about their exact impact on local economies. Providing a broader picture of federal investments in urban neighborhoods and families would help shape and support local efforts to leverage federal resources (e.g. EITC campaigns). It would also have significant implications for the kinds of policy reforms that urban leaders pursue at the federal, state, and local levels. These efforts would ultimately allow local leaders to better leverage federal investments in working families, helping them expand their incomes, grow their savings, and build assets that appreciate in value.

3 Year Workplan: The Neighborhood Markets Project would act as a champion for the collection and dissemination of data needed to display the spatial distribution of key federal investments (e.g., work supports, transportation and housing investments, tax expenditures) in urban areas. The Project would require close working relationships with Congress and key federal agencies (e.g., HHS, IRS, HUD, DOT). Finally, the Project would make federal data actionable by creating "urban budgets" in several cities and by supporting the development of new and/or expanded web-based systems to improve access to federal work benefits.

Business Development. Competitive businesses and business services are an essential component of healthy neighborhoods. Yet urban markets are frequently overlooked, largely due to a lack of available or accurate information. Expanding upon current efforts to make information on neighborhood business and consumer markets more transparent would extend the capacity of businesses to identify and serve urban markets; would give local leaders the information needed to market urban neighborhoods and their residents to regional firms; and would ultimately increase the efficiency, productivity, and competitiveness of local economies.

3 Year Workplan: The Neighborhood Markets Project would act as a champion for the collection and dissemination of key federal data (e.g., Census Longitudinal Establishment data) needed to identify inner-city business opportunity and promote business development. The Project would also support the assembly of important local and original data in several cities, replicating where appropriate the efforts of existing business development organizations (e.g., MetroEdge, ICIC, Social Compact). Finally, the project would support cutting edge research and business tools for urban neighborhoods.

<u>Neighborhood Typologies</u>. Taking an inventory of data on various neighborhood indicators—from housing vacancies to the number of local businesses—is essential to a city's ability to understand, and act upon, neighborhood market conditions. Gathering data is only a first step, however. Through sophisticated analysis, data can be used to categorize neighborhoods based on their characteristics and assets**.** Clustering neighborhoods in this manner can promote wiser and more appropriate investment of scarce government resources in order to improve neighborhood conditions, stimulate market activity where feasible, and ultimately make city neighborhoods more competitive with surrounding suburbs.

> *3 Year Workplan:* The Neighborhood Markets Project would act as a champion for the collection and dissemination of the key federal data needed to construct neighborhood typologies, focused first on housing, then on other market areas. The Project would also support the assembly of existing local data in several cities and the replication of existing typology systems (e.g. The Reinvestment Fund typology system for Philadelphia). The Project would also identify the best technology platforms for supporting typology systems, and create replicable systems in the selected cities.

<u>Designing An Institution.</u> The best institutional structure to govern the Neighborhood Markets Project is dictated by the broader mission, goals, and strategies cited above. The governance of the Project must be inclusive and connected, engaging and collaborating with a diverse network of people and organizations. It must tap the different skills and competencies of various experts in the field. It must be able to speak with authority and maintain strong credibility. And, above all, it must be continually able to spot opportunities and act upon them with efficiency. In short, the Neighborhood Markets Project needs an inclusive, grounded learning organization that listens well and which, at the same time, acts as an entrepreneurial, professional organization that gets things done.

I. CREATING HEALTHY NEIGHBORHOOD MARKETS

A. THE POWER OF INFORMATION TO DRIVE CHANGE

Information is at the core of generating markets and creating wealth. It determines risk and transaction costs, and drives business, policy and consumer decisions. With the unprecedented development of new technologies over the last several decades, the drivers of the economy have shifted in ways that place an even greater premium on quality information and its flow. From manufacturing to service industries, more and more of the value added in production, products, and delivery consists of specialized information. The extent to which value creation has shifted toward information content is highlighted by Alan Greenspan's observation that, while the U.S. gross domestic product has quintupled over the last fifty years, its physical weight has barely increased.
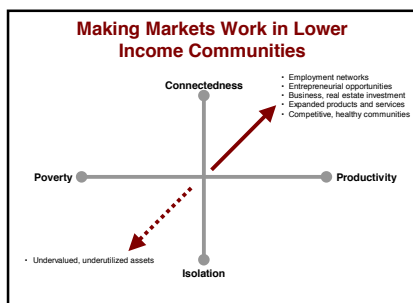
Information Drives Many Key Development Activities

- Business location
- Private investment
- Public investments
- Product development
- Government policy
- Consumer decisions

This power of information presents both a huge opportunity, and a significant challenge. One of the biggest barriers facing poorer communities is their isolation. This is largely due to the fact that reliable information on urban neighborhoods and families (e.g., land and building availability, consumer purchasing and credit patterns, local business performance, employment networks) is rarely available. This lack of information is particularly devastating in a market economy that increasingly values only what it can see, measure and access.

The costs and consequences of this information gap are severe. Retail firms, for example, consistently undervalue the purchasing power of urban neighborhoods. Local employers fail to consider the inner city when they make location and hiring decisions. Mayors, community development corporations and others miss opportunities to use federal investments to strengthen family incomes. And individual families find it difficult to learn about employment opportunities or financial alternatives. This absence of basic, accessible information and networks means that the assets of urban places and people frequently go unrecognized, undervalued and untapped.

Making Markets Work in Lower Income Communities

Connectedness
- Employment networks
- Entrepreneurial opportunities
- Business, real estate investment
- Expanded products and services
- Competitive, healthy communities

Poverty · Productivity

· Undervalued, underutilized assets

Isolation

In sum, if capital was the missing link in lower income neighborhoods ten years ago, it may well be that information plays that role in today's economy. Information offers a key leverage point for connecting isolated people and places to the mainstream economy.[2]
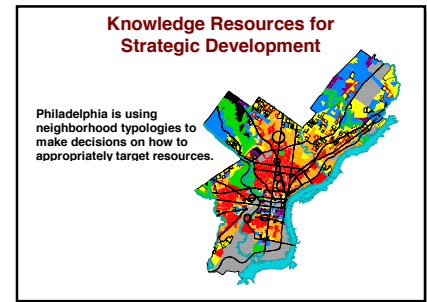
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[2] See Appendix B for detailed case studies that illustrate the power of information.

B. THE RISE OF INFORMATION INNOVATION

Across the country, a broad range of institutions are using information to drive market investment, policy reform and asset building. In nearly 100 interviews over the past four months,[3] the Project Design Team discovered a tremendous amount of innovation and creativity occurring around information and urban markets.

Below are just a few examples of what is happening around the country**.   .**

- In Philadelphia, **The Reinvestment Fund** has created a **neighborhood typology system** to inform the city's ambitious effort to reclaim vacant land and housing.   Using extensive housing data in a sophisticated statistical analysis, TRF has identified six real estate market clusters, ranging from "Regional Choice," which have the highest average housing values, to "Reclamation," which have the greatest amount of vacancy and decline. These typologies are now driving the Mayor's Neighborhood Transformation Initiative, which proposes specific resources tailored to each one of these market types.

  Knowledge Resources for Strategic Development

  Philadelphia is using neighborhood typologies to make decisions on how to appropriately target resources.

- In Clay County, Minnesota, the county government has created the **HelpWorks System** to improve access to work benefits. Helpworks is a computer-based system that unifies the benefits application process for 639 local social service organizations. HelpWorks provides low-income families with a simple one-stop process for accessing benefits; families just answer a series of questions and then applications are automatically filled out and submitted for appropriate benefits. Nonprofit organizations like Community Catalyst have similar efforts underway in Miami, Chicago and Boston.

- In Los Angeles, UCLA has launched **Neighborhood Knowledge Los Angeles (NKLA)** to provide easy access to neighborhood real estate information. Users can access data on code violations, tax liens, and building permits by individual property, information that can provide an early warning of decline and abandonment. Users can also map data on tax delinquencies, code complaints, and nuisance properties to locate where problems are concentrated. Census data is also available. NKLA is part of the National Neighborhood Indicators Project (NNIP), whose members are undertaking similar data projects across the country.

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[3] See Appendix A for the list of those interviewed.

- In Chicago and elsewhere, **MetroEdge**, a division of Shorebank, is taking its Inner City Economic Database (ICED) and new metrics and models for analyzing retail and financial

market opportunity, and moving them to web-based platforms and applications. The new CitySystem houses national and specialized local data, and then is customized to produce reports tailored to local organizations, agencies and businesses. The data and reporting can be designed for retail business attraction, as well as to provide more general neighborhood market analysis and tracking.

- The **One Economy Corporation** has created **The Beehive** website to connect low-income households to resources and tools that help them build assets and raise their standard of living. The Beehive's interactive content is focused on topics of importance to community members, namely finance, health, education, jobs, and family. It is developed via national content partners, such as Sylvan Learning, and via "local Beehives" that include neighborhood-specific information such as where to find nearby child care facilities. The ultimate goal of the Beehive is to provide low-income people with the information and connections they need on a local level to improve their lives.

These examples are just the tip of the iceberg: many more are listed in Appendix C. But even that list reflects only the information innovations that have *already* been brought to the development field. Further major opportunities arise from examining the information tools that are making corporations, mainstream markets and other systems more productive. And so arises the question: How do we bring the equivalent of corporate LANs, of transactional platforms like Amazon.com, and of neighborhood platforms like Westmorelandweb to bear on leveraging urban neighborhood assets?

C. LEARNINGS FROM THE FIELD: CREATING A FRAMEWORK FOR INFORMATION

Leaders in the field believe that the time is ripe for a major national effort to use information to drive real, positive change in urban neighborhoods. They offered observations and insights that: (1) suggested a *framework* for understanding the dimensions of information, and using it strategically; and (2) offered initial areas of focus and *major institutional roles* that Living Cities could play.

Several general observations repeatedly surfaced that help create a framework for understanding the range of innovation and for using information effectively and strategically:

- *Any information effort should begin with outcome goals and a systems change theory; it must then get the right information to drive change, and make it actionable.* This was perhaps the most frequent comment of the individuals we interviewed. Stand alone data or information for its own sake does not routinely get taken up or cause change; in other words, "No Data Dumps" and "No Map Madness." Indeed, if you don't start with the strategic question of what impact is sought, and what system and user will cause it, enormous resources get spent developing the wrong information. Data are meaningless, and useless, without context, tools and users to make them relevant and actionable. "People do not want data, they want answers."

**Varying information assets must be tailored to particular market objectives.**
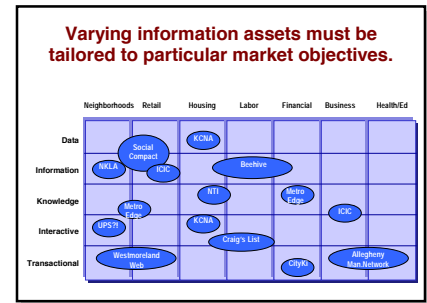
- *Information drives change in several distinct ways: moving markets, enabling strategic planning, and informing policy.* First, information and information networks have become the very currency of commerce. With respect to economic systems, information itself is a change agent, directly moving markets — allowing them to more efficiently include urban people, businesses and places. Second, information is being used for strategic analysis, planning and evaluation—helping development practitioners, agencies and governments make better informed decisions. Finally, information is informing public policy—improving government actions affecting neighborhoods.

Dimensions of Information Assets: Uses

- **Markets.** Change the production, consumption or exchange functions to allow markets to more efficiently include inner city people, businesses and places.
- **Planning and analysis.** Help development practitioners, agencies and governments make more informed decisions.
- **Policy.** Help improve government policy affecting neighborhoods.

- *Targeted combinations of data, knowledge and tools are needed for particular uses.* Innovators identify three primary types of information resources, and emphasize the importance of understanding both their distinctions and their interdependence. Data are the raw material of information (e.g., building permits, housing starts). Knowledge refers to the analytic use of information (e.g., neighborhood typologies, sales forecasting models). Tools provide the infrastructure, applications and networks that make information actionable (e.g., web platforms, kiosks). Data, knowledge and tools are co-dependent: data are accessed only in the form of some tool (even if paper and pencil); knowledge both guides data collection, and is dependent upon it; access to knowledge and its deployment requires tools.[4] The best innovators are very strategic about expanding the data on urban markets, increasing the knowledge base on how these markets operate, and ultimately creating interactive and transactional tools that allow information to drive specific market and service systems.

Information assets are most effective if tailored to target audiences and users.

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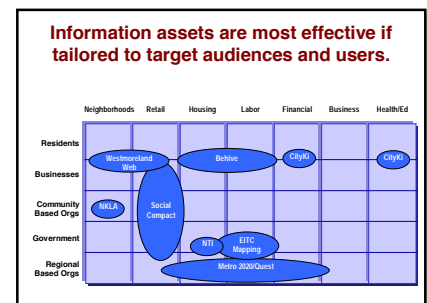
[4] The illustrations in Appendix B reveal this process of integration. See Appendix D for a more detailed discussion of the role and types of information tools and systems.

With respect to initial areas of focus and roles for Living Cities, interviewees had a great deal to offer:

- ***Efforts to expand existing work need to occur at both the macro and micro, national and local levels.*** These levels of thinking and action are inextricably linked. On the one hand, the *value* of information goes up to the extent it is specialized, customized, highly local, unique, qualitative, real time and accompanied by access. This allows producers, investors, product and service deliverers, and others to know and reach their consumers in an efficient manner with the best-suited product. On the other hand, the *utility* of information goes up to the extent it is widely available for large geographies and populations in standardized forms. Thus, the goal is to create national tools and systems that continuously gather real time customized data in forms that are standardized and serve large populations or geographies (think Amazon.com.), using infrastructure that can be deployed and customized to local uses and users.

- ***Improving the collection and accessibility of targeted federal, state and local data is an important starting point, and there is much low hanging fruit.*** Many of the interviewees noted that the primary source of data of all sorts is government, particularly the federal government; and it has a lot more data than it makes available. The federal government also has the capacity to directly or indirectly collect targeted new data in standardized forms; it already does so with respect to crime and disasters and should be performing this function with respect to economic development. (A small business self-reporting system would be an example of the latter). Considering its importance, more detail on data opportunities is provided in the next section.

- ***There is a desperate need for knowledge and analytic frameworks on urban neighborhoods.*** The individuals we interviewed were frank about the fact that very little serious economic work has been done to understand neighborhoods and the role they play within larger regional economic systems. They want better analysis in order to be strategic.

- ***National actors should respect the market and innovation process.*** The innovation happening throughout the country is exciting, chaotic, fragmented, sporadic, anecdotal, and rapidly evolving—and that's not all bad. Like markets themselves, the innovation process is organic: the behavior of many independent people and institutions working on particular problems is self-organizing, and grounded in specific places. We are in the early stages of the learning, product development and diffusion process. There is a fervent plea that national efforts support this organic process, and not supplant it. This is based on a strong belief that creating big, top-down, bureaucratic, "planned" systems does not reflect how markets work.

- ***Many innovations are on the verge of breakthrough; strategic brokering of partnerships and investments could take them to scale.*** Neighborhood information systems such as NKLA, analytic systems like MetroEdge's CitySystem, and social service delivery systems such as RealBenefits or HelpWorks, are ready for further piloting and roll out. Perhaps as exciting, data systems like NKLA could be combined with analytic ones like MetroEdge, to make the data more actionable. HelpWorks might be introduced to One Economy's BeeHive to create a new, online, comprehensive social service and benefits delivery mechanism. The Amazon Web Services (AWS) platform and the CityKi kiosk model

could be combined to create a new infrastructure for the efficient delivery of commercial products and services.

- ***The time is ripe to build a field and industry around urban information development.*** Despite the enormous number of exciting innovations, there is a major institutional gap. There is no institution focused on synthesizing the exciting information initiatives happening across the country, connecting them and bringing them to scale. There is no institution focused on driving information policy at the federal, state and private sector levels. There is no data champion to bring economies of scale to the work of multiple organizations each confronting the same data needs, but without the capacity or resources individually to address them. There is no institution understanding the disparate knowledge development needs of the field. And there is no institution to share the costs of innovative tool development and pilot testing.

D. LEARNINGS FROM THE FIELD: STARTING WITH THE DATA OPPORTUNITY

As noted, raw data constitute the building blocks needed to construct the new analytics and information tools that can move markets and systems to better incorporate urban neighborhoods. Observers highlighted many categories, characteristics and issues concerning data, some of which are summarized below. They also repeatedly emphasized one key point: a great deal of the relevant data are already collected (or could easily be collected with existing systems) by public or private agencies who gather it for their own administrative, regulatory or business purposes, and therefore are not focused on putting it in a form that is standardized and accessible. A national institution that understood and could champion the strategic use of data could work with these agencies to make these data available, producing early and significant returns.

These data fall into several distinct categories, presenting varying issues:

- ***Data that are already collected by the federal government, but not made readily available or accessible.*** The Federal government collects a tremendous amount of data for a wide range of specific administrative purposes. While much of these data could also be very useful for driving markets and policy in urban neighborhoods, they are either not made readily available or are not accessible in the form that will be most useful to its eventual users. Examples include data on federal programs, such as EITC or Food Stamps; data on businesses and employment (ES 202/Unemployment Insurance Wage Database[5]); and Internal Revenue Service data on personal and business income. Several federal initiatives are currently considering making more data available in different forms (E-Gov; Geo-Spatial Data Consortium), and indications are that they would both welcome and benefit from input from potential local users.

- ***Specialized data that could easily be collected within the existing federal data collection system.*** The Federal government is the primary collector of a large amount of data for general information and measurement purposes, and many of these systems could be enhanced, with modest effort, to provide better data on urban neighborhoods and families.

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[5] This data source surveys employers to identify number of business establishments, monthly employment, and quarterly wages by industry; this information is integrated with data about the employer – notably by industry (by SIC) and by geography (by zip). These data are collected as a collaboration between the Bureau of Labor Statistics (Department of Labor), and State Employment Security Agencies (SESAs).

Opportunities particularly exist to collect certain types of data with greater frequency, and for smaller geographies. For example, the Census Bureau has been piloting the American Communities Survey, an annual detailed survey of households designed to eventually replace the Census Long Form. ACS would be a very powerful data source for all urban development activities, but its future is currently uncertain.

- ***Data that are collected by state or local administrative agencies, but not made transparent or usable.*** Like the Federal government, state and local agencies collect a great deal of data for many different purposes. These data are housed in various agencies, usually in ways that are not coordinated or uniform across states, within states, or even within each city. This variation in formats and procedures makes the data hard to obtain, and near impossible to use across different geographies. Obtaining these data for market analysis purposes presents bureaucratic, confidentiality, data form, compatibility, documentation, spatial scope (what types and levels of geography are covered) and data quality issues.[6] These are all surmountable problems: working with leading cities to understand what data will best drive change, and to systematize and standardize its collection, offers great opportunity. Examples of particularly valuable local data include tax delinquent properties; building and business permits; and sales taxes.

- ***Data that are collected by the private sector.*** Private sector companies collect many types of data on people and places to help them make investment decisions and run their businesses more efficiently;[7] some of these data are particularly revealing and useful for urban development. These organizations often have no idea that their data has other uses, and no incentive to investigate those possibilities. Local pilots have succeeded in getting target data sets, and could be expanded upon to more systematically gather key private data. Examples include utility hook ups, usage and payments, and rental payment data.

- ***Data that are collected by private sector data intermediaries***. Considering the enormous value of data in driving markets, it comes as no surprise that the data business is flourishing—with a broad range of activities from Claritas to the Yellow Pages. These infomediaries build analytic tools on top of federal, state, and local government databases, as well as collect original data. These organizations are very sophisticated brokers of data, and have a deep understanding of the possible uses of their analytics to move local economies and markets. They are a critical component through which information reaches and moves markets, making them important partners, including to enhance their information to more accurately reflect urban neighborhoods and assets.

Each of these data sources present major opportunities to make better information available to drive urban development.

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[6] See, "Developing Community Statistical Systems With American Community Survey Summary Profiles and Administrative Records," by Cynthia M. Taeuber (available from author).
[7] Indeed, private businesses are increasingly collecting massive amounts of data automatically with the new information tools, often literally more than they know what to do with.

E. SEIZING THE MOMENT

Living Cities has an unprecedented opportunity to support and strengthen the emerging wave of entrepreneurial and innovative work around neighborhood information resources currently being undertaken by a growing network of institutions. Living Cities can help this loose network become a robust field—indeed an industry—systematically generating new data, knowledge and tools to connect neighborhoods and families to the mainstream economy.

II. THE NEIGHBORHOOD MARKETS PROJECT: TEN YEAR VISION AND GOALS

A. LONG TERM VISION AND OUTCOMES

The increasing role and power of information, the dynamic innovations applying data and tools for urban development, and the observations of leading practitioners, all affirm that Living Cities should undertake a major 10-year effort—a **Neighborhood Markets Project**—to develop and use information to connect low-income people and neighborhoods to the economic mainstream.

The **Neighborhood Markets Project** could have profound implications for urban neighborhoods and the people who live there:

❶ The Project could spark, at the national level, an affirmative, asset-based conversation around urban neighborhoods and families that generates new perceptions, ideas and approaches to urban opportunities.

❷ The Project could drive market investment, local policy reform and family asset building in substantial, systematic ways.

More specifically, the Project could achieve several major outcomes over the next decade:

- The Project could reveal, for the first time, the spatial distribution of federal investments in urban neighborhoods and families. This disclosure, annually updated, could have significant implications for the kinds of policy reforms that urban leaders pursue at the federal, state and local levels. It could also help local leaders leverage federal investments in working families, enabling them to expand their incomes, grow their savings and build assets that appreciate in value.

- The Project could develop the data and tools that dramatically expand the capacity of businesses to successfully identify, serve, and employ residents of, neighborhood markets, and that support business supply chains and networks.

- The Project could give local leaders, including community development corporations, the data and tools to market urban neighborhoods to regional firms seeking qualified workers and potential business locations.

- The Project could increase the efficiency and productivity of local economies, improving the mechanisms for residents and businesses to be connected to jobs, services and investment.

- The Project could give practitioners and governments the analytic tools to identify the distinct assets of their target geographies, and how they fit in and connect to larger systems. It will allow government to tailor land, tax and workforce policies to the particular market realities of different neighborhoods, increasing the efficient use of scarce public resources.

The Project, in short, could fundamentally improve the linkages of urban neighborhoods and people to the mainstream economy and help realize the potential of inner-city retail, business, labor and financial markets.

B. A GENERAL FRAMEWORK FOR ACTION: GOALS AND STRATEGIES

The Neighborhood Markets Project aims to close the information gap that currently undermines the economic potential of neighborhoods and people. This will involve efforts at the national level to ensure that reliable information on neighborhoods and families is readily available and accessible through the public and private sectors. It will also require local efforts to pilot innovation and ensure that information can be deployed and customized to local uses and users.

These priorities translate into three sets of goals and strategies designed to make federal data accessible, local data usable and both sets of data actionable. These goals and strategies would naturally feed into each other, and all would proceed simultaneously.

What follows are the general goals and strategies that would be undertaken by the Project over the next decade. Section III of the Report describes, with greater specificity and detail, how these goals and strategies would be applied in the first three years of the Project.

GOAL 1: To make federal data on the assets of inner-city neighborhoods and residents transparent and accessible.

As described above, there is currently no institution at the national level that ensures that the federal data necessary to understand, enable and invest in neighborhood markets is collected, and that this information is made transparent and accessible. Over the next ten years, the Neighborhood Markets Project can fill this critical role. It can act as the premier national champion for assembling and displaying market and household data in a manner that is usable by governmental, private sector and nonprofit actors.

Achieving this goal will involve a series of definable tasks and actions:

⇨ **Identify priority data needs**

The Neighborhood Markets Project would establish a Data Consortium to help identify the federal data most needed to value the assets and economic potential of urban neighborhoods. The Consortium would consist of a focused confederation of people and organizations that use data for neighborhood change and would include practitioners, businesses, data intermediaries, scholars and policy analysts. As described in Section III, the Project and the Data Consortium would focus on specialized subjects and uses in seriatim. In the initial three years, for example, we recommend that federal data necessary to display the spatial distribution of federal investments, move business markets, and develop neighborhood typologies receives initial priority. In later years, the Data Consortium might focus on identifying federal data necessary to improve the workings of inner-city labor or financial markets.

⇨ **Champion the collection and dissemination of key data**

Once it identifies priority data needs, the Neighborhood Market Project would become the premier national champion for making federal data more widely available through public and private mechanisms in a transparent, routine and efficient manner. In some cases, this might entail convincing federal agencies to make data that are already collected more readily available through the web. In other cases, this might entail convincing Congress and federal agencies to collect new kinds of information that are particularly relevant to urban neighborhoods and families. In all cases, this would require the Project to articulate a clear picture of (a) the importance of particular data; (b) the current state of collection and dissemination; (c) the barriers to making the data available and usable at the neighborhood level; and (d) the steps necessary to make data transparent, accessible and actionable.

To this end, the Project would create a special "data brief" series to bring clarity to the critical importance of and issues concerning strategic data collection and dissemination, in this case at the federal level. These "data briefs" would become a "brand" product of the Neighborhood Markets Project and would, over time, become the foundation for Congressional and agency decisions on data collection, availability and accessibility.

GOAL 2: To make local data on the assets of urban neighborhoods and residents standardized and usable.

As illustrated by some of the earlier examples of innovation and the illustrations in Appendix B, much of the key data on inner cities are initially generated locally, or must inherently be customized to local places to enable investment activity and policy reform. A great deal of relevant data (e.g., building permits, housing sales, vacant land, utility usage) are often collected by various local administrative agencies or other organizations in a haphazard or inconsistent manner. There are also a great deal of original data not currently collected that could have enormous utility for planning, policy, or moving markets.

Developing the capacity to continually understand what data are needed, and in what form they will be useful and used, requires local pilot projects that both gather new local data sets and deploy the ones collected and made available nationally. Thus, the Neighborhood Markets Project would play several roles to stimulate better information and use of information at the local level.

⇨ **Identify priority data needs**

The Neighborhood Markets Project would use the Data Consortium described above to help identify the local data most needed to value the assets and economic potential of urban neighborhoods, and to move markets to see, serve and include those assets. An effort to stimulate business development in urban neighborhoods, for example, would benefit from multiple data sources collected at the local level (e.g., sales tax data, permits, utility usage, etc.). As with the federal data effort, the Neighborhood Markets Project would create "data briefs" that define the importance and value of certain local data sets for neighborhood and family outcomes and describe the issues surrounding the collection and availability of such data.

⇨ **Support the assembly of local data in pilot cities**

The Neighborhood Markets Project would also "go to ground" through efforts to pilot information collection and dissemination systems, in ways tailored to specific users and uses, that can be models for the nation.

First, the Project would support local organizations in a few cities (with assistance from national organizations) to build local strategic, comprehensive databases that are usable and useful for particular development activities. As described in the three-year work plan, for example, one local pilot might involve trying to replicate the data collection efforts of The Reinvestment Fund in Philadelphia.

Second, the Project would work with local governments in a group of cities on standardizing the collection and dissemination of key identified data sets. Once piloted, such standardized systems could then be shared with other cities through national intermediaries like the National League of Cities or the U.S. Conference of Mayors.

GOAL 3: **To make data actionable to drive market investment, policy reform and asset building**.

The objective of the Neighborhood Markets Project is not just to generate new data or make existing data more available and accessible. Rather, the ultimate goal is to make data actionable to drive positive outcomes for urban neighborhoods and people.

Making data actionable requires new research that provides leaders and practitioners a better understanding of the relationships between geography, economics, and information. It requires strategic tools that can gather, house, disseminate, analyze and facilitate transactions based on the data. And it requires bringing businesses, practitioners, information specialists and other experts together to move the data into the mainstream, spur new thinking, and ultimately build a new field around information resources.

⇨ **Seed cutting edge research**

The Neighborhood Markets Project would seed new research to promote better understanding of the assets and dynamics of urban neighborhoods and their connections to city and regional economies. Several major questions will need to be answered: What are the key geographies for different economic activity? How do neighborhoods link to city and regional economies? How do key assets and opportunities differ across neighborhoods? In effect, this research is needed to allow leaders and practitioners to better understand, and then build on, the role information plays in increasing economic inclusion and productivity across different markets and geographies.

The research would be conducted through a network of scholars, practitioners and policymakers. This modus operandi would further the development of a field of thought leaders who help redefine the potential of lower-income neighborhoods and families and the policies necessary to realize that potential.

⇨ **Encourage the development of information systems and tools to increase market activity and family asset building.**

The Neighborhood Markets Project can play a much-needed role in shaping the next generation of initiatives that use information technology to spur change. First, the Neighborhood Markets Project could identify, examine, and disseminate best practice models of tools and systems that offer potential for replication. This would include tools currently being piloted in communities as well as tools developed by the private sector that could be used to drive market investment and wealth creation in neighborhoods.

Second, the Neighborhood Markets Project could support the creation of new information systems and tools that can be used by businesses, governments, and community institutions on a regular and routine basis. This part of the Project will take several years and considerable testing and re-testing through pilots. The key is to build replicable models that can be applied in a diverse set of cities and neighborhoods, while ensuring that local constituencies have the ability to customize systems in ways that are appropriate to local conditions and priorities.

⇨ **Host convenings and lecture series**

Through convenings and lectures, the Neighborhood Markets Project would bring together experts in the field to exchange ideas, spur new thinking, and ultimately help generate a national conversation about the role and importance of information assets in improving neighborhoods. Many of these convenings would be private affairs, bringing together small groups of scholars, government officials, neighborhood activists and business leaders. It is expected, however, that the Neighborhood Markets Project would host one major public forum a year to ensure that breakthrough ideas and innovations are shared more broadly.

III. GETTING STARTED: THE THREE YEAR WORKPLAN

Considering the long term vision and goals, and so many innovations offering possible productive starting points, the Neighborhood Markets Project needs to make tough choices to focus its initial efforts. A few straightforward criteria can help guide these choices:

- focus on issues and outcomes that are important to Living Cities
- select areas where improved information is achievable and will makes the difference
- build off of current innovations that are ready to go to scale
- choose a niche in which Living Cities can succeed in producing real outcomes

These criteria lead us to recommend that the Neighborhood Markets Project can have the greatest impact by initially focusing on the following three primary areas.

Federal Investment Flows[8]

Understanding the spatial flow of federal investments (both in people and in places) is critical to efforts to generate markets, improve neighborhoods, and build the assets of low-income families. The importance of people-based investments for neighborhoods, in particular, cannot be minimized. These investments annually amount to tens of billions of dollars, dwarfing investments in housing and community development programs. By augmenting the incomes of families in urban communities, these investments help form the basis for neighborhood commerce. By supporting locally based institutions (e.g., hospitals, community health centers), these investments generate jobs that can be filled by neighborhood residents. Yet we know little about the flow of these funds and even less about their impact on local economies. Incredibly, we know more about where private banks lend than where government bureaucracies spend.

In recent years, some initial work has been done to track the spatial distribution of the earned income tax credit (EITC) and assess the larger division of federal investments between cities and suburban communities. Providing a broader picture of federal investments in urban neighborhoods and families would help shape and support local efforts to leverage federal resources (e.g., EITC campaigns). It would also have significant implications for the kinds of policy reforms that central city and community leaders pursue at the federal, state and local levels. It is expected, for example, that disclosure would unveil the profound role played by federal health care expenditures in urban job creation and city and neighborhood economies.

Business Development[9]

Competitive businesses and business services are an essential component of healthy neighborhoods. Yet inner-city markets are frequently overlooked as viable places able to support business growth and development. This is due largely to the fact that information on existing businesses and employees, as well as markets and consumers, is either unavailable or inaccurate; as a result, these assets remain untapped.

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[8] See the case study on EITC in Appendix B.
[9] See the case studies on business development and retail services in Appendix B.

Current efforts are beginning to make information on neighborhood business and consumer markets more transparent, and are creating information tools to move business markets to better include urban neighborhoods, businesses and consumers. Taking these efforts to scale would expand the capacity of businesses to identify and serve urban markets; would give local leaders the information needed to market urban neighborhoods and their residents to regional firms; and would ultimately increase the efficiency, productivity and competitiveness of local economies.

Neighborhood Typologies[10]

Taking an inventory of data on various neighborhood indicators—from housing vacancies to the number of local businesses—is essential to a city's ability to understand neighborhood market conditions. Gathering data is only a first step, however. Through sophisticated statistical analysis, data can be used to categorize neighborhoods based on their characteristics, assets, and competitive advantages.

Several cities have developed classification systems for their neighborhoods based on their housing market conditions. Others are beginning to develop typology systems for business development and other areas. Replicating the creation of typologies in greater numbers of cities would allow government and development agencies to move beyond "one size fits all" strategies, leading to wiser and more appropriate investment of scarce resources, stimulating market activity where feasible, and ultimately making city neighborhoods more competitive with surrounding suburbs.

The recommended actions and activities Living Cities should take in each of these areas over the next three years are described below.

A. FEDERAL INVESTMENT FLOWS

⇨ IDENTIFY KEY DATA ON FEDERAL INVESTMENTS. The Neighborhood Market Project would establish a Data Consortium on federal investments, which would include scholars, representatives from key national organizations (e.g., LISC, Enterprise, Center on Budget Policy and Priorities, National League of Cities, U.S. Conference of Mayors) and members of organizations that use federal information to spur asset-building initiatives (e.g., Community Catalyst, HelpWorks). This Consortium would focus on identifying the key federal data needed to (1) display the spatial distribution of people-based investments; and (2) develop an accurate inventory of federal investments in urban areas.

⇨ ACT AS A CHAMPION FOR THE COLLECTION AND DISSEMINATION OF KEY DATA. The Neighborhood Markets Project, in partnership with the Data Consortium, would act as an champion for the collection and dissemination of data on federal investments. The Project would develop a series of 'data briefs' that analyze existing data sets and sources, and outline current obstacles to their collection and/or availability. Briefs on federal data might focus on: people-based investments (e.g., EITC, food stamps, Medicaid) as well as place-targeted

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[10] See the case study on neighborhood typologies in Appendix B.

investments (e.g., transportation, community development, affordable housing). These briefs would be targeted toward Federal agencies (e.g., HHS, Agriculture, HUD, DOT) and policy makers to promote the wider dissemination of these data.

⇨ SEED CUTTING EDGE RESEARCH. The Neighborhood Markets Project would work through a network of scholars, practitioners, and others to conduct research on federal investments in urban areas. The Project would seed specific research products in a select number of high-profile and high-impact areas. Key early products might:

- assess the impact of federal people-based investments on municipal budgets, neighborhood economies and family asset building; and
- develop a federal urban (or neighborhood) budget that tracks the spatial distribution of all federal spending in a few select cities and metropolitan areas.

⇨ SUPPORT THE CREATION OF NEW SYSTEMS FOR SOCIAL SERVICE DELIVERY. The Neighborhood Markets Project would serve as a catalyst to bring together organizations that have used data to develop innovate tools to serve lower-income people. For example, Living Cities could help foster a partnership between Helpworks and One Economy's Beehive to create a new, online, comprehensive social service and benefits delivery mechanism. The Neighborhood Markets Project could support a joint effort to develop a platform that would initially be piloted in a small number of cities. The Neighborhood Markets project might also support the replication of existing social delivery systems, such as RealBenefits, in pilot cities.

B. BUSINESS DEVELOPMENT

⇨ IDENTIFY KEY DATA ON INNER-CITY BUSINESSES AND BUSINESS MARKETS. The Neighborhood Markets Project would establish a Data Consortium on business development, which would include scholars, representatives from business and market research organizations (e.g., MetroEdge, Social Compact, ICIC), and conventional private sector information providers (e.g., Claritas, Dunn and Bradstreet). This Consortium would focus on identifying the key federal and local data needed to (1) make consumer and business markets in the inner city work better; and (2) develop an accurate inventory of neighborhood businesses and their characteristics (products and services, sales, employees, etc.).

⇨ ACT AS A CHAMPION FOR THE COLLECTION AND DISSEMINATION OF KEY DATA. The Neighborhood Markets Project, in partnership with the Data Consortium, would act as a champion for the collection and dissemination of key business development data. The Project would develop a series of 'data briefs' that analyze existing data sets and sources, and outline current obstacles to their collection or availability. Initial briefs would focus on both federal and local data sources:

- *Briefs on federal data might focus on:* the ES 202/Unemployment Insurance Wage Database and the Longitudinal Establishment Database. These briefs would be targeted toward federal (e.g., Census Bureau; Bureau of Labor Statistics) and state agencies (e.g., Employment Security Agencies) and policy makers to promote the wider dissemination of these data in more useful forms.

- *Briefs on local data might focus on:* cash economy indicators, tax and permit records, and other relevant data. These briefs would focus both on currently collected local administrative data (and how to make it more broadly available for business development purposes) as well as 'alternative' and original data sets. These briefs would be targeted toward state and local policy makers and practitioners.

⇨ SUPPORT THE ASSEMBLY OF LOCAL AND ORIGINAL DATA IN PILOT CITIES. Because much of the data needed to spur business development comes from local sources, the Neighborhood Markets Project would support organizations to build local databases. Several organizations around the country, such as ICIC, are working to collect business and employment data for the purpose of business network development. Others, such as Shorebank's MetroEdge and Social Compact, have focused on collecting and making available data on inner-city consumer markets. This local work could be more systematically moved forward by coordinating and improving upon existing data collection efforts on inner-city businesses and markets, and supporting their replication in pilot sites. A multi-city pilot to systematize collection and sharing of a few key data sets could support both this business development work, and the development of business typologies.

⇨ SEED CUTTING EDGE RESEARCH. The Neighborhood Market Project would work through a network of scholars, practitioners, and others to use the data to improve understanding of employment and business opportunities in urban neighborhoods. The Project would seed specific research and act as a clearinghouse on relevant work. Key early products might:

- track employment and business patterns in urban neighborhoods using the latest national data;
- examine the connections between inner-city, central-city and metropolitan economies (particularly with regard to labor, supplier and retail markets);
- assess business performance over time in a select number of urban neighborhoods; and
- develop site selection and consumer segmentation models that work for urban neighborhoods.

⇨ SUPPORT BEST PRACTICE BUSINESS DEVELOPMENT TOOLS AND SYSTEMS. The Neighborhood Market Project would support an organization or organizations with expertise in systems development to identify best practice models of tools that can make the new data actionable for business development purposes (e.g., Shorebank's MetroEdge system, or those developed by Bill Lilly's company IMAPDATA). The Project would support partnerships between organizations that collect and warehouse data (e.g. NNIP members) and those that incorporate data into tools to enhance business information systems, and would replicate the systems for pilot cities.

⇨ SUPPORT THE DEVELOPMENT OF NEW INNOVATIONS. The Neighborhood Market Project would support organizations to create new tools and systems that allow the routine collection of business and employment data (both that which is already collected by localities, as well as alternative sources of data) for small geographies. The Project could create an 'innovation

fund', for example, to provide research and development grants. Such a fund would support both the development of specialized tools for collection of specific information (e.g., an automated small business self-reporting system), as well as cutting edge, real-time transactional tools that not only capture information, but enable transactions (e.g., CityKi's kiosks, the BeeHive, or neighborhood platforms[11]).

C. NEIGHBORHOOD TYPOLOGIES

⇨ IDENTIFY KEY DATA ON INNER-CITY HOUSING MARKETS. As described above, the Neighborhood Markets Project would establish a Data Consortium on neighborhood typologies, which would include representatives from various organizations that have successfully developed typology systems in their own communities (e.g., The Neighborhood Reinvestment Fund in Philadelphia, the District of Columbia Office of Planning). This Consortium would focus on identifying the key data needed to construct neighborhood housing typologies. While the Consortium would initially focus on housing market data, it would also begin to identify the data needed to construct typologies for other areas, such as business evolution and demographic characteristics.

⇨ ACT AS A CHAMPION FOR THE COLLECTION AND DISSEMINATION OF KEY DATA. The Neighborhood Markets Project, in partnership with the Data Consortium, would act as a champion for the collection and dissemination of data needed to construct neighborhood typologies. The Project would develop a series of 'data briefs' that analyze existing data sets and sources, and outline current obstacles to their collection and/or availability. Initial briefs may focus on local records on building permits, tax delinquent properties, vacant and abandoned housing, and housing characteristics (such as sales and occupancy). These briefs would be targeted toward policy makers and practitioners at the state and local level.

⇨ SUPPORT THE ASSEMBLY OF EXISTING LOCAL DATA IN PILOT CITIES. Because much of the data needed to construct neighborhood typologies are from local sources, the Neighborhood Markets Project would support organizations to build local databases. Many local organizations around the country are collecting data on a range of neighborhood indicators, many with support of national initiatives (e.g., NNIP). These efforts generally focus on making data currently collected by local administrative agencies more broadly available via web based systems; Neighborhood Knowledge Los Angeles (NKLA) is one example of a group focused on the assembly and mapping of local housing data. Support is needed both to build and improve upon these existing efforts, and to replicate them in additional sites.

⇨ TAKE THE DEVELOPMENT OF NEIGHBORHOOD HOUSING TYPOLOGIES TO SCALE. The Neighborhood Markets Project would support an organization (e.g., The Reinvestment Fund) or partnership of organizations to improve and document the methodologies, as well as the systems, used to create housing market typologies in Philadelphia and elsewhere. This could become a replicable model that would then be utilized to construct typologies in pilot cities (ideally cities where housing databases have already been created). Ultimately, the creation of typology systems would have the potential to become an 'idea virus' that causes routine data collection and analysis on neighborhood housing markets in cities nationwide, and

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[11] See Appendix D for further examples and a fuller discussion of tools generally.

fundamentally changes the way local governments and neighborhood organizations set priorities, allocate public resources, and help stimulate private sector investment.

⇨ <u>PILOT THE DEVELOPMENT OF TYPOLOGIES FOR OTHER NEIGHBORHOOD MARKETS.</u> The Neighborhood Markets Project would support an organization or organizations (e.g., MetroEdge, ICIC) to build upon current, more nascent, efforts to create typologies based on other place-based characteristics and assets beyond housing. Business typologies, for example, are particularly important to differentiate neighborhoods for economic development purposes. This methodology would initially be piloted in a small number of places, and would be further refined, before it is broadly replicated in other sites.

IV. INSTITUTIONAL DESIGN

The best institutional structureto govern the Neighborhood Markets Project is dictated by the broader mission, goals, and strategies of the Project.

To effectively carry out the activities and deliver the products outlined in Sections II and III, the governance of the Neighborhood Markets Project must have the following characteristics.

⇨ BE INCLUSIVE, GROUNDED AND CONNECTED: To be successful, the Neighborhood Markets Project needs to engage and collaborate with a diverse network that includes private sector institutions, policymakers, community practitioners and foundations. Structures and modes of operation need to be established to ensure that the Project stays "close to the ground" so that its work is informed by end-users and has maximum utility for the field.

⇨ TAP MULTIPLE SKILLS: The Neighborhood Markets Project will fund and oversee disparate kinds of activities: data advocacy, research, tool creation. It is unlikely that one organization would alone possess the requisite skills and competencies needed to move these activities forward. Thus, it is essential that the governance and management structure of the Project permit collaborative relationships that are both broad and deep.

⇨ REMAIN CLOSE TO FUNDERS: The Neighborhood Markets Project is designed to build upon existing work that is already underway and, in many instances, funded by individual foundations, including members of Living Cities. The governance structure of the Project must ensure that opportunities for synergy be maximized and the potential for duplication be minimized.

⇨ BE CREDIBLE: The Neighborhood Markets Project must speak with authority and be credible to federal and local policymakers and key business leaders.

⇨ BE PROFESSIONALLY MANAGED: While field building must be the driving force behind the Neighborhood Markets Project, professional management and financial expertise are crucial to the viability of the enterprise. The Project will be managing large sums of money, and funding and investing in diverse activities. This means that, while structures for broad participation should be created, they must not impede professional management.

⇨ BE ENTREPRENEURIAL, NIMBLE -- AMARKET-MAKER: The Neighborhood Markets Project must be flexible, specialized, continually innovative and self-inventing; it must be able to spot opportunities and act efficiently. To this end, it must always work in close collaboration with end-users of the data, knowledge, and tools it produces.

In effect, we need an inclusive, grounded, learning organization that listens well and which, at the same time, acts as an entrepreneurial, professional organization that gets things done.

A document addressing governance, management and budget issues for the Neighborhood Markets Project will be provided separately to the Policy Committee.

CONCLUSION

We end where we began. Information moves markets. Information drives policy and governance. Information can restore the health and productivity of urban neighborhoods, and enable them to become integral parts of mainstream economic and social systems. In sum, information could be as important to neighborhood development in the next decade as development finance has been in the past decade. To harness this power, however, an institution is needed to capture the existing innovations beginning to bubble and ripple across the community development field, and build them into a wave of change. Living Cities is poised to be that institution.