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Feature

Place-Based Strategies for Reviving America

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By Seth D. Kaplan

Social problems are entrenched in distressed communities. New approaches for uplifting neighborhoods demonstrate the scale and collaboration necessary to offer opportunity to all.

Nothing mars our country's promise of opportunity more than distressed neighborhoods. Yet their numbers continue to swell, despite a wide range of public and private interventions. Over the past 50 years, the tally of high-poverty neighborhoods has tripled and the population of poor people in them has doubled, according to a report by urban researchers Joe Cortright and Dillon Mahmoudi.¹ American cities are currently home to about 750 of these challenged communities; more exist in suburban and rural areas. They cast a deep shadow on the American Dream.

The relationship between place and disadvantage is now indisputable. Economist Raj Chetty's research has shown how a person's social mobility depends on the neighborhood in which he or she grows up. Bad outcomes—including poverty, homicides, low birth weights, low employment rates, unstable families, underperforming schools, and poor physical and social infrastructure—are clearly correlated with location, with grave impacts on the children and youth living there.² As a result, the problem of disadvantage becomes magnified by its concentration in specific locales. Concentrated disadvantage creates a multiplier effect on neighborhood social dynamics, producing a wide range of social problems that reinforce harmful patterns and obstruct redress.

By contrast to their better-off compatriots, the people in these places not only have fewer economic resources but also are more dependent on the other members of their local community. Working-class and poor Americans "report relying on their friends and neighbors for practical help such as child care, spiritual advice,

Photograph by Alfield Reeves



car and home repairs, and cash gifts or loans more often than middle-class Americans do,” writes sociologist and physician Nicholas Christakis. The middle (and upper) class “tend to get support from formal institutions such as therapists, work colleagues and mentors, and legal and financial advisers.”³ Reliance on neighbors is not, in itself, problematic. But such social ties have decayed, as Robert Putnam has noted. In 2017, the political scientist testified in a congressional hearing on social capital about how working-class neighborhoods used to have strong social institutions

like the Catholic Church or Scouts or the Polish-American society or simply older neighbors. Those institutions, in effect, provided a “social safety net” that could help catch and sustain kids experiencing problems at home. Today, that array of institutions and the ranks of “assistant moms” have essentially collapsed in working-class neighborhoods.⁴

Public and private efforts to address disparities and disadvantage have not fully grappled with this more fragile social ecosystem. Few if any entities work at the neighborhood level to alter the fundamental

social context that makes interventions inevitable in the first place and limits their effectiveness once undertaken.

Part of the problem is how government agencies, philanthropists, and nonprofits operate. For the most part, they tackle specific goals, such as education, housing, health, security, food, and work, focusing on achieving these in a set of silos. They define problems within the confines of their mandates and rarely work with other silos or seek to address the larger picture. They may not even ask whether their objectives are achievable in context. As systems change analysts John Kania, Mark Kramer, and Peter Senge argue, “Complex problems such as mass incarceration, educational disparities, and environmental degradation remain intractable due to myriad constraints that surround any specific program a foundation might fund.”⁵ The Eisner Foundation’s Trent Stamp and Cathy Choi similarly write, “The

↓ **A community gathering in Grand Rapids, Michigan, where Purpose Built Communities Network member Amplify GR works to strengthen ties**

problems philanthropy seeks to remedy are big, messy, and complicated. Yet far too often, we try to combat them with simple responses. ... it’s far easier to focus on outputs ... than on systems change.”⁶ Since problems do not exist in isolation but connect as part of an integrated social dynamic, a new approach is needed. “Attempts to change places and social environments rather than people might deliver better results,” sociologist Robert Sampson suggests.⁷

Notable experiments are already underway. Some organizations are achieving remarkable change by focusing on transforming place first and foremost, rather than focusing on specific problems or goals in a siloed manner. Even though their stated goals emphasize helping marginalized groups and reducing poverty, they do not do this directly. Instead, they pursue holistic place-based systems change. They seek to dismantle concentrated disadvantage by transforming the underlying socioeconomic context that low-income people inhabit.

In what follows, we will review three place-based organizations to better understand this approach: the East Lake Foundation (ELF) in Atlanta, the national Purpose Built Communities (PBC) network, and Corridors of Opportunity (CoO) in Minneapolis-Saint Paul. As we



will see, this strategy requires investing in multiple arenas that affect community well-being simultaneously and in a coordinated fashion. The scale of these efforts is critical; incremental change is unlikely to disrupt established patterns. Only large investments can catalyze many other actors to make the kind of add-on investments—private, public, nonprofit—that will combine to shift the fundamental economic and social conditions for the better and the long term.

Distressed Neighborhoods

PBC defines distressed neighborhoods in terms of their poverty and employment rates; education, health, and public safety outcomes; home ownership and vacancy rates; and property conditions.⁸ Challenging social contexts affect all residents negatively but are especially detrimental to the next generation because they create high and recurring levels of toxic stress that hinders neurological and physiological development. Causes of toxic stress include pollution, poor social infrastructure (parks, libraries), poor housing, high transiency rates, unstable families, meager learning and work opportunities, distrustful neighbors, unsupportive social ties, crime, violence, sexual abuse, psychological abuse, misogyny, gangs, and limited access to nutritious food.⁹ Studies show that affected children are much more likely to end up with poor coping skills, unhealthy lifestyles, mental illness, and chronic physical conditions—and in permanent poverty.¹⁰

“The neighborhood environment structures the experiences and opportunities of children in ways that alter their trajectories, with consequences that persist over the individual life course and across generations,” sociologist Patrick Sharkey writes.¹¹ Those who can move to a better place do so, leaving behind a dearth of local leaders, role models, working families, and economic resources. As such, even if a family is strong, offers a safe environment at home, and has positive role models, the environment—the place itself—poses a high risk that the children in that family will be affected by the adverse conditions surrounding it.

These neighborhood effects explain why children who are born poor are increasingly likely to stay that way. This trend especially holds for Blacks, who are not only less likely to move up the income scale, but also more likely to be stuck in a distressed neighborhood over many generations. Black youth (13 to 28 years old) are 10 times as likely to live in a poor neighborhood when compared to white youth (66 versus 6 percent), and Black families are 7 times as likely to have lived in poor neighborhoods for two or more generations as white families (48 versus 7 percent).¹²

Inadequate public policies have played a large role in the deterioration of many distressed neighborhoods and the concentration of Blacks in them. In some cases, public policies and public actions explicitly sought to congregate Blacks in specific areas and disadvantage them, as Richard Rothstein shows in his 2017 book *The Color of Law*. Racially segregated public housing, redlining, restrictions on government mortgage guarantees, eviction proceedings, the behavior of real estate brokers, and school zone designations all played a role.¹³ The decline of segregation in recent decades has also contributed to this trend by allowing middle- and higher-income Blacks—potential neighborhood role models, leaders, and economic supports—to leave these places.¹⁴

The response to disadvantaged neighborhoods, Sharkey writes, has been influenced by “the long-standing conviction of some urban

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scholars and advocates that moving families out of the ghetto, en masse, should be a primary dimension of our efforts to confront concentrated poverty.” This approach, he argues, is “unrealistic” and likely to “have harmful consequences for many eligible families.”¹⁵ Public and private initiatives cannot gain traction as long as countervailing neighborhood conditions persist. Addressing these entrenched problems requires a new approach devoted to changing the underlying conditions that lock them in place.

Three Pillars of Change

Social programs and policies are rarely neighborhood-based, and very few organizations see it as their *raison d'être* to change places in such a way that residents see their environments significantly enhanced. But David Edwards, former CEO of Purpose Built Communities, has embraced this work with missionary zeal. “Healthy neighborhoods produce healthy outcomes, because they contain the conditions out of which those outcomes can emerge independently,” he writes.¹⁶

PBC is one of several organizations that are working to fill this gap by making the transformation of specific locales the cornerstone of their work. Arguably the largest and most systematic, PBC was founded to break up the concentration of disadvantage (and the intergenerational poverty it produces) by integrating into a neighborhood people from a broader spectrum of income levels—from the very poor to the upper middle class. The creation of a judicious mix benefits both the neighborhood and its low-income residents: The community gains the physical, commercial, and social assets to thrive and sustain itself over time, and low-income families are no longer confined by concentrated disadvantage but opened to potential opportunities from a dramatically changed context, with especially uplifting implications for children's futures.

The Atlanta, Georgia, community of East Lake exemplified concentrated disadvantage when Tom Cousins, one of the area's most prominent developers, started the East Lake Foundation in 1995. Crime was 18 times the national average—the highest in the city. Nearly three-fifths of adults depended on some form of public welfare. Only 1 in every 8 people was formally employed. Just 1 in every 20 fifth graders was meeting state education goals.¹⁷ A public housing project in the center of the community had become a gathering place for gangs selling drugs and guns. “It was almost beyond description,” Cousins says. “Trash everywhere, windows broken out of the apartments, crime was rampant, no attempt to hide the drug dealing and drug selling on the streets.”¹⁸

In a 2012 report, former Atlanta mayor and PBC CEO Shirley Franklin looked back with Edwards (her government colleague and then successor at PBC), at the complex challenges the East Lake Foundation had faced:

Replacing housing would not attract families if the schools were in poor shape. Schools could not be expected to perform well in neighborhoods where children feared for their

safety and showed up hungry and unprepared. And it is hard to reduce crime in neighborhoods full of unemployed high school dropouts. All of these issues needed to be addressed simultaneously. The neighborhood basically needed to be reconstituted with functioning families, safe streets, and high-performing schools. But how?¹⁹

Through trial and error, and with community input, Cousins pieced together a plan to revitalize East Lake. This plan later became the model for PBC, which was established in 2009 to replicate the ELF effort elsewhere.

That model consists of three pillars. First, *develop high-quality mixed-income housing*. This step attracts the middle class to the area and enables existing residents either to move into better rentals or to buy their homes. Such housing should be surrounded by a variety of amenities serving all residents, making the area more attractive. Both housing and amenities should be geared toward families and children—the most important social group when breaking the cycle of poverty—to ensure the neighborhood attracts households that are income-diverse.

Second, *establish a cradle-to-college education pipeline* that seamlessly provides learning opportunities through high school as well as the support necessary to ensure successful entry into college and, eventually, a career. This commitment entails improving education providers—everything from nurseries to high schools—as well as cultivating an abundance of organizations and networks that assist families and offer opportunities for youth development.

Third, *create a context-specific mix of infrastructure*, institutions, facilities, and programs to advance community wellness. These projects should leverage neighborhood assets (for example, potential tourist sites and commercial revitalization spots) while ensuring that critical deficits (things like food deserts, recreation needs, health access points, and public infrastructure gaps) are filled. Realizing this wellness goal requires forming a variety of partnerships with organizations offering such services and support.

Each of the model's three pillars requires extensive consultation, collaboration, and planning with both neighborhood residents and a full range of partners (who also must consult with residents). Public partners are particularly important because each pillar requires some government support, financial or in kind. In Atlanta, ELF worked with the Atlanta Housing Authority to replace the housing project, with the city's education authorities to acquire the right to build a charter school, and with a wide range of nonprofits and philanthropies (including the YMCA, Boys & Girls Club, First Tee, First Serve University, health-care organizations, universities, and faith-based institutions) as well as the public sector to build up local social infrastructure and community programming. These partnerships eventually yielded a 50 percent subsidized, 50 percent market mixed-income development to replace the public housing project; the well-managed Drew Charter School; two early learning centers in partnership with Sheltering Arms and the YMCA; an advanced health and fitness community center in partnership with the YMCA; and new commercial and retail ventures.

Even though the initial investment in housing covered only about one-tenth of all the units in the area, East Lake transformed dramatically. By 2009, violent crime was down 90 percent. Seven out

of every 10 people were working. With three-fourths of its students poor enough to qualify for state-subsidized lunches, 98 percent of fifth graders were still meeting or surpassing math standards, and 85 percent of students were graduating high school in four years. The charter school ranked 4th out of the city's 69 public schools in 2011; the previous school ranked last out of 67. Its primary school ranked 53rd out of 1,219 in the state—higher than any other school whose students are over three-fifths Black and low-income.²⁰ The area's population grew by one-half. Home prices rose almost four times relative to the average gains across the city. In all, more than \$200 million of private money was invested in the neighborhood, attracting bank branches, a grocery store, restaurants, shops, and a Walmart. This transformation took a decade, and other initiatives in the PBC network require a similar length of time. Only a long-term perspective can hope to transform a social context in this way.

Community Quarterback

Coordinating all these plans and partnerships while also working with local residents can be very time-consuming. Cousins established ELF to manage or facilitate the initiatives and actions involved in the transformation of East Lake. This type of organization became a fourth crucial pillar of PBC as it expanded. Its role now has a name, "community quarterback," as popularized in the 2012 book *Investing in What Works for America's Communities*.²¹ Like a backbone organization in the collective impact model for social change, the quarterback works as an integrator, initiating and coordinating the many diverse activities necessary for transformation. But it focuses on a neighborhood, not a much larger area, and it seeks to improve the place rather than to achieve a set of specific indicators.²² As current PBC CEO Carol Naughton explains,

The secret sauce to our work ... is what we call a community quarterback organization, which works with the community to create a vision of what the community wants their neighborhood to be, then figures out how to get all the public-private partnerships that are necessary to execute upon that vision.²³

While the partners do most of the work, only the community quarterback can coordinate, identify and fill gaps, hold partners accountable, steward the neighborhood's vision, safeguard the interests of low-income people (for example, housing access), ensure community wellness investments are prioritized, and secure real estate when needed.

The quarterback can be built inside an existing nonprofit but is more often set up by a project champion or champions—leaders from the broader area. It must recruit a board of committed social, political, and economic leaders able to use their resources and influence to advance the organization's work as well as hold it accountable. The board, as a unit, must be knowledgeable about education, real estate, finance, government affairs, and environmental sustainability—and be able to raise capital. The organization should be infused with a culture that values local ownership and genuine partnerships. One dedicated executive can get the project going and then recruit a larger staff over time.

Community quarterbacks are designed to focus on a specific neighborhood, whose exact geography must be defined early in

the process. Legal definitions may be suitable in some cases, but practical definitions are better. The area should reflect what residents themselves view as their neighborhood and its boundaries. It should ideally correspond to the catchment area of a primary school, include a street that can become its commercial center, and have a set of physical assets (such as parks and transit points) that can be leveraged to attract interest. If it also matches or can be established as a community investment district—a way for area property owners to join up with government to invest in improving infrastructure and public facilities that will subsequently attract private investment—it will be easier to raise capital. It also helps if the neighborhood has a name that can eventually be promoted as a brand (e.g., East Lake).

The quarterback works with residents of the defined area and stakeholders at large (including philanthropists and public officials) to develop a vision statement and set of goals for the neighborhood. The vision needs to be inspirational enough to motivate action—meeting the aspirations of residents, encouraging others to envision the place as one full of possibility, and offering a picture of how the place can compete for resources and people over the long term. But at the same time, it needs to be realistic—focusing only on things that can realistically be financed and implemented—to ensure trust is maintained over time; residents may have participated in similar processes before that promised a lot and delivered little. The goals need to embody what is good for the whole neighborhood and not just for a particular silo. They also need to reflect the desires of the people who live there—and not wealthy patrons or interest groups who may have income, interest, gender, or cultural preferences about what kinds of projects get funded.

These ambitions form the basis of a community compact that records each partner's commitments to the neighborhood and structures the relationships. It includes a statement of purpose, set of guiding principles, and collaboration structure, as well as an assignment of roles and assessment arrangement. The compact subsequently guides the quarterback in developing its plans and partnerships with all stakeholders.

Replicating the Model

Building on ELF's success, Purpose Built Communities, backed by philanthropists Warren Buffett and Julian Robertson, launched in 2009 to replicate the model. PBC has since built a network of member organizations that has led to the development of additional projects in 28 neighborhoods across the country. In each case, the community quarterback signs an agreement with PBC, laying out the responsibilities of both parties, what pro-bono services PBC will continue to offer, what data will be collected and shared, how a community of practice around the PBC model can be developed, and how the brand and external communication should be handled.

Two examples of replication are efforts in Raleigh, North Carolina, and New Orleans. Southeast Raleigh Promise (SRP) is a community

quarterback focused on a very specific geography—in this case, the neighborhoods surrounding the Rock Quarry Road Corridor, where more than half of children live in poverty. The organization engages with a more comprehensive mix of initiatives than ELF—enhancing cradle-to-college education, investing to create a judicious combination of mixed-income housing, developing partnerships with all sorts of organizations to improve community wellness, expanding economic opportunity, and building up youth and family leaders—with the goal of serving two generations simultaneously. It also works long term: SRP states on its website that the kind of change it envisions will require “18-25 years.” Like other PBC sites, SRP has a full complement of partners, including the public school system;

The community quarterback amplifies the voices of locals around a plan that makes the needs of their neighborhood a much higher priority.

DHIC, a nonprofit organization dedicated to providing affordable housing and homeownership opportunities; the YMCA; and several major local foundations.²⁴

In New Orleans, the community quarterback Bayou District Foundation (BDF) has focused on redeveloping a 53-acre area around a public housing site destroyed by Hurricane Katrina. The new “Columbia Parc” incorporates high-quality, affordable housing (of the 685 mixed-income residential units built, almost 500 are public or reduced-rate); comprehensive infrastructure for cradle-to-college education (including Educare early childhood education, a KIPP charter K-8 school, and a college-prep public high school); a health clinic focused on affordable primary care (prenatal and dental care are included in partnership with March of Dimes and a local dental school); recreation space, including a gymnasium; and walkable commercial and retail offerings. The restoration of nearby golf facilities has provided additional recreational opportunities and an estimated \$300,000 funding stream to support the neighborhood's education and community programs.²⁵ Since 2005, when BDF started working with the neighborhood in the aftermath of Katrina, violent crime is down by 99 percent, poverty has been cut in half, and property values have gone up by more than 130 percent. By the time its work is fully complete, BDF envisions \$375 million in new investments in the area.

PBC works with neighborhoods that have been ignored—or worse—for decades. Lacking the social leaders and organizations to hold officials and politicians accountable, these communities have often been on the wrong end of decisions on policy and public spending. The community quarterback changes this dynamic. The distressed neighborhood is finally represented by a strong actor—with good connections to urban power centers and investors—that has an interest in neighborhood development. Driven by the right motiva-

tion—a prerequisite for joining the PBC network—these actors work hard to ensure that residents are full partners in the development effort and that investors and service partners are committed to the neighborhood vision and community compact they have agreed upon.

In East Lake's case, this process involved difficult and at times contentious negotiations with residents. Led by Eva Davis, their longtime tenants' association president, local leaders fought for and won a number of changes to the original plan. Trust came slowly at first, but the residents' involvement proved essential to the success of the overall project. "We did not get it [trust] very quickly," Cousins recalls. "They were promised so many things. They did not believe that we were going to do what we said we were going to do."²⁶

The quarterback amplifies the voices of locals around a plan that makes the needs of their neighborhood a much higher priority. It creates a platform to convince a gamut of philanthropies and government agencies that they will be more likely to advance their respective missions by strategizing and implementing with each other through a place-based approach. PBC's Eytan Davidson recalls this process: "We spent a lot of time convincing people to step out of their silos and to look beyond the walls of their building—understand that they have a role to play within a neighborhood and the context in which they should be thinking about their work."²⁷ Where PBC and local partners are unable to accomplish this, PBC decides not to move forward. "Our success to date has been largely dependent on our ability to engender this type of collaboration," Edwards recalls. "The efforts we have had to abandon are largely attributable to a failure to persuade one system player or another to join in an effort."

While most PBC projects are in different cities (28 projects in 24 cities), undertaking multiple projects in strategically selected parts of one city can produce multiplier effects, including spillover effects from one neighborhood to another, demonstrating that concentrated disadvantage is partly a product of how specific locales are positioned in relationship to one another. In *Great American City*, Robert Sampson shows how the social dynamics in individual neighborhoods affect surrounding neighborhoods—and vice versa. Crime and other antisocial norms, for example, are not easily contained in a specific area, contributing to a spiraling set of concentrated disadvantages, spatial risks, and vulnerability—and reducing the chance of a turnaround.²⁸

Partly due to PBC's work in three different parts of Atlanta (southeast, south, and west), the number of distressed neighborhoods in the city overall has significantly declined over the past 25 years. As each area was transformed, neighboring areas saw increased investment, reducing the disadvantages of the residents who lived there. Almost the entire east side of Atlanta has been altered partly by what was done in East Lake. Seeing the success of these initiatives, the city has begun to systematically monitor and enhance neighborhood vitality. Its 2021 "Neighborhood Change Report," which was released by the Department of City Planning, categorizes neighborhoods as Growth, Low-Income Concentration, Low-Income Displacement, or Population Decline (with many being "no substantial change") and seeks to develop different strategies for improvement based on this categorization.²⁹ This offers a whole new way—or as Charles Marohn would point out,³⁰ a restoration of an old way—for cities to think about their

most important assets, their neighborhoods, and how they might use their resources to enhance them.

Convenings and Cooperation

There is more than one way to take a place-based approach. In Minnesota, Corridors of Opportunity (CoO), which ran for three years in the early 2010s, took a less narrow path, focusing on the disadvantaged neighborhoods along a series of emerging transport corridors. CoO was part of Living Cities, an initiative of 19 foundations and financial institutions charged with improving the well-being of low-income people in a small number of cities.³¹ Though each of the Living Cities projects focused on systems change and brought different organizations from across sectors together in one place on a regular basis in a way previously not done, most did not focus on specific neighborhoods. CoO, however, recognized the importance of place-based systems change.

Spurred by the imminent construction of new transit lines, CoO established a regular "convening of diverse groups of stakeholders, including public, private, business, and philanthropic partners, and spanning multiple jurisdictions and sectors of interest," to develop new place-based strategies, catalyze collective action across organizations, and reshape the practices of participants.³² They centered not on individual programs, but on the communities of people living in specific locales. As the project's final report concludes, this approach shifts how different organizations view their missions:

A new, more holistic view of development, that puts physical development more into context of the overall neighborhood and community, is taking root not only at the CoO table but also within many of the major partner organizations. This includes not only public agencies and philanthropies but also community development organizations.³³

Chaired by leaders from the McKnight Foundation and the Metropolitan Council (the regional governmental agency) and made up of top executives from state and local government, philanthropy, business, and the nonprofit sector, the convenings used a combination of public commitments, peer pressure, and a sense of ownership from active involvement in the creation process to hold each participant mutually accountable to the larger vision and drive change in how each operated.³⁴ Incentives such as grants, below-market-rate financing, and administrative support (including a full-time project director) fueled such efforts, encouraging and undergirding cooperation. Individual organizations took ownership and proposed different ways of doing projects, according to project director Mary Kay Bailey. As they shared those visions, that became "an inspiration for other organizations around that table for what they might be able to do ... [offering] a little bit of positive peer pressure," she says.³⁵

A focus on place also made community participation in planning and implementation easier to achieve. The geographic scope was smaller, making it possible for outreach to be more targeted. Funding went further and allowed denser ties among residents, community organizations, and outside actors. Historically marginalized groups could be more easily engaged, as changes directly benefited their neighborhoods instead of the broader city. Nineteen community organizations received grants to enhance engagement of local resi-

dents through flyer and newsletter distribution, door knocking, and skills training, as well as the appointment of individuals to advisory or planning committees. An estimated 15,000 people were reached, and 58 from the CoO neighborhoods received committee appointments.

In order to transform the disadvantaged neighborhoods, CoO launched a series of coordinated, mutually reinforcing initiatives, with an eye toward producing both short-term gains and longer-term changes that would sustain progress over time. “One of the tougher things about systems change is that it doesn’t always feel close to the ground,” says Bailey, who adds that it is a struggle “balancing that goal of changing systems with the idea of having tangible wins, projects you can see, programs you can measure.”³⁶

CoO’s initiatives and short-term gains included investments in housing, commercial space, and communal amenities, which yielded more than 1,000 new units (some directly financed, others assisted), tens of thousands of square feet of additional commercial space, and a theatre project. It provided grants, loans, and technical assistance to 353 local small businesses to ensure they survived construction of the transit lines and could maximize the opportunities those assets presented when completed. This support included improving facades, upgrading financial and business plans, reaching new customers, and, in some cases, purchasing buildings. CoO also enhanced the housing and community development financing system to ensure greater access for individuals looking for affordable housing as well as small businesses looking for money; financing gaps were plugged, and an accelerator was established to advance projects. Reforms to regional planning made it more integrated, focused on the target neighborhoods, and inclusive of local voices; these changes led to action plans for new transit stations and a stronger emphasis on filling in gaps place by place. Lastly, community organizations were bolstered through grants, training, and new mechanisms for them to achieve influence.³⁷

Longer-term impact can be seen in the institutions created for and organized around the target geography—including new funder groups such as the Central Corridor Funders Collaborative and the Northside Funders Group³⁸ and community development finance institutions like the Accelerator and the Frogtown Rondo Home Fund—to support a slew of coalitions and partnerships focused on local needs. CoO’s efforts also yielded broader changes in how Twin Cities organizations operate: City-wide community development financing agencies began to cooperate in a way they previously had not, filling in gaps in the financing system with new tools and regularly convening funders, developers, and other stakeholders early in development projects to resolve whatever challenges they faced; dedicated funding streams for such areas were established (for example, public money and new staff for development projects around transit corridors in marginalized areas); organizations that had previously worked in silos learned how to work together across sectors and/or jurisdictions (through a series of new convenings, such as the CoO Policy Board, and backed by foundation money newly attuned to such needs); and community engagement became more prioritized and directed toward previously neglected locales. These persistent changes show how an emphasis on specific neighborhoods can break down the silos that have long plagued organizations working in disadvantaged areas. The right platform can bring important actors together to make the kind of coordinated, cross-sector effort that is far more likely to succeed than any attempted by an entity working on one problem in isolation.

Like Purpose Built Communities, Corridors of Opportunity combined money from various sources—government, private sector, and philanthropy—and sought to alter how government, nonprofit, and business leaders operate, individually and as an ensemble. But CoO focused more on filling in gaps on both the supply and the demand sides—by, for example, increasing access to finance as well as boosting the capacity of local organizations to manage it. In contrast, PBC works more ambitiously to employ market forces to completely transform a locale. Although CoO ignited more of a short-term burst of change than anything approaching PBC’s patient, long-term outcomes, it made substantial improvements quickly and cheaply, laying the groundwork for sustained change over time. The limited time horizon and budget allocated did, however, restrict impact.³⁹

Centering Place

Despite significant differences in approach, the East Lake Foundation, Purpose Built Communities, and Corridors of Opportunity share some commonalities. In concert, they highlight the importance of thinking strategically about place when seeking to improve lives—especially of those in need. While we are all influenced by our neighborhoods, low-income people are much more dependent on the socioeconomic context of the place where they live. Intergenerational poverty continues to hamper success for many Americans, and conversations on race should consider the role of place. Initiatives that don’t take this lesson into consideration are likely to be limited in their impact.

First, whereas most organizations working on ameliorating concentrated disadvantage see markets as a problem, these assemblies are trying to use them proactively to catalyze change. Market dynamics often do work against the interests of distressed neighborhoods—by, for example, discouraging investment and encouraging the outflow of stable families and talented individuals. But if properly harnessed, they can also generate positive change in any place by attracting people and businesses, as well as human, social, and financial capital. This shift requires specific initiatives to correct market failures or dynamics that work against particular places.

Second, they all recognize the importance of scale. Only initiatives extensive enough to change existing patterns are likely to infuse enough energy into distressed neighborhoods. Such scale signals that the economic and social conditions will definitely be changing, catalyzing other initiatives and participants; a virtuous cycle of investment emerges and becomes self-sustaining. None of this is possible with incremental or siloed efforts because they are not large or broad enough to disrupt the basic underlying social and economic patterns—and the expectations of actors both inside and outside the neighborhood. Whereas ELF and PBC achieved this scale, CoO’s limited remit meant that it could at best lay the foundation for this kind of scaled-up change to emerge over time.

Third, these organizations transcend the specialization of many institutions—governmental, nonprofit, and philanthropic—and the narrowness of their evaluation metrics, which often work against progress. Without strong neighborhoods, school systems cannot improve educational results, housing authorities cannot supply adequate affordable housing, health-care agencies cannot improve well-being, and police cannot make streets safe. Yet the great major-

ity of public and private interventions are not structured to create such neighborhoods. This must change.

Fourth, data that track broad trends are more representative of underlying conditions than the narrow indicators most nonprofits use. After trying for years to develop a scorecard of metrics tracking progress in project areas, PBC concluded that many measures were not helpful. Even the collective impact indicators (such as kindergarten readiness) were too compressed and distorted incentives—participants focused too much on them in ways that distracted from broader efforts to improve the particular place. In some cases, they would improve even if greater dynamics remained the same. PBC is now increasingly leaning on “meta” measures of progress where they are reliable. Two stand out: property values indexed to citywide values and the resident transiency rate; crime rates and school performance are useful intermediate measurements, but not as informative. Whereas the transiency rate is generally 20–40 percent when PBC enters a distressed neighborhood, it is under 10 percent in strong neighborhoods. CoO was more likely to focus on narrow indicators (such as housing and employment conditions) given the time frame involved, but it recognized that these measures depended on broader developments at the neighborhood level that were often hard to track. As Living Cities president and CEO Ben Hecht writes on the organization’s overall initiative, “The challenge, then, is to identify measures that are right-sized so that they reflect the level of complexity and ambition in the work, while still being clear and measurable.”⁴⁰

Lastly, the strategic selection of neighborhoods is important for success. Places that are geographically isolated or far from the socially and economically dynamic parts of a city are less likely to be directly transformed through such efforts than areas that are closer to and can more easily connect up with stronger neighborhoods. The incentives for change are greater—the proximity alone makes them more attractive to families and investors, and large initiatives are thus more likely to have a signaling effect that can garner support from other players. CoO’s approach offers the clearest example: By focusing on the areas around new transport lines, it was able to exploit the greater connectivity these places would have after construction was finished. This doesn’t necessarily mean that other areas are ignored, as they can benefit from the spillover (e.g., greater investment in housing and more commercial development) from the positive changes.

ELF, PBC, and CoO demonstrate a systems approach to addressing the challenges that distressed neighborhoods face. Their place-based strategies are not content with precedent, silos, or commonly used metrics. Resolving our cities’ myriad social and economic and racial challenges depends less on plans aimed at helping individuals and more on approaching neighborhoods one by one. After all, the strength of a city depends on the strength of its many neighborhoods. ■

Notes

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