Federal Reserve Bank *of* Atlanta

PartnersUpdate

July/August 2016

Concentrated Poverty in the Southeast: A Tale of Two Regions

08/24/2016 -

How have patterns of concentrated poverty changed in the Southeast since the Great Recession? This article previews a student paper that explores the topic.

Webinar Probes Fed 2015 Survey of Household Economics and Decisionmaking

08/04/2016 -

Join experts from the Federal Reserve Board and New York University as they discuss the results of the survey on August 11. Register for the webinar in this article.

Join the ECONversation on Small City Economic Dynamism

08/03/2016 -

The August 24 live webcast will discuss the Atlanta Fed's interactive data tool on small cities. Will Lambe, senior community and economic development adviser, will lead the discussion. Learn more in this article.

The Quest for Durable and Inclusive Economic Growth

07/22/2016 -

Data show a persistent widening of income inequality in this country. How can communities establish economic growth that is both strong and inclusive? This article looks at a South Florida effort to improve prosperity for all and create a more resilient local economy.

Plan to Attend Reinventing Our Communities Conference

07/12/2016 -

The biennial event will feature workshops on affordable housing, small business financing, equitable development, and more. Find registration information for the Philadelphia conference in this article.

Research Symposium on Gentrification and Neighborhood Change

07/05/2016 -

The Philadelphia Fed event looked at the causes and consequences of gentrification and approaches to moving toward equitable development. This article summarizes the symposium's research and discussions.

Webinar Probes Fed 2015 Small Business Credit Survey

07/01/2016 -

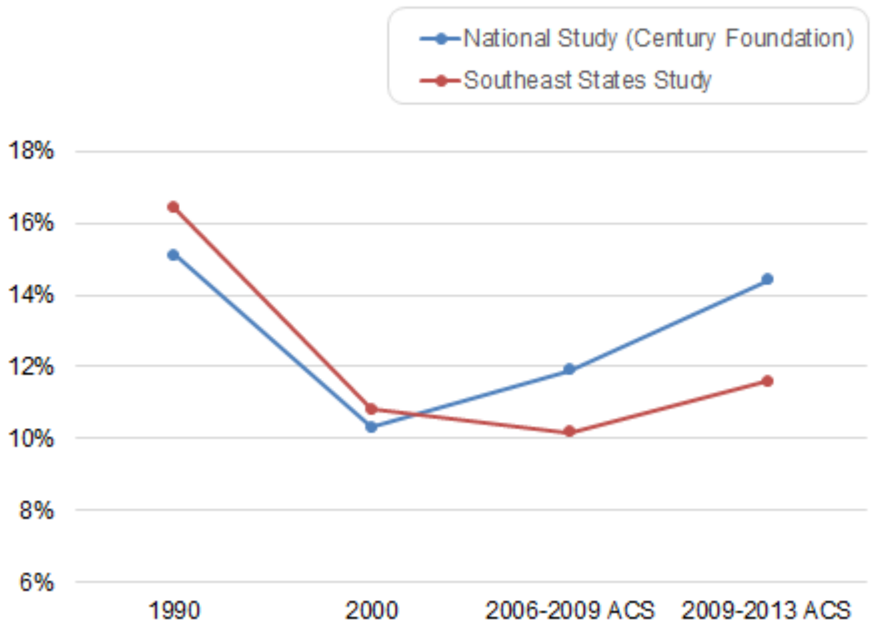
Join small business experts as they discuss the results of the survey on July 7. Register for the webinar in this article.

Concentrated Poverty in the Southeast: A Tale of Two Regions

Living in poverty is never easy. But when poverty is concentrated in a specific neighborhood, things can be even worse. High-poverty neighborhoods typically have decreased access to services, struggling schools, and limited job opportunities. Research has shown that life outcomes for poor children who grow up in high-poverty neighborhoods are much worse than similar children who move to low-poverty neighborhoods.[1] If the concentration of poverty—the proportion of the poor who live in high-poverty neighborhoods—increases, it could mean more persistent levels of poverty. This begs the question: how have patterns of concentrated poverty changed in the Southeast since the Great Recession?

According to "Exploring Concentrated Poverty in the Southeast," a new student paper by Abram Lueders, the answer is complicated. The paper found that some southeastern cities have experienced a reduction in concentrated poverty since the recession, while others have seen concentrated poverty soar to new levels. The paper also compares concentrated poverty in the Southeast with national statistics from a study by Paul Jargowsky of the Century Foundation. As shown in chart 1, the comparison reveals that the overall level of concentrated poverty in the Southeast has increased in recent years, but at a lower rate than in the nation as a whole.

Chart 1
Percentage of the Poor Living in High-Poverty Neighborhoods (1990 to 2009–13)

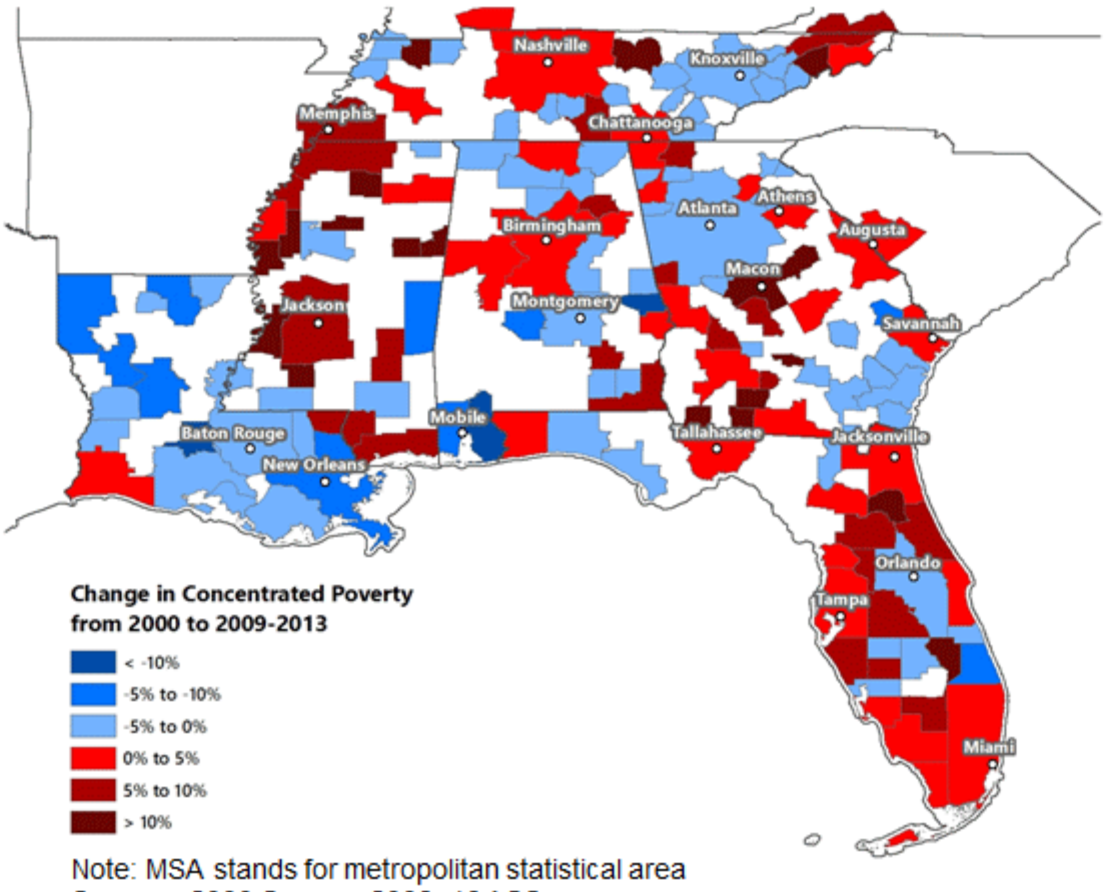


Sources: Paul Jargowsky, 1990 and 2000 Census, 2006–09 and 2009–13 American Community Survey (ACS)

In both studies, census tracts were used as a proxy for neighborhoods, and tracts with a poverty rate above 40 percent were considered "high-poverty." The national numbers from Jargowsky's study show that after a sharp decline in concentrated poverty during the 1990s, the rate of concentrated poverty, or the percentage of the poor living in high-poverty neighborhoods, has steadily increased. But in the Southeast, concentrated poverty continued to decline in the years leading up to the recession before experiencing an uptick during the recovery period. On the surface, this seems to suggest that changes in southeastern concentrated poverty are largely tied to broader economic cycles, rather than being a sign of deeper structural problems.

While this may sound positive, the geographic differences in chart 2 illustrate that there's no single story in the Southeast with respect to changes in concentrated poverty.

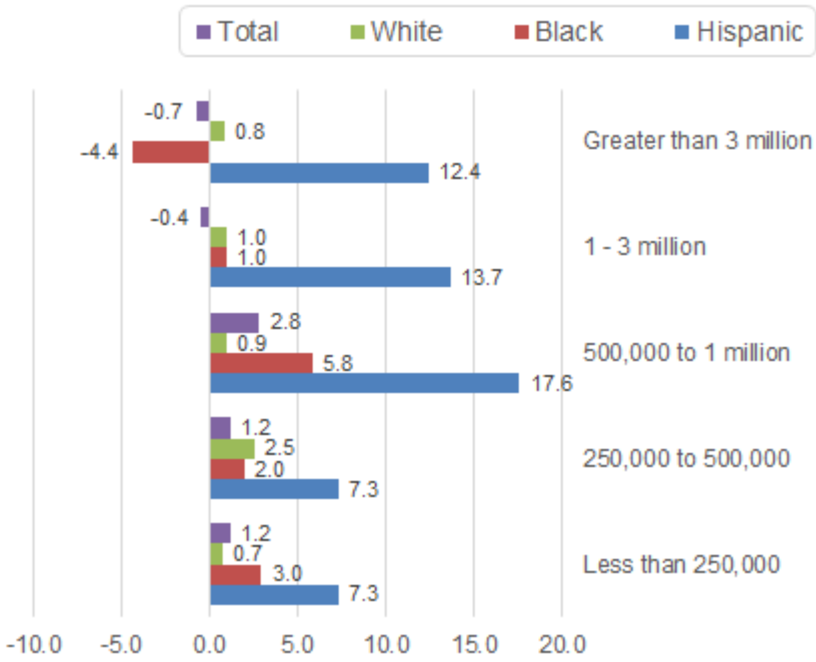
Chart 2
Change in Concentrated Poverty by MSA (2000 to 2009–13)



Note: MSA stands for metropolitan statistical area
Sources: 2000 Census, 2009–13 ACS

Some southeastern metros—including Jackson, Memphis, and Macon—have experienced significant increases in concentrated poverty since 2000. Others, like Atlanta and New Orleans, have actually experienced a *decline* in concentrated poverty. Changes in concentrated poverty varied between racial and ethnic groups, and between metros of different size classes, as shown in chart 3.

Chart 3
Percent Change in Concentrated Poverty by MSA Population and Race (2000 to 2009–13 ACS)

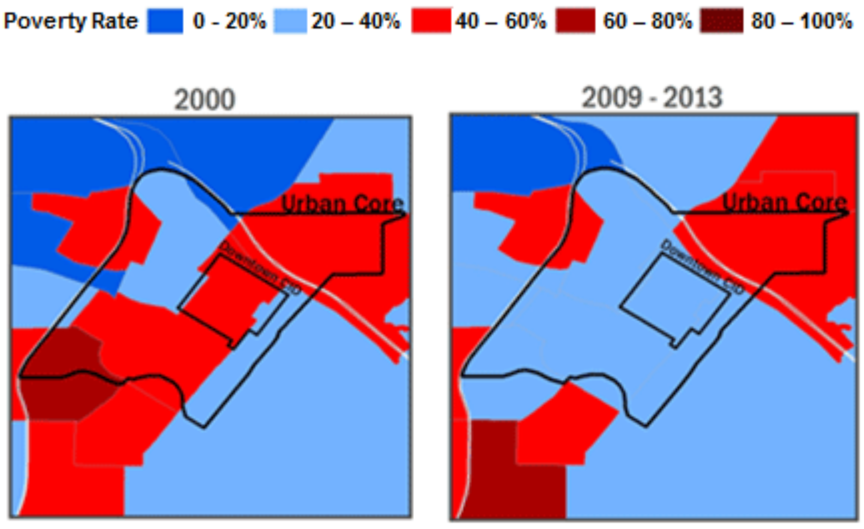


Sources: 2000 Census, 2009–13 ACS

Metros in the two largest size categories saw modest declines in concentrated poverty. Meanwhile, the largest increase in concentrated poverty occurred in midsized metros with a population between 500,000 and 1 million. Among racial and ethnic groups, Hispanics experienced the largest increase in concentrated poverty in metros of every size class. This could be due to the fact that a large proportion of Hispanic residents are first-generation immigrants, a population group that often clusters in lower-income neighborhoods.[2]

In Jargowsky's original paper, he argues that increases in concentrated poverty are the result of deliberate policy choices that have negatively affected inner-city neighborhoods and aging suburbs. According to Jargowsky, these policies include exclusionary zoning in wealthy suburbs, the concentration of publicly assisted housing in the urban core, and massive public investments in continued suburban expansion. In the Southeast, it's certainly true that most high-poverty neighborhoods are still located in the central cities of metropolitan areas. But when you examine the location of high-poverty neighborhoods on a fine-grained scale, some noticeable changes have occurred between 2000 and the 2009–13 ACS. Some inner-city neighborhoods that were high-poverty in 2000 have rapidly become low-poverty, while previously well-off areas nearby have become high-poverty. A good example of this phenomenon can be seen in Macon, Georgia (see chart 4).

Chart 4
Poverty Rates in Downtown Macon



Sources: 2000 Census, 2009–13 ACS

Although Macon has experienced a 14 percent increase in concentrated poverty since 2000—the highest in the region—poverty in Macon's downtown and downtown-adjacent areas has dramatically decreased during this period. This illustrates the fact that broad increases in urban poverty can mask trend-bucking changes on the neighborhood scale.

What lessons can we learn from this data? On the one hand, the Southeast seems to be relatively better off than the rest of the country when it comes to concentrated poverty. Concentrated poverty in the Southeast gradually declined between 2000 and the start of the Great Recession, and the increase in concentrated poverty in the wake of the recession has been relatively mild. But these regional numbers mask variation between southeastern metros. While large metros with strong markets haven't suffered severe increases in concentrated poverty, midsized metros like Jackson and Macon have.

The tract-level data further shows that high-poverty neighborhoods are not fixed entities: high-poverty neighborhoods can improve, and low-poverty neighborhoods can decline. The fact that some high-poverty neighborhoods have transitioned to lower poverty levels is heartening. In the case of cities like Macon, it's quite likely that reductions in downtown poverty levels have been the result of deliberate planning and policy. However, the fact that poverty has continued to grow elsewhere is troubling. Concentrated poverty operates at the scale of the neighborhood, the city, and the metropolitan area. If concentrated poverty decreases at one scale but increases at another, no real victory has been achieved.

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[1] Chetty, Raj, Nathaniel Hendren, and Lawrence F. Katz. 2015. "The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment." Harvard University and NBER. http://www.equality-of-opportunity.org/images/mto_paper.pdf.

[2] Jargowsky, Paul. 2006. "Immigrants and Neighborhoods of Concentrated Poverty: Assimilation or Stagnation?" National Poverty Center. http://www.npc.umich.edu/publications/u/working_paper06-44.pdf.

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Webinar Probes Fed 2015 Survey of Household Economics and Decisionmaking

Join experts from the Federal Reserve Board and New York University (NYU) as they share key findings from the Board's most recent Survey of Household Economics and Decisionmaking (SHED).

Federal Reserve Board Senior Economist Jeff Larrimore will discuss the survey's findings about recent trends on economic well-being, preparedness for financial emergencies, income volatility, and differences in outcomes by race and ethnicity. NYU Professor Jonathan Morduch and NYU Research Associate Julie Siwicki will draw on their expertise and provide insights about the implications of the survey's results on financial well-being. Familiarize yourself with the survey report and data, then register for the August 11 webinar, which takes place at 3:00 p.m. ET. Participation is free, but preregistration is required.

These events are part of the Federal Reserve's Connecting Communities® series, a national initiative intended to provide community development practitioners, financial institution representatives, policymakers, and others with timely information on emerging and important community development topics.

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Join the ECONversation on Small City Economic Dynamism

More than 10 million residents of the Southeast live in small cities and metropolitan areas with populations under 500,000. What factors influence the economic trajectory of these smaller cities? And how do small cities compare to one another in terms of the potential they offer for economic growth and development?

To help answer these questions, Will Lambe of the Atlanta Fed's community and economic development team created the Small City Economic Dynamism Index, an interactive data tool. In the August 24 ECONversation, learn how and why Lambe and his team built the index and what their work can tell us about the present and future of economic growth and development in small cities. Register for the webcast, which starts at 2:00 p.m. ET.

ECONversations explore the economics behind subjects like oil prices, the cost of living, GDP, and now small metros. Have a question about small cities? Tune in and ask Lambe during the live webcast.

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The Quest for Durable and Inclusive Economic Growth

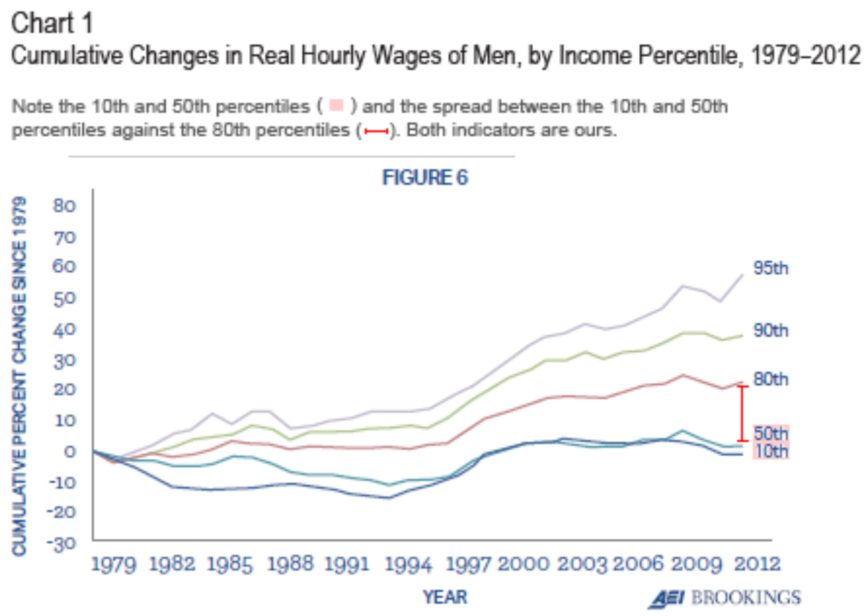
HOUSEHOLD FINANCIAL WELL-BEING :: COMMUNITY DEVELOPMENT FINANCE :: LOCAL ECONOMIC DEVELOPMENT

Evidence of increased income inequality and low income mobility in the United States is leading local communities to ask what steps they can take to lay the foundation for economic growth that is both strong and inclusive. In this article, we present evidence on income inequality and economic mobility, highlighting the especially low rates of economic mobility in some parts of the Sixth District. We next look at an early-stage effort in South Florida to improve prosperity for all and create a more resilient local economy. We then discuss some critical foundations necessary to support economic inclusion, and suggest possible resources that may help communities build their infrastructure for inclusion. We conclude by looking at recent economic research indicating inclusion helps support economic growth.

Growing income inequality in the United States

Communities across the country continue to struggle to recover from the Great Recession. Although some statistics—like the unemployment rate—show signs of improvement, longer-term economic data point to a persistent widening of income inequality. This has led many observers' to be concerned that rung on the ladder of economic opportunity are growing further and further apart. This income inequality has been driven by wages declining or stagnating for middle- and low-skilled workers, while they continue to rise for those at the top of the income distribution.

For example, chart 1 of wages of male workers since 1979 reveals that wages are essentially flat today when compared to 1979 for men at the bottom half of the labor market.[1] So while wages continue to rise for those at the top of the income distribution, they are stagnant for those at the bottom and middle.

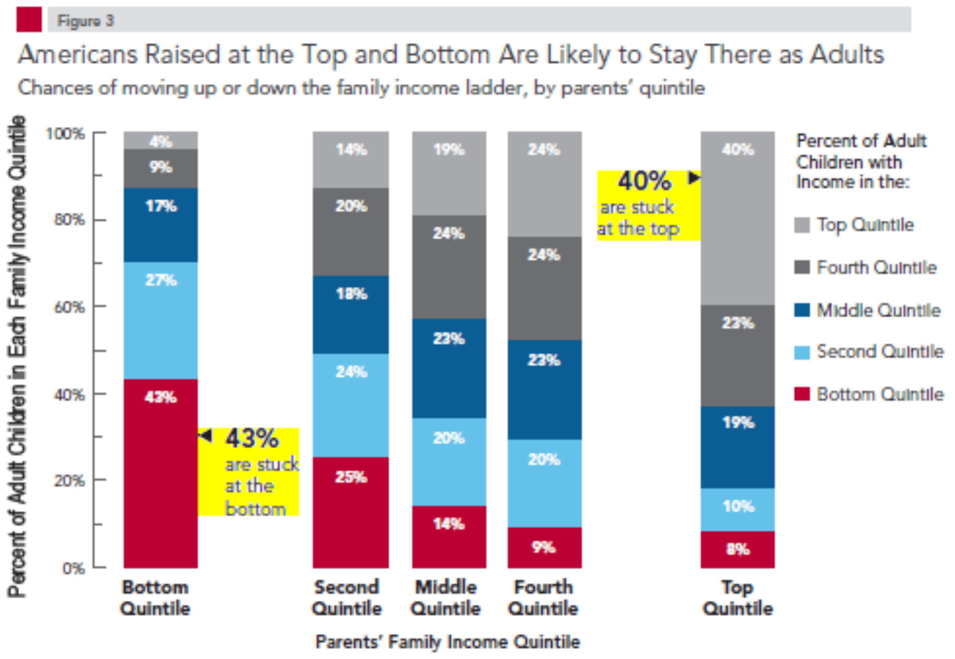


Source: AEI/Brookings, *Opportunity, Responsibility, and Security Report*, 2015 (figure 6, page 24)

Beyond increasing income inequality, the United States is also a less economically mobile country than once believed. One Pew Charitable Trusts study in 2012 looked at income levels of adult children compared to their parents' family income and found that 43 percent of those born in the bottom income quintile stay there, while 40 percent of those raised in the top quintile remain there as adults (see chart 2).[2] A second study by the Pew Center on the States mapped economic mobility across the country and found nine states, all in the South, consistently show lower upward and higher downward mobility compared to the nation as a whole (see chart 3).[3]

Chart 2
Chances of Moving Up or Down the Family Income Ladder, by Parents' Income Quintile

Note the percent of adult children stuck at both the top and bottom quintiles, highlighted in yellow.
The emphasis is ours.



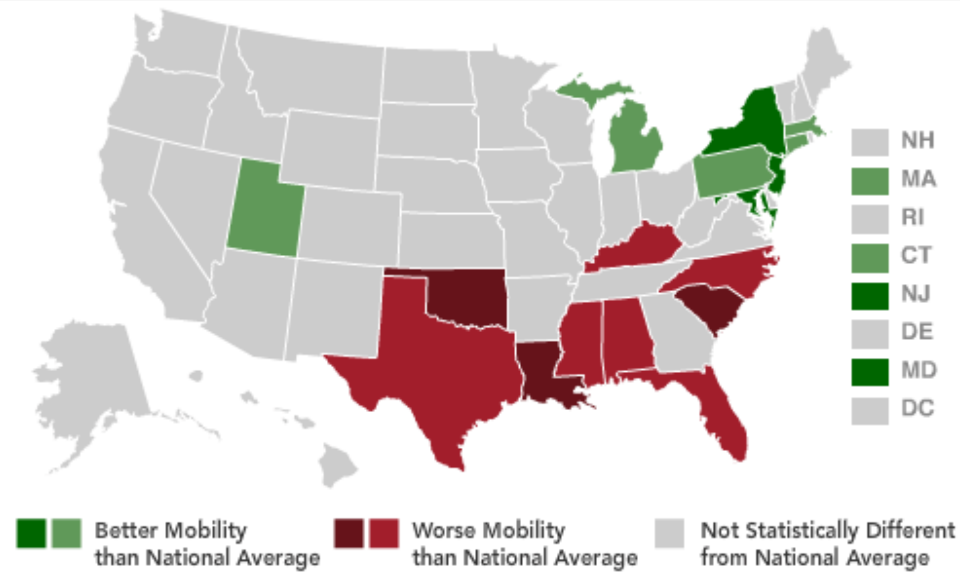
Note: Numbers are adjusted for family size.

Source: The Pew Charitable Trusts, *Pursuing the American Dream: Economic Mobility Across Generations*, 2015 (figure 3, page 6)

Chart 3:
Economic Mobility of the States

Note: We modified the chart due to space limitations.

Measuring State Economic Mobility



* Due to small sample sizes, nine states were combined into three groupings: (1) Maine and Vermont; (2) Iowa, North Dakota, and South Dakota; (3) Alaska, Idaho, Montana, and Wyoming.

The key findings use the national earnings distribution and aggregate results from all three mobility measures to identify those states where economic mobility is most distinct from the national average.

Better Mobility

Eight states, primarily in the Mideast and New England regions, have consistently higher upward and lower downward mobility compared to the national average:

MD, NJ, NY: Better mobility on all 3 measures
CT, MA, PA, MI, UT: Better mobility on 2 of 3 measures

Worse Mobility

Nine states, all in the South, have consistently lower upward and higher downward mobility compared to the national average:

LA, OK, SC: Worse mobility on all 3 measures
AL, FL, KY, MS, NC, TX: Worse mobility on 2 of 3 measures

THE PEW CHARITABLE TRUSTS

Source: Pew Center on the States, *Economic Mobility of the States*, 2012. (See the original interactive map for more information.)

Charting a course: Miami-Dade County's Prosperity Initiatives

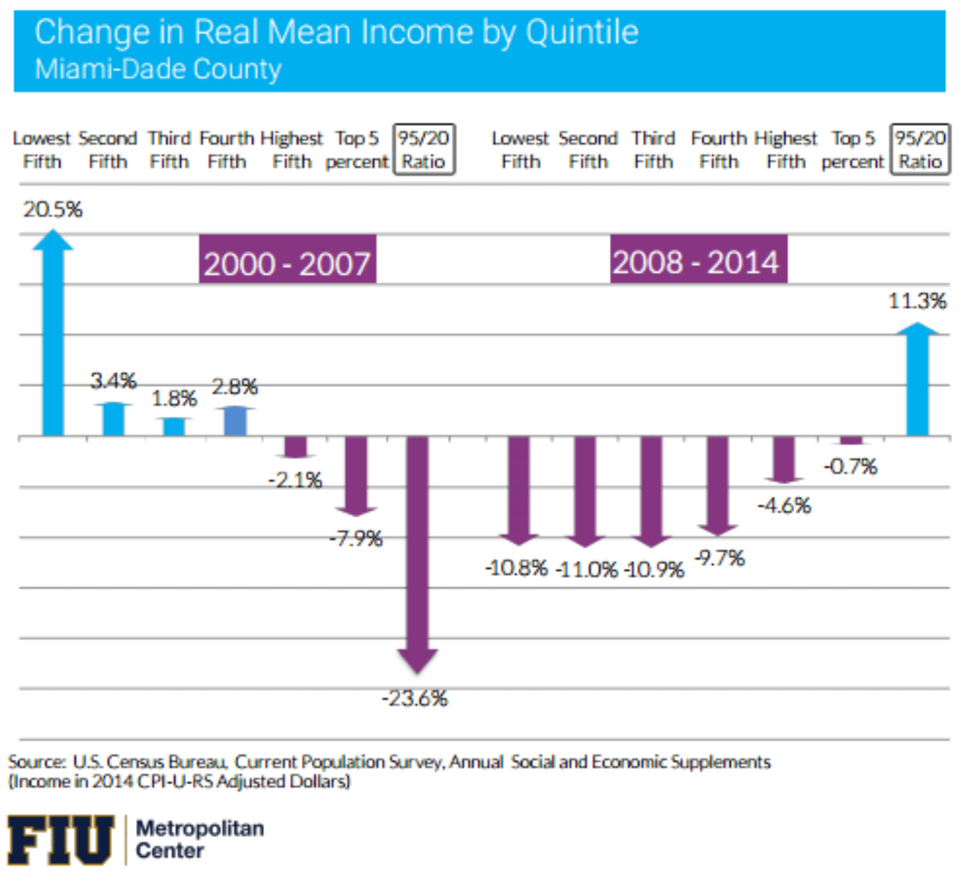
While the problems of wage stagnation and low economic mobility are national in scale, the solutions may need to be context specific, and therefore driven by a local response. At the Atlanta Fed's Community and Economic Development (CED) department, we have seen communities across the region question ways they can shift their local economy to improve access to opportunity and lay the foundations for a more equitable future. This past May, coauthor Sameera Fazili spoke to one of these communities in South Florida at the Sixth Annual State of the South Florida Economy event.

Miami-Dade County, in partnership with Florida International University's (FIU's) Metropolitan Center, recently took a hard look at its regional economy and asked what more could be done to improve prosperity for all. With support from Citi Community Development, the County Commission's Prosperity Council asked the FIU Metropolitan Center to conduct a feasibility study of potential policy initiatives that could create a stronger foundation for growth at the local level, increase the region's resilience to the national economic cycle, and improve income growth for working families.

FIU's study revealed a regional economy that continued to struggle after the Great Recession. Despite the area's lowest unemployment rate in eight years, poverty levels remained unchanged from 2010–14. In a story familiar to many other regions of the country, the report found the middle-wage jobs lost during the recession have not returned, and instead have been replaced by lower-paying jobs. This weakening of prosperity was a reversal from the 2000–07 period, when Miami-Dade's economy had experienced growing opportunity, rising incomes, and shrinking income inequality across all income segments, especially for those at the bottom 40 percent. Postrecession, however, almost all quintiles saw their fortunes decline, and declines were even steeper for those in the bottom 40 percent in nearly every economic indicator studied (income, income distribution, income disparity, and productivity).[4] As a result, the report concludes, today county residents are facing a growing prosperity gap "with declining economic opportunity, mobility, and equity." Additional findings include:[5]

- Income declines across every income segment in the county from 2000–14 (see chart 4), with only the county's top 5 percent of all households gaining income from 2008–14
- A lower income per income quintile than their respective national averages, with a median household income in 2014 of $42,926, which in real dollars is about 13 percent less than it was in 2000
- An economy creating a preponderance of lower-wage jobs, with 61 percent of jobs created since 2010 paying below the county average wage and only 24 percent of new jobs since 2008 paying more than $50,000 a year
- Income inequality significantly above the national average
- Rapidly rising regional housing and transportation costs, making Miami the third least affordable housing market in the nation
- Identification of particular neighborhoods that have not, and are not, participating in the region's economic growth.

Chart 4
Change in Real Mean Income by Quintile, Miami-Dade County



Source: Greiner, Kevin, and Edward Murray, *Miami-Dade County Prosperity Initiative Feasibility Study*, Florida International University's Metropolitan Center, 2016 (chart 1, page 12)

The five solutions examined would build economic self-sufficiency and help boost the broader local economy. The study looked at the feasibility and impact of the following five proposals:[6]

- Social enterprise incubators and accelerators
- Community land trusts
- Community benefit agreements
- Children's savings accounts
- Employee-owned business cooperatives[7]

To maximize impact, the study recommended targeting the programs in neighborhoods of highest need, with the report's authors creating a Neighborhood Distress Index to rank the neediest communities.

The Infrastructure of inclusion

Time will tell if Miami-Dade County's pilot programs, if passed, will be successful in creating more inclusive economic growth, but this first step is a noteworthy one. The region is taking a close and critical look at its economic performance, trying to reach across sectors to implement solutions, gathering data to pinpoint which problems to focus on, and setting baselines to measure their future impact against. The experience implementing these proposals could help inform the national response to rising inequality, if local leaders are able to track and rigorously evaluate their results. Rigorous program evaluation can also help Miami-Dade determine which programs are successful at moving households toward self-sufficiency and the local economy toward shared prosperity.

Our CED department has been talking to communities across our District which, similar to Miami-Dade County, are having public conversations on promoting economic inclusion—from Chattanooga to Nashville to New Orleans to Atlanta. Across all the cities, we hear a common set of questions being asked to build economic resilience of working families:

- **What can we do to create quality jobs**? Rather than focus on job creation generally, communities are looking for ways to create jobs that pay a family-supporting wage or offer benefits. They do not want to accept a low-wage economy as their only choice. New Orleans made a focused effort to develop "equity as a growth strategy" through the Prosperity NOLA five-year strategic development plan, led by the New Orleans Business Alliance. Implementation has been driven by a cross-sector partnership, the Network for Economic Opportunity, which has developed innovative programs in workforce development and procurement. Together, local government, industry, and philanthropy are creating new ways to connect people and businesses to opportunity, including through employer engagement, targeted outreach and recruitment, and training and skills building.
- **How can we help people access a quality job?** Once quality jobs have been created, people need to have the skills necessary to perform those jobs, and also pathways to secure the jobs. Local groups are striving to both improve K–12 public education as well as modernize their public workforce development system, as in Chattanooga's work to make sure its residents can access the good-paying jobs the region is now producing. Community leaders also continue efforts to improve affordable housing options in neighborhoods with access to quality schools, services, and jobs or improve transit accessibility for lower-income households, as in Atlanta's TransFormation Alliance's work with the Atlanta Regional Commission to improve equitable transit oriented development.
- **How can we help people build assets?** For families to move up the economic ladder, they need the ability to withstand short-term shocks, like a sudden illness or a car that won't run. Helping people build savings and assets has become a central focus for some local leaders with efforts ranging from publicly led programs, like Nashville city government's Financial Empowerment Centers to private business-led efforts, like providing small dollar, starter retirement accounts for workers.

The regional benefits of inclusion

Recent economic research indicates that these efforts to improve economic prosperity from the bottom up may also improve an economy's overall economic resilience. A 2011 study by the International Monetary Fund (IMF) looked at factors that correlated with the duration of economic growth spells in a particular country. The economists found that greater income inequality was actually linked to shorter periods of economic growth.[8] A follow-up study in 2014 found the results held for advanced economies, like the United States or Europe.[9] The more unequal income distribution there was in a country, the less durable and shorter its growth spells. Researchers at the University of Southern California and University of California at Davis wanted to see if these same results held when comparing growth spells across U.S. metropolitan areas. They replicated the IMF's methodology and found, yet again, that lower income inequality was associated with longer spells of economic growth.[10] They also found that regions with less spatial segregation were also associated with longer growth spells.[11]

While deep-rooted patterns of unequal access to opportunity and disinvestment will not change overnight, communities across the region are taking important steps to examine and counter their economic disparities, in an effort to build more durable local economic growth in the future.

By Sameera Fazili, senior CED visiting adviser, and Mary Hirt, CED intern

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[1] AEI/Brookings. *Opportunity, Responsibility, and Security Report.* 2015.

[2] The Pew Charitable Trusts. *Pursuing the American Dream: Economic Mobility Across Generations*. Washington, DC, 2012.

[3] Pew Center on the States. *Economic Mobility of the States*. Washington, DC: Economic Mobility Project, 2012.

[4] Greiner, Kevin, and Edward Murray. *Miami-Dade County Prosperity Initiative Feasibility Study*. Florida International University's Metropolitan Center, 2016.

[5] Ibid (see footnote 4).

[6] Ibid.

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Plan to Attend Reinventing Our Communities Conference

Register today for the Federal Reserve Bank of Philadelphia's 2016 Reinventing Our Communities: Transforming Our Economies conference. This national biennial conference will be held September 21–23 at the Hilton Philadelphia at Penn's Landing. Through a series of engaging plenary discussions, concurrent sessions, and keynote addresses, the conference will examine how communities can connect people, place, and capital to transform local and regional economies in an inclusive way.

Attend the conference to hear how communities can transform by:

- Connecting people to the global economy
- Creating places of opportunity that are equitable and benefit all residents
- Investing in and leveraging the collective skills, knowledge, and assets of residents.

And experience conference sessions that will showcase:

- Perspectives from three Federal Reserve presidents on the Fed's role in transforming economies
- Emerging strategies in community development finance that focus on collaboration
- Impact investing and other alternative sources of funding for community development
- Current trends and needs in small business finance
- Opportunities for municipalities to compete effectively for funding.

Check out the full agenda and register now to reserve your spot!

The Reinventing Our Communities conference is sponsored by the Federal Reserve Bank of Philadelphia. Cosponsors include the Penn Institute for Urban Research at the University of Pennsylvania and the Federal Reserve Banks of Atlanta, Boston, Chicago, Cleveland, Minneapolis, New York, Richmond, and St. Louis.

To get conference updates on Twitter, follow the hashtag #Reinvent2016.

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Research Symposium on Gentrification and Neighborhood Change

AFFORDABLE HOUSING AND NEIGHBORHOODS :: NEIGHBORHOODS AND PLACE

Photos by Peter Samulis and courtesy of the Federal Reserve Bank of Philadelphia

In urban areas across the United States, demand for housing in centrally located, amenity-rich neighborhoods is increasing, driven by young, college-educated, predominantly white residents. Those with higher incomes are able to outbid low-income residents, which may lead to voluntary and involuntary displacement of these households. In low-income, center-city neighborhoods this is particularly troubling, as these neighborhoods offer greater access to public transportation, social services, employment centers, and social networks. Displacement could force vulnerable households into less desirable and more impoverished neighborhoods. This article shares some of the most recent research on the topic as well as policy, investment, and program solutions that communities can explore to address their unique local challenges.

To examine these trends in cities, the Research Symposium on Gentrification and Neighborhood Change was held May 25, 2016, at the Philadelphia Fed, cohosted by the Federal Reserve Banks of Philadelphia and Minneapolis, the New York University Furman Center for Real Estate and Urban Policy, and the U.S. Department of Housing and Urban Development (HUD). The program was organized into four discrete panels on the causes and patterns of gentrification, its consequences, policy responses, and equitable development approaches from practitioners. Selected papers are available on the event website and more papers will be published in a special November issue of HUD's *Cityscape*.

Root causes and trends

Gentrification is commonly seen as moderate- and high-income, college-educated, white households moving to formerly low-income inner-city neighborhoods. A panel on the causes and extent of gentrification highlighted the economic conditions and the shifting preferences of these households. Researcher Nathaniel Baum-Snow from the University of Toronto noted that shifts in labor markets toward the service sector and increasing preference for amenity-rich neighborhoods have driven an uptick in demand for in-town living. Lena Edlund of Columbia University added that high-income households work more, with longer hours, and therefore would rather reduce their commute time and maximize their time at home by living in central cities. Jessie Handbury of the University of Pennsylvania provided further evidence of the importance of amenities and showed that younger cohorts have driven much of the movement. Finally, Ingrid Gould Ellen from the Furman Center demonstrated how reductions in crime from 1990–2010 preceded increases in high-income households in central city neighborhoods.

Does gentrification matter?

While neighborhood change may be a certainty, thought leaders are increasingly asking whether its effects on the existing population are necessarily negative. Accordingly, a second panel of experts focused on the consequences of gentrification on low- and moderate-income households and small businesses. Lance Freeman of Columbia University showed that gentrification had no statistically significant effect on the probability that households move out of their neighborhood in the United Kingdom, although low-income households were more likely to move than higher-income households. The Philadelphia Fed's Lei Ding examined the financial health of residents in gentrifying neighborhoods and showed that improvements could be made if they are able to stay, but those who move out are more likely to end up in lower-income neighborhoods and experience ill effects on their financial health. In speaking with business owners from Chicago's Whicker Park, Jeffrey Parker of the University of Chicago found that most accepted gentrification for financial survival but believed it caused instability in their neighborhood. Rachel Meltzer of the New School added that existing businesses are no more likely to be displaced in gentrifying neighborhoods than non-gentrifying neighborhoods, although shifting consumer demand may attract outside investment, such as retail chains. This panel brought to light the need for strategies that allow residents to stay in place and businesses to acclimate to changing consumer preferences.

National and local responses

National and local policy and practice responses to gentrification generally focus on equitable development, such as providing greater access to subsidized housing and facilitating mixed-income development. Two additional panel discussions examined these responses. In a policy-focused panel, Samuel Dastrup of Abt Associates demonstrated that public housing in gentrifying neighborhoods in New York City provides access to higher levels of employment and larger earnings for residents when compared with non-gentrifying neighborhoods. Gerard Torrats-Espinosa of New York University showed that as rents in a metropolitan area increase, housing choice vouchers recipients are likely to live in neighborhoods with lower poverty rates, although they may move more frequently, have higher rent burdens, and be more spatially concentrated. Karen Chapple of the University of California, Berkeley presented on early warning systems for gentrification as well as the Urban Displacement Project policy mapping tool for communities experiencing gentrification pressures in the Bay Area. Jeffrey Lubell of Abt Associates provided a host of effective policy tools for increasing access to affordable housing in gentrifying areas, including property tax circuit breakers, expedited permitting for developers, and the use of publicly owned land for affordable housing development.

In a practitioner panel, Beth McConnell of the Philadelphia Association of Community Development Corporations examined land banking and other strategies for equitable development, which are featured in her organization's equitable development policy platform "Beyond Gentrification: Toward Equitable Neighborhoods." Oramenta Newsome of the Local Initiatives Support Corporation in Washington, DC, recommended reinvestment in the existing housing stock through initiatives such as DC's Tenant Opportunity to Purchase Assistance program. Jonathan Sage-Martinson of St. Paul's Planning and Economic Development department highlighted his organization's strategy to invest in housing, small businesses, and job training to prevent displacement on a new light rail line. Kathy Pettit of the Urban Institute spoke about the new Turning the Corner initiative, which incorporates data collection and tracking with collective action in communities facing neighborhood change.

A story of neighborhood change

Throughout the day several themes emerged. In her welcome, Theresa Y. Singleton, vice president and community affairs officer of the Federal Reserve Bank of Philadelphia, asked the audience to ponder "is gentrification good or bad?"—a question her teenage daughter astutely posed, but which all attendees have struggled with. Eric Belsky, director of the Division of Consumer and Community Affairs at the Fed Board of Governors, set the tone during his introductory remarks by noting that the main consequence of gentrification is the erosion of housing affordability, which has effects on those who stay and those who leave communities. In her keynote address, Assistant Secretary of Policy Development and Research for HUD Katherine M. O'Regan provided a national perspective on equitable development, including the importance of current policies to reduce Federal Housing Administration (FHA) insurance premiums on (and therefore spur development of) green, mixed-income housing; the Rental Assistance Demonstration program for preserving affordable housing; and the opportunity to encourage local partners and community members through the Affirmatively Furthering Fair Housing rule. Michael Grover of the Minneapolis Fed wrapped up the day by reminding the audience that gentrification is complicated and the data can be contradictory, but our responses should seek to expand affordable housing and limit resegregation at the neighborhood scale.

In the wake of the housing boom and bust, the recovery has been uneven among neighborhoods. During this same period, homeownership has dropped and the supply of rental housing has tightened, forcing rents to surge and driving up the number of cost-burdened households (those that pay more than 30 percent of their income on rent). Neighborhood change is inevitable—however, gentrification that furthers inequality by eliminating affordable housing options for low- and moderate-income households or spatially concentrating poverty in distressed neighborhoods must be acknowledged and addressed.

By Ann Carpenter, Atlanta Fed CED adviser, and Sydney Diavua, Philadelphia Fed community engagement associate

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Partners Update

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Webinar Probes Fed 2015 Small Business Credit Survey

Join small business experts from across the Federal Reserve System as they discuss the results of the 2015 Small Business Credit Survey. The survey from the Federal Reserve Banks of Atlanta, Boston, Cleveland, New York, Philadelphia, Richmond, and St. Louis, in partnership with local business and civic groups, gathered information from small businesses on general business conditions and firm financial and credit experiences.

Responses to the survey provide insight into the dynamics behind aggregate lending trends and shed light on noteworthy segments of the small business credit market (as reported by firms). The survey captures the perspectives of businesses with fewer than 500 employees.

Tammy Halevy of the Association for Enterprise Opportunity, Claire Kramer of the New York Fed, and Karen Leone de Nie of the Atlanta Fed will discuss the survey results. Register for the July 7 webinar, which takes place at 3:00 p.m. ET. Participation is free, but preregistration is required.

These events are part of the Federal Reserve's Connecting Communities® series, a national initiative intended to provide community development practitioners, financial institution representatives, policymakers, and others with timely information on emerging and important community development topics.

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