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# THE POLICY CIRCLE

## STITCHING THE FABRIC OF NEIGHBORHOODS



# WHY ARE NEIGHBORHOODS IMPORTANT?

A COMMUNITY'S WELL-BEING IS RELATED TO THAT OF ITS RESIDENTS. A 2018 HARVARD STUDY FOUND THAT "PEOPLE WHO ARE MORE SOCIALLY CONNECTED TO FAMILY, TO FRIENDS, TO COMMUNITY ARE HAPPIER, THEY'RE PHYSICALLY HEALTHIER AND THEY LIVE LONGER THAN PEOPLE WHO ARE LESS WELL CONNECTED."

THIS IS NOT ONLY IN TERMS OF PHYSICAL HEALTH AND HEALTHCARE QUALITY, AS GEOGRAPHY CAN OFTEN TIMES AFFECT ACCESS TO CARE, BUT ALSO IN TERMS OF SOCIAL COMMUNITY HEALTH.

# FACTS TO KNOW

SMALL BUSINESSES CREATE ALMOST TWO-THIRDS OF NEW JOBS AND EMPLOY ALMOST HALF OF THE COUNTRY'S PRIVATE WORKFORCE. TWO-THIRDS OF EVERY DOLLAR SPENT AT A SMALL BUSINESS STAYS IN THE LOCAL COMMUNITY, AND EVERY DOLLAR SPENT AT A SMALL BUSINESS CREATES AN ADDITIONAL 50 CENTS OF LOCAL BUSINESS ACTIVITY.

# FACTS TO KNOW

A YELP ANALYSIS INDICATED ALMOST 100,000 SMALL BUSINESS ACROSS THE COUNTRY HAD CLOSED PERMANENTLY BETWEEN MARCH AND SEPTEMBER 2020. A REPORT FROM THE FEDERAL RESERVE DETERMINED "AROUND 200,000 MORE U.S. BUSINESSES PERMANENTLY CLOSED AS A RESULT OF THE PANDEMIC THAN IN A TYPICAL YEAR."

# FACTS TO KNOW

HUNDREDS OF LOCAL GOVERNMENT RACES SEE INCUMBENTS RUNNING WITHOUT COMPETITION. BALLOTPEDIA'S ANALYSIS OF UNCONTESTED ELECTIONS IN 2020 FOUND AN AVERAGE OF 40% OF LOCAL SEATS WERE UNCONTESTED. VOTER PARTICIPATION IS ANOTHER PART OF THE ISSUE; IN BIGGER CITIES 15% OF ELECTIONS WERE UNCONTESTED. ONLY 25% OF NYC'S REGISTERED VOTERS AND ONLY 20% OF LA'S REGISTERED VOTERS PARTICIPATED IN MAYORAL RACES IN 2017.

# FACTS TO KNOW

ACROSS THE U.S., THERE ARE APPROXIMATELY 46 MILLION AMERICANS (15% OF THE POPULATION) LIVING IN 1,969 RURAL COUNTIES, 175 MILLION AMERICANS (55%) LIVING IN 1,093 SUBURBAN COUNTIES, AND 98 MILLION AMERICANS (31%) LIVING IN 68 URBAN CORE COUNTIES.

THE POPULATION OF ADULTS 65 AND OLDER HAS INCREASED THE MOST IN THE SUBURBS AND IMMIGRANTS TEND TO FLOCK TO METROPOLITAN AND URBAN AREAS.

AMONG RURAL COUNTIES, 30% HAVE CONCENTRATED POVERTY, MEANING AT LEAST 20% OF THE POPULATION IS POOR. RURAL COUNTIES ALSO TEND TO HAVE THE SMALLEST SHARE OF PRIME-AGE WORKERS.

# GOVERNMENT

THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) RECEIVED JUST OVER \$49.6 BILLION IN FUNDING FOR THE 2021 FISCAL YEAR. BLOCK GRANT PROGRAMS RECEIVED \$3.5 BILLION. HUD REPORTS THAT BETWEEN 2005 AND 2013, BLOCK GRANT PROGRAMS ASSISTED 1.1 MILLION PEOPLE WITH HOMEOWNERSHIP, 33 MILLION PEOPLE WITH PUBLIC IMPROVEMENTS, AND 105 MILLION PEOPLE WITH NEW PUBLIC SERVICES. HOWEVER, THERE IS LITTLE OTHER EVIDENCE OF BENEFITS OF BLOCK GRANT FUNDING, BUT WHETHER THIS IS DUE TO LACK OF INVESTMENT IN EVALUATION METHODS IS UNCLEAR.

# GOVERNMENT

SENATOR ROBERT F. KENNEDY SET UP THE FIRST COMMUNITY DEVELOPMENT CORPORATION (CDC) TO REVITALIZE COMMUNITIES BY PROVIDING EDUCATION, JOB TRAINING, HEALTHCARE, COMMERCIAL DEVELOPMENT, AND AFFORDABLE HOUSING. TODAY, CDCS TARGET FEDERAL FUNDING FOR COMMUNITY DEVELOPMENT PROJECTS IN POOR URBAN AREAS. NEIGHBORWORKS AMERICA DOES SO BY SUPPORTING A NETWORK OF OVER 240 COMMUNITY DEVELOPMENT ORGANIZATIONS ACROSS THE COUNTRY, AND FREQUENTLY WORKS WITH, REPORTS TO, AND DOES RESEARCH FOR HUD.



# GOVERNMENT

IN 2018, 31% OF STATE AND LOCAL GOVERNMENT EXPENDITURES WENT TO ELEMENTARY, SECONDARY, AND HIGHER EDUCATION; 22.4% TO PUBLIC WELFARE PROGRAMS SUCH AS MEDICAID; AND 9.4%% TO PUBLIC HEALTH AND HOSPITALS. REVENUE SOURCES INCLUDE BUSINESS TAXES, SALES TAXES, AND STATE GOVERNMENT TRANSFERS. PROPERTY TAXES TEND TO BE LOCALITIES' LARGEST SINGLE SOURCE OF REVENUE, AMOUNTING TO ALMOST ONE- THIRD OF REVENUE IN 2018.

# GOVERNMENT

LOCAL GOVERNMENT REGULATIONS HAVE CONSIDERABLE INFLUENCE ON COMMUNITIES. ZONING, FOR EXAMPLE, IS A “LEGISLATIVE PROCESS FOR DIVIDING LAND INTO ZONES FOR DIFFERENT USES.” INDIVIDUAL COUNTIES, CITIES, AND TOWNSHIPS HAVE THEIR OWN SETS OF ZONING REGULATIONS, CALLED ORDINANCES. EVEN THOUGH DEVELOPERS OFTEN DETERMINE WHAT TO BUILD, WHERE THEY ARE ALLOWED TO BUILD IS CONTROLLED BY LOCAL ZONING LAWS, AND THE “CITY COUNCIL IS THE FINAL DECISION-MAKER ON ALL ZONING APPLICATIONS.” ESSENTIALLY, THE CITY COUNCIL’S DECISIONS ON ZONING SET THE RULES ON EVERYTHING FROM THE STRUCTURE OF MAIN STREET TO WHETHER YOU CAN RUN A BUSINESS IN YOUR HOUSE.

# FRAMING THE ISSUE

AT THE TURN OF THE CENTURY, AROUND 600,000 NEW BUSINESSES OPENED EVERY YEAR; SINCE THE GREAT RECESSION FROM 2007-2009, THAT NUMBER HAS BEEN ABOUT 400,000.

RESOURCES SUCH AS EDUCATION AND LABOR-FORCE PREPAREDNESS CAN INTEGRATE SMALL BUSINESSES INTO NEIGHBORHOODS.

AS WAS SEEN IN THE CASE WITH AMAZON SEARCHING FOR A LOCATION FOR ITS HEADQUARTERS, TAX INCENTIVE PACKAGES HAVE BEEN USED FOR DECADES "TO ATTRACT MANUFACTURERS WITH EMPLOYEES AND CAPITAL INVESTMENT," BASED ON THE IDEA THAT THE LARGE COMPANY CAN BRING JOBS AND OTHER ECONOMIC BENEFITS TO THE AREA.

# FRAMING THE ISSUE

BY CONTROLLING WHAT CAN BE BUILT IN A PARTICULAR DISTRICT, ZONING AFFECTS WHERE PEOPLE CAN LIVE. NOT ALL LAND CAN BE USED FOR RESIDENTIAL PURPOSES, WHICH CREATES ARTIFICIAL SCARCITY THAT INCREASE THE COST OF LAND. THE GAP BETWEEN WHAT LAND WOULD COST IF THERE WERE NO REGULATIONS, AND THE PRICE PEOPLE ACTUALLY PAY FOR IT, IS CALLED ECONOMIC RENT. ZONING LAWS PREVENT AMERICANS FROM LIVING CLOSE TO THEIR WORK OR MOVING TO CITIES WITH MORE JOBS. OTHER CONCERNS INCLUDE GENTRIFICATION, WHEN AN "INFLUX OF HIGHER-INCOME RESIDENTS TO IMPOVERISHED AREAS CAN 'DISPLACE RENTERS AND HOMEOWNERS, JEOPARDIZE WORK PRACTICES, DISRUPT FAMILY LIFE, AND UNDERMINE CULTURAL CONNECTIONS'" AS RENTS RISE

# SOLUTIONS

MOST SMALL BUSINESS OWNERS CAPITALIZED ON TECHNOLOGY EVEN BEFORE THE CORONAVIRUS PANDEMIC, WHICH HAS FORCED BUSINESSES THAT "HAVE LONG EARNED THEIR KEEP THROUGH BRICK-AND-MORTAR OPERATIONS" TO TURN TO E-COMMERCE. RELATIVE TO BUSINESSES THAT HAVE LOW LEVELS OF DIGITAL ENGAGEMENT, DIGITALLY ADVANCED SMALL BUSINESSES EARNED TWICE AS MUCH REVENUE PER EMPLOYEE AND WERE ALMOST THREE TIMES AS LIKELY TO CREATE JOBS OVER THE PREVIOUS YEAR. EXPANDING ONLINE PRESENCE ALLOWS BUSINESSES TO DIVERSIFY THEIR REVENUE STREAMS, KEEP STAFF EMPLOYED, AND EXPAND THEIR AUDIENCE.

# SOLUTIONS

PHYSICAL SPACES ARE NOT THE ONLY WAY TO PROVIDE SOCIAL COHESION; FESTIVALS AND SPECIAL EVENTS CAN PROVIDE COMMUNITIES WITH EXTRA BENEFITS. FOCUSING ON INCLUSIVITY AND PROVIDING THE OPPORTUNITY TO FORM HUMAN CONNECTIONS IS KEY: “CONNECTIONS ARE THE ‘GLUE’ THAT HOLD COMMUNITIES TOGETHER; WITHOUT THEM, A COMMUNITY STAGNATES AND THE QUALITY OF LIFE DECLINES.” SOCIAL INFRASTRUCTURE IS “LESS A THING TO MAXIMIZE THAN A LENS THAT COMMUNITIES AND POLICYMAKERS SHOULD APPLY TO EVERY ROUTINE DECISION ABOUT PHYSICAL INVESTMENT.”

# WHAT YOU CAN DO

## MEASURE -

DO YOU KNOW THE STATE OF SOCIAL INFRASTRUCTURE IN YOUR COMMUNITY OR STATE? WHAT ARE YOUR STATE'S OR MUNICIPALITY'S ZONING LAWS? IS THERE A NEIGHBORHOOD ASSOCIATION, OR DOES ONE NEED TO BE FORMED?



## IDENTIFY -

WHO ARE THE MEMBERS OF THE COMMUNITY DEVELOPMENT OFFICE IN YOUR AREA? WHO ARE CONTACTS AT YOUR LOCAL CHAMBER OF COMMERCE? WHAT STEPS HAVE YOUR STATE'S OR COMMUNITY'S ELECTED AND APPOINTED OFFICIALS TAKEN?



## REACH OUT-

FIND ALLIES IN YOUR COMMUNITY OR IN NEARBY TOWNS AND ELSEWHERE IN THE STATE. FOSTER COLLABORATIVE RELATIONSHIPS WITH LOCAL BUSINESSES, COMMUNITY ORGANIZATIONS, AND SCHOOL BOARDS.

## PLAN -

SET MILESTONES BASED ON YOUR STATE'S LEGISLATIVE CALENDAR OR LOCAL COMMUNITY CALENDAR.



## EXECUTE -

TALK TO YOUR LOCAL BUSINESS OWNERS AND ENTREPRENEURS TO GAIN INSIGHTS ABOUT THE OPERATIONS OF SMALL BUSINESSES. ARE THERE WAYS LOCAL BUSINESSES CAN FORM PARTNERSHIPS WITH OTHERS IN YOUR AREA, SUCH AS MENTORSHIP PROGRAMS CONNECTED TO SCHOOLS? FIND OUT FROM LOCAL REAL ESTATE AND ECONOMIC DEVELOPERS WHAT CHALLENGES THEY FACE WITH ZONING LAWS.