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Creating Resilient Communities

Remarks by

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at

“Resilience and Rebuilding for Low-Income Communities:
Research to Inform Policy and Practice”

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I am pleased to join you for the eighth biennial Federal Reserve System Community Affairs Research Conference. The work you are doing here--sharing research and exchanging ideas on how best to further the development of low-income communities--is vitally important.

As this year's theme, "Resilience and Rebuilding," reflects, low-income communities were particularly hard hit by the Great Recession.¹ And, while employment and housing show signs of improving for the nation as a whole, conditions in lower-income neighborhoods remain difficult by many measures. For example, an analysis by Federal Reserve staff reveals that long-vacant housing units tend to be concentrated in a small number of neighborhoods that also tend to have high unemployment rates, low educational levels, and low median incomes.² While some of these neighborhoods are in the inner cities, others are in suburbs.

This analysis and others like it illustrate the close interconnections of housing conditions, educational levels, and unemployment experience within neighborhoods. Moreover, as this work confirms, poverty is no longer primarily an urban phenomenon but has increasingly spread to suburban areas, many of which lack the social and community development services needed to mitigate poverty and its effects.³ The implications of these trends for community development are profound. Successful

¹ For example, the Survey of Consumer Finances (SCF) data show that the average wealth of individuals in low- and moderate-income areas declined on a percentage basis more than that in higher-income areas (21 percent versus 17 percent). See the 2007-09 SCF panel data, available at www.federalreserve.gov/econresdata/scf/scf_2009p.htm.

² Raven Molloy (2013), "Long-Term Vacant Housing Units: An Aggregate View," speech delivered at "Renters, Homeowners, and Investors: The Changing Profile of Communities," a conference sponsored by Board of Governors of the Federal Reserve System and Federal Reserve Banks of Philadelphia and Cleveland, Washington, February 26.

³ Alan Berube (2012), "The Continuing Evolution of American Poverty and Its Implications for Community Development," in Federal Reserve Bank of San Francisco and Low Income Investment Fund, *Investing in What Works for America's Communities: Essays on People, Place, and Purpose* (San Francisco: FRBSF and LIIF), pp. 55-71, www.whatworksforamerica.org/pdf/berube.pdf.

strategies to rebuild communities cannot focus narrowly on a single problem, such as the physical deterioration of neighborhoods that suffered high rates of foreclosure. Rather, progress will require multipronged approaches that address housing, education, jobs, and quality-of-life issues in a coherent, mutually consistent way. Moreover, strategies will have to be adapted to meet the special circumstances of urban, suburban, and rural settings. As community development researchers and practitioners, you are confronting the challenge of effectively attending to the needs of both individuals and communities-- of people as well as places.

The Evolution of Community Development

Community development has a long history of innovation and learning from experience. Notably, after decades of large-scale, top-down federal efforts, it became increasingly apparent that a one-size-fits-all approach did not serve local communities well. The urban renewal programs of the 1950s and 1960s were perhaps the most prominent examples of well-meaning but misguided efforts to revitalize decaying inner-city neighborhoods. In practice, these policies often devastated neighborhood cohesion, leading their critics to argue for local, bottom-up solutions. Perhaps the most influential critique of urban renewal and top-down planning was Jane Jacobs's 1961 book, *Death and Life of Great American Cities*.⁴ In that book she celebrated the complexity and organic development of city neighborhoods in which intricate social networks enhance safety, quality of life, and economic opportunity. In Jacobs's view, a police force was not as effective at maintaining order as a neighborhood filled with "public actors" such as storekeepers, doormen, and interested neighbors acting as street watchers at all hours. The development of this sort of community self-monitoring is most likely to emerge, she

⁴ Jane Jacobs (1961), *The Death and Life of Great American Cities* (New York: Random House).

argued, in neighborhoods with a rich mixture of activities taking place in buildings of varying age, character, and use.

For the most part, social science research has vindicated Jacobs's perspective. For example, sociologists studying community resilience in the wake of natural disasters mapped deaths caused by an extreme heat wave in Chicago in 1995.⁵ They found, not surprisingly, that death rates were higher in poor areas where air conditioners were scarce. But they also noticed a remarkable difference in the fatality rate in two adjacent neighborhoods--Englewood and Auburn Grisham--on Chicago's South Side. These neighborhoods were comparable by many measures: Both were 99 percent African American, with similar numbers of elderly residents and comparably high rates of poverty and unemployment. Yet Englewood experienced 33 deaths per 100,000 residents during the heat wave, while Auburn Grisham had among the lowest fatality rates in the city, 3 deaths per 100,000 residents. Researchers found that a key difference between Auburn Grisham and other neighborhoods lay in its physical and social topography--the vitality of its sidewalks, stores, restaurants, and community organizations that brought friends and neighbors together, making it easier for people to look out for each other.

This example illustrates a point that many community development practitioners have come to embrace: Resilient communities require more than decent housing, important as that is; they require an array of amenities that support the social fabric of the community and build the capabilities of community residents. The movement toward a holistic approach to community development has been long in the making, but the housing crisis has motivated further progress. To be sure, implementing a holistic approach is easier said than done. Government resources are still largely managed in

⁵ Eric Klinenberg (2013), "Adaptation: How Can Cities Be 'Climate-Proofed'?" *New Yorker*, January 7.

silos, and coordinating government agencies, philanthropy, and the private sector to meet the needs of local communities requires extraordinary commitment and effective leadership. But persistence and effort pay off. The holistic approach has the power to transform neighborhoods and, as a result, the lives of their lower-income residents.

Let me give another example, drawn from the experience of the East Lake neighborhood in Atlanta, a neighborhood that exemplified the effects of concentrated poverty. In the early 1990s, East Lake had a crime rate 18 times higher than the national average. Nearly 60 percent of adults received public assistance, and only 5 percent of fifth grade children were able to meet state academic performance standards. A local philanthropist, Tom Cousins, wanted to improve the quality of life in this neighborhood by de-concentrating its poverty.⁶ But he understood that East Lake's problems were interconnected: Replacing substandard housing would do little to attract families to the neighborhood if it lacked good schools, but schools couldn't perform well if students feared for their safety, arrived hungry, and were otherwise unprepared or unable to learn. High dropout rates in turn fueled the neighborhood's high rates of unemployment and crime.

To deal with the interconnectedness of the neighborhood's problems, Cousins determined to attack them simultaneously. He created the East Lake Foundation to facilitate transformative change. The foundation partnered with the Atlanta Housing Authority to replace the neighborhood's low-income housing project with mixed-income housing that accommodated former tenants and other very low-income residents as well

⁶ Shirley Franklin and David Edwards (2012), "It Takes a Neighborhood: Purpose Built Communities and Neighborhood Transformation," in Federal Reserve Bank of San Francisco and Low Income Investment Fund, *Investing in What Works for America's Communities: Essays on People, Place, and Purpose* (San Francisco: FRBSF and LIIF), pp. 170-83, www.whatworksforamerica.org/pdf/franklin.pdf.

as attracting new, higher-income families. An independently operated public charter school for grades kindergarten through 12, named the Drew Charter School, and an early learning center serving 135 children were built. A new YMCA health and fitness center began to provide wellness programs and to serve as a neighborhood gathering place. Finally, the foundation worked to attract commercial investments in the neighborhood, including a grocery store, a bank branch, and restaurants.

Creating this plan and navigating the complex array of interests and resources of the community, the local government, and the private sector took 10 years of effort. But the character of the neighborhood was fundamentally changed. Today crime in East Lake is down by 73 percent, and violent crime is down by 90 percent. The percentage of low-income adults employed has increased from 13 percent to 70 percent, and Drew Charter School moved from last place in performance among 69 Atlanta public schools after its first year of operation to fourth place. With 74 percent of its students receiving free and reduced-price lunches, Drew performs at the same level as public schools in far more affluent areas.⁷ The educational outcomes alone argue for the wisdom of the holistic approach to community development.

The success in East Lake raises the question of whether a similar approach can work in other communities. In 2009, Cousins launched a community development organization, Purpose Built Communities, to try to attain the same good outcomes that were achieved in Atlanta in other cities around the country. Experience so far suggests that, while the framework can be replicated, it requires certain neighborhood conditions to succeed. These conditions include (1) housing developments of concentrated poverty,

⁷ For statistics cited in this paragraph, see pp. 177-78 in Franklin and Edwards, *It Takes a Neighborhood*, in note 6.

which can feasibly be replaced by good-quality mixed-income housing at sufficient scale to change the housing and income characteristics of the neighborhood; (2) the opportunity to create one or more schools accountable to parents and the community; and (3) civic and business leadership that is prepared to create and support an organization charged with coordinating the necessary partnerships and seeing through the long-term plans.

As those involved in this effort note, the Purpose Built strategy is quite different from that of most other bodies whose decisions affect community development.⁸ For example, city governments rarely organize around neighborhoods. School boards, housing authorities, and transit systems all make decisions critical to the health of neighborhoods, but they generally act independently of city government. Moreover, the goals of such bodies are not typically measured in terms of the health of neighborhoods in any holistic sense.

This mindset may be changing, however. For example, Los Angeles recently adopted a community-based approach to strategic planning. Its five-year consolidated plan recognizes that no single program or effort is likely, on its own, to lift families out of poverty or reduce crime in a neighborhood. Rather, the plan calls for a multifaceted approach to “build healthy communities by integrating community, economic, and housing development investments with transit opportunities to increase their positive impact on neighborhoods.”⁹ It also recognizes the need to build the city’s institutional capacity so that it can effectively coordinate these efforts. To that end, the mayor created

⁸ See Franklin and Edwards, *It Takes a Neighborhood*, in note 6.

⁹ Los Angeles Housing and Community Development (2013), “Five-Year Consolidated Plan 2013-2017” (Los Angeles: Community Development Department, February 26), Strategic Plan, p. 2, http://cdd.lacity.org/pdfs/conplan39/CP39ActionPlan_StrategicPlan_Jan2013Draft_revised.pdf#zoom=75, available on the Los Angeles CDD website, http://cdd.lacity.org/home_report_39ConPlan.html.

the Housing and Community Development Cabinet, which is composed of representatives from city departments from housing and transportation to health, family services, and economic development. The cabinet will be responsible for identifying neighborhoods for coordinated investment across sectors.

Perhaps one of the most promising new partners in community development is the health-care sector. Factors such as educational attainment, income, access to healthy food, and the safety of a neighborhood tend to correlate with individual health outcomes in that neighborhood. Because these factors are linked to economic health as well as physical health, health-care professionals and community development organizations are seeing new opportunities for cooperation in low-income communities. For example, public health specialists and housing leaders are working together in Seattle to reduce the incidence in low-income homes of allergens that can cause or aggravate asthma. Because asthma results in a significant loss of school days and billions of dollars in treatment costs, it is easy to see that these efforts have the potential to improve not only health, but educational and economic outcomes as well.¹⁰

Beyond complementary interests with community development organizations, health professionals offer an important set of skills and tools, including unique data sets and sophisticated evaluation techniques. For example, using data from 38 children's hospitals, the Children's Hospital of Philadelphia Research Institute found an association between rates of foreclosures and poor health in children, including the incidence of

¹⁰ Risa Lavizzo-Mourey (2012), "Why Health, Poverty, and Community Development Are Inseparable," in Federal Reserve Bank of San Francisco and Low Income Investment Fund, *Investing in What Works for America's Communities: Essays on People, Place, and Purpose* (San Francisco: FRBSF and LIIF), pp. 215-25, www.whatworksforamerica.org/pdf/lavizzo-mourey.pdf.

abuse.¹¹ Health-related philanthropies are also investing in projects in low-income communities, ranging from projects to identify the health ramifications of proposed community improvements to increasing access to fresh food, by creating partnerships to subsidize grocery stores in low-income communities.¹²

Accelerating Transformative Development in Communities

These examples illustrate the benefits of broad-based collaboration for rejuvenating communities that, in some cases, have been in decline for decades. Research is helping sharpen this approach and give more insight into what works. For example, in 2009, Federal Reserve Bank of Boston researchers evaluated the effects of concentrated poverty in Springfield, Massachusetts, as part of a larger study conducted by the Federal Reserve System. Intrigued by the results, the Boston Fed researchers turned their attention to trying to identify the factors that make it possible for some cities to adjust to changing economic conditions while others languish. To do this, the researchers identified 25 midsize manufacturing cities around the country that were similar to Springfield in 1960, when that city was at the height of its prosperity, and asked what accounted for the differences in the economic trajectories experienced by this group of cities over the past 50 years. Remarkably, their analysis indicated that industry mix, demographic makeup, and geographic location made less difference to success than the presence of a community leader and collaboration around a vision for the future. In some cases, leadership came in the form of an energetic mayor, but not always. In fact, the study found that leadership could come from almost anywhere. The successful leader

¹¹ Researchers found that each 1 percent increase in 90-day mortgage delinquencies over a one-year period was associated with a 3 percent increase in hospital admissions due to child physical abuse and a 5 percent increase in admissions due to traumatic brain injury suspected to be caused by child abuse.

¹² See Lavizzo-Mourey, "Health, Poverty, and Community Development," in note 10.

was simply the person or entity that recognized the importance of preventing further deterioration in the local economy and agreed to take responsibility for the effort to turn things around. The leader helped facilitate local collaboration, which was essential not only because economic development is complicated and multidimensional, but also for the more prosaic reason that outside funders typically require that all interested stakeholders commit to a strategic direction.

The specific avenues to recovery varied among the resurgent cities identified in the Boston Fed study. Some built on traditional strengths, while others created new business clusters from scratch. For example, Grand Rapids, Michigan, was once known for its furniture manufacturing. As those jobs disappeared, Grand Rapids worked to become a major medical center in the region, partnering with Michigan State University and Grand Valley State University to form the Medical Education and Research Center. Similarly, Jersey City has successfully transformed itself from a manufacturing-based economy to a financial center. Its proximity to New York City makes this transformation seem obvious in hindsight, but other similarly situated cities have not made comparable strides.

Most of the cities in the study made significant investments in infrastructure and people to aid the transition to a knowledge-based economy. For example, Greensboro, North Carolina, worked with the nearby cities of Winston-Salem and High Point to build a regional airport and to replace its manufacturing economy with one based on high-tech research and production. In a common pattern, Greensboro drew on local resources in post-secondary education, with community colleges providing courses to enhance job skills and universities partnering with businesses to develop innovative products--in

Greensboro's case, in nanotechnology and pharmaceuticals. In New Haven, Connecticut, local universities collaborate with private industry and local government to support biotech-related education in public schools by providing teacher training, assistance in curriculum design, and a mobile laboratory.

Developing Local Leaders

These examples show that a city's path to economic recovery typically depends on its ability to draw on its own particular assets. Leaders that recognize the potential of those assets and foster collaboration in exploiting them can help communities remake themselves. The question then becomes how to develop and encourage local leadership. Technical assistance, networking opportunities, and mentoring programs are just some of the ways that leadership can be fostered locally.

Based on its evaluation of Springfield and cities of similar size, the Boston Fed worked with its public, private, and philanthropic partners to come up with an idea to enhance leadership and spur transformative change. The Bank recently announced the Working Cities Challenge, a grant competition for smaller cities in Massachusetts that is designed to foster local collaboration to improve the economic health and well-being of low-income residents. Initiatives winning grants are expected to demonstrate cross-sector collaboration and involve groups that typically do not work together. Prize money is being provided by Living Cities, a national philanthropic collaborative; the Commonwealth of Massachusetts; and the Massachusetts Competitive Partnership; among others. The value of the competition goes beyond grant money, though that undoubtedly will help those who receive it. The real value of the competition is that it will encourage conversations among local stakeholders that are necessary to make real

and lasting change. Moreover, participants will receive access to technical assistance and planning resources, as well as to a growing network of public, private, nonprofit, and philanthropic leaders in the state who are focused on improving the economies of its smaller cities.

For practitioners of community development, as in any field, joining a network of like-minded professionals is important for building skills and becoming aware of opportunities and resources. NeighborWorks America, the leading provider of community development training in the country, has provided management and leadership training for community development professionals for more than 25 years. In the past few years, NeighborWorks has expanded its programs to develop leadership among its network organizations' executive directors and board members. Recognizing that effective board leadership is key to the health and effectiveness of its more than 235 member organizations across the country, NeighborWorks established the Achieving Excellence program in 2002 for its executive directors and others in the organization with significant responsibility. This 18-month program offers professional coaching and an opportunity to work with peers to solve a particular organizational challenge.

NeighborWorks also trains community leaders through the Community Leaders Institute. The institute is an annual event that attracts some 800 resident leaders from across the country, making it the largest residential leadership development initiative in the field. Attendees arrive in teams of eight and choose from more than 40 workshops on topics such as public speaking, planning, youth development, and mobilizing senior citizens. After four days, the teams have not only learned new skills, but they have developed action plans addressing particular issues in their neighborhoods. They are

given a \$2,000 grant as seed money so that they can return to their communities and immediately go to work. More than 13,000 resident leaders have gone through the institute to date, and some cities have replicated the format to provide local training for residents.¹³ These and similar programs not only train leaders, but they also create networks, partnerships, and the opportunity to learn from each other.

Conclusion

In sum, community development is a complicated enterprise. Neighborhoods and communities are complex organisms that will be resilient only if they are healthy along a number of interrelated dimensions, much as a human body cannot be healthy without adequate air, water, rest, and food. But substantial coordination and dedication are needed to break through silos to simultaneously improve housing, connect residents to jobs, and help ensure access to adequate nutrition, health care, education, and day care. Moreover, each community has its own particular set of needs, which depend on local conditions and resources. Accordingly, local leadership, together with a vision of what each community can be, is essential.

With that in mind, I want to thank all of you here today for the role you play in bringing your skills in research and analysis to the important work of rebuilding lower-income communities. Community development leaders have no shortage of commitment to their goals, but with the insights you provide, together with the opportunities to learn from the experiences of other communities, they will be better prepared and thus more successful in meeting the very difficult challenges they face. Thank you for being here.

¹³ Salt Lake City has formed its own leadership institute based on this model and has trained hundreds of local residents. In Seattle, training was provided in Vietnamese using translators and NeighborWorks staff. New Orleans, San Jose, and Charlotte have also begun to provide local leadership training for residents.