TURNING THE CORNER: IMPLICATIONS OF NEIGHBORHOOD REVITALIZATION FOR PUBLIC SAFETY, SMALL BUSINESSES, AND CAPITAL INVESTMENTS

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Launched in January 2016, Turning the Corner: Monitoring Neighborhood Change to Prevent Displacement piloted a research model in five cities to monitor neighborhood change, drive informed government action, and support displacement prevention and inclusive revitalization. The project was guided by the Urban Institute's National Neighborhood Indicators Partnership and the Federal Reserve-Philanthropy Initiative, a collaboration between the Restoring Prosperity in Older Industrial Cities Working Group of the Funders' Network for Smart Growth and Livable Communities and several Federal Reserve district banks. Turning the Corner was motivated by a desire to understand neighborhood revitalization and related displacement pressures in cities with recovering or moderately strong housing markets. The participating sites were Buffalo, Detroit, Milwaukee, Phoenix, and the Twin Cities (Minneapolis and St. Paul). As some areas in these cities see the fruits of public and private investments, some community members view the changes as harbingers of displacement, potentially shutting longer-term residents and small businesses out of the benefits of this new growth. New investment, however, also provides a window of opportunity to craft equitable neighborhood revitalization strategies.

Although each local team unearthed unique insights about displacement and neighborhood change in their city, three issues—public safety, businesses, and anchor investments—emerged in multiple sites. The take-aways about these issues could benefit other cities trying to ensure that neighborhood revitalization benefits longer-term residents.

This brief presents those ideas, drawing from the local publications and informal exchanges among the project participants. Exploring these issue areas and others like them encourages cities to plan ways to prevent or reduce displacement and other negative impacts that may occur alongside new investments. To access all of the project publications and resources to help communities monitor change, see http://www.neighborhoodindicators.org/turningthecorner.

PROJECT BACKGROUND

To help communities better understand their changing neighborhoods and craft informed responses, local teams researched neighborhood change and displacement risk using varying approaches selected to fit their local context. The basic team structure included a research partner, a local funder, and a cross-sector advisory group of local stakeholders, some of which involved a representative from the regional Federal Reserve bank. Each team selected two to four focus neighborhoods where they perceived that rising housing prices either were putting longer-term residents at increased risk of displacement or already displacing residents. The teams used quantitative and qualitative data to explore residential, commercial, and cultural displacement.

Understanding the characteristics of the 14 Turning the Corner neighborhoods provides important context for the observations below, which are drawn from Urban Institute analysis (Cohen, Pettit, and Levy 2019). The neighborhoods as a group are diverse racially and ethnically: in four neighborhoods blacks comprise the largest shares of the population, in three the largest shares are white, in six the largest shares are Latinx, and in one the largest share is Asian. The neighborhoods also represent diverse economic conditions. For instance, in five neighborhoods, less than half of the households have annual income under $35,000. For another six, that share is between one-half and two-thirds, and in the remaining three it is two-thirds or higher.

Key Terms

The Turning the Corner project was motivated by concern for people with low and moderate incomes, most of whom are people of color, residing in neighborhoods with perceived increasing market pressures. These people lived in the neighborhoods before the recent investments driving market demand. This brief uses ***longer-term residents*** *as shorthand to capture these ideas. This term is imperfect since it is imprecise about the length of time and does not explicitly note residents' income, race, or ethnicity.*

The project also includes a focus on ***small businesses****—small, locally owned enterprises that contribute to the community fabric and existed before recent investments.*

Displacement risk *in this brief refers to factors that could result in rising property values and force residents and local businesses to move from their neighborhoods.*

The project design focused on neighborhoods with early signs of change or with development activity that could increase displacement pressures. Drivers of these pressures included proximity to enlivened downtowns, introduction of public transit, and expansion of anchor institutions. Consistent with the project design, the areas exhibited varying market dynamics, with seemingly contradictory forces occurring in the same place at the same time. Most neighborhoods had indications of investments and associated displacement pressures alongside signs of disinvestment. Most of the neighborhoods had high rates of housing cost burden; all but two had rates higher than 40 percent. The vacancy rate in ten neighborhoods was 10 percent or higher, and in five of those it was 20 percent or more.

CROSS-SITE ISSUES

The Turning the Corner local research and conversations revealed insights about how increased market interest in disinvested neighborhoods alters different aspects of community life. The discussion below considers how market pressures and displacement risks interact with public safety, businesses, and anchor investments.

Patterns of crime, community norms, and perceptions of public safety can all be shifted by neighborhood change. These shifts cause some residents to feel unwelcome or threatened.

Research on neighborhood change and public safety tends to focus on traditional measures derived from reported crime data. A study using the elimination of rent control as a proxy for gentrification in Cambridge found crime decreased 16 percent, and a study of gentrification in Seattle found long-term reductions in property and violent crime arrests (Autor, Palmer, and Pathak 2017; Kraeger, Lyons, and Hays 2011). This research reinforces a narrative that when people with higher incomes move into a neighborhood, public safety improves. Some qualitative data from Turning the Corner neighborhoods support this premise. Residents in the Garfield neighborhood in Phoenix noticed a reduction in gang activity as new residents with higher education levels moved in (Arizona State University 2019).

However, the association of neighborhood revitalization with lower crime rates may not hold true in all neighborhoods. The connection between neighborhood change and crime is also difficult to generalize. New investment, redevelopment of buildings, and an influx of wealthier residents may lower crime rates, but reduced crime rates might also drive these changes. Establishing which phenomenon causes the other is difficult. Additionally, recent studies have suggested a correlation between income inequality and crime: neighborhoods with higher levels of internal and across-neighborhood inequality are associated with higher property crime rates (Kang 2016; Metz and Burdina 2018; Piza and Carter 2018). This research suggests that simply redeveloping areas and attracting wealthier residents may increase crime, as the disparity between higher- and lower-income households increases. This disparity also has a racial component; areas now undergoing neighborhood change are places where poverty had been concentrated among black and brown communities through racist policies. Targeted poverty alleviation, particularly for black and brown communities facing influxes of wealthy residents, may do more to lower crime rates than redevelopment.

In addition, reported crime rates alone miss the complexity of how residents view public safety. Qualitative data collected by the Turning the Corner teams suggest that communities see safety as including the amount and nature of policing, connections with neighbors, and sense of community. Further, resident perceptions of safety in their neighborhood shift as new residents and businesses move in. These concerns are consistent with those voiced across the country about racial bias in policing of black communities.

Participants in focus groups in Buffalo's Fruit Belt neighborhood indicated that they saw more policing in their neighborhood as the home prices increased (Taylor, Silverman, and Yin 2018). Residents perceived this change as being partly driven by the increase in security from the Buffalo Niagara Medical Campus expansion. Some residents expressed feeling safer and that an increased police presence served as a deterrent to crime. However, the changes could be interpreted differently by African American residents who are more likely to be profiled by police; some residents reported increased harassment.

> My son is on the porch in front of my house. And they're [the police] asking him if he has ID … So I have no problem with patrols, but what I do have a problem with is when they decide that they're going to come around and they're going to harass our kids.
>
> - *Homeowner in Buffalo's Fruit Belt neighborhood*
>
> *Source: Taylor, Silverman, and Yin 2018*

These experiences also vary by race. In Detroit's Southwest neighborhood—a predominantly Spanish-speaking Latinx community—residents indicated that they felt less safe in their changing neighborhood than they did before (Quesnelle, Rubio, and Urban 2018). Fear of being stopped by the increased number of police patrols and feelings of disconnection with new neighbors were two major factors contributing to these feelings. As stated in the forthcoming *Turning the Corner in the Twin Cities*, residents and community leaders spoke about what they perceived as unwarranted calls to police. The Native American community in Dayton's Bluff reported that calls are made to the police about their pow wows, for example.

In addition to pointing to new aspects of public safety to measure, resident perceptions also can guide the quantitative analysis for more typical quantitative analysis. For example, researchers may select the overall crime rate as an indicator reflecting neighborhood safety, but residents in several neighborhoods observed shifts in the types of crime, not just the total. In Southwest Detroit and in Milwaukee's Walker's Point, residents associated new restaurants or clubs in their neighborhoods that served more affluent clientele with an increase in property crimes like muggings or theft from cars (Quesnelle, Rubio, and Urban 2018). Focus group attendees in Milwaukee's Walker's Point perceived an uptick in crime and felt that it was predominately because of people visiting new entertainment venues. Brewer's Hill, Milwaukee, residents mentioned an increase in people coming into the neighborhood to buy and sell drugs (Pritchard et al. 2019). These perspectives could be missed in a cursory quantitative analysis.

The findings on public safety from across Turning the Corner project sites suggest that understanding public safety in changing neighborhoods requires nuanced analysis. Researchers need a broader set of both quantitative and qualitative data to capture the dynamics of safety as neighborhoods change.

First, researchers should expand the sources of quantitative indicators they examine beyond reported crime. For instance, they might use 911 call data trends to look for increases in low-priority calls or examine pedestrian and vehicle stop data for disparities by race and ethnicity.[1] These data are increasingly available on open data portals, as reported in the US City Open Data Census. Analyses of neighborhood change should also contextualize public safety data with observations from residents. Combined with qualitative information on residents' perceptions of safety, changes in the number of stops data might indicate changes in actual infractions or just changes in what is identified as behavior warranting police attention.

A comprehensive understanding of public safety can help guide appropriate policy solutions to crime and safety challenges in revitalizing neighborhoods. Public and community stakeholders should also take potential changes in public safety into account as they plan new investments, including monitoring a full array of indicators and considering programs to eliminate the disparate impact of policing practices.

Small local businesses are at greater risk of displacement from neighborhood change.

Although residents are usually the focus of displacement analyses, businesses also experience pressure as the neighborhood changes around them. Rising rents, loss of clientele, and changing norms around regulations can be destabilizing forces. As noted by the Milwaukee team, businesses that rent space face greater risks of displacement than those that own their buildings (Pritchard et al. 2019). In addition, black-owned firms are twice as likely to report more credit availability challenges and difficulty obtaining funds for expansion than white-owned firms (Barkley, Robb, and de Zeeuw 2017). Latinx owners face similar disadvantages but with a slightly smaller gap.

Project partners in several sites interviewed business owners about displacement pressures and received a range of feedback. According to *Turning the Corner in the Twin Cities*, the Whittier neighborhood in Minneapolis, which has had a strong presence of immigrant and person of color–owned businesses, business owners said they have seen increasing turnover of businesses, with more upscale businesses moving in. In Milwaukee's Walker's Point neighborhood, business owners indicated that new businesses were more focused on attracting clientele from other parts of the city or outside the state than on neighborhood residents (Pritchard et al. 2019). On the positive side, some business owners in Brewer's

[1] See "U.S. City Open Data Census: Emergency Calls," Sunlight Foundation and Open Knowledge International, accessed December 4, 2018, http://us-cities.survey.okfn.org/dataset/emergency-calls; and "Stops, Citations and Arrests," Police Data Initiative, accessed December 4, 2018, https://www.policedatainitiative.org/datasets/stops-citations-and-arrests/.

Hill, Milwaukee, indicated that the influx of investment brought new opportunities for new and existing service providers, such as grocery stores and barbershops, as well as for black business owners.

Analyses of the effects of neighborhood change on local businesses face data limitations. To understand the business landscape in their focus neighborhoods, the Turning the Corner team began with data from the Maricopa Association of Governments, which included only firms with more than five employees (Arizona State University 2019). Researchers supplemented these data by surveying for businesses using Google Street View and found more than twice as many businesses in some neighborhoods than were recorded in the government data source.

For communities interested in a better understanding of the businesses in their revitalizing neighborhoods, the Turning the Corner *Guide on Measuring Neighborhood Change to Understand and Prevent Displacement* describes common sources of data on businesses (Cohen and Pettit 2019). More comprehensive data will help ensure that redevelopment policies have an accurate picture of potentially affected businesses, especially small ones that may face the greatest risk of displacement.

Local governments developing policy responses to business displacement or the risk of displacement can begin by ensuring that publicly provided support, such as technical assistance and funding, is equitably available across a community. In cities undergoing change, immigrant-owned businesses are at particular risk for displacement, threatened by increases in rent and loss of former clientele (NALCAB 2018). Identifying and lowering any barriers to accessing support can help long-term tenant businesses and owner-operators weather changes occurring around them.

Examples of business assistance programs include grants to upgrade facades and small business trainings. The Central Corridor Funders Collaborative in the Twin Cities helped businesses cope with the light-rail expansion by providing technical assistance and loans to cover losses from construction (Central Corridor Funders Collaborative 2016). Cities and nonprofits can publish information about grants and assistance by business location and length of tenure to hold themselves accountable to equitable distribution of services.

Large-scale investments can attract additional capital to disinvested neighborhoods and increase displacement pressure for longer-term residents.

For many cities, long-term disinvestment is as much a concern as displacement. A large-scale capital investment, whether for a transit stop, a hospital complex, or a college campus, can provide benefits to longer-term residents. Investments in large projects, however, also can lead to rising rents and an influx of newcomers who differ in race and class from longer-term residents. In some situations, residents and businesses may experience negative effects even before construction. For example, the extension of the light-rail in Phoenix required a significant amount of eminent domain to compile land, which displaced area businesses (Arizona State University 2019). Another example that many localities will be grappling with in coming years are Opportunity Zones, a federal program where investors will receive substantial tax breaks for investing in designated areas. The program will likely increase capital in some disinvested communities but will require pressure and oversight to offset the displacement pressures on residents and ensure benefits accrue to the community.[2]

In Buffalo, some Fruit Belt residents spoke about the positive and negative effects of the expansion of the Buffalo Niagara Medical Campus (Taylor, Silverman, and Yin 2018). Residents identified several potential benefits, including better access to health care and new investment in their community. However, they also noted a rise in housing prices, which they attributed to the expansion. One resident felt that once investment begins, it is impossible to stop and emphasized the need to plan a response to these types of investments early on.

Transit investments may also bring benefits to communities while increasing displacement pressures. However, this dynamic can play out differently depending on the neighborhood. Phoenix residents challenged the idea that new transit would necessarily improve transportation access or otherwise improve their mobility. While the new light-rail stations provided access to downtown sports arenas and university campuses, they did not connect to the job centers where residents worked. Because of this, many residents attending community meetings indicated that they did not regularly use their neighborhoods' new light rail stations (Arizona State University 2019). In contrast, a survey of residents in four transit corridors of the Twin Cities found that black residents and immigrants felt positive about transit-induced change (Fan and Guthrie 2012).

When planning for large-scale investments, policymakers should consider potential negative outcomes, identify which residents are most vulnerable to these outcomes, and find ways to mitigate displacement risks. In hot-market cities, these considerations are more likely to be a part of the public conversation. In cities with slower housing markets, where government is likely to be more concerned with generating new investment, it is critical to consider that these investments can still increase displacement risk for residents with the lowest incomes and take steps proactively to ensure longer-term residents will benefit from the future investment.

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[2] Brett Theodos, Steven Rosenthal, and Brady Meixell, "The IRS Proposes Generous Rules for Opportunity Zone Investors but What Will They Mean for Communities?" *TaxVox* (blog), Urban-Brookings Tax Policy Center, October 23, 2018, https://www.taxpolicycenter.org/taxvox/irs-proposes-generous-rules-opportunity-zone-investors-what-will-they-mean-communities.

Evaluating the impact of new anchor investments on neighborhood housing affordability for longer-term residents is a good first step. In Milwaukee, a cross-sector equitable transit-oriented development grant allowed the city to proactively evaluate the impact of a planned streetcar expansion (City of Milwaukee Department of City Development 2018).[3] A report on the impact of the transit extension estimated 540 more households would have housing cost burdens as a result of continuing market trends and extending the streetcar.[4] Quantifying the impact on affordability will better position the city to prevent displacement.

CONCLUSION

Issues around public safety, businesses, and anchor investments were raised across Turning the Corner sites, yet the extent and the underlying concerns varied significantly. Some sites heard less about public safety, and others found less evidence of anchor investments creating displacement pressure for longer-term residents. Each community conducting its own analyses of displacement risk will find its own unique mix of pressing issues, but those outlined above can serve as initial areas of inquiry. Additionally, some strategies highlighted here and in the first Turning the Corner brief, such as listening to current residents and identifying displacement pressures early, can be applied to a range of issues (Pettit, Cohen, and Levy 2019). The research approaches and potential strategies identified by Turning the Corner sites can be models for other cities seeking to understand and prevent displacement.

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[3] See "TOD Connects," City of Milwaukee, accessed December 6, 2018, http://www.movingmkeforward.com/.
[4] See HR&A Advisors, "Residential and Commercial Market Analysis: King Drive Neighborhood," January 2018, accessed December 4, 2018, http://www.movingmkeforward.com/wp-content/uploads/2018/02/King-Drive-Market-Analysis.pdf.

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