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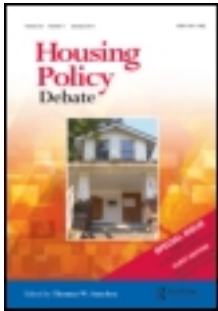
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Using Community Development Block Grant Dollars to Revitalize Neighborhoods: The Impact of Program Spending in Philadelphia

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Since the 1930s, federal housing policy has pursued an array of goals: addressing housing quality and affordability, neighborhood conditions, and residential segregation; and seeking to increase local employment opportunities and cities' tax bases. While the Community Development Block Grant (CDBG) program, established in 1974 to replace a number of categorical grants, was designed to be flexible and broad enough to include all of these goals, in most cases, local decision makers have focused program dollars on improving housing, not neighborhood-wide, conditions.

Public community development and housing programs can play a central role in prompting positive neighborhood change and ultimately repositioning weaker neighborhoods. There is a growing consensus in the literature that subsidized housing investments are more likely to generate such spillover effects if they are geographically targeted. What is less well known is exactly how much spending is required—what the threshold amount is—to positively impact neighborhood-wide conditions and values.

This project tests recent estimates of threshold spending amounts using data on investments funded by Philadelphia's Community Development Block Grants and Section 108 loans, and house value trends at the census-tract level. According to this analysis, Philadelphia census tracts receiving above-sample-median amounts of CDBG and/or Section 108 loan funds saw property values increase far more than those tracts receiving less subsidy or control group tracts receiving no subsidy at all. This suggests that geographically targeting subsidies can help maximize their neighborhood-wide effects.

Keywords: housing; Community Development Block Grant; CDBG; neighborhood

Since the 1930s, federal housing policy has pursued an array of goals, addressing housing quality, housing affordability, residential segregation, and the role that development can play in increasing employment opportunities as well as cities' tax bases. The Community Development Block Grant (CDBG) program, established in 1974 to replace Urban Renewal and a number of similar categorical grants, was designed to be flexible and broad enough to address all of these goals. (Localities were left to decide which objective or objectives to pursue with their CDBG funds.) In most cases, though, municipalities have used program dollars to improve housing, not neighborhood-wide, conditions.

Why, throughout its evolution, did federal housing policy only rarely link unit- or household-based programming to neighborhood-wide dynamics? First, the federal government's earliest programs (which would have substantial influence over subsequent

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programs) were responding largely to the lack of financing for housing and a stagnant building industry (both stemming from the Great Depression) and only minimally (if at all) to neighborhood-wide or city-wide conditions. Second, these programs came at a time when the country was urbanizing—when the majority of Americans were living in urban areas for the first time in the nation’s history and when the populations of the nation’s largest cities were growing. In these cities, scholars observed that households tended to separate themselves by income level and race or ethnicity; that higher-income households tended to prefer new housing on the urban fringe; and that housing units (and their surrounding neighborhoods) declined as they aged or were “invaded” by poorer or minority residents (Temkin & Rohe, 1996, p. 160). These observations were taken as explanations of how cities and their neighborhoods, by definition, would fare over time. This profoundly impacted not only popular opinion about cities and their housing stocks but also federal priorities and strategies (most notably the Federal Housing Administration’s explicit preference for newer housing in homogeneous areas and denial of support to older housing in diverse neighborhoods).

The idea that neighborhoods would inevitably decline with age was eventually refuted by evidence of gentrification in central city neighborhoods in the 1970s and by the broader urban revival of the 1990s. These realities demanded new theories on neighborhood change, ones that looked beyond simply the age of the housing stock or the socio-economic profile of area residents and, importantly, did not equate neighborhood change with decline. They also raised the prospect of public investments’ ability to revitalize weaker markets—not just through clearance and redevelopment but through reinvestment in the existing stock.

Academics have since developed a much richer understanding of neighborhood dynamics and also of how government intervention might interact with those dynamics. As it is currently understood, the nature of neighborhood change reveals a neighborhood’s capacity to advocate for itself; its level of social cohesion; its reputation (popular perceptions about its current conditions and future prospects); its larger context (the economic and housing market strength of its city and region); and the way these all influence the mobility and investment decisions of households, investors, institutions, and government entities.

Public community development and housing programs can play a central role in prompting positive neighborhood change and ultimately repositioning weaker neighborhoods. Subsidies can improve local conditions directly and can also do so indirectly by making households and investors more likely to stay in, move into, or invest in a particular neighborhood. There is a growing consensus that subsidized housing investments are more likely to generate such spillover effects if they are geographically targeted. However, scholars continue to test exactly how much targeting is enough—what dollar amount of subsidy within a given block or census tract is required to meaningfully change the mobility and investment decisions of private households, investors, and institutions.

This project tests the findings of two recent studies that attempted to quantify what this critical amount of subsidized investment might be (Galster, Tatian, & Accordino, 2006; Galster, Walker, Hayes, Boxall, & Johnson, 2004). First, this analysis summarizes the amount of the investments funded by Community Development Block Grants and Section 108 loans going into individual Philadelphia census tracts and classifies all subsidized tracts as receiving amounts greater than, between, or less than the two threshold levels offered by these studies. Second, it reviews pre- and post-intervention house value trends to see if property appreciation differed significantly between tracts receiving different levels of funding or compared with similar tracts receiving no subsidy at all.

The results of this study appear to suggest that subsidized investments can positively impact distressed markets, particularly if program spending is geographically concentrated and significant. The statistical methods used (one way analysis of variance [ANOVA] and Scheffé post hoc tests) showed that above-threshold levels of CDBG spending produced noticeable differences in housing value increases in Philadelphia tracts; census tracts receiving above-threshold amounts of funding (or at least \$965,000 in funding over a 5-year period) saw property values increase far more between 1990 and 2009 compared with those tracts receiving less subsidy and to control-group tracts receiving no subsidy at all. Among above-threshold tracts, those receiving support for homeowner housing, as opposed to rental housing or a mix of housing types, posted the largest gains.

Philadelphia's Community Development Strategy of the 1990s and 2000s

How CDBG dollars and Section 108 Loan Guarantee Program funds are spent in Philadelphia is the purview of the city's Office of Housing and Community Development (OHCD), which oversees the city's housing and community-related programming. The OHCD receives the city's allocation of CDBG money and contracts out to existing agencies and nongovernment organizations for the necessary services. It sets the city's priorities for local housing policy and establishes a comprehensive strategy for addressing Philadelphia's housing and general community needs.

During Mayor Ed Rendell's tenure (from January 1992 to January 2000), OHCD Director John Kromer benefited from a direct link to the mayor's office, a clear mandate to invest in neighborhoods, and a good political climate in which to do so (J. Gallery, first OHCD Director, interview, March 21, 2003). Kromer's OHCD created a new comprehensive housing strategy for Philadelphia that combined the prevention of future vacancies through support for repairs, weatherization, and housing counseling; the preservation of recently vacated properties by increasing available rehabilitation financing; and the demolition of dangerous properties and the reuse of vacant sites (Kromer, 1997). The city aggressively pursued a "repopulation" strategy in some of Philadelphia's most distressed neighborhoods. This included the Home in North Philadelphia initiative, launched in 1993, which sought to develop for-sale housing and improve public housing units in the area (Kromer, 2006). The policy became an annual budget priority, and OHCD funneled a range of public resources, including CDBG and HOME Investment Partnerships Program (HOME) monies, HUD Homeownership Zone grants, a HOPE VI revitalization grant (for the Richard Allen Homes), and Section 108 loan funds, into the area.

More would soon follow. Between 1997 and 2004, Philadelphia received another four HOPE VI revitalization grants and nine HOPE VI demolition grants, enabling the city to transform most of its larger public housing sites. At the same time, local institutions became increasingly involved in community development. The University of Pennsylvania, for one, launched the West Philadelphia Initiatives in the late 1990s, putting institutional resources (both dollars and people) toward increasing homeownership, reducing crime, expanding rental and retail opportunities, and improving educational services in West Philadelphia (Kerman & Kromer, 2004). The City of Philadelphia made its own substantial investment in housing and neighborhoods in 2002, when the city council approved \$295 million in bond financing to fund a range of activities from conservation to demolition under then-mayor John Street's Neighborhood Transformation Initiative. As in the 1990s, the city made a point of directing its CDBG dollars in ways that complemented these other projects and initiatives in the 2000s as well (Chrystie, 2013).

Using Housing Investments to Positively Influence Neighborhood Change

In Philadelphia, as in many other communities, the hope is that these resources will not only build or rehabilitate housing units and address abandoned or blighted properties but also revive some of the city's weakest markets. However, if policymakers and local officials hope to effectively use housing and community development subsidies to revitalize neighborhoods, they must have a clear understanding of how and why neighborhoods change and under what conditions government housing programs can be a "critical ingredient" in the neighborhood change process (Van Ryzin & Genn, 1999, p. 807).

Government funding can positively influence neighborhood conditions in two ways. Subsidized investments can directly improve local conditions by "renovating the housing stock, creating or upgrading community facilities and public infrastructure" (Walker, Hayes, Galster, Boxall, & Johnson, 2002, p. 7), encouraging homeownership, and pursuing other activities that create value in the neighborhood and therefore serve as a "precondition for neighborhood revitalization" (see also *Report of the Bipartisan Millennial Housing Commission*, 2002, p. 11; Galster, Walker, et al., 2004; Van Ryzin & Genn, 1999). Subsidized investments can also indirectly encourage investment or in-migration by first affecting decision-makers' perceptions and expectations, making them more willing (and likely) to invest (Galster, Walker, et al., 2004; Walker et al., 2002). Once swayed, area homeowners, property owners, and potential investors make their own investments, which join governmental and nonprofit-sponsored efforts to improve local conditions and quality of life (Galster, 1987; Galster, Walker, et al., 2004; Higgins, 2001; Miller-Adams, 2002; United States. Millennial Housing Commission, 2002). In both cases, federal programs—CDBG funds as well as HOME funds, Low-Income Housing Tax Credits (LIHTC), and public housing subsidies (particularly HOPE VI grants)—act as "pump-priming assistance" (Goetze, 1979, p. 136) and restore neighborhood confidence or "reveal market demand that few thought existed" (de Souza Briggs, 1997, p. 747) and, by doing so, reverse neighborhood decline.

What Do We Know About Public Efforts to Revitalize Neighborhoods?

For the most part, political leaders and public opinion have allowed few housing- or neighborhood-oriented programs to last more than 10 years, meaning that most ended before administrators could gain sufficient experience or programs could demonstrate real results (positive or negative) to effectively inform future policy (Hays, 1995; Koebel, 1998; Koebel, Steinberg, & Dyck, 1998). The resulting "trial and error attacks" on a range of housing problems over the past half-century have led to a "bewildering variety" of housing-related programs (Mitchell, 1985, p. 3).

The CDBG program is something of a stand-out in this regard, having outlasted Urban Renewal by nearly 15 years. However, while the CDBG program has been a relatively consistent way of dispersing federal funds for housing and community development to localities, it has by no means been a consistent strategy for investing in urban neighborhoods. Its flexibility (certainly when compared with the categorical grants that preceded it) makes it susceptible to the ups and downs of local political cycles, as well as to current fads touting the next silver bullet for distressed communities.

As a result, as recently as 2006, the existing research on how (or whether) subsidized investments affected neighborhood-wide conditions or trends remained largely inconclusive and provided "remarkably little reliable evidence" for how program dollars might "trigger the revitalization of distressed, low-income urban neighborhoods" or

“leverage the most private investment in these neighborhoods” (Galster et al., 2006, p. 457). A report from the Joint Center for Housing Studies at Harvard University that year lamented that, because “comprehensive, careful impact studies of these approaches are rare, it remains unclear whether the arsenal of interventions presently available [to cities] are sufficient to stabilize or reinvigorate distressed communities” (von Hoffman, Belsky, & Lee, 2006, p. v). Few studies had explicitly considered “whether and under what circumstances... [CDBG spending] produced any measurable changes in [targeted neighborhoods’] trajectories” (Galster, Walker, et al., 2004, pp. 904–905).

That put both federal policymakers and local officials “a long way from understanding specifically, and under what circumstances, which types of interventions may work best to reverse neighborhood decline” (von Hoffman et al., 2006, p. v). It provided federal policymakers and local officials with only weak justification for pursuing neighborhood-based community development projects at all, and few concrete and tested recommendations for how housing programs might simultaneously address housing problems and “develop viable communities” (one of the U.S. Department of Housing and Urban Development’s, *n.d.* key objectives).

In recent years, scholars have utilized a range of statistical methods to begin demonstrating exactly how public investments in housing can help neighborhoods reach a development threshold—the point at which “attitudes about the neighborhood’s viability, based on expectations of future growth” (Higgins, 2001, p. 3) are optimistic enough, and when profits are considered high enough and risks low enough, to cause an “increase in the capital flowing into the built environment” (Smith, 1982, p. 150). One method showing particular promise for isolating the neighborhood-wide impact of subsidized housing and community development investment is the adjusted interrupted time series (AITS). The AITS approach compares pre- and post-intervention conditions and trends for outcome indicators in target neighborhoods after adjusting post-intervention measurements to account for “extra-target neighborhood factors,” or those dynamics affecting outcomes in all neighborhoods across a city regardless of whether they received housing or community development subsidies (Galster, Temkin, Walker, & Sawyer, 2004, p. 2).

Studies utilizing AITS, as well as those relying on other methods (including spline regression and descriptive statistics), consistently find that government housing- and neighborhood-based intervention strategies do prompt positive neighborhood change but are more successful at doing so the more tangible—or visible—they are to local residents and other investors (Thomson, 2003). When subsidies are highly visible, the general public and neighboring property owners become more likely to perceive the positive changes occurring, more likely to expect that conditions will continue to improve, and more likely to adjust their own mobility and investment decisions in a way that further encourages the positive changes initiated by public investment.

The nature of the public funding itself can strongly affect the visibility of program dollars. More targeted subsidies tend to be more visible and therefore tend to be better at sparking additional development and encouraging long-term private reinvestment in a particular neighborhood (Galster, Temkin, et al., 2004; Galster, Walker, et al., 2004; Higgins, 2001; Quercia & Galster, 1997; Thomson, 2003; Walker et al., 2002). The real challenge, though, is determining exactly how much subsidy is necessary to help neighborhoods reach their development threshold. While the “emerging evidence clearly demonstrates that revitalization strategies can significantly alter [neighborhood] trajectories,” it says far less “about whether there is a minimum threshold for investment beyond which sizable impacts ensue, and if so, what this threshold might be” (Galster et al., 2006, p. 458). It is clear that this number is likely to be different for different

neighborhoods: neighborhoods with fewer assets and more liabilities (worse conditions, more crime, etc.) prior to investments and neighborhoods in cities and regions with weaker economies and housing markets are likely to require larger subsidies to reach their development threshold than do those initially in a better position to attract investment (Galster, Walker, et al., 2004; Walker et al., 2002). It is less clear what these numbers might be across these different situations.

To remedy this, scholars have begun to test different amounts of public spending in the hopes of identifying possible threshold levels for funding above which neighborhoods successfully reach their development threshold. Recent work on the impact of various amounts of CDBG dollars directed into particular geographies identifies two possible threshold levels for these subsidies: \$20,100 in spending per census block over 5 years and an average of at least \$86,737 annually for 3 years (Galster et al., 2006; Galster, Walker, et al., 2004).

Data Sources and Methods of Analysis

This study joins the debate over how to allocate public community development and housing dollars to stimulate positive neighborhood change by testing the findings of this recent work with data from Philadelphia. Lack of data on the exact timing of Philadelphia's housing-oriented CDBG spending made it impossible to replicate the statistical methods (multivariate modeling and AITS approach) of this earlier work. Instead, this analysis used the threshold levels introduced above to group Philadelphia census tracts based on the level of CDBG funding they received, and contrasted the average value trends in tracts receiving below-, between-, and above-threshold amounts of funding as well as in "control-group tracts" (comparable tracts receiving no CDBG investment). Data on tracts' average values came from the 1990 and 2000 U.S. Census and the 2009 American Community Survey 5-Year Estimates (n.d.); trends were calculated by dividing the later years' average values (those from 2000 and 2009) by a tract's 1990 average value. A one-way analysis of variance (ANOVA) was used to determine whether the average value trends of the various subgroups were significantly different from one another, and a Scheffé test was used to determine which subgroups had significantly different average value trends from which others.

To do this, this study compiled information on the city's recent use of CDBG and Section 108 loan funds, which the city had explicitly targeted in only a few neighborhoods over an extended period of time (from roughly the mid-1990s through the 2000s) and used strategically to bolster HOPE VI spending and LIHTC-funded projects (P. Chrystie, OHCD Director of Communications, interview, March 21, 2013; Galster, Walker, et al., 2004).¹ Sources for this information included the "Summary of Section 108 Funding, Years 19–33 (FY 1994–2008)" table in Philadelphia's *Year 34 Consolidated Plan* (Appendix 22–23), project narratives from that year's plan and from earlier plans, and feedback from OHCD staff members and the U.S. Department of Housing and Urban Development's National Low Income Housing Tax Credit (LIHTC) Database (n.d.; <http://lihtc.huduser.org/>). (Projects completed after 2007 were purposely excluded, because earlier studies have found a 3-year lag between neighborhood investments and their impact on neighborhood-wide conditions and housing market strength [see Galster, Walker, et al., 2004].)

All housing projects receiving CDBG or Section 108 loan funds during this time were assigned to a census tract or tracts, given an end date reflecting the year the project was completed, and classified by project type (related to the development or rehabilitation of owner-occupied housing units or rental units). The total amount of investment going into each census tract, and subtotals reflecting the amount going specifically to owner-occupied

Table 1. Breakdown of programmatic data.

Location of CDBG/Section 108 loan spending	Amount	%
Citywide programming	\$10,248,411	9
Assigned to a census tract	\$97,663,291	91
Total	\$107,911,702	

Note. Author's own summary of information found throughout the City of Philadelphia's *Year 34 Consolidated Plan*.

housing or to rental housing, were calculated for all affected tracts. Of the \$108,000,000 described in the "Summary of Section 108 Funding," \$97,663,291 (or 91%) was geocoded and included in this analysis (see Table 1).²

Summarizing and analyzing the scale of program spending was especially important because the degree to which housing and community development dollars are concentrated in a specific area is likely to affect those dollars' influence over neighborhood-level conditions and trends (Higgins, 2001; Quercia & Galster, 1997). Redeveloping highly distressed neighborhoods, in particular, "is a huge undertaking" that requires a "critical mass of resources" (Kadduri & Rodda, 2004, p. 20). Given that Philadelphia primarily directed CDBG funds into its weakest markets (those census tracts that were furthest from their development thresholds and that needed the most help attracting private investment), this is particularly significant.

Recent work on the neighborhood effects of CDBG investment point to two dollar amounts that may act as threshold levels of spending (or levels above which subsidies begin to produce substantially larger benefits to the surrounding area). An in-depth analysis of the Neighborhoods in Bloom (NiB) program in Richmond, Virginia, found that blocks receiving at least \$20,100 over 5 years saw significantly larger post-intervention house price appreciation than other program blocks (Galster et al., 2006). Since the 12 Richmond census tracts which included NiB blocks had an average of 48 blocks each,³ this threshold amount is equivalent to at least \$964,800 over 5 years in funding per census tract. In another study using data from 17 cities, researchers found that census tracts with an average of at least \$86,737 per year in CDBG spending for 3 years, or at least \$260,211 in spending over a 3-year period, had "statistically significant . . . subsequent changes" in neighborhood conditions, unlike tracts with less investment or comparable tracts with no investment (Galster, Walker, et al., 2004, pp. 915).

Using that research as a guide, this study identified 21 Philadelphia tracts that received amounts of CDBG and Section 108 loan fund spending above \$964,800 over 5 years,⁴ the larger of the two thresholds; 9 tracts that received less than \$964,800 over 5 years but more than \$260,211 over 3 years; and 9 additional tracts that received less than \$260,211 over 3 years (see Table 2).⁵

It was additionally necessary to identify a control-group set of tracts—census tracts with conditions and housing markets similar to those receiving CDBG or Section 108 loan funds but which did not receive any subsidy. The analysis of Richmond's NiB Program used nonprogram census tracts with median house values of less than \$69,000 in 1990 as control tracts (Galster et al., 2006). In Philadelphia, tracts receiving CDBG or Section 108 loan funds had an average median value of \$34,669 in 1990 and a standard deviation in median value of \$28,605. Therefore, any nonsubsidized tract with a median value of less than \$63,275 would be within one standard deviation of the average median among subsidized tracts (and, for the most part, below the average median value among all city tracts, which was \$63,048 in 1990); these tracts (194 in all) made up the control group.

Table 2. Subsidized investment in Philadelphia census tracts, by spending category.

Spending category	Tracts	Range of total CDBG spending
Above block-level threshold (>\$964,800 over 5 years)	21	\$1,018,333 to \$13,036,628
Between thresholds (>\$260,211 over 3 years and <\$964,800 over 5 years)	9	\$319,138 to \$850,000
Below thresholds (<\$260,211 over 3 years)	9	\$11,113 to \$250,000
No CDBG	318	

Note. Author's own summary of information found throughout the City of Philadelphia's *Year 34 Consolidated Plan (fiscal year 2008)*, City of Philadelphia, PA: Office of Housing and Community Development.

The existing research also advises using neighborhood indicators that are “measured: (1) frequently; (2) over an extended period, both before and after intervention; and (3) at a small geographic scale” (Galster et al., 2006, p. 462). Scholars generally agree that housing value and housing prices are “the best indicator of neighborhood revitalization” (Higgins, 2001, p. 11) because they capitalize neighborhood quality, and are also the “simplest indicator or proxy for confidence” (Goetze, 1976, p. 44) because prices reflect local demand (the desire of people to invest and live in a particular neighborhood; Ding & Knaap, 2002, p. 703; Goodman, 1978). In Richmond, for example, researchers found “a highly positive impact of NiB investments on single-family home prices in the target areas,” and tracts receiving investment “outperformed other distressed neighborhoods as well as non-distressed areas” (Galster et al., 2006, p. 464).

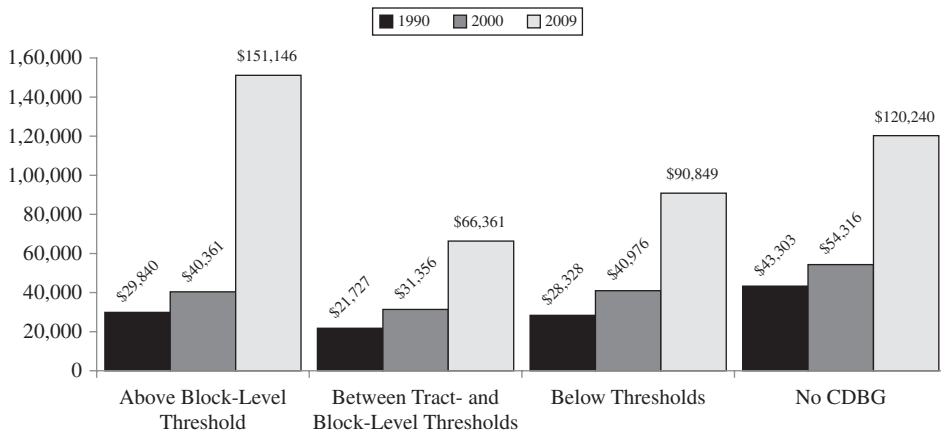
To see whether such threshold amounts of CDBG spending had a similar impact on Philadelphia census tracts, this analysis compiled data on the average value in a given tract from the 1990 and 2000 US censuses (collected through American FactFinder, n.d. and the [CensusCD Neighborhood Change](#) Database, which normalized 1990 and 2000 census tract boundaries) and the 2009 American Community Survey 5-Year Estimates (the most recent year for which data was reported according to tract boundaries from the 2000 census and also the last year of data largely reflecting pre-housing bubble values). To capture trends from pre-intervention through to post-intervention, this study analyzed data on the average property value for all Philadelphia census tracts that had at least one CDBG-supported project completed since 1998, as well as for all control-group tracts.⁶ For the subsidized tracts, 1990 represented a pre-intervention year, 2000 a mid-intervention year, and 2009 a post-intervention year. A tract's average value trend between 1990 and 2000 (from pre-intervention to mid-intervention) was defined as its average value in 2000 divided by its average value in 1990; a tract's average value trend between 1990 and 2009 (from pre-intervention to post-intervention) was defined as its average value in 2009 divided by its average value in 1990.

Results

According to these data, the average value in above-, between-, and below-threshold tracts was fairly similar in 1990 and in 2000, roughly \$20,000 to \$30,000 in all groups in 1990 and roughly \$30,000 to \$40,000 in all groups in 2000. At both points in time, these averages trailed the average value in control-group tracts by approximately \$10,000. Yet, by 2009, the average value in control tracts was \$120,240, higher than the average value in below- and between-threshold subsidized tracts (\$90,849 and \$66,361, respectively) yet well below the average value in above-threshold tracts (\$151,146; see [Figure 1](#)).

In relative terms, the average value was 1.25 to 1.45 times as high in 2000 as it had been in 1990 across all sets of tracts. However, while the average value in control-group

Figure 1. Average value by year and census tracts' level of CDBG investment.



Note. This figure was adapted from information the author gathered from the Neighborhood Change Database, the 2000 Census, and the 2009 American Community Survey 5-Year Estimates. The individual tables used were the following:

NCDB – Aggregate Value for Specified Owner-Occupied Housing Units, Value of Specified Owner Occupied Housing (1990 Data normalized to 2000 Census tract boundaries).

2000 Census SF3 Sample Data – H074 Value for Specified Owner-Occupied Housing Units; Table H081 Aggregate Value (Dollars) for Specified Owner-Occupied Housing Units by Mortgage Status (downloaded through American FactFinder, <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>)

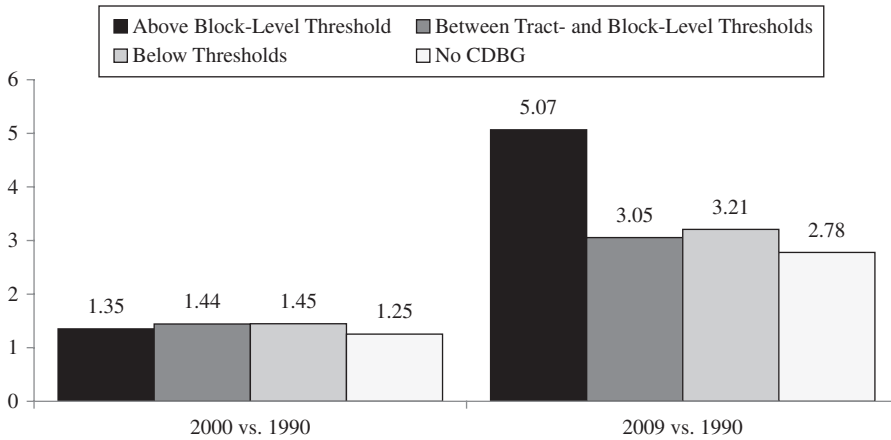
2009 American Community Survey 5-Year Estimates – Table B25075 Value of Owner-Occupied Units; Table B25082 Aggregate Value (Dollars) by Mortgage Status (downloaded through American Factfinder <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>)

tracts and in tracts receiving below- or between-threshold amounts of subsidy roughly tripled between 1990 and 2009, the average value in above-threshold tracts more than quintupled (or was equal to 5.07 times the 1990 average by 2009; see Figure 2).

A one-way analysis of variance showed no significant difference between the different groups of tracts for average value trends between 1990 and 2000 ($F = 0.64, p = .979$) but did show a significant difference for average value trends between 1990 and 2009 ($F = 12.502, p = .000$; see Table 3). In addition, a post hoc Scheffé test found a significant difference between above-threshold tracts' value increases between 1990 and 2009 (pre-intervention to post-intervention) and those in control-group tracts (mean difference = $\pm 1.60, p = .000$, see Table 4). In contrast, between- and below-threshold tracts' value increases were not significantly different from those in control-group tracts (mean difference = $\pm 0.42, p = .919$ for between-threshold tracts; mean difference = $\pm 0.57, p = .616$ for below-threshold tracts). These results suggest that funding at levels at or above the higher threshold amount (more than \$964,800 over 5 years) may be necessary to prompt neighborhood-wide gains and funding at levels between the two threshold amounts may be insufficient to do so.

This study also tested whether the type of CDBG spending going into individual census tracts had an impact on the neighborhood-wide impacts of that investment. Whether CDBG dollars supported only homeownership housing, only rental housing, or a mixture of the two could perhaps explain why tracts with similar dollar amounts of investment experienced different neighborhood-level outcomes. In Philadelphia's case, the homeownership-oriented investments were very explicitly aimed at revitalizing neighborhood housing

Figure 2. Average value trends (1990s, 2000s) by census tracts' level of CDBG investment.



Note. This figure was adapted from information the author gathered from the Neighborhood Change Database, the 2000 Census, and the 2009 American Community Survey 5-Year Estimates. The individual tables used were the following:

NCDB – Aggregate Value for Specified Owner-Occupied Housing Units, Value of Specified Owner Occupied Housing (1990 Data normalized to 2000 Census tract boundaries).

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Table 3. ANOVA for average value increases.

Dependent variable		Sum of squares	df	Mean square	F	p
Average value in 2000 ÷ average value in 1990	Between groups	0.078	3	0.026	0.064	.979
	Within groups	86.693	215	0.403		
	Total	86.770	218			
Average value in 2009 ÷ average value in 1990	Between groups	38.772	3	12.924	12.502	.000
	Within groups	206.746	200	1.034		
	Total	245.518	203			

Note. This table was adapted from information the author gathered from the Neighborhood Change Database (NCDB – Aggregate Value for Specified Owner-Occupied Housing Units, Value of Specified Owner Occupied Housing [1990 Data normalized to 2000 Census tract boundaries]); the 2000 Census (2000 Census SF3 Sample Data – H074 Value for Specified Owner-Occupied Housing Units; Table H081 Aggregate Value (Dollars) for Specified Owner-Occupied Housing Units by Mortgage Status [downloaded through American FactFinder, <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>]); and the 2009 American Community Survey 5-Year Estimates (The individual tables: 2009 American Community Survey 5-Year Estimates – Table B25075 Value of Owner-Occupied Units; Table B25082 Aggregate Value (Dollars) by Mortgage Status [downloaded through American Factfinder <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>]); and the City of Philadelphia’s *Year 34 Consolidated Plan (fiscal year 2008)*, City of Philadelphia, PA: Office of Housing and Community Development about the location of subsidized investment. Statistical results were generated with SPSS.

Table 4. Scheffé test for average value increases.

Dependent variables	I	J	Mean difference (I - J)	Std. error	p	95% confidence interval	
						Lower bound	Upper bound
Average value in 2000 ÷ average value in 1990	1	2	0.00263	0.39765	1	-1.11785	1.12312
		3	-0.01258	0.30153	1	-0.86223	0.83707
		4	0.05534	0.16065	.989	-0.39733	0.50801
	2	1	-0.00263	0.39765	1	-1.12312	1.11785
		3	-0.01521	0.44901	1	-1.28042	1.24999
		4	0.05271	0.36945	.999	-0.98833	1.09374
	3	1	0.01258	0.30153	1	-0.83707	0.86223
		2	0.01521	0.44901	1	-1.24999	1.28042
		4	0.06792	0.26324	.996	-0.67382	0.80965
	4	1	-0.05534	0.16065	.989	-0.50801	0.39733
		2	-0.05271	0.36945	.999	-1.09374	0.98833
		3	-0.06792	0.26324	.996	-0.80965	0.67382
Average value in 2009 ÷ average value in 1990	1	2	1.17905	0.63968	.337	-0.62447	2.98258
		3	1.03081	0.48672	.217	-0.34147	2.40309
		4	1.59681*	0.2653	.000	0.84882	2.3448
	2	1	-1.17905	0.63968	.337	-2.98258	0.62447
		3	-0.14825	0.71893	.998	-2.17524	1.87874
		4	0.41775	0.59191	.919	-1.25109	2.0866
	3	1	-1.03081	0.48672	.217	-2.40309	0.34147
		2	0.14825	0.71893	.998	-1.87874	2.17524
		4	0.566	0.42198	.616	-0.62373	1.75574
	4	1	-1.59681*	0.2653	.000	-2.3448	-0.84882
		2	-0.41775	0.59191	.919	-2.0866	1.25109
		3	-0.566	0.42198	.616	-1.75574	0.62373

Note. 1 = above-threshold spending. 2 = between-threshold spending. 3 = below-threshold spending. 4 = no spending. This test was only conducted for control-group tracts and program tracts with a median value below \$63,275 in 1990. This table was adapted from information the author gathered from the Neighborhood Change Database (NCDB - Aggregate Value for Specified Owner-Occupied Housing Units, Value of Specified Owner Occupied Housing [1990 Data normalized to 2000 Census tract boundaries]); the 2000 Census (2000 Census SF3 Sample Data - H074 Value for Specified Owner-Occupied Housing Units; Table H081 Aggregate Value (Dollars) for Specified Owner-Occupied Housing Units by Mortgage Status [downloaded through American FactFinder, <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>]); and the 2009 American Community Survey 5-Year Estimates (The individual tables: 2009 American Community Survey 5-Year Estimates - Table B25075 Value of Owner-Occupied Units; Table B25082 Aggregate Value (Dollars) by Mortgage Status [downloaded through American Factfinder <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>]); and the City of Philadelphia's *Year 34 Consolidated Plan (fiscal year 2008)*, City of Philadelphia, PA: Office of Housing and Community Development about the location of subsidized investment. Statistical results were generated with SPSS.

*Mean difference significant at the 0.05 level.

markets. Most of the city's largest concentrations of investment (sponsored by CDBG and Section 108 loans) in owner-occupied housing, for example, supported its Home in North Philadelphia policy, designed to transform one of the city's most distressed areas. In contrast, most of its investments in rental properties or rental developments were aimed at alleviating key housing needs (such as creating transitional housing for homeless families, accessible units for special-needs populations, or affordable units to reduce cost burdens among low- and very-low-income households). While a worthy goal, this is a decidedly different objective from addressing local housing market conditions.

Among tracts with above-threshold levels of CDBG funding with at least one project completed after 1998, only those where subsidies supported only homeownership housing

Table 5. ANOVA for average value increases by spending type for above-threshold tracts.

Dependent variable		Sum of squares	df	Mean square	F	p
Average value in 2000 ÷ average value in 1990	Between groups	0.366	3	0.122	0.291	.832
	Within groups	86.327	206	0.419		
	Total	86.693	209			
Average value in 2009 ÷ average value in 1990	Between groups	44.374	3	14.791	15.097	.000
	Within groups	187.135	191	0.980		
	Total	231.509	194			

Note. This table was adapted from information the author gathered from the Neighborhood Change Database (NCDB – Aggregate Value for Specified Owner-Occupied Housing Units, Value of Specified Owner Occupied Housing [1990 Data normalized to 2000 Census tract boundaries]); the 2000 Census (2000 Census SF3 Sample Data – H074 Value for Specified Owner-Occupied Housing Units; Table H081 Aggregate Value (Dollars) for Specified Owner-Occupied Housing Units by Mortgage Status [downloaded through American FactFinder, <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>]); and the 2009 American Community Survey 5-Year Estimates (The individual tables: 2009 American Community Survey 5-Year Estimates – Table B25075 Value of Owner-Occupied Units; Table B25082 Aggregate Value (Dollars) by Mortgage Status [downloaded through American Factfinder <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>]); and the City of Philadelphia’s *Year 34 Consolidated Plan (fiscal year 2008)*, City of Philadelphia, PA: Office of Housing and Community Development about the location of subsidized investment. Statistical results were generated with SPSS.

saw value increases between 1990 and 2009 that were significantly greater than those in control-group tracts (mean difference = ± 2.34, *p* = .000; see [Tables 5 and 6](#)). Tracts receiving above-threshold levels of CDBG dollars for rental housing projects (mean difference = ± 1.22, *p* = .392) or for a mixture of rental and owner-occupied housing (mean difference = ± 0.96, *p* = .098), did not experience value increases significantly higher than those in control-group tracts. This suggests that homeownership investments, themselves more likely to be more closely linked to an effort to improve neighborhood housing market conditions, tend to have a larger impact on those conditions than rental projects, which may be oriented more toward addressing housing needs as opposed to neighborhood demand.

Concerns and Caveats

While these results suggest that above-threshold funding levels directed toward homeownership housing can have a significant positive impact on neighborhood conditions, fully understanding the best way to allocate resources to maximize their impact on neighborhoods requires continually testing the relationship between subsidized interventions and neighborhood-level outcomes. Unfortunately, HUD’s method for measuring the success of the CDBG program makes it very hard for recipients to quantify the true outcomes of their allocations—how CDBG-funded investments interact with or shape local market dynamics—or to learn from past projects. Program monitoring is oriented primarily toward ensuring that all program spending relates back to what HUD considers “national objectives” (such as that programs benefit lower-income households, prevent or eliminate blight, or address an immediate threat to the community’s health or welfare). Monitoring methods do not require that data be kept on the geographic location of program spending. (In contrast, for example, data are kept on the census tract in which any projects receiving LIHTC are located.) Unless entitlement communities go above and beyond these requirements and geocode program spending, there is no way to test or track

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Table 6. Scheffé test for average value increases by spending type for above-threshold tracts.

Dependent variable	I (\$CDBGHTYPE)	J (\$CDBGHTYPE)	Mean difference (I - J)	Std. error	p	95% confidence interval	
						Lower bound	Upper bound
Average value in 2000 ÷ average value in 1990	4	11	-0.05379	0.23357	.997	-0.71216	0.60458
		21	0.29514	0.46011	.938	-1.00180	1.59207
		31	-0.15724	0.24907	.940	0.54483	0.71216
	11	4	0.05379	0.23357	.997	-0.60458	1.79149
		21	0.34893	0.51177	.926	-1.09363	0.84093
		31	-0.10345	0.33504	.992	-1.04783	1.00180
	21	4	-0.29514	0.46011	.938	-1.59207	1.09363
		11	-0.34893	0.51177	.926	-1.79149	1.01065
		31	-0.45238	0.51903	.859	-1.91540	0.85931
		4	0.15724	0.24907	.940	-0.54483	1.04783
		11	0.10345	0.33504	.992	-0.84093	1.91540
Average value in 2009 ÷ average value in 1990	4	11	-2.33720*	0.38137	.000	-3.41287	-1.26153
		21	-1.22142	0.70381	.392	-3.20658	0.76375
		31	-0.96367	0.38137	.098	-2.03934	0.11200
	11	4	2.33720*	0.38137	.000	1.26153	3.41287
		21	1.11578	0.79363	.578	-1.12271	3.35428
		31	1.37353	0.52909	.084	-0.11880	2.86586
	21	4	1.22142	0.70381	.392	-0.76375	3.20658
		11	-1.11578	0.79363	.578	-3.35428	1.12271
		31	0.25775	0.79363	.991	-1.98075	2.49624
	31	4	0.96367	0.38137	.098	-0.11200	2.03934
		11	-1.37353	0.52909	.084	-2.86586	0.11880
	21	-0.25775	0.79363	.991	-2.49624	1.98075	

Note. 4 = no spending, 11 = only homeownership housing supported and above-threshold spending, 21 = mixture of housing types supported and above-threshold spending, 31 = only rental housing supported and above-threshold spending. This table was adapted from information the author gathered from the Neighborhood Change Database (NCDB - Aggregate Value for Specified Owner-Occupied Housing Units, Value of Specified Owner-Occupied Housing [1990 Data normalized to 2000 Census tract boundaries]); the 2000 Census (2000 Census SF3 Sample Data - H074 Value for Specified Owner-Occupied Housing Units; Table H081 Aggregate Value (Dollars) for Specified Owner-Occupied Housing Units by Mortgage Status [downloaded through American FactFinder, <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>); and the 2009 American Community Survey 5-Year Estimates (The individual tables: 2009 American Community Survey 5-Year Estimates - Table B25075 Value of Owner-Occupied Units; Table B25082 Aggregate Value (Dollars) by Mortgage Status [downloaded through American Factfinder <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>]); and the City of Philadelphia's Year 34 Consolidated Plan (fiscal year 2008), City of Philadelphia, PA: Office of Housing and Community Development about the location of subsidized investment. Statistical results were generated with SPSS.

where CDBG spending overlaps with neighborhood housing value or quality-of-life gains, let alone the degree to which public dollars might have influenced those gains.

The City of Philadelphia's data on CDBG spending are a perfect illustration of this issue. Records on projects receiving CDBG support were detailed enough to ensure that expenditures met HUD's overall objectives for the program, but they made analyzing neighborhood-level impacts difficult. Funded development projects were located in subsections of the city but not in geographies of a scale likely to register the spillover effects of housing-based investments (geographies as small as a census tract or census block). Even worse, a significant amount of funding for rehabilitation work—the \$8.3 million going into Basic System Repair Program and Adaptive Modification grants to homeowners—was not assigned any location and therefore could not be geocoded or included in this analysis. Rehabilitation projects supported by Basic System Repair Program and Adaptive Modification grants could have had significant positive spillover effects on their surroundings. Studies have shown that projects like these can prompt “a self-reinforcing cycle” of neighborhood improvement as more owners invest at least partially due to the improvements around them (Taub, Taylor, & Dunham, 1984, p. 13). As a result, these rehabilitation grants represent an important missing piece in this analysis. But the degree to which these grants were targeted in time and space, and the impact they had on neighboring property values, remains unknown.

In addition, in Philadelphia, a funded project's start year was typically documented as the “CDBG year” of funding it received. However, the CDBG year, or the year certain CDBG dollars reached their entitlement communities, could have little relation to the actual year in which either a project was funded or the actual work of it began. (It is not uncommon for cities to reallocate prior years' CDBG funding from projects that failed to materialize to new projects.) This made it difficult to know when projects truly started or when census tracts first received an influx of program dollars, which in turn made it difficult to pinpoint a true pre-intervention year for analytical purposes. (This study used the calendar year that projects were completed—information that was available from the city, HUD's LIHTC database, and the narratives in consolidated plans—as a proxy for the timing of a given CDBG investment.) It also made it impossible to test the impact of many years' worth of investments and whether consistent or ongoing support can have as much or more of an impact on surrounding neighborhood conditions as one-off support (of the same or greater value).

A final challenge to testing the impact of CDBG spending in Philadelphia's neighborhoods was the fact that the city's explicit policy was to use CDBG dollars to complement, supplement, or leverage other funding. Rarely, if ever, were CDBG dollars spent alone during this time period. While this strategy helped the city maximize a limited pool of resources, it made it nearly impossible to tease out the impact of CDBG funds on neighborhood-wide conditions from the impact of the other public subsidies involved in CDBG-supported projects and census tracts, particularly without the data necessary to conduct multivariate regression analyses.

In some cases, other sources of funds dwarfed CDBG contributions to particular projects or in particular tracts. HOPE VI funds to demolish and redevelop distressed public housing sites, for example, often far exceeded the CDBG support to those areas. One-way ANOVA and Scheffé post hoc tests reveal that average value increases between 1990 and 2009 in tracts with HOPE VI sites, whether they received above-threshold amounts of CDBG spending or no CDBG spending at all, were not significantly different from one another (mean difference = ± 1.15 , $p = .762$; see [Tables 7 and 8](#)).

Average value trends in both of these groups of tracts were, however, significantly different from all other control-group tracts that did not receive HOPE VI monies

Table 7. ANOVA for average value increases by the presence of HOPE VI spending in treatment and control tracts.

Dependent variable		Sum of squares	df	Mean square	<i>F</i>	<i>p</i>
Average value in 2000 ÷ average value in 1990	Between groups	9.423	5	1.885	5.190	.000
	Within groups	77.347	213	0.363		
	Total	86.770	218			
Average value in 2009 ÷ average value in 1990	Between groups	87.508	5	17.502	21.931	.000
	Within groups	158.010	198	0.798		
	Total	245.518	203			

Note. This table was adapted from information the author gathered from the Neighborhood Change Database (NCDB – Aggregate Value for Specified Owner-Occupied Housing Units, Value of Specified Owner Occupied Housing [1990 Data normalized to 2000 Census tract boundaries]); the 2000 Census (2000 Census SF3 Sample Data – H074 Value for Specified Owner-Occupied Housing Units; Table H081 Aggregate Value (Dollars) for Specified Owner-Occupied Housing Units by Mortgage Status [downloaded through American FactFinder, <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>]); and the 2009 American Community Survey 5-Year Estimates (The individual tables: 2009 American Community Survey 5-Year Estimates – Table B25075 Value of Owner-Occupied Units; Table B25082 Aggregate Value (Dollars) by Mortgage Status [downloaded through American Factfinder <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>]); and the City of Philadelphia’s *Year 34 Consolidated Plan (fiscal year 2008)*, City of Philadelphia, PA: Office of Housing and Community Development about the location of subsidized investment. Statistical results were generated with SPSS.

(regardless of their level of CDBG spending; see Table 8). This does not necessarily indicate that CDBG had no impact on the average value in these tracts. If anything, given that CDBG and HOPE VI dollars were both invested in the new construction or rehabilitation of homeowner housing and that both considered widespread neighborhood improvement to be an ultimate goal of investment, this may instead suggest that the true threshold level for subsidized investment in these neighborhoods is higher than \$964,800 over 5 years.

This would not be altogether surprising, given that the Richmond NiB blocks used to generate this threshold are “neighborhoods in the middle,” or places with distressed properties, sluggish demand, and values too low to encourage maintenance and upgrading, but that are not “fatally distressed” (Boehlke, 2001, pp. 1–2). In contrast, the tracts in Philadelphia receiving HOPE VI funds (along with or in the absence of CDBG support) represented some of the city’s weakest neighborhoods. Given that they were further from a development threshold than the NiB blocks, prompting broader market recovery in these tracts would probably require a greater amount of public funding.

Conclusions and Policy Recommendations

Overall, my results support widely held beliefs that Community Development Block Grants and similar public subsidies can play a key role not only in improving individual housing units or meeting the housing needs of individual households but also in revitalizing weaker neighborhoods. If deployed at the right scale (to be sufficiently visible to the market) in a select number of locations, program dollars can have a domino effect for nearby properties as neighboring owners start to feel sufficiently confident in subsidized areas and their futures to make investments of their own. If targeted in this way, public investments in housing are able to both initiate positive short-term changes in local conditions and housing unit counts, and encourage ongoing private investment in neighborhoods receiving subsidies (Gittell & Vidal, 1998).

Table 8. Scheffé test for average value increases by the presence of HOPE VI spending in treatment and control tracts.

Dependent variable	I (\$CDBGTHH6)	J (\$CDBGTHH6)	Mean difference (I - J)	Std. error	p	95% confidence interval	
						Lower bound	Upper bound
Average value in 2000 ÷ average value in 1990	10	11	-.03472	0.29281	1	-1.01825	0.94882
		20	-.01371	0.40174	1	-1.36310	1.33569
		30	-.02892	0.31760	1	-1.09571	1.03787
		40	.06151	0.20555	1	-0.62890	0.75192
		41	-2.11082*	0.47108	.002	-3.69313	-0.52851
	11	10	.03472	0.29281	1	-0.94882	1.01825
		20	.02101	0.40797	1	-1.34931	1.39133
		30	.00580	0.32544	1	-1.08734	1.09894
		40	.09623	0.21747	.999	-0.63423	0.82669
		41	-2.07610*	0.47640	.003	-3.67629	-0.47591
	20	10	.01371	0.40174	1	-1.33569	1.36310
		11	-.02101	0.40797	1	-1.39133	1.34931
		30	-.01521	0.42611	1	-1.44646	1.41604
		40	.07522	0.35064	1	-1.10254	1.25297
		41	-2.09711*	0.55010	.015	-3.94485	-0.24937
	30	10	.02892	0.31760	1	-1.03787	1.09571
		11	-.00580	0.32544	1	-1.09894	1.08734
		20	.01521	0.42611	1	-1.41604	1.44646
		40	.09043	0.24985	1	-0.74878	0.92964
		41	-2.08190*	0.49202	.004	-3.73457	-0.42923
	40	10	-.06151	0.20555	1	-0.75192	0.62890
		11	-.09623	0.21747	.999	-0.82669	0.63423
		20	-.07522	0.35064	1	-1.25297	1.10254
		30	-.09043	0.24985	1	-0.92964	0.74878
		41	-2.17233*	0.42833	.000	-3.61106	-0.73360
	41	10	2.11082*	0.47108	.002	0.52851	3.69313
		11	2.07610*	0.47640	.003	0.47591	3.67629
		20	2.09711*	0.55010	.015	0.24937	3.94485
		30	2.08190*	0.49202	.004	0.42923	3.73457
		40	2.17233*	0.42833	.000	0.73360	3.61106
		41	-2.10464*	0.45019	.001	-3.61789	-0.59140
Average value in 2009 ÷ average value in 1990	10	11	.25827	0.59555	.999	-1.74356	2.26011
		30	.11002	0.47082	1	-1.47257	1.69262
		40	.72047	0.30525	.354	-0.30558	1.74652

(Continued)

Table 8 – Continued

Dependent variable	I (\$DBGTHH6)	J (\$DBGTHH6)	Mean difference (I – J)	Std. error	p	95% confidence interval	
						Lower bound	Upper bound
		41	-3.25748*	0.69834	.001	-5.60484	-0.91012
	11	20	2.10464*	0.45019	.001	0.59140	3.61789
		10	2.36291*	0.61645	.014	0.29082	4.43501
		30	2.21467*	0.49700	.002	0.54409	3.88525
		40	2.82512*	0.34426	.000	1.66796	3.98228
	20	41	-1.15284	0.711625	.762	-3.56040	1.25472
		10	-2.5827	0.59555	.999	-2.26011	1.74356
		11	-2.36291*	0.61645	.014	-4.43501	-0.29082
		30	-1.4825	0.63168	1	-2.27152	1.97502
		40	.46220	0.52011	.977	-1.28607	2.21047
	30	41	-3.51576*	0.81549	.003	-6.25688	-0.77463
		10	-1.1002	0.47082	1	-1.69262	1.47257
		11	-2.21467*	0.49700	.002	-3.88525	-0.54409
		40	.61045	0.37083	.744	-0.63603	1.85692
	40	41	-3.36751*	0.72940	.001	-5.81925	-0.91577
		10	-7.2047	0.30525	.354	-1.74652	0.30558
		11	-2.82512*	0.34426	.000	-3.98228	-1.66796
		20	-46220	0.52011	.977	-2.21047	1.28607
		30	-6.1045	0.37083	.744	-1.85692	0.63603
	41	41	-3.97796*	0.63524	.000	-6.11319	-1.84273
		10	3.25748*	0.69834	.001	0.91012	5.60484
		11	1.15284	0.711625	.762	-1.25472	3.56040
		20	3.51576*	0.81549	.003	0.77463	6.25688
		30	3.36751*	0.72940	.001	0.91577	5.81925
		40	3.97796*	0.63524	.000	1.84273	6.11319

Note. 10 = above-threshold spending, no HOPE VI. 11 = above-threshold spending, HOPE VI. 20 = between-threshold spending, no HOPE VI. 30 = below-threshold spending, no HOPE VI. 40 = control group tract, no HOPE VI. 41 = control group tract, HOPE VI. This test was only conducted for control group tracts and program tracts with a median value below \$63,275 in 1990 and an above-threshold level of CDBG funding. This table was adapted from information the author gathered from the Neighborhood Change Database (NCDB – Aggregate Value for Specified Owner-Occupied Housing Units, Value of Specified Owner Occupied Housing [1990 Data normalized to 2000 Census tract boundaries]); the 2000 Census (2000 Census SF3 Sample Data – H074 Value for Specified Owner-Occupied Housing Units; Table H081 Aggregate Value (Dollars) for Specified Owner-Occupied Housing Units by Mortgage Status [downloaded through American FactFinder, <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>]); and the 2009 American Community Survey 5-Year Estimates (The individual tables: 2009 American Community Survey 5-Year Estimates – Table B25075 Value of Owner-Occupied Units; Table B25082 Aggregate Value (Dollars) by Mortgage Status [downloaded through American Factfinder <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>]); and the City of Philadelphia’s Year 34 Consolidated Plan (fiscal year 2008), City of Philadelphia, PA: Office of Housing and Community Development about the location of subsidized investment; and the Philadelphia Housing Authority website (<http://www.pha.phila.gov>) about the location of HOPE VI public housing developments. Statistical results were generated with SPSS.

*Mean difference significant at the 0.05 level.

This project tested the findings of recent studies attempting to quantify exactly what scale of subsidy is necessary to achieve these kinds of spillover effects. Using Philadelphia and its allocation of CDBG and Section 108 loan funds during the 1990s and 2000s as a case study, this analysis found that these dollars, when significantly targeted, were able to substantially strengthen some of the city's weakest census tracts. Overall, Philadelphia census tracts receiving above-threshold amounts of CDBG and/or Section 108 loan dollars (more than \$964,800 over a five-year period) saw property values improve relative to tracts receiving less subsidy and to control-group tracts receiving no subsidy at all. Those tracts receiving above-threshold CDBG support for homeowner housing, as well as tracts receiving HOPE VI dollars to develop homeowner housing and transform distressed public housing sites, saw the biggest gains.

These findings join a growing body of research supporting the geographic targeting of housing and community development subsidies to maximize their impact on the neighborhoods in which they are located. Yet this kind of targeting of resources, particularly of CDBG spending on housing, is the exception, not the rule. By the early 1990s, just over half (56%) of 61 cities surveyed reported "some concentration of housing expenditures"; at that time, however, "no city reported concentrating its housing spending in just a 'few neighborhoods'" (Thomson, 2003, pp. 9–10). While examples of cities focusing CDBG spending on a small number of blocks now exist, these rare cases represent "a major departure from common municipal practice" (Galster et al., 2006, p. 458). To ensure that CDBG-funded housing investments generate neighborhood-wide benefits, federal policymakers and local officials will need to adjust how they allocate these resources and target them to a far greater degree.

To guide this shift and evaluate the effectiveness of targeting efforts, practitioners will need more information on the location (the census block or census tract) of CDBG spending. Unfortunately, collecting this kind of data is also not common practice. HUD requires entitlement communities to document what they spend CDBG dollars on, but not specifically where they spend them. (A consolidated plan might describe the sub-area into which program dollars go, but not the census tract or block—a geographic area small enough to register the spillover effects of public investment.) As a result, few communities have the information they need to evaluate to what extent their housing dollars are helping neighborhoods. At the same time, scholars are hamstrung in their ability to move the field even further—to retest and refine current estimates of exactly how much housing-oriented spending is necessary to affect neighborhood-wide conditions and values, or to generate customized threshold amounts for neighborhoods with varying degrees of market vitality prior to intervention. Changes to HUD's reporting requirements could go a long way toward remedying this situation and, in turn, encouraging more communities to better target program dollars.

Notes

1. The Section 108 loan program allows communities to borrow up to \$5 for every \$1 of CDBG funds they receive in a given year; loans are repaid using future CDBG allocations (Kromer, 2000; US Department of Housing and Urban Development). Philadelphia took particular advantage of this program, having reached its Section 108 Loan Program borrowing capacity in 2000 (*Year 34 Consolidated Plan*).
2. CDBG funding going toward citywide initiatives, including Basic Systems Repair Program rehabilitation assistance for eligible owners, the Adaptive Modifications Program, and emergency repairs to rental properties conducted by the city's Department of Licenses and Inspections, could not be geocoded because the individual addresses where these dollars were spent were not available.
3. Forty-eight was both the mean and the median number of blocks with housing units in these census tracts.

4. The time period used for this analysis was calculated by subtracting the earliest completion date from the most recent completion date among CDBG-supported projects in a given census tract.
5. This does not include two census tracts in the Logan Triangle area that together received \$11.3 million in CDBG and Section 108 loan funds during this time. Here, money was spent on the acquisition of properties and relocation of residents due to significant subsidence that had made many homes uninhabitable as early as the 1950s. The city spent nearly 20 years (from the mid-1980s to 2008) vacating and clearing the area.
6. This analysis did not include the 10 tracts that received CDBG funding only for projects completed prior to 1997, nor the 3 additional tracts that received CDBG funding but had median values in 1990 greater than \$63,275, the cut-off for including nontreatment tracts in the control group.

Notes on Contributor

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