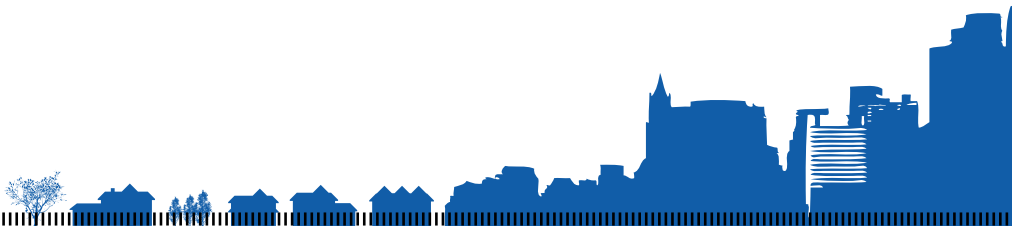


Advancing HUD's Learning Agenda through Cooperative Agreements with Historically Black Colleges and Universities, Hispanic Serving Institutions, Tribal Colleges and Universities, and Alaska Native/ Native Hawaiian-Serving Institutions

Short White Paper on Community Development and Place-Based Initiatives



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Introduction

The Office of Policy Development & Research (PD&R) within the U.S. Department of Housing and Urban Development (HUD) recently published a Notice of Funding Opportunity (NOFO) titled *Advancing HUD's Learning Agenda through Cooperative Agreements with Historically Black Colleges and Universities, Hispanic Serving Institutions, Tribal Colleges and Universities, and Alaska Native/ Native Hawaiian-Serving Institutions*. Through this funding opportunity, PD&R seeks to fund quality research that contributes to knowledge on housing and community development and to support minority-serving institutions to conduct housing and community development research important to the communities and students the institutions serve.

Applicants for funding must submit a research project proposal that addresses one of the specific research questions featured in the NOFO.¹ The research questions are broadly organized under seven topic areas: (1) Community Development and Place-Based Initiatives, (2) Disaster Recovery, (3) Fair Housing, (4) Homelessness, (5) Homeownership, Asset Building, and Economic Opportunity, (6) Housing and Health, and (7) American Indian, Alaska Native, and/or Native Hawaiian Housing Needs.

This short white paper is designed to provide a high-level overview of the current state of the research within the topic area of Community Development and Place-Based Initiatives, references to foundational studies related to Community Development and Place-Based Initiatives, and the general context for the research questions that are included in this NOFO. This paper is designed to provide potential applicants with a common grounding in the topic as they consider this new funding opportunity.

Background

Neighborhood conditions—such as the characteristics of the built environment and access to amenities, services, and jobs—vary greatly across the United States and have a meaningful impact on peoples' lives. The federal government has established many community development programs aimed at improving these conditions, including “place-based” initiatives that provide aid to designated geographic areas (in contrast to “people-based” strategies that provide assistance to specific individuals or groups, such as low-income renters).

Federal government support for community development and place-based initiatives tends to take one of three forms. The first is flexible block grants that give grantees wide discretion about

¹ See a full list of the research questions in Section III.G under the subheading “Eligible Research Questions.”

how to use the funds. A prime example of this is HUD's [Community Development Block Grant \(CDBG\)](#) program, which distributes approximately \$3 billion per year via formula to nearly 1,300 grantees. The second type is competitive grants with a specific focus, awarded to help a specific place. Examples of this include HUD's HOPE VI and [Choice Neighborhoods](#) programs, which have funded the redevelopment of severely distressed assisted housing. The third type is tax incentives meant to spur private investment in a specific place (or type of place). A recent example of place-based tax incentives was [Opportunity Zones](#).

Neighborhoods are constantly changing along many different dimensions. Population and jobs might grow or decline, increasing or decreasing demand for housing. Existing homes and other physical assets may deteriorate without adequate maintenance and reinvestment. Reinvestment may occur via private market actors, due to improving economic conditions. Physical, social, and economic conditions may contribute to crime, health, and a variety of other outcomes. As a result of this constant and multifaceted change, community development and place-based initiatives are notoriously difficult subjects of research and evaluation. When the government attempts to deliberately improve a neighborhood, it is difficult to determine whether subsequent changes result from the intervention or were likely to happen anyway. It is even more difficult to compare the relative effectiveness of different strategies to guide practitioners toward best practices. Furthermore, there are challenges related to identifying appropriate outcomes (what effect is an intervention meant to have?) and measuring those outcomes. Many data sources that are widely relied upon at higher levels of geography—such as states, cities, and metro areas—are either unavailable or have significant limitations at the neighborhood-level. For example, at the neighborhood level, crime data are often unavailable, while data from the American Community Survey have high margins of error.

Research Questions of Interest Related to Community Development and Place-Based Initiatives

Due to the challenges discussed above, and the wide variety of community development and place-based initiatives, there is an ongoing need for further research in this area. In particular, HUD is interested in research proposals that address one of the following policy-relevant research questions which are adapted from HUD's [Learning Agenda](#):

1. What can be learned from local and federal neighborhood revitalization initiatives about the most effective ways to improve housing and neighborhood conditions and outcomes for residents?
2. To what extent are HUD programs addressing community safety, and are there opportunities to do more to reduce violence, either through housing-based service interventions or changes to the built environment?
3. How can federal housing and community development programs better meet the local needs of rural communities and territories?

4. How are Community Development Block Grant (CDBG) grantees using federal resources, including the Section 108 loan guarantee program, to support innovative approaches to affordable housing and economic development?

Context for the Research Questions of Interest

Additional context for each of the four research questions of interest is discussed in greater detail below.

Question 1: What can be learned from local and federal neighborhood revitalization initiatives about the most effective ways to improve housing and neighborhood conditions and outcomes for residents?

Neighborhood revitalization is generally synonymous with community development and place-based initiatives, but with a strong emphasis on improving conditions in distressed neighborhoods that have experienced long-term challenges (such as population loss or disinvestment).

Strategies for neighborhood revitalization have had mixed results. They often appear to have transformative effects—for example, rebuilding an assisted housing development or supporting new businesses. However, they do not consistently have positive spillover effects that spread throughout a neighborhood and can be attributed to the intervention (Levy et al, 2024). In some cases, researchers find that investment in a targeted neighborhood likely would have happened anyway (Corinth and Feldman, 2024). Even when a neighborhood revitalization effort is successful at driving investment, there are questions about who benefits. New jobs may go to residents from outside the neighborhood. Residents may be displaced during redevelopment (Joice, 2017). Improving conditions may make the neighborhood less accessible to lower-income people, including long-time residents who can be priced out of their housing.

HUD is interested in further research that examines specific neighborhood revitalization efforts, using quantitative or qualitative methods, to build knowledge about what strategies appear effective in various contexts. Proposals could focus on efforts funded by HUD (such as through CDBG or Choice Neighborhoods), other non-HUD federal efforts (such as Opportunity Zones), or similar local efforts with non-federal funding sources.

Question 2: To what extent are HUD programs addressing community safety, and are there opportunities to do more to reduce violence, either through housing-based service interventions or changes to the built environment?

Public safety is influenced by many factors, including several that are, or could be, influenced by HUD programs. There is a significant body of research highlighting the link between neighborhood poverty and crime/violence (Krivo and Peterson, 1996; Krubin and Herting, 2003; Patterson, 1991). Specifically, the literature points to higher rates of crime/violence in neighborhoods with high concentration of poor and minority residents and high residential mobility. However, the level of social cohesion and the ability of neighborhood residents to

organize around crime can mediate the relationship between crime and neighborhood poverty (Sampson, Raudenbush, and Earls, 1997; Sampson, 2010; Higgins and Hunt, 2016).

Through its programs, HUD provides funding to communities that may help them mitigate the effects poverty has on crime and violence. For instance, communities may use their HOME and CDGB funding to rehabilitate housing and make other modifications to the built environment. In so doing, such programs support communities in improving their physical environment and, in turn, foster social cohesion and build social ties.

Recent research assessed the impact of structural repairs to owner-occupied homes on crime (South et al., 2021). In addition, a growing body of research on Crime Prevention Through Environmental Design focuses on cleaning and greening vacant lots and land (Branas et al., 2018). However, there has not been much research to date regarding the relationship between HUD programs and public safety. HUD is interested in building knowledge about promising efforts to reduce crime through HUD programs, HUD partners (e.g. public housing agencies), or working with HUD-assisted individuals.

Question 3: How can federal housing and community development programs better meet the local needs of rural communities and territories?

There is no one single definition of “rural” that is applied across the Federal government (Han, 2022). Rural areas are typically defined as places with low population density and/or places that are not close to dense “urban” areas. However, this simple framing glosses over considerable nuance, as many rural areas have “urban-feeling” town centers, and many low-density places are better characterized as suburban or exurban. Rural communities face unique challenges in housing and community development that may require different policy approaches than used in urban areas. The needs of rural areas vary widely, both in terms of the diversity of the population that resides there and the extent of community access to amenities.

According to the 2020 decennial census, 14% of the U.S. population lived in rural areas, declining slightly from 2010 to 2020, especially in areas of persistent poverty (Dobis, et al., 2021). Rural areas tend to have a smaller percentage of non-White population than urban centers, yet rural areas have historically included Native and Black populations, and racial and ethnic diversity has been increasing with a notable rise in the Latino population (Afifi, Parker, Dino, Hall, & Ulin, 2022).

Rural areas often face challenges related to population loss and disinvestment. Individuals in rural areas tend to face decreased access to work, lower incomes, and higher unemployment rates (Byrne, Cusack, True, Montgomery, & Smith, 2020; Dobis, et al., 2021). In addition, they may have less access to public services, food security, and healthcare (Afifi, Parker, Dino, Hall, & Ulin, 2022; Dobis, et al., 2021). Those facing housing instability may find there is limited access to emergency shelter or transitional housing (Byrne, Cusack, True, Montgomery, & Smith, 2020). HUD’s [Rural Gateway](#) offers information on a broad range of Federal programs supporting rural areas.

HUD has sponsored a series of rural development programs over the years, most recently the [Rural Capacity Building Program \(RCB\)](#), which offers grants to enhance the capacity and ability of local governments, Indian tribes, housing development organizations, rural Community Development Corporations (CDCs), and rural Community Housing Development Organizations (CHDOs) to carry out community development and affordable housing activities that benefit rural areas. In celebration of 10 years of this program, HUD published a [series of case studies](#) to highlight some of the different uses of the rural grant funds in recent years.

Research specific to HUD-funded programs is limited, but an evaluation of the 2011 [Rural Innovation Fund](#) noted that HUD grant funds were commonly used in rural areas for housing development or rehabilitation, including energy efficiency programs, and housing counseling (Hendrick, Higgins, Hilton, & Sitko, 2017). Grant recipients told researchers that they prized the flexibility of using the grant funds in the manner most needed by their communities, and that key program outcomes included a high share of leveraged funds, increased grantee capacity, and improved grantee partnerships with the larger community (Hendrick, Higgins, Hilton, & Sitko, 2017).

HUD is interested in understanding variations in the needs of rural areas, studies of the potential benefits and drawbacks of specific types of housing development, and novel approaches to addressing concentrated poverty in rural communities and territories. Applicants intending to answer this research question are encouraged to consider analyzing rural housing and development needs within a local or regional context. Applicants should take care to specify how they define “rural” in their research proposals.

Question 4: How are Community Development Block Grant (CDBG) grantees using federal resources, including the Section 108 loan guarantee program, to support innovative approaches to affordable housing and economic development?

CDBG is a flexible funding source that empowers local communities to invest in housing and community development according to their needs and local priorities. However, CDBG funding has been stagnant over time, while inflation and increased program participation have led to CDBG grantees receiving smaller grant amounts with less purchasing power. Today, the program cannot independently fund large innovative community development projects. These funding limitations increase the need for grantees to use CDBG funds in the most effective manner.

To address the funding limitations of the CDBG program, HUD allows communities to leverage the Section 108 Loan Guarantee Program to increase their annual grant allocation and access low-cost, flexible financing for economic development, housing, public facility, and infrastructure projects. Section 108 is not the only federal program that grantees can use to achieve transformational goals. Jurisdictions can blend, braid, and sequence multiple funding sources in innovative ways to acquire the capital necessary to meet a project’s financial needs. For example, [HUD released a framework](#) outlining how communities can utilize funding from other agencies, including the Department of Transportation and Department of Energy, to address their housing supply needs. Federal agencies may also provide capacity building resources, like technical assistance programs, to support grantee efforts to maximize the impact of federal

dollars. Notably, there are many HUD programs that are built on the same administrative framework as CDBG, including CDBG Disaster Recovery grants, the Neighborhood Stabilization Program, and the Pathways to Removing Obstacles to Housing (PRO Housing) program. A recent issue of HUD's *Cityscape* journal focuses on CDBG and CDBG-related programs.

The flexibility of CDBG and the wide variety of activities that take place under the umbrella of “community development” is a challenge for researchers attempting to characterize the success of the program as a whole. But this flexibility and variety also present an opportunity for researchers to explore innovative efforts. HUD is interested in building additional knowledge about novel approaches to housing and community development, including those funded by CDBG, Section 108, CDBG-related programs, and other federal sources. HUD is also interested in understanding more about local decision-making and capacity, such as how and where to target different activities for maximum effectiveness, and the scale of investment necessary to achieve desired outcomes.

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