No one who has ever searched for a new apartment would suggest that all neighborhoods are the same. Some have rows of old houses and bungalows, divided into rentable units while others offer tall high rises with underground parking. Some neighborhoods are quiet and family-centered; adults commute elsewhere to work, and schools and playgrounds are the only sites of daytime activity. Others are hipper, edgier. They come to life in the evening with street noise, restaurants, and shops that are open late. Some feel like cheerful places where positive changes are afoot. Others feel abandoned.

These differences matter when it comes to place-based investing. A major retailer scouting new store locations would not make the mistake of treating all neighborhoods equally. There are places with pedestrian traffic and rows of small shops clustered tightly in commercial districts. There are others defined by pass-through vehicular traffic. Some are clearly disinvested, with deferred maintenance on buildings and telltale broken windows. Others have evidence of small repair projects and manicured lawns. Some feel safe. Others do not.

And yet, when foundations and governments carry out place-based initiatives aimed at revitalizing low-income neighborhoods, they often rely on routine data points—the poverty rate, the unemployment rate, the level of childhood asthma—that fail to capture the diversity of low-income neighborhoods, not only their challenges but also their assets. As a result, place-based initiatives are endlessly and unnecessarily surprising to the people who manage them. Professionals are constantly learning anew that a job training program that worked well in one community seems to be slower to achieve results in another. And while a major multi-use development sparked additional investments in one neighborhood, a similar project had no apparent secondary effects in another. While there is a lot to be said for “learning by doing,” many of these “lessons” could have been anticipated if there had been a
Low-income neighborhoods are not all the same. But neither are they so unique that we must shrug our shoulders and abandon any hope of finding patterns.

systematic way of organizing what we know about different types of low-income neighborhoods.

This article has a simple premise: Low-income neighborhoods are not all the same. But neither are they so unique that we must shrug our shoulders and abandon any hope of finding patterns. Neighborhoods, of course, cannot be fully known through predictable, scientific models. Their populations are ever-shifting, their boundaries are permeable, and their very existence is conceptual. A neighborhood provides none of the laboratory conditions that allow for control groups or double-blind studies.

But there are helpful patterns that we can use to classify neighborhoods into an array of types—a typology, if you will. And these types can be instructive, informing the choice of strategies and interventions, the kind of outcomes that can realistically be attained, and the time-frame required. But how do you create such a typology? And how do you classify specific neighborhoods within this typology?

Establishing Neighborhood Typologies

Interest in neighborhood typologies has risen in the last decade, stimulated by the availability of new, accessible data sources, like the National Neighborhood Indicators Project and GIS mapping programs. Through a statistical technique called “cluster analysis,” researchers can sift through raw data by geographic area, identifying and grouping those neighborhoods that share the same bundle of characteristics.

Depending on the data collected, researchers can devise typologies through a wide variety of lenses. One of the most common typology systems categorizes neighborhoods in terms of their housing situation, for example, the condition of the housing stock and the level of homeownership. Typologies concerned with housing have multiplied as policymakers cope with the foreclosure crisis. The more that policymakers and developers can differentiate neighborhoods by the level of foreclosure risk and the financial situations of residents, the more readily they can design neighborhood-specific responses.

Another common lens is health. Where someone lives has direct and indirect implications for their health. The ability of public health officials to classify neighborhoods by the various factors that impact health enables them to make informed choices about the kind of prevention and treatment strategies they should pursue, as well as inform the work of land use and infrastructure planners whose decisions can influence resident behavior. Neighborhoods can also be classified from the vantage point of transportation and the way they are shaped by traffic flows. Planners understand that communities with dead end streets, challenging topographies, and cul de sacs have different travel patterns than ones with grid streets, heavy pass-through traffic, or direct access to freeways and mass transit. Decisions about transportation networks have a broader influence on quality of life, as well, affecting energy consumption, air pollution, and access to jobs and neighborhood services.

For social service programs, neighborhoods are often studied in terms of family needs and the socio-demographic composition of the neighborhood. A city or county’s social service infrastructure encompasses a wide array of interventions: support for foster families, early childhood development programs, structured after school activities, parenting classes, domestic abuse, and many others. Deploying the right mix of programming depends on a nuanced understanding of what the neighborhood looks like in terms of family structures and needs.

Race and class are also powerful frameworks for classifying neighborhoods, as well as for monitoring neighborhood change. Much transition in urban neighborhoods is fundamentally about one economic class or income group displacing another, as in the case of gentrification, or one ethnic group arriving or leaving. Race or class taxonomies can help planners and practitioners to be conscious of seemingly subtle transformations as a community evolves from one type to another.

Finally, the Harwood Institute has developed a neighborhood typology system that seeks to assess a given community’s local problem-solving capacity. The “Community Rhythms” model proposes a five-stage process through which communities develop their social capital, accumulating leaders, strong organizations, and capacity for collaboration over time.

Market-Oriented Typologies

Increasingly, particularly as public subsidy must often be leveraged with private investment, neighborhood typologies have moved toward an explicit market-orientation. These market-oriented typologies categorize neighborhoods according to their ability to participate in regional economies.

In 2001, for instance, The Reinvestment Fund (TRF) developed a taxonomy of “market types,” which assesses the market value of various neighborhoods and sorts them into categories such as Regional Choice, High Value/Appreciating, Steady, Traditional, Distressed, and Reclamation Areas. For each category, TRF recommends a different
set of priorities for public sector interventions. In doing so, TRF directly shaped the City of Philadelphia’s Neighborhood Transformation Initiative, creating a new kind of policy conversation regarding how government can best stimulate market forces in distressed neighborhoods.

D. Garth Taylor, Senior Research Fellow at the Metro Chicago Information Center, worked with the John D. and Catherine T. MacArthur Foundation to devise neighborhood typologies that could guide philanthropic investments in Chicago neighborhoods. A particular contribution of Taylor’s work was a categorization of communities according to their degree of connection to regional economic opportunities (derived in part by finding the zip codes of each resident’s place of employment) as well as their resiliency to economic downturn. The foundation was able to customize its investments to each community’s situation.

Robert Weissbord and his firm, RW Ventures, has partnered with Living Cities in an ambitious effort at creating the Dynamic Neighborhood Taxonomy. The goal is to move beyond a static set of neighborhood types to understand how neighborhoods evolve from one type to another. Their work is based on the assumption that the evolution of a neighborhood’s type depends not only on traits inherent to that neighborhood, but how the neighborhood is positioned relative to larger economic, social, and political forces. The Dynamic Neighborhood Taxonomy not only includes a nomenclature for different types of neighborhoods (e.g. Bedroom Community, Bohemian, Urban Commercialized, or Starting Families), it measures the degree of deterioration or improvement and monitors shifts from one type to another. The system also describes change as gradual or “tipping point” and identifies key drivers for change.

**Emerging Markets: A Retail Market Typology**

Like the Reinvestment Fund, Metro Chicago Information Center, and RW Ventures, then, the Emerging Markets approach to neighborhood typology is market-oriented. But it is expressly designed to inform our work. Emerging Markets, Inc., a for-profit consulting firm is hired by major corporations, especially banks and supermarkets, to open up retail locations in under-served neighborhoods and grow profitable business opportunities. The Center for Place-Based Initiatives mobilizes philanthropic and public sector resources to help those neighborhoods become ready as markets to receive those corporations. Our neighborhood typology is intended to serve as a shared strategic framework for helping these two entities to work together in Los Angeles neighborhoods.

Since our ultimate goal is to bring corporate retailers into the neighborhoods, we need to understand the community’s ability to absorb these retail investments and to identify the structural barriers that have prevented them from accessing regional economic opportunities. And we need to explain these market imperfections in ways that are helpful to big banks and supermarkets as they prepare their business growth strategy, and informative to funders who wish to build community capacity.
To develop this picture of the neighborhood, we developed six distinct sets of questions. Each set aimed to characterize a particular aspect of the neighborhood’s economic capacity.

1. Degree of Assimilation: Is there a large immigrant population in the neighborhood? What is their degree of economic assimilation? Do they work in informal sector micro-enterprises? Do they use banks or operate in the cash economy? Do they mainly speak English or their language of origin? All of these questions begin to paint a picture of whether the households in the neighborhoods are prepared to connect to the mainstream economy or more likely to exist at the fringes.

2. Stabilization: Have local households and firms existed in the area for long periods of time? What is the home ownership level and average length of tenure? Is there a demographic shift or migration of some kind taking place? Is it a contested change, fueling conflicts among groups or an orderly one? Are there long-standing civic associations (like block clubs, neighborhood watch groups, or high school alumni associations)? These questions show whether the community is a settled place where residents are more likely to invest in their surroundings and establish strong social networks with friends and neighborhoods.

3. Value: Are land values rising, falling, or staying the same? How do they relate to median land values for the city and to those of surrounding neighborhoods? What about rents? Are there large numbers of home sales? Are they generally owner-occupied or do they have absentee owners? Are yards well cared for and manicured? Are there high numbers of property crimes? What do realtors have to say about the local housing market? These questions speak to the value of property and whether that value is accruing to the residents or others.

4. Competitive Labor Pool: What are the employment and income levels of adults in the neighborhood? Is employment rising or falling? Are specific types of jobs affected? Are the skills of the unemployed transferrable to new or growing industries? Are the educational attainment and skill levels of residents positioning them for the available jobs? What types of salaries can residents likely earn in the short-term? These questions aim to characterize the local labor pool, its readiness for the workforce, and its competitiveness relative to other neighborhoods.

5. Capital Flows: Can we measure the inflow and outflow of money that is taking place in a given neighborhood? Are residents spending money in local businesses, or are they shopping outside of the neighborhood, in a phenomenon known as leakage? Are they saving, even modest amounts, or accumulating assets? Are absentee landowners investing in the upkeep or improvement of their properties? Are they keeping them in active use, or are they speculating? Are local employers hiring and contracting from within the neighborhood?

6. Political Economy: Is the local government connected with regional business leaders in a productive way? Does it have a metropolitan orientation, or a small town feel? Do elected officials and local government bureaucrats understand the economic conditions of their neighborhood, and the capabilities of their labor pool? Do they understand their neighborhood’s competitive advantages relative to other neighborhoods? Do they have the wherewithal to act on that understanding? Does the civic and nonprofit infrastructure have an economic orientation?

In the real world, a neighborhood can share traits from more than one type. But there is almost always one type that best characterizes a given neighborhood.
Los Angeles: Eight Types of Low-Income Neighborhoods

Using the process described in the article, we analyzed neighborhoods throughout Greater Los Angeles, and identified eight neighborhood types, each one defined by its prospects for economic development and the readiness of its residents and organizations to maximize those prospects.

Almost Middle-Class Neighborhoods (e.g. Boyle Heights or Hyde Park): These neighborhoods are comprised of long-term residents, with high levels of both home ownership and civic engagement, as well as a sense of neighborhood identity. Incomes may be low, but adults often have jobs with promising career ladders, and young adults have both the aspirations and the ability to pursue higher education after high school. These communities can often be transformed by market forces and require less public investment than other neighborhoods.

Invasion Zone (e.g. Exposition Park): These neighborhoods are characterized by rapid gentrification that displaces residents as land values escalate. In a real sense, it feels like an invasion. Although gentrification can be slowed through public sector interventions, most communities allow development to happen, but try to ensure the rights of residents to stay and benefit from the improvements.

Company Towns (e.g. San Pedro): These neighborhoods have an “anchor institution” — a university, large hospital, industrial district, or airport within their boundaries. These institutions, by virtue of their hiring capacity, spending and subcontracting patterns, and overall tendency to attract investments can fuel the local economy. But too often, barriers prevent residents from taking advantage of these opportunities, and the challenge is to better link the neighborhood to the anchor institution.

Working-Class Enclaves: In these neighborhoods, households tend to be working families. Although some are underemployed, many have full-time living wage jobs that allow families to begin saving, which creates a sense of hope and future orientation. As residents grow in consumer power, they typically shop outside the neighborhood, heading to major retailers that have not yet been convinced of the community’s buying power.

Suburban Poverty Pockets (e.g. Moreno Valley, Palmdale, Hesperia): These communities, once the domain of the African American and Mexican middle class, have seen an evaporation of employment opportunities and a rise in poverty rates and crime. Entrenched barriers prevent residents from fully availing themselves of the opportunities around them. There is a need to develop social networks, consolidate their political power, and take advantage of their economic opportunities.

Portal Neighborhoods (e.g. Westlake/MacArthur Park): Portal or “gateway” neighborhoods are the first point of entry into a region for immigrants. Gateway communities often have a profusion of single room occupancy hotels and short-term rentals. Residents may be contending with immigration status issues, speak little or no English, and may be unfamiliar with mainstream financial services, or operate in the cash economy.

Hinterlands: These neighborhoods are so geographically remote from the economic centers of the region that they almost function as rural communities. Low-income families who live in these communities find it harder to secure jobs, resorting to long commutes for entry-level or dead-end jobs. The lack of density makes it difficult to attract businesses and outside capital.

Dormant Communities (e.g. Watts): These neighborhoods were shaped by massive public housing projects, which served to isolate low-income families and have led to high crime rates, low educational attainment and lack of employment. Major public investments are needed in these communities to rebuild the housing stock (such as the HOPE VI program) and to repair the infrastructure needed to attract market forces.
Using a Neighborhood Typology

Neighborhood typologies are not data just for the sake of data; they play a distinct role in ensuring the success of both public and private revitalization initiatives.

In the first instance, a neighborhood typology can help to elevate the dialogue about the goals of the initiative. By engaging around a neighborhood’s type, discussions among stakeholders are shifted from a rehearsing of the problems and a review of off-the-cuff solutions to a nuanced discussion about what can actually be done to increase economic opportunity in this particular neighborhood. By starting with an assumption about a neighborhood’s type, discussion is automatically lifted to more sophisticated questions of strategic choice and economic opportunities. Second, they can help target strategies to the neighborhood. The toolbox of community development instruments has grown incredibly diverse, ranging from affordable housing production to individual development accounts and family asset-building programs, yet not every strategy is the right tool for every neighborhood. And yet nonprofits and funders often choose strategies on the basis of a nonprofit’s core competencies or a funder’s interest—completely separate from a holistic understanding of the neighborhood, its possible trajectory, and what is really needed. For example, in Vermont/Manchester, community leaders concluded that the attraction of new retailers might not be immediately feasible, so they organized consumers to demonstrate their collective buying power and needs, working with existing supermarkets to improve service standards, product mix, and profitability. This strategy proved to be more fruitful than trying to provide new retailers tax credits or other incentives to locate in the neighborhood.

This also extends to the selection of partners. When the strategy is clear, the choice of partners falls into place, too. And while community development corporations are likely to perform important roles in the initiative, they are by no means the only or even the best players. If a strategy is to be truly market-oriented, it may be more prudent to partner with trade associations, local chambers of commerce, or business improvement districts. What’s more, it may be wiser to partner directly with major employers, investing in them as the anchor institutions that can transform their neighborhoods.

Third, a neighborhood typology allows you to establish upfront the financial resources that will be required to create change. Some neighborhoods require massive public sector investments in infrastructure as a precondi-
tion to change. Others will require major private sector investment. Philanthropic dollars are probably only useful insofar as they can leverage or guide the resource flow from these other sectors. Sizing the financial commitment is crucial, because it erases any illusion that a handful of nonprofits financed by limited grant dollars can accomplish the task. Setting a realistic time frame is also crucial. The simple fact is that altering the overall character of a neighborhood takes time. And change will almost certainly take place incrementally, not in a sudden flash. Understanding this reality will help to sustain the proper attitudes and morale throughout the process. Finally, one of the most powerful uses of the typology is that it can help create a widely-shared understanding of where the neighborhood is going that everyone, not just urban planners and community development practitioners will understand. Too often, discussions of workforce pipelines and real estate developments happen “above the heads” of neighborhood residents. But while residents may not be directly involved in the allocation of funding or the technical details of a real estate transaction, they are the prime participants in shaping a neighborhood’s future. If the goal is to promote local shopping and prevent “leakage,” there is nothing more important than having local consumers mobilized around this idea. For instance, in Pacoima, in the Northeast San Fernando Valley, a bank was concerned that it might not succeed, because residents lacked basic familiarity with banking services. School-based parents’ centers and churches worked together to mount a neighborhood-wide financial education strategy. And if the need is for major infrastructure investments, only significant grassroots mobilization will create the political will for such investments.

In short, the neighborhood taxonomy provides a shared framework and common language through which the private, public, and nonprofit sectors can frame collaborative approaches to guiding the development of the neighborhoods in which they had an interest. And that may be the most compelling use for a neighborhood typology.

At the end of the day, typologies like these may even promote new types of neighborhoods, with new mixtures of income groups living side by side. In any market economy, there will always be “sorting of residents” by ability, personal preferences, and inherited assets. But in a region that works, that sorting will be a little fairer. Neighborhoods will not be dead-ends, but staging grounds from which people will access economic opportunities.
Endnotes

Community Change Initiatives from 1990-2010

1 The full publication will be available in summer 2010. For more information, see www.aspenroundtable.org or contact akubisch@aspenroundtable.org

Understanding the Different Types of Low-Income Neighborhoods

1 Elwood M. Hopkins is Managing Director of Emerging Markets, Inc. and President of the Center for Place-Based Initiatives. Juan Aquino, Rudolph Espinosa, and Daniel Tellalian also contributed to this article.

2 Managing Neighborhood Change, A Framework for Sustainable and Equitable Revitalization (2006), Alan Mallach proposes a six-type classification system based on the condition of the local housing stock, homebuyer characteristics, and housing prices. For each type, he specifies strategies for improving housing as well as the implications of these strategies on local residents. In a 2005 study entitled, "Housing in the Nation's Capital," Margery Austin Turner, G. Thomas Kingsley Kathryn L.S. Petit, Jessica Cigna, and Michael Eiseman propose a new neighborhood typology for Washington, DC neighborhoods based on housing characteristics.

3 The Center for Housing Policy uses a composite of data on subprime lending, foreclosures, and mortgage delinquencies to categorize neighborhoods according to foreclosure risk. Similarly, in Using Data to Characterize Foreclosure Markets, Phyllis Betts at the University of Memphis segmented five different types of home loan borrowers (in terms of their level of financial precariousness and ability to absorb a mortgage) and characterized neighborhoods according to which of type of borrower predominates. She then factors in the type of housing stock and general housing market trends, discovering four distinct neighborhood types: Classic Distressed; Transitional-Declining; Stable Neighborhoods of Choice; and Transitional-Upgrading.

4 In Contributions of Accessibility and Visibility Characteristics to Neighborhood Typologies and their Predictions of Physical Activity and Health, a team from the University of Michigan and Detroit Health Department proposed nine neighborhood types in terms of health impact. For each, the team correlated physical characteristics (housing density sidewalk coverage, street configurations, pedestrian pathways) to physical activity of residents and the prevalence of heart disease, diabetes, dietary cancers, and obesity.

5 In 2005, the USC School of Policy, Planning, and Development compared twenty residential neighborhood types in terms of the mobility patterns of residents. They separated neighborhoods by their location in the inner city inner suburbs, outer suburbs, or exurban areas. The types are grouped according to clusters of traits that influence transportation decisions: street configurations, access to freeways or public transit, local land uses, topographies versus level ground and so on.

6 In How Does Family Well-Being Vary across Different Types of Neighborhoods?, Margery Austin Turner and Deborah Kaye use data from the National Survey of America's Families to classify neighborhoods as family environments. The authors of Neighborhood Poverty: Policy Implications in Studying Neighborhoods, tackle a similar task. In "Explorations in Neighborhood Differentiation" in The Sociological Quarterly, Donald Warren compares service utilization across neighborhoods.

7 In Sharing America's neighborhoods: The Process for Stable Racial Integration, Ingrid Gould Ellen examines six types of neighborhoods in various stages of racial and ethnic transition. For each, she identifies a typical bundle of quantifiable factors (ethnic breakdown, tenure, and demographic shifts underway) and qualitative factors like overall social stability. In Paths of Neighborhood Change, Richard Taub, D. Garth Taylor, and John Dunham identify eight neighborhood types at different stages of evolution from decline to gentrification to stability.

Five Simple Rules for Evaluating Complex Community Initiatives

1 CCIs here are defined broadly and include community change initiatives, complex community initiatives, comprehensive community initiatives, and even comprehensive place-based initiatives.


Understanding How Place Matters for Kids


9 Quane, James M. 2008. "Low-Income Female Caregivers' Expectations for Their Adolescent Sons or Daughters in Disadvantaged Urban Neighborhoods." Unpublished paper

