



Asset-based Development: Capturing Community Strength and Opportunity in Urban Markets

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Outline

- Introduction: Social Compact and Community Economic Development
- Addressing the Information Gap
- Asset vs. Deficiency Data
- Findings
- More than Just Data
- State of the Field
 - Retailer's Perspective
 - Further Research Efforts

Introduction: About Social Compact

1990: Awarding public-private partnerships

Recognizing that the private sector has a role to play in neighborhood development

Introduction: About Social Compact

Late 1990's:

Three emerging themes in Community
Economic Development:

I. Inner cities have investment potential.

Deficiency-based neighborhood profiles undervalue the investment potential of neighborhoods. (Michael Porter)

= Develop an asset-based approach

Introduction: About Social Compact

Late 1990's:

Three emerging themes in Community
Economic Development:

**2. Information led development and the
information-gap as a key barrier.**

There is a lack of reliable and specialized market intelligence about emerging neighborhoods. (Robert Weissbourd)

= Close the information gap

Introduction: About Social Compact

Late 1990's:

Three emerging themes in Community

Economic Development:

3. Development begins at the neighborhood-level.

= Neighborhood level indicators capturing local intuitions

Introduction: About Social Compact

1999: Social Compact Pilots DrillDown in Chicago

Goals over the last 8 years:

Fill the information gap

Provide asset-based profiles

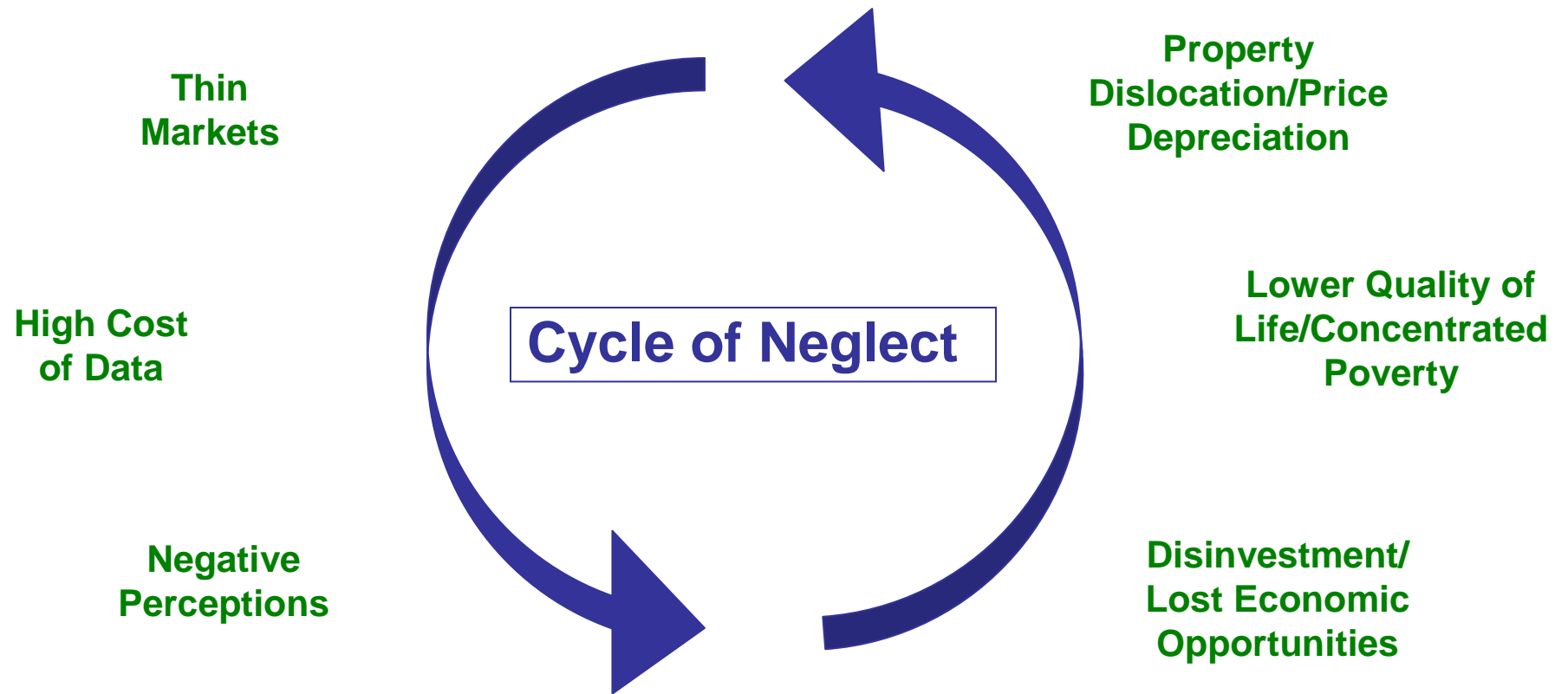
Demonstrate unmet neighborhood market potential

So how do we accomplish these goals?

Understanding and Addressing the Information Gap

Barriers for Urban Revitalization

CAUSE: INFORMATION GAP → **IMPACT: ECONOMIC MALAISE**



CAUSE: Negative Neighborhood Indicators → **IMPACT: Undervalued and Misunderstood Neighborhoods**

Building Better Indicators

Addressing the Two Major Gaps

- **Accurate and Timely Data:** Data is less accurate in the inner-city.
- **Urban-Specific Indicators:** Most market indicators were developed to estimate potential in suburban markets.

Accurate Market Data

Addressing the undercount, Capturing neighborhood change

Undercounts

Neighborhoods with the highest **undercount** tend to be poor and predominantly minority communities. It is estimated that these communities average a 10% undercount...

Neighborhood Change

Since 2000, 130 **Census challenges** resulting in 750,000 people being added back to cities/towns/counties

Significant percentage of private investment decisions are derived from the Census...

Urban Indicators

Capturing urban market attributes

Single family owner-occupancy as a measure of neighborhood investment

Solution: owner-occupancy by building

Density as a critical component of market potential

Solution: focus on aggregate numbers per square mile, rather than average numbers

Incomes are not traditional in the inner-city

Solution: create an indicator of the informal economy

Non-traditional housing patterns

Solution: incorporate an array of datasets & use local knowledge to capture these changing diverse arrangements

Change in cities is not linear

Solution: incorporate transactional data and create new benchmarks to monitor change.

Building a more accurate asset-based
profile of market potential in inner-city
neighborhoods

Capturing Urban Market Potential Addressing Information Barriers

The **Social Compact DrillDown** analysis
measures core market drivers:

Size/Growth



Buying Power



Stability/Risk



Using more **accurate, timely** data from
30+ public and proprietary sources

Capturing Urban Market Potential

Bridging Public and Proprietary Data Through Technology ...

Public Data

Tax Assessment Data

Construction Permits

Utility Usage and Bill Payments

Federal Deposit Insurance Corp.

Internal Revenue Service

Home Mortgage Disclosure Act

Proprietary Data

First American Real Estate Solutions

InfoUSA

Acxiom

Equifax

Experian

...and Alliances with Strategic Leaders for Enhanced Analytic Capacity



**What potential can we uncover
using these data sources and
indicators?**

Uncovering the Hidden

Reconstruction of Data to Positive Information

Deficiency-based Analysis

Poverty and Unemployment

Profiles of Over-Crowding

Aging Housing Stock
Low Home Ownership rates

High Levels of
Crime/Frequent Media
Focus

Asset-based Analysis

Higher Market Density

Spending Power

Prime Housing Stock

Positive Presentation of
Crime

ALTERING NEIGHBORHOOD LENSES



A tale of two communities ...

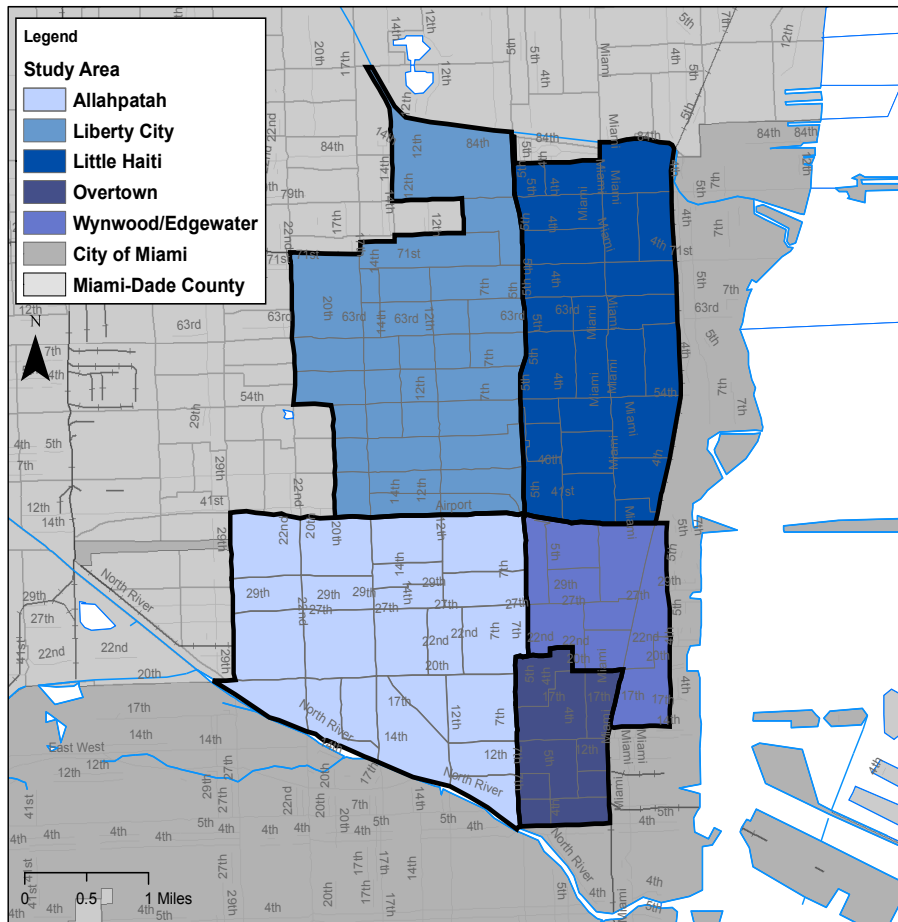
Neighborhood A

- Twice the national rate of poverty.
- Four times the national rate of overcrowding.
- Aging house stock.
- Above national average Unemployment.
- Perception of high crime.

Neighborhood B

- Aggregate income of 1.1 billion.
- \$440 million spent on retail.
- Median home sales value of \$315 000.
- Average household income of \$55 400.
- Falling property crime

2007 Miami DrillDown Findings

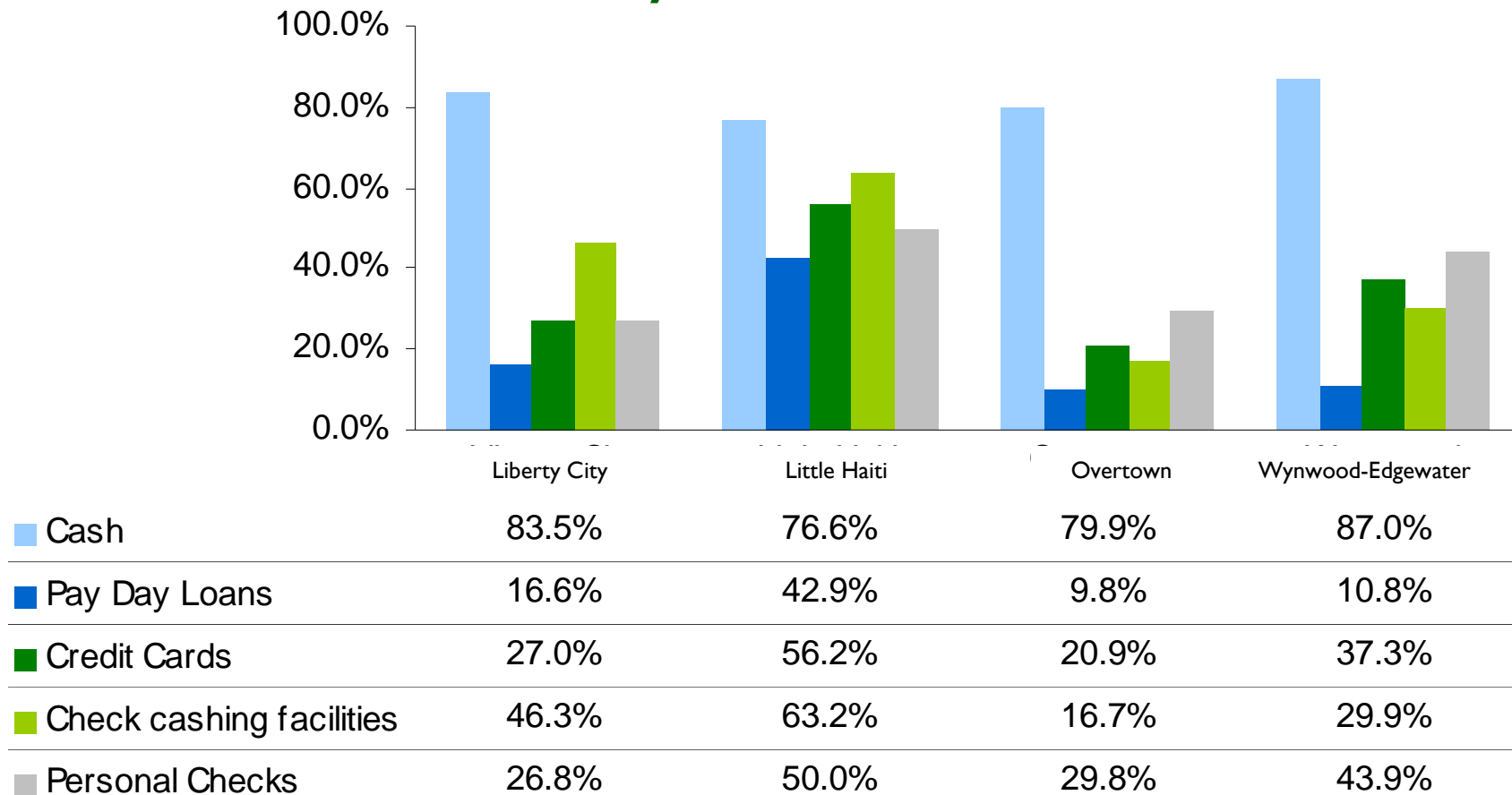


- **Population: 171,400; 51,100 more residents than Census 2000 (42%) and 48,200 more than 2006 census trend projection (39%)**
- **\$1.7 billion in aggregate buying power, exceeding census trend projection by \$600 million (52%)**
- **Average household income: \$36,600; \$8,300 higher than 2006 census trend projection, at \$28,300 (29%)**
- **Median home sale value: \$177,300 42% higher than the census trend projection value of \$125,000**

2007 Miami DrillDown Findings

Financial Services Provision

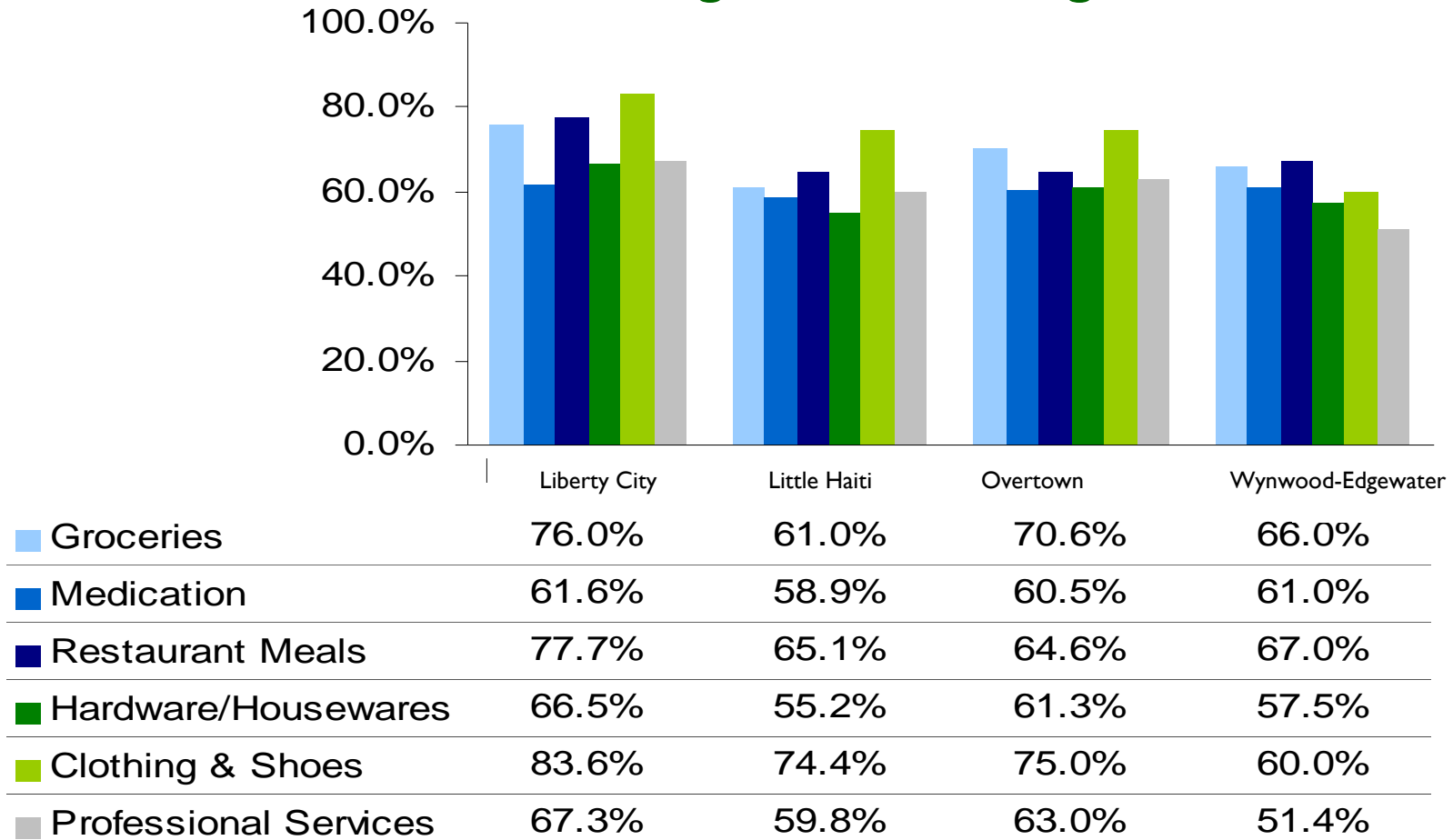
Survey Results: Consumer Purchasing Patterns Bill Payment Methods



2007 Miami DrillDown Findings

Retail Leakage

Survey Results: Consumer Purchasing Patterns Households Purchasing Outside of Neighborhood



Capturing Urban Market Potential

In over 200 *undervalued* neighborhoods across the country, Social Compact has found:

Larger Markets

- 850,000 More residents
- 250,000 More households

Greater Buying Power

- \$19.9 billion more aggregate household income (+24%)
- \$10.5 billion by informal economy income

Less Risk, More Stability

- Falling crime rates
- Booming property market
- High owner occupancy by building

Developing neighborhood
indicators is not just about more
data

DrillDown Market Analytics Drive Decisions to:

- **Identify the Needs of Underserved Communities**
- **Stimulate Investment through Information and Effective Partnerships**
- **Match Public Policy Imperatives to Market Opportunities**
- **Change the discourse from needs to opportunities**

Discovering the Strength and Opportunity 'Hidden in Plain Sight'

Informing comprehensive economic development

Capturing Urban Market Potential

Understanding Micro-Market Economies

Creating A New Vernacular for Urban Development

- Leveraging data and technology partners
- Establishing appropriate metrics
- New tool development

Local Community Expenditure Surveys

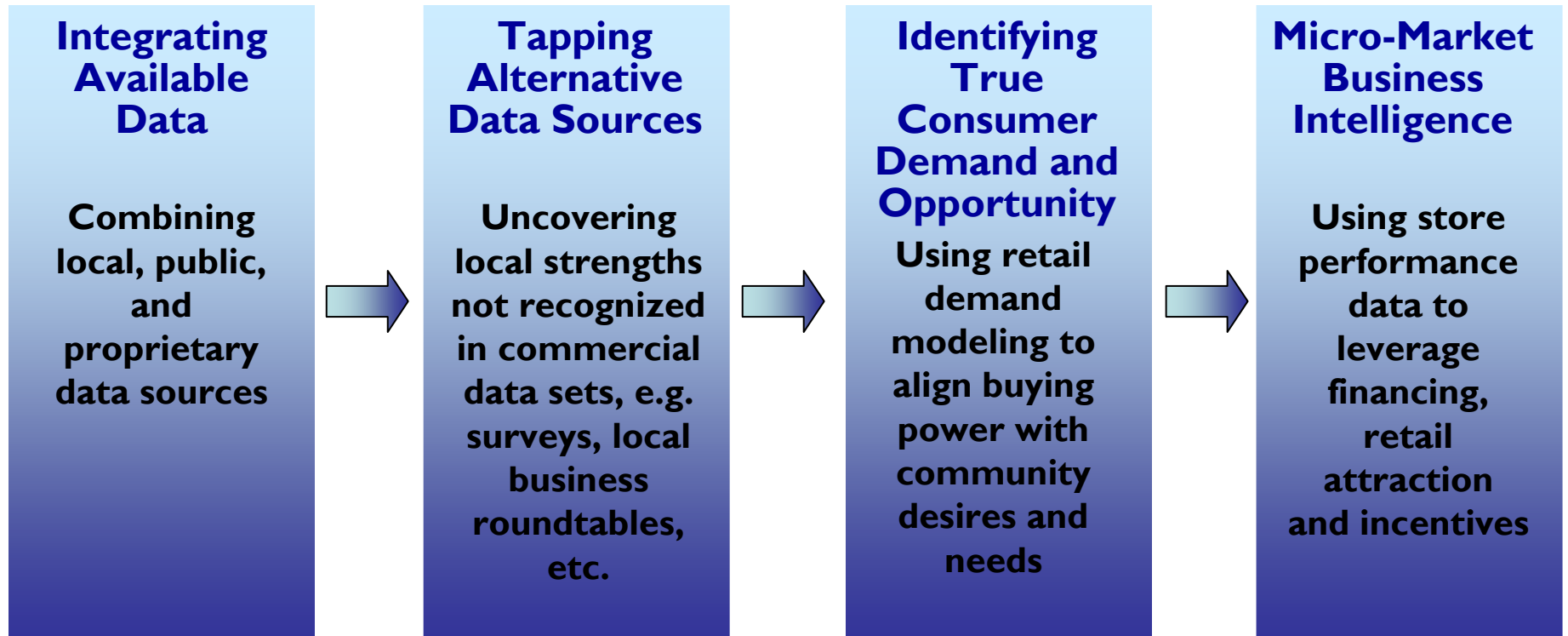
- Gauge spending behavior in underserved markets
- Advance ways of assessing informal economic activity
- Examine shopping location patterns

Collaboration

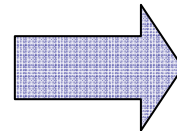
- Explore practical application in partnership with urban development professionals

Market Connections

Using DrillDown findings to fill opportunities



Implications for national retail attraction, small business development



Comprehensive economic development

State of the Field

Retailers' Perspective

- Site selection research:
 - a. proprietary tendencies
 - b. similar general patterns
 - c. similar data sets and sources
- Need to:
 - a. search for creative ways to obtain desired information
 - b. use data sets in nuanced and creative ways

State of the Field

Where to go from here

Capturing change more effectively

IRS data, Home Mortgage Disclosure Act (HMDA) data, USPS delivery statistics, ...

Understanding business patterns

Commercial Gentrification, Clustering, Path Dependency, Critical Junctures, Qualitative change, ...

Defining “underserved”

Distance to a grocery store or bank, access to fresh foods, square feet of retail space, number of small businesses, ...

Predatory lending

Estimating the underbanked, ...

Capturing Urban Market Potential

**Quantifying Strength in America's Communities in 200
Neighborhoods and Beyond ...**

Completed DrillDowns

Chicago, IL
Cleveland, OH
Detroit, MI
Harlem, NY
Houston, TX
Jacksonville, FL
Miami, FL
Oakland, CA
Santa Ana, CA
Washington, DC

Current DrillDowns

Baltimore, MD
Cincinnati, OH
Detroit, MI
Fort Worth, TX
Harlem, NY
Jacksonville, FL
Kansas City, MO
Los Angeles, CA
Louisville, KY
Miami/North Miami, FL
Oakland, CA
Ontario, CA
San Francisco, CA
Tampa/St. Petersburg, FL
Washington, DC



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