



THE URBAN OPPORTUNITY AGENDA gives civic leaders tools to choose investments that reduce poverty, create economic opportunity, and build stronger communities. In this work CNT, with the support of the Knight Foundation, has asked, “What would need to be done to reduce the number of people living in poverty by 25 percent or more in St. Paul?”

The result is a scenario for St. Paul that includes expense reductions, targeted job creation, and smarter public and private investments. CNT has been looking at opportunities in St. Paul to reduce poverty while providing benefits to the entire community. This presentation offers our initial findings and we hope it will be a chance to start a conversation about this new framework and some quick wins for St. Paul.

What we have evaluated is the potential for a bold goal for St. Paul: Reducing the population living in poverty by 25 percent. This would be a major achievement, and would create economic momentum and generate real benefits for residents of all income levels as well as local businesses.

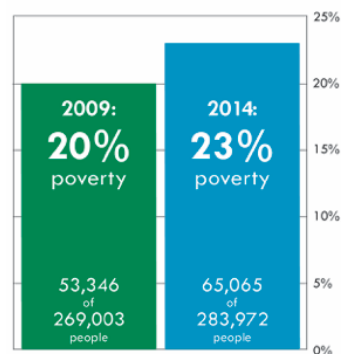
We have done this analysis in 10 different communities nationwide. The need to build on local assets means that the portfolio of opportunities is different across communities, but the overall framework is one that can be applied anywhere.

About CNT: The Center for Neighborhood Technology is an award-winning nonprofit research and advocacy organization committed to improving urban economies and environments across the United States. We do this through innovation and by researching and analyzing urban problems; testing and promoting economically efficient and environmentally sound solutions; and demonstrating the value of investing in sustainable solutions.

## ECONOMIC GROWTH HAS NOT REDUCED POVERTY

The Twin Cities regional economy grew **\$22 billion** from 2009 to 2014

Yet, there were **12,000 more people in poverty** in the city of St. Paul



Why are we doing this?

As we all know, poverty is a big persistent problem. And, the burden of the poverty crisis has really fallen on local communities.

The economic gains of the past several years have not reduced poverty. Even as the regional economy recovers from the economic downturn, the poverty rate is on the rise, and the cost of living is growing faster than incomes.

The Twin Cities regional economy grew \$22 billion dollars between 2009 and 2014, (and is projected to grow another \$29 billion to \$234 billion by 2020 ). Yet, the population living in poverty in the city of St. Paul grew faster than the population as a whole over that time.

Source: Moody's Analytics Gross Metro Product & US Census ACS 5-year estimates

**POVERTY REDUCTION IS KEY  
TO ECONOMIC PROSPERITY**



The Urban Opportunity Agenda

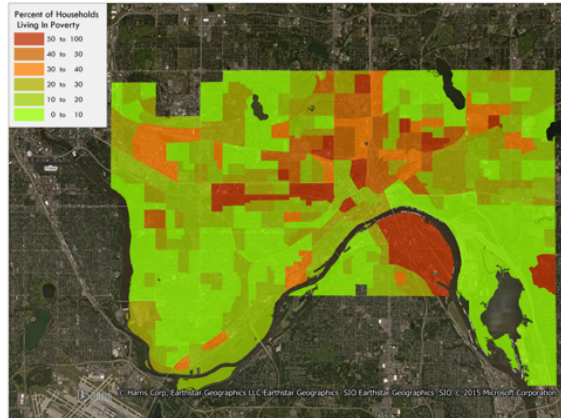
- A growing income gap and the presence of persistent poverty in our communities constrains economic opportunity for everyone.
- More than any tech incubator, business subsidy, or infrastructure project, poverty reduction has the potential to be an economic engine.
- The Urban Opportunity Agenda maximizes economic opportunity by helping cities effectively reduce poverty and provide benefits to all residents and businesses.

## PLACE-BASED ISSUE

**23%**  
**Poverty**  
**Rate**

**vs**

**16%**  
**U.S.**  
**Average**



The demographics of poverty in St. Paul make jobs access, equity, and opportunity extremely important to any set of anti-poverty strategies.

- The people most likely to live in poverty in St. Paul are those who did not work and those without a high school degree.
- Asian American and African American residents of St. Paul have poverty rates three to four times that of white, non-Hispanic residents.
- Residents with a disability are more likely than average to live below the poverty line.
- Full-time workers and those with a bachelor's degree are least likely to live in poverty in St. Paul.
- Seniors over 65 are less likely to be in poverty than the average area resident; research has shown that Social Security and other retirement programs play important roles in helping seniors live above the poverty line.

We all know poverty is a place-based issue. St. Paul's poverty rate is higher than the national rate and poverty is geographically concentrated.

What is discussed less is that the solutions need to be place-based as well, and that is the approach we bring to this work.

Source: U.S. Census American Community Survey 5-Year Estimates

## POVERTY IS A TWO-SIDED EQUATION

It isn't just what you earn, it is also what you spend—and low-income families are often hit with high costs.



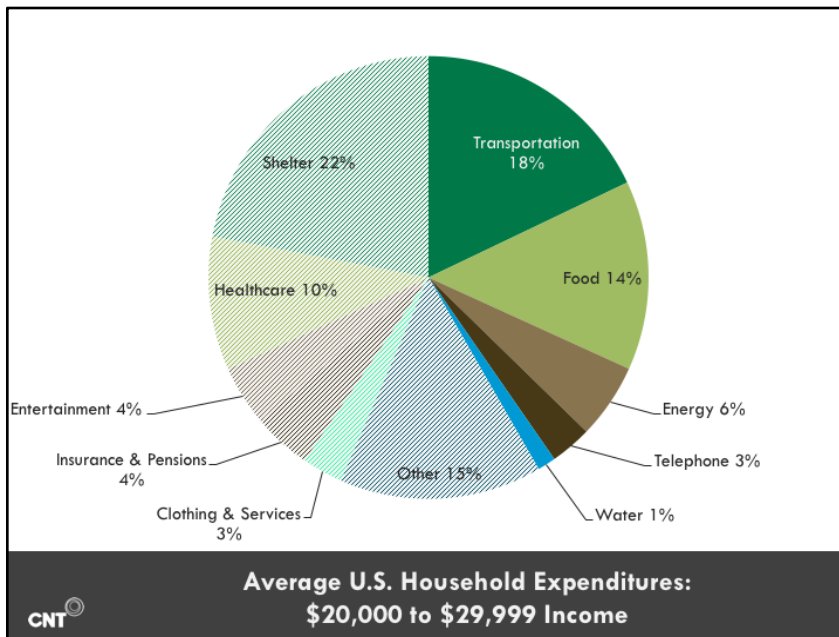
CNT

Another difference in how we approach this work is that we look at poverty as an issue of high expenses as well as low incomes.

Traditional approaches to combat poverty have involved increasing incomes with public benefits. These methods are critically important, and research shows that such programs have successfully helped millions of families. But there's more that needs to be done.

A dollar saved is a dollar earned and with expenses rising faster than incomes, we must work to help households cut costs. By making targeted investments that help families spend less on the basics, civic leaders can reduce poverty while providing benefits to the entire community.

Creating quality jobs is another traditional approach to poverty reduction, and there are many great efforts to this end already underway. This framework is intended to support and build on those—to take things we know can work and see what scale of action is needed to make a big impact.



When we talk about household expenses, what are we talking about? Households in poverty spend a lot on basics, such as transportation, food, energy, telecom, and water. We're focusing on those expenses, in part, because reducing them brings sustainability benefits and they can be reduced through proven programs.

Consider a 4 person household living in poverty—that is, making less than \$24,250 a year. According to national data, these costs can add up to 42% of that household's expenses, or 52% of their income. Why the difference between those two numbers? Often that household is spending more than they earn.

Expenses in St. Paul are similar than the U.S. average, but good transit access and some location efficient neighborhoods (compact communities close to daily destinations) may decrease transportation needs.

Source: Consumer Expenditure Survey, Moody's and CNT H+T Affordability Index

**REDUCING POVERTY 25%  
IN ST. PAUL WILL MEAN 16,000  
FEWER PEOPLE LIVING IN POVERTY.**

This requires meeting a **\$74 million** annual poverty gap through expense reduction and income.



Consider a goal of reducing the population in poverty by 25% over the next ten years. That would mean 16,000 fewer people in St. Paul live in poverty. In financial terms, this requires meeting a poverty gap of \$74 million annually with expense reductions and income increases.

How do we come to that figure? The “poverty line” is a specific dollar figure for each household, and the Census reports the average difference between current earnings and the poverty line. For these 16,000 people there is a total gap of \$74 million per year between current earnings and no longer being in poverty. That value includes a cushion, because to be just \$1 over the poverty line is a very insecure place to be.

Achieving this goal will mean moving poverty rate in St. Paul from 23% to 17%.

(The poverty threshold in 2015 is \$24,250 for a family of 4, \$11,770 for a single person.)

**SMARTER INVESTMENTS  
DELIVER CITY-WIDE  
BENEFITS FOR ALL**



Individual households cannot do all of this on their own. Many of the costs we are discussing are shaped by systemic issues, such as land use and transportation infrastructure. Too much money is spent on unsustainable infrastructure, limiting our ability to expand economic opportunity.

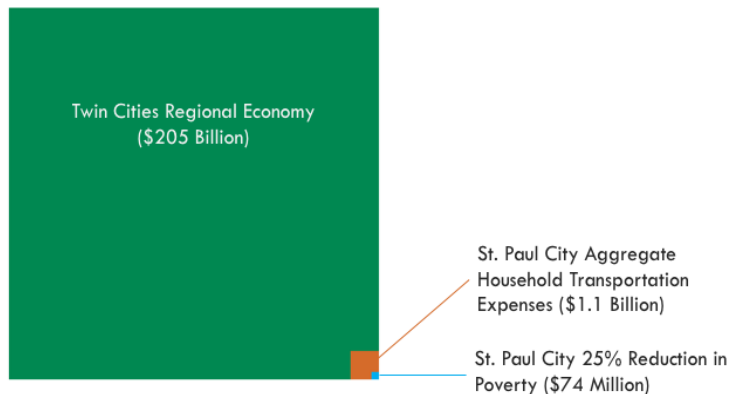
Investing in sustainability can create jobs and income for low-income people, while at the same time reducing waste, lowering expenses for businesses and families of all incomes, and creating connected communities by:

- Reducing spending on transportation by all households
- Cutting energy and water costs for all households
- Improving access for all to basic services, such as groceries, childcare, doctors, and other regular destinations

To be effective, civic leaders need to set measurable goals, track their investments, and make adjustments as they go. CNT comes to this method from decades of research and applied work in areas such as city climate action, energy efficiency, and transportation. The collective impact model, which has arisen in recent years, has a similar structure is being applied in many cities on topics such as education.



## \$74 MILLION ANNUALLY TO REDUCE POVERTY 25%



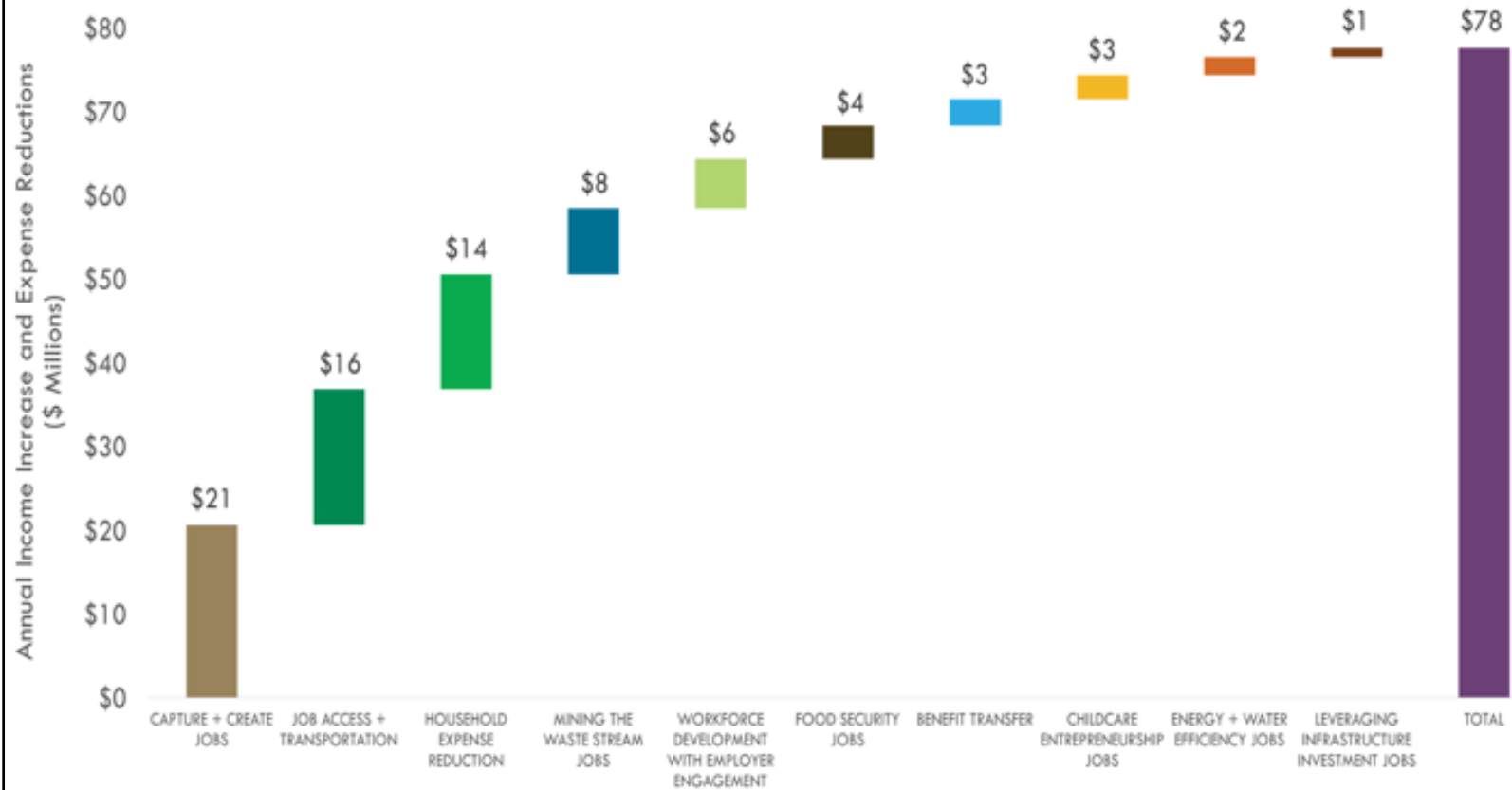
All figures annual

Reducing the number of people living in poverty 25% in any community is a bold goal, but let's put it into perspective for St. Paul:

This poverty gap is just 0.04% of the \$205 billion regional economy; an economy that is projected to grow to \$234 billion in 2020. (Source Moody's Analytics).

Moreover, households in the city of St. Paul are spending \$1.1 billion (or 15 times more than this) on transportation alone each year. This is not to say that the solution lies entirely in transportation, but transportation efficiency DOES have multiple environmental, health, and placemaking benefits. (Source: CNT H+T Affordability Index).

# HERE'S HOW IT COULD BE DONE



## HERE'S HOW IT COULD BE DONE CONTINUED...

CNT has quantified the potential impact of a portfolio of strategies, which, taken together, could reduce poverty 25% in St. Paul. The previous bar chart shows the portfolio of possible strategies to fill an annual \$74 million poverty gap in St. Paul through reduced household expenses and increased incomes.

This is only one scenario, but it is a way of showing that change at this scale is possible. Each of these strategies are things that can be done.

Increasing income through jobs access and creation makes up the bulk of this portfolio, but reducing expenses plays a significant role too.

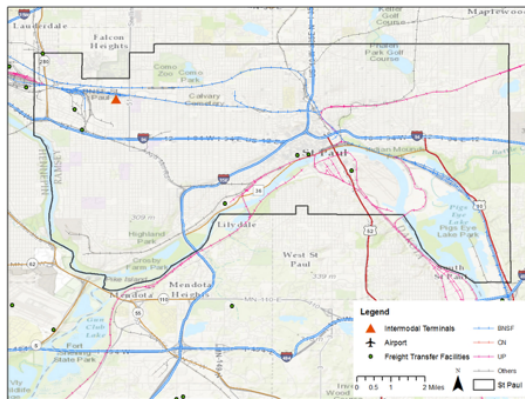


CNT has identified some examples of initial big wins for St. Paul that we found through our research, interviews, and assessment of St. Paul's assets and opportunities. However, Urban Opportunity Agenda is meant to be a framework and a process, rather than a prescriptive plan. An in-depth discussion on efficiency, expense reduction, creating opportunity, and quantified outcomes may spotlight a set of near-term actions in St. Paul that are not part of these initial strategies.

## CAPTURE + CREATE JOBS

PLAN FOR LOCATION  
EFFICIENT JOB CREATION

\$21 million annual  
income  
660 jobs  
28% of poverty gap



Action: By Capturing and Creating Jobs we mean supporting the re-onshoring of manufacturing and drawing job growth into communities by addressing barriers to employers locating in cities, including land use and zoning, as well as freight transportation needs. Capturing 0.5% of the forecasted job growth for the region would create 660 jobs for people currently living in poverty.

The map here shows some of the assets St. Paul has that could support this strategy and make St. Paul a stronger regional hub for logistics and manufacturing.

Benefits: Improve employer access to workforce, efficient use of existing infrastructure assets, reduce travel of people and goods.

Where it's been done: The Brooklyn Navy Yard in New York is an industrial revitalization success story with more than 300 businesses employing 7,000 workers in a transit-accessible location.

*Measurement assumes a greater capture of forecasted regional job growth by city/county through land use changes, policy, targeted investment, entrepreneurship, etc.*  
Source: Moody's

## JOB ACCESS + TRANSPORTATION

CREATE CONNECTIONS WITH  
PUBLIC TRANSIT AND  
TRANSPORTATION  
ALTERNATIVES

\$16 million annual  
income  
520 jobs  
22% of poverty gap



This strategy is focused on improving access to jobs with increased transit, rideshare, employer shuttles, and more. In addition to benefiting low-income workers, expanding transit access benefits employers by widening the work pool, and making it easier and less costly to get to work helps families of all income levels.

Growing the number of jobs accessible by a 30 minute transit ride 2% could mean 520 more jobs for people living in poverty in St. Paul (assuming 10% of newly accessible jobs are filled by those now in poverty). But, it would also mean 5,200 more jobs accessible to everyone in St. Paul without driving alone.

Action: Make smart investments in alternatives to driving alone.

Benefits: Improve access to jobs, reduce transportation expenses for families, and keep dollars in the local economy while creating a more connected city.

Where it's been done: Transportation Management Associations, like GO BNMC at the Buffalo Niagara Medical Campus in New York, are member-run organizations that allow employers to provide transportation services. GO BNMC was able to access hundreds of thousands of dollars in grants, and 5 percent fewer employees drove alone in the program's first year, saving themselves money and reducing parking demand.

*Measurement assumes growth in transportation alternatives to increase access to jobs in the region. Source: CNT H+T Affordability Index*

## HOUSEHOLD EXPENSE REDUCTION

PROVIDE CONSUMER INFORMATION ON SMARTER CHOICES AND INVESTING IN EFFICIENCY IN ENERGY, WATER, TRANSPORTATION, TELECOM AND FOOD.

REDUCE HOUSEHOLD EXPENSES AND ENVIRONMENTAL FOOTPRINT.

**\$14 million annual expense reduction**  
**19% of poverty gap**



A city cannot just give every resident more money, but it can help them cut down on bills and save. In the areas of energy, transportation, telecom, and even food it is possible to save money by reducing waste and making efficient decisions. In a 2012 evaluation of CNT's Green Financial Education Program, participants reduced their household expenses by \$125/month and our analysis for this project finds possible savings that are even higher-- \$180/month for St. Paul low-income residents. These are programs that can benefit households of every income level.

In addition to individual actions, systemic efficiencies, such as smarter land-use planning, can reduce costs communitywide. A 20 percent decrease in auto travel could save a low-income household \$700 per year in St. Paul.

Action: Financial education and efficiency programs to help households cut expenses.

Benefits: Households save money and lower their environmental footprint.

Where it's been done: In a 2012 evaluation of CNT's Equity Express Green Financial Education Program, participants reduced their household expenses by \$125/month the equivalent of a \$0.72/ hour raise. These are programs that can benefit households of every income level.

*Measurement assumes 20% savings in household costs for households in poverty. Source: CNT H+T Affordability Index & Calculated from US Consumer Expenditure Survey*



## MINING THE WASTE STREAM

CREATE JOBS BY REDUCING AND REUSING THE WASTE STREAM.

**\$8 million annual income**  
**250 jobs**  
**11% of poverty gap**





Photo Credit: World Bank Photo Collection Photo, Creative Commons License

Making use of the resources in the waste stream, including building materials, metals, recyclable plastics, and compostables is more job-intensive and sustainable than landfilling. This has the potential to create 250 jobs for workers currently living in poverty.

St. Paul's recent change to "single sort" recyclables has made recycling easier for residents, but there is still a great deal that could be done to divert the area's waste stream to more productive uses. A targeted effort to create jobs for residents currently living in poverty through deconstruction, large-scale composting, and other materials reuse and recycling programs would bring multiple benefits.

*Measurement assumes growth in waste management alternatives to landfilling. Source: Calculated based on Tellus Institute with Sound Resource Management "More Jobs, Less Pollution: Growing the Recycling Economy in the U.S.", Census, Bureau of Labor Statistics & Local waste data*



## WORKFORCE DEVELOPMENT WITH EMPLOYER ENGAGEMENT

EXPAND SECTOR-SPECIFIC  
JOB TRAINING IN INDUSTRIAL  
SECTORS WITH GOOD  
GROWTH PROSPECTS AND  
ENGAGE EMPLOYERS IN THE  
DESIGN OF WORKFORCE  
TRAINING.

**\$6 million annual  
income**  
**190 jobs**  
**8% of poverty gap**



The most effective workforce training is through strategic partnerships between employers and training programs, such as at community colleges. Employers can define the skills that they are looking for, ensure the curricula meet those needs, then employ the resulting trained workers. Community colleges can engage employers to ensure they design their curricula around these market-related skills, offering workers skills certificates that are nationally recognized. Programs to promote apprenticeships and on-the-job training are also essential, as lack of work experience is cited in many cases as a primary barrier to job access, and not all jobs require—nor are all workers suited to—community college enrollment.

There are 50,000 jobs in St. Paul requiring a some college or an Associate's degree. Increasing access for workers currently living in poverty to just 0.4% more of those would mean 190 jobs.

*Measurement assumes workforce training and employer engagement to increase access to jobs currently requiring some college or an Associate's degree. Source: U.S. Census LEHD.*

## FOOD SECURITY JOBS

INCREASE LOCAL FOOD SELF-SUFFICIENCY THROUGH URBAN AGRICULTURE AND SMALL-SCALE FOOD PROCESSING.


\$4 million annual income  
130 jobs  
5% of poverty gap




Households in St. Paul spend \$7,583 on food per year on average. This translates to \$850 million a year in aggregate spending. If just 2% of that spending were moved to businesses creating jobs for those currently living in poverty that could create 130 jobs.

Promoting sustainable urban agricultural businesses, which may include land- or facility- based opportunities, and the policies and financing to support them can be a job creator, including large scale urban agriculture where people grow, process, market and distribute food that includes hands –on training, business development and technical assistance. This may include farming, aquaponics, greenhouses, and shared kitchens.


Source: *Consumer Expenditure Survey*




## OTHER STRATEGIES




**Benefit Transfer (\$3 million)**  
Reduce moderate- and high-income household expenses and invest 10% of the savings in poverty reduction.




**Childcare Entrepreneurship Jobs (\$3 million)**  
Promote childcare entrepreneurship and workplace childcare policies to enlarge support systems for working families.



**Energy and Water Efficiency Jobs (\$2 million)**  
Make buildings more efficient through a large-scale, one-stop initiative that retrofits 20 percent of homes and businesses.



**Leveraging Infrastructure Investment Jobs (\$1 million)**  
Invest in sustainability and create jobs and income for low-income people.



**Benefit Transfer**

If moderate- and high-income households participate in a program to save 20% on their transportation, energy, water, telecomm, and food expenses they could save \$250 per month or more. 10% of those savings could be invested in a poverty alleviation fund. (Source: Consumer Expenditure Survey and CNT H+T Affordability Index)

**Childcare Entrepreneurship Jobs**

Create 90 jobs for individuals currently living in poverty by expanding childcare options.

**Energy and Water Efficiency Jobs**

Investing in making buildings more energy and water efficient is a way to create jobs. Many efforts of this type are underway already. What our analysis asks is, “What impact on poverty could we have if we really scaled these efforts up and targeted the jobs toward the poor?”

The strategy we analyzed is retrofitting 20% of ALL buildings in the city and saving 20% on energy and water in each, which could create 70 jobs for people currently living in poverty.

**Leveraging Infrastructure Investment**

Infrastructure investment can be used for poverty reduction by creating jobs for workers currently in poverty, finding efficiencies in public services, and incentivizing private investment in anti-poverty income creation and expense reduction. As a proxy for a varied set of policy and programs, the impacts of a local and disadvantaged worker hiring rule is estimated. A rule requiring hiring of 50% local and, of that, 30% disadvantaged workers applied to 50% of St. Paul’s capital budget could create 30 jobs for currently disadvantaged workers. (Source: Local Capital Budget and ARRA job figure updated for inflation)

## WAYS TO START

- **Think Differently** – Include expense reduction with income growth to reduce poverty as a regional economic engine
- **Establish a Goal** – Engage diverse groups in setting a poverty reduction goal
- **Go after Quick Wins** – Look for low hanging fruit to build momentum toward your poverty reduction goal
- **Measure Progress** – Track and share the poverty reduction impact of your actions as well as the benefits for all residents and businesses



Communities can start implementing the Urban Opportunity Agenda today. We've broken a process down into these four steps to help local governments and institutions can build on work already underway and free up resources to address poverty.

We are now underway with the roll-out of our findings and actively seeking a set of conversations to find opportunities for "quick win" poverty reduction strategies.

Local governments and institutions cannot tackle poverty alone. State and federal changes to realign investments and create enabling policies are essential. For example, in 2015, New Orleans passed a "Hire NOLA" law, which requires 50 percent local hiring for public contracts, 30 percent of which must be from a disadvantaged population by 2020. Federal policy prohibits the application of such ordinances to federal funds, but in 2015 the US Department of Transportation launched a pilot to enable local hiring requirements on select projects.

A coalition of local governments focused on innovative poverty reduction and economic growth strategies needs to call for such systemic changes to create the necessary conditions to lower poverty while reducing expenses and increasing opportunities for all.

## QUICK ACTION POSSIBILITIES

Jobs Access

Cargo-oriented  
Industrial  
Redevelopment Plan

Household Expense  
Reduction

Human Resources  
Working Group



CNT found dozens of sustainability, economic development, and anti-poverty initiatives in the area in our scan. There is already a lot happening to grow the economy and improve efficiency. How can the Urban Opportunity Framework be used to increase impact and reach a significant poverty reduction goal?

For example, CNT has identified some early-action opportunities in our research:

### **Transportation Management Association (TMA)**

The Twin Cities has made major investments in transportation in recent years. Expanding partnerships with employers to increase access for low-income households to even more regional jobs could create substantial benefits. The recent increase of tax-free transit benefits in the federal transportation bill to \$255 per worker per month provides use-it-or lose it resources for transportation improvements.

### **Cargo-oriented Industrial Redevelopment Plan**

St. Paul would greatly benefit from opportunities to re-onshore manufacturing in concert with sustainable improvements at its freight facilities.

### **Household Expense Reduction**

Train community agencies and organizations to offer workshops to community residents about expense reduction and track the results.

### **Human Resources Working Group**

Quickly organize a working group of employers' human resources directors as a quick point of entry to aggregated services and benefits.



## THANK YOU

For more information about the  
Urban Opportunity Agenda,  
please contact Jen McGraw

[jen@cnt.org](mailto:jen@cnt.org) | [www.cnt.org](http://www.cnt.org) | 415.644.0877



Photo Credit: Brent and Sue Quinlan, PMA, Creative Commons license

Please get in touch with any questions, comments, or suggestions.



To be used as needed.



This project analyzed the Knight Resident Cities, plus Gary, IN and Long Beach, CA. Akron and Miami were analyzed at the county level, because the county was a better scale for potential changes required. Macon-Bibb was analyzed at county level because of recent city-county consolidation.

**Project Places:**

Akron-Summit County, OH | Charlotte, NC | Detroit, MI | Gary, IN | Long Beach, CA | Macon-Bibb County, GA | Miami-Dade County, FL | Philadelphia, PA | San Jose, CA | St. Paul, MN



## METHODS



### Scale x Impact

CNT estimated the potential impacts of poverty reduction strategies using place-based data and clearly documented assumptions.

Over time, these methods can be iterated on with detailed local data to enable implementation and evaluation of programs.



CNT used a combination of quantitative, qualitative, and geospatial research for this project.

Here are brief notes on the quantification methods by poverty reduction strategy. More details are available in the methodology document.

All jobs assumed at \$15 per hour, full time.

- CAPTURE + CREATE JOBS = x% of regional job growth for target population (Moody's)
- ENERGY + WATER EFFICIENCY JOBS = 20% of buildings retrofitted x 8.25 target jobs per \$1 million in investment over 10 years (Census & Elevate Energy)
- JOB ACCESS + TRANSPORTATION = Jobs accessible in 30 minute transit ride x x% improvement x 25% share of jobs accessed for target population (CNT H+T Affordability Index)
- WORKFORCE DEVELOPMENT WITH EMPLOYER ENGAGEMENT = Jobs requiring some college or associate's degree in city or county x x% newly accessed by target population (Census)
- LEVERAGING INFRASTRUCTURE INVESTMENT JOBS = 50% of estimated local capital budget x 10 jobs per \$1 million x 50% local hire x 30% disadvantaged (CNT research of city/county budgets & ARRA job figure updated for inflation)
- HOUSEHOLD EXPENSE REDUCTION = Annual expenses for transportation, energy, telephone, water, and food for poverty households x 25% participation x 20% savings from efficiency (CNT H+T Affordability Index & Calculated from US Consumer Expenditure Survey)
- CHILDCARE ENTREPRENEURSHIP JOBS = 25% of children currently in poverty x 50% childcare age x 25% will need childcare as parents add work / 6 children per childcare worker x 75% of jobs for target population (Census)
- FOOD SECURITY JOBS = Aggregate annual food expenses for all households x 2% shift to local, disadvantaged businesses x 7.5 target jobs per \$1 million (Consumer Expenditure Survey and various jobs multipliers)
- MINING THE WASTE STREAM JOBS = Estimated total annual waste x 1.6 target jobs per 1,000 tons from green waste management x adoption rate weighted by current waste practices and strength of local manufacturing industry (Calculated based on Tellus Institute with Sound Resource Management "More Jobs, Less Pollution: Growing the Recycling Economy in the U.S.", Census, Bureau of Labor Statistics & Local waste data)
- BENEFIT TRANSFER = Annual expenses for transportation, energy, telephone, water, and food for all households x 25% participation x 20% savings from efficiency (CNT H+T Affordability Index & Calculated from US Consumer Expenditure Survey)



## ABOUT CNT

- CNT is a national hub for research, strategies and solutions to help cities use resources more efficiently and equitably.
- We believe solving problems like poverty, climate change and urban sprawl starts with making neighborhoods, cities and regions work better.



We make cities work better. Our goal is to advance urban sustainability and shared prosperity through initiatives in transportation, water, climate, and public policy. We coach city leaders, advise decision makers, and find new ways to solve challenges. The Center for Neighborhood Technology is an award-winning national nonprofit founded in Chicago in 1978.

Our main areas of focus are:

Transportation + community development

Water management

Economic development