

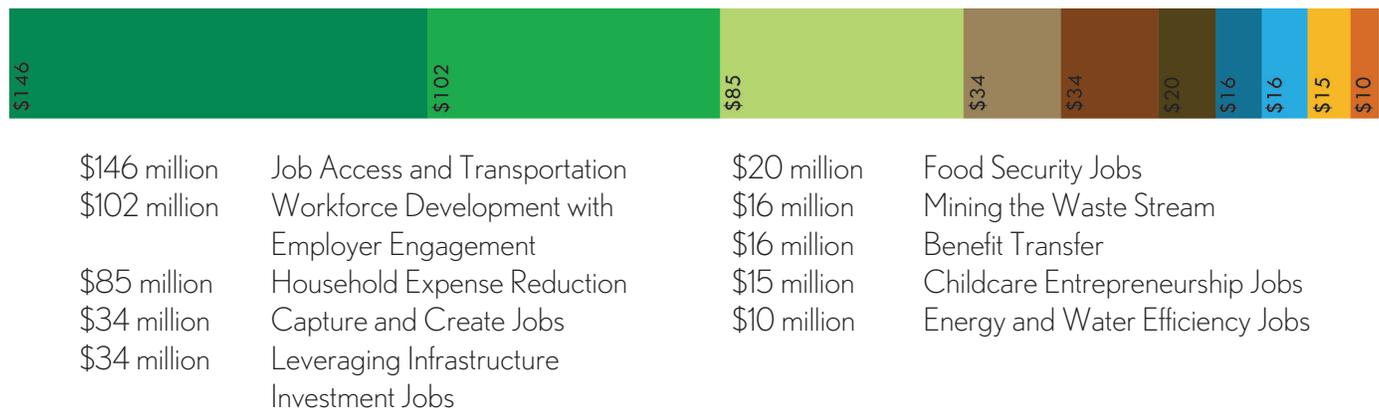
Reducing poverty through sustainable communities

Center for Neighborhood Technology with support from the John S. and James L. Knight Foundation

THE URBAN OPPORTUNITY AGENDA gives civic leaders tools to choose investments that reduce poverty, create economic opportunity, and build stronger communities. The Center for Neighborhood Technology (CNT), with support from Knight Foundation, has analyzed 10 U.S. communities and found that the number of people living in poverty could be reduced by 25 percent or more through a set of expense reductions, targeted job creation, and smarter public and private investments. The need to build on local assets means that the portfolio of opportunities is different across communities, but the framework is one that can be applied nationally.

CNT has quantified the potential impact of a portfolio of strategies, which, taken together, could reduce poverty 25% in each of the 10 places studied for this project. Below, as an example, is the set of possible strategies for Philadelphia, PA to fill an annual \$476 million poverty gap through reduced household expenses and increased incomes.

PORTFOLIO OF POVERTY REDUCTION STRATEGIES FOR PHILADELPHIA, PA

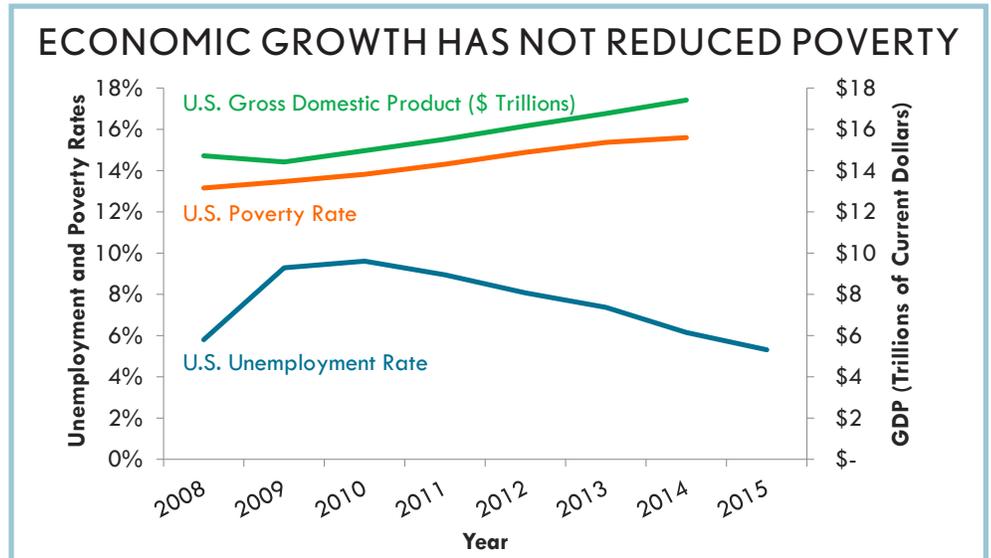


More than any sports arena or business subsidy, poverty reduction itself has the potential to be an economic engine. Instead of high poverty rates and rising household costs being a drag on the local economy, efficiencies and targeted investment can boost economic growth.

There were nine million more Americans living below the poverty line in 2014 than in 2008.

Poverty reduction is key to economic prosperity

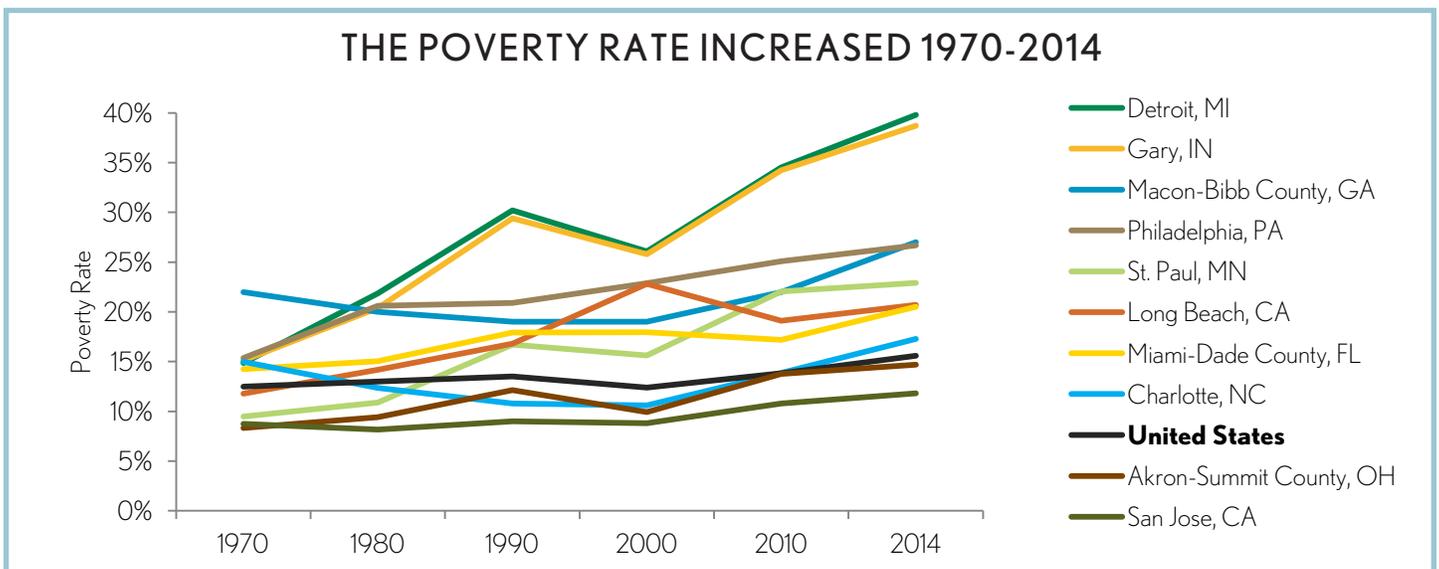
A growing income gap and the presence of persistent poverty in our communities constrains economic opportunity for everyone. The economic gains of the past several years have not reduced poverty. Even as unemployment and the Gross Domestic Product recover from the economic downturn, the poverty rate is on the rise, and the cost of living is growing faster than incomes.



The burden of the poverty crisis has fallen on local communities. The poverty rate increased over the period from 1970 to 2014 in all 10 places analyzed for this project.

The Urban Opportunity Agenda maximizes economic opportunity by helping cities effectively reduce poverty and provide benefits to all residents and businesses.

Traditional approaches to combat poverty have increased incomes with public benefits and created employment opportunities. These methods are critically important, and research has shown that such programs have successfully helped millions of families. But there's more that needs to be done. By making targeted investments that help families spend less on the basics, civic leaders can reduce poverty while providing benefits to the entire community.



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.

The Urban Opportunity Agenda, unlike traditional anti-poverty programs, treats both sides of the coin, with job creation and household savings that together can help families achieve long-term financial success. The smart investment examples in this document show just a few ways expenses can be reduced for households of all income levels.



Smarter investments deliver city-wide benefits for all

Too much money is spent on unsustainable infrastructure, limiting our ability to expand economic opportunity. Civic leaders should instead allocate resources to initiatives that reduce waste, lower expenses for families, create connected communities, and address the risks of a changing climate 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

These investments are doubly effective because they lift low-income residents out of poverty and they benefit people and businesses across the community.

To be effective, civic leaders need to set measurable

goals, track their investments, and make adjustments as they go.

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, water, transportation, telecom, and even food it is possible to save money each month by reducing waste and making efficient decisions. Education programs in Chicago have reduced expenses by \$125/month, the equivalent of a \$0.72/hour raise. 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 \$500 to \$900 per year in the 10 communities analyzed.

SMART INVESTMENT EXAMPLE #1

MAKE BUILDINGS MORE EFFICIENT

Action: Cut energy and water use in buildings by 20 percent or more with efficiency improvements.

Benefits: Lower expenses for businesses and families of all incomes, reduce carbon emissions, create jobs, and prevent the need for more power plants. A 20 percent reduction in energy bills can mean saving hundreds of dollars a year for a household.

Where it's been done: Elevate Energy's multifamily building program in Chicago has retrofitted over 23,000 housing units, which has created 523 jobs and helped many owners save 30 percent on utility and maintenance costs.

SMART INVESTMENT EXAMPLE #2

PLAN FOR LOCATION EFFICIENT JOB CREATION

Action: Support the re-onshoring of manufacturing and other jobs by addressing barriers to employers locating in cities, including land use and zoning, as well as freight transportation needs.

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.



SMART INVESTMENT EXAMPLE #3

CREATE CONNECTIONS WITH PUBLIC TRANSIT AND TRANSPORTATION ALTERNATIVES

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.

The recent increase in tax-free transit benefits in the federal transportation bill to \$255 per worker per month makes this under-used financial resource even more valuable. It is vital for communities to work with employers to improve transit access and transportation alternatives.

Ways to Start

Communities can start implementing the Urban Opportunity Agenda today. With the following steps, local governments and institutions can build on work already underway and free up resources to address poverty.

- **THINK DIFFERENTLY:** Expense reduction and income growth can reduce poverty and be 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 poverty reduction goals
- **MEASURE PROGRESS:** Track and share the poverty reduction impact of your actions as well as the benefits for all residents and businesses

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 U.S. 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.



POVERTY REDUCTION IN PERSPECTIVE

Reducing poverty 25% in a community such as Philadelphia, PA is a bold goal, but comparing the challenge to the amount spent by residents on transportation annually, or the overall regional economy puts it into perspective. (The transportation value is meant as illustration, not recommendation.) Reducing expenses and creating efficiencies across many sectors can free up resources for poverty alleviation and benefit everyone.

Philadelphia City Aggregate Household Transportation Expenses (\$4 Billion)
Philadelphia City 25% Reduction in Poverty (\$476 Million)