

## Assets and Neighborhoods: The Role of Individual Assets in Neighborhood Revitalization

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### *Abstract*

Asset-building strategies—including individual development accounts, homeownership programs, and microenterprise development—became increasingly popular in the 1990s. Although research has demonstrated how assets produce individual benefits, less is known about the extent to which these benefits induce positive place-based effects. We develop a model of the relationship between individual asset-building strategies and neighborhood revitalization in order to inform future empirical work and help ensure that asset accumulation and neighborhood revitalization are mutually reinforcing. Our model emphasizes the conditions and programmatic factors that may encourage and discourage the transfer of benefits from individuals to neighborhoods.

Examples from case studies of four community-based organizations suggest that the likelihood of neighborhood spillovers may be increased if policies and practices aim to “manage” the returns from the individual asset, retain asset holders, provide reinvestment conduits, track local purchasing power, and create additional opportunities for collective action.

**Keywords:** Assets; Community development and revitalization; Neighborhood

### **Introduction**

Debates about alleviating poverty and revitalizing neighborhoods have revolved around whether policies should target places or people. After decades of research and practice, we know that both need to be considered when deciding how to invest in distressed neighborhoods and that any effort to transform such neighborhoods must strive to improve both the physical space *and* the lives of the residents.

In this article, we look at asset building, a specific kind of people-based strategy that may also help revitalize lower-income neighborhoods. Asset-building programs can include individual development accounts (IDAs), homeownership assistance, cooperative housing, job training, and microenterprise development. Such programs have as their goal the creation of assets, defined here in a narrow sense as stocks of wealth—savings, equity held in homes, businesses or financial securities, and human capital—that have the potential to produce additional income. These programs are popular with policy makers because they are expected to move low-income individuals toward economic self-sufficiency and trigger a host of other socially beneficial behaviors.

Asset-building strategies are also of interest to community-based organizations (CBOs), whose missions often include helping move people out of poverty and into higher-income brackets through various economic and community development activities. However, CBOs tend to frame asset building as a broader collective exercise and one that can further neighborhood revitalization efforts, rather than as a purely individual endeavor that helps households increase their consumption (Kretzmann and McKnight 1993). When looking at asset building through a community lens, individual stocks of wealth are only one kind of asset among the many that are presumed to improve residents' lives. Also needed are physical assets (the built environment, developable land), social assets (strong ties, shared understandings, trust), financial assets (community-focused lenders), and political assets (influence, the capacity to act on issues of concern to the community) (Brophy and Shabecoff 2001; Ferguson and Dickens 1999).

Advocates of asset-building strategies often assume that the individual benefits of asset ownership will spill over and produce neighborhood benefits, which might include such outcomes as rising home values, increased citizen participation, expanded commercial activity, and greater political power. For example, owning an interest-bearing savings account gives the saver more wealth (individual benefit) that could potentially be spent within that person's own neighborhood. The effect can include producing additional wealth for business owners, which may trigger new job creation, and increasing spending power among residents, which may attract new business (neighborhood benefits).

A general test for any revitalization effort in lower-income neighborhoods should be its ability to increase the economic status of individual residents, while simultaneously giving them reasons to stay in the neighborhood. In other words, existing households *choose* to remain even though they have the option of leaving when their income increases. Individual asset-building programs are presumed to do just that by complementing and expanding on place-based revitalization strategies. Furthermore, these programs may produce the kind of collective economic power to attract other private investment, as well as the political power to organize for reforms that will improve the neighborhood.

The recent emphasis on asset building in welfare and community development policy is a welcome change from the narrow focus on income maintenance. However, while there is an intuitive connection between assets and neighborhood revitalization, this connection is neither automatic nor unproblematic. Asset accumulation that generates wealth and provides a foundation for individual risk-taking may also give a household the ability and confidence to move out of the neighborhood,

especially if there is little reason to stay in terms of the quality and availability of housing, education, and retail services. In the case of homeownership programs, for example, there is no guarantee that once a low-income family purchases a home in its current neighborhood, it will then be able to maintain that home, spend locally, stay in the community over the long term, or participate in local political issues or institution building. Moreover, this family's home equity could become a liability for the individual and the community if the value depreciates or if predatory financial service providers appropriate some of the value.

Despite these concerns, asset building in lower-income neighborhoods has acquired a certain cachet because of its potential to get families out of poverty. The potential collective benefits are also appealing, especially since most of these strategies are presumed to help people become less dependent on government assistance in the long run. We know that individual financial assets do not have to sit in vaults and that they can be put to work in neighborhoods. Less is known, however, about the factors that can facilitate the transfer of benefits from individuals to neighborhoods in lower-income communities and specifically about the role intermediary institutions and other organizations, including community development corporations (CDCs), schools, local governments, and churches, can play in this process. This article develops a conceptual model for understanding the relationship between individual assets and neighborhood revitalization and identifies factors that might enhance the likelihood that asset-building strategies not only benefit individuals but also aid revitalization efforts.

This article is divided into three sections. First, we review the assumptions and research on assets and their benefits to lower-income individuals, seek to explain the current popularity of asset-building programs, and describe the different programs CBOs administer. Second, we review the literature on asset building, which suggests an intuitive model of how strategies might lead to assets and potentially contributing to neighborhood revitalization. From this, we develop a more nuanced model that not only illustrates these relationships, but also the direction of causality and emphasizes the importance of existing neighborhood conditions and "linking variables" that connect the different elements of the model. Third, we draw from our interviews with four CBOs involved in asset-building strategies—the Community Action Project in Tulsa (OK), Dudley Street Neighborhood Initiative in Boston, Project for Pride in Living in Minneapolis, and The Resurrection Project in Chicago—to identify programmatic and neighborhood factors that might encourage and discourage the transfer of benefits from individuals to neighborhoods. We conclude with a discussion of the direction future research might take to help policy makers and practitioners interested in asset building.

## Individuals, assets, and wealth

The distinguishing mark of an asset, as opposed to income, is its embodiment of the legal doctrine of property ownership that gives the owner the right to either gain value or lose value. Through interest and appreciation, assets may increase in value and generate additional income for the owner. Assets, therefore, have the potential to create wealth. Studies have found that individuals who possess assets tend to accrue more and different kinds of wealth. Rossi and Weber (1996), for example, found that homeowners had about \$6,000 more in savings and \$5,000 more invested in mutual funds than renters did. If assets cannot be maintained or if the investment environment experiences a rapid decline, however, they can quickly lose value, becoming liabilities or “negative equity.” In such cases, wealth does not accumulate even though the individual continues to possess the asset.

Beyond wealth and the capacity to increase consumption, scholars have identified a host of positive behavioral effects that they believe to be associated with the accumulation of productive assets. These include the assets’ ability to create an incentive structure that improves household stability; forces individuals to attach greater value to the future implications of their current preferences; stimulates the development of other assets, including human capital; enables individuals to focus and specialize; provides a foundation for risk-taking; increases personal efficacy; increases social influence; increases political participation; and enhances the welfare of offspring (see Page-Adams and Sherraden 1996 for a summary of research to date). It is the promise of these kinds of behavioral outcomes that policy makers and service providers find so appealing. Advocates believe that assets transform the attitudes and behavior of poor people—or as Rich (1999) describes, shifts them from “passive consumption” to “constructive planning.”

Studies have shown that asset ownership can positively influence everything from unplanned pregnancies to alcoholism and depression. Assets, for example, appear to reduce the vulnerability to poverty for children in white and black female-headed households (Cheng 1995). Homeownership has been shown to improve the cognitive and behavioral outcomes of children in homeownership families (Haurin, Parcel, and Haurin 2000). Assets also appear to have a positive influence on personal attitudes; asset holders are likely to be more directed, goal oriented, and satisfied with their lives (Rohe and Stegman 1994; Yadama and Sherraden 1996). This may be because savings incentives help people lower their internal discount rates; in other words, people attach less importance to immediate gratification in order to place more value on the future effects of their behavior. Ippolito (1997) found a similar case with pension funds.

Less is known about how assets influence stress and a sense of control over one's life. After controlling for income and children, for example, Rocha (1994) found that the amount of stress increases as the value of assets increases for low-income households. This may be due to the fact that some assets such as property ownership bring with them more responsibility for maintenance and financial management.

A challenge for researchers is directly attributing these outcomes to the possession of assets that themselves are so varied, ranging from home equity to human capital to business ownership. As Rossi and Weber point out, there is a "paucity of empirical literature on the antecedents and consequences of homeownership and a vast surplus of sentimental hortatory writing on those topics, as is typical in areas involving widely held social values" (1996, 1–2). A key problem is identifying a statistically significant relationship between the asset and the behavior or outcome being examined. For example, do homeowners have higher rates of satisfaction because they own, because their single-family houses are located in smaller communities, or because they are better educated and somewhat older than renters? Many of the empirical studies reviewed do not control for factors that might influence these outcomes and that therefore may be correlated with other factors such as educational achievement or age, rather than with the asset itself. Also, few of the asset studies are experimental or longitudinal, so one cannot determine with any degree of certainty whether the effects are robust and, if they are, how they change over time. Finally, few "before and after" studies have been done to verify effects, that is, to tie the observed outcome to the asset itself.

### *The growing popularity of asset-building strategies*

The U.S. government has been promoting property ownership since colonial days, when it distributed land to war veterans (Krueckeberg 1999; see also Alexander 1997). However, it has been just in the past decade that we have witnessed an explosion of asset-building programs specifically geared toward alleviating poverty and promoting community development. A catalyst was research conducted by Michael Sherraden and the Center on Social Development at Washington University in St. Louis, which provided a language in which to articulate the benefits of assets and seek policy reforms.

"Income may feed people's stomachs, but assets change their heads," notes Sherraden in his landmark text, *Assets and the Poor: A New American Welfare Policy* (1991, 6). The notion of asset building resonated with community development and social work professionals at a time when welfare policy was being radically restructured. For poor

people whose income often comes in uncertain spurts, the logic goes, assets provide a potential stock of wealth to see them through hard times. Building assets can help turn individuals who may have borrowed all their lives and struggled with constant debt into investors who receive income from an initial investment. Income-maintenance subsidies and menial work do not necessarily empower people or give them a sense of control over their lives. By contrast, most of the research on assets demonstrates how, in some cases, assets can help smooth short-term fluctuations in income while encouraging a more future-focused orientation.

Contemporary justifications for asset-building programs reference three historical processes: (1) the devolution of federal welfare policy, (2) the legacy of housing and employment discrimination against people of color, and (3) the continued subsidization of asset accumulation for those who are not poor.

*Welfare policy.* In the United States, welfare policy has been seen as contributing to poverty through stringent asset guidelines. These guidelines force recipients to exhaust financial resources to qualify for aid and then prohibit them from building the resources needed to leave and stay off welfare. Asset-building programs are being promoted at a time when there is declining federal support for entitlements, a push to reduce welfare rolls, and a devolution of financial assistance from the federal government to progressively lower levels of administration. The new block grant program, Temporary Assistance to Needy Families (TANF), gives states much greater flexibility in designing their own welfare programs, and many states have targeted asset building as a new and improved approach to alleviating poverty. In part, this may be in response to the Personal Responsibility and Work Opportunities Reconciliation Act of 1996, which included provisions to allow states to use excess TANF funds to fund IDA programs and also to exclude IDAs as assets for the purpose of qualifying for federal welfare benefits.

*Discrimination.* Despite laws aimed at reducing discrimination in housing and employment, U.S. public policy has not been able to eradicate its legacy. Unregulated financial services in poor communities, lending discrimination, low-paid, nonunion employment that does not provide pensions, and white flight have compounded the marginalization of people of color, denying them access to assets (Squires 1992). Institutional barriers, such as the dearth of traditional banking services in low-income communities, also deter asset building. Lacking access to mainstream financing services, residents are vulnerable to asset-sapping enterprises like check-cashing outfits, credit cards, and predatory lenders that charge exorbitant fees for standard transactions. Sherraden (1991) argues that it should be no surprise that given their

lack of access to mainstream financial savings institutions, the poor do not save in a conventionally recognized manner. Others have argued that these barriers have led to a significant difference in wealth accumulation between black and white households (Oliver and Shapiro 1995).

*Subsidized wealth accumulation.* Rather than rectify inequities of wealth, public policies in the United States have historically subsidized asset accumulation for middle- and upper-income households (Aaron 1972; Krueckeberg 1999). For example, federal tax deductions for homeownership and retirement accounts are of minimal value to lower-income households, many of which pay little income tax or do not itemize deductions. As Rist and Grossman point out:

National policy reinforces asset inequality. In 1996, the federal government spent more than \$200 billion to subsidize asset acquisition for the non-poor in the form of home mortgage deductions, preferential capital gains, and pension fund exclusions. Meanwhile, the federal government penalizes asset acquisition by the poor by denying eligibility to welfare recipients who exceed the \$1,000 asset limitation. (1998, 2)

Thus Sherraden and others make the argument for subsidizing the asset accumulation of poor households if only to correct for an existing bias in asset subsidization for those who are not poor. While these researchers do not claim that discrimination or poverty can be resolved by asset-building programs alone, they do argue that such programs can help individuals become property and business owners, which in turn can give people more control over key aspects of their lives. These programs can also be an incentive for asset-building institutions, such as banks, to relocate, thereby bringing new services and opportunities for residents to transform income into wealth.

Interest in asset-building grew dramatically during the past decade because the environment was ripe for a new wave of antipoverty strategies. In 1994, for example, there were 4 IDA programs nationwide (in Wisconsin, Chicago, Indianapolis, and Montana), while in 2001, at last count, there were over 400. These programs appealed to policy makers and advocates on both sides of the political spectrum. On the right, they were viewed as a means of moving the state out of the business of providing social safety nets and getting low-income families more invested in the system (e.g., by participating in mainstream banking). Their emphasis on promoting opportunity and responsibility through participant savings contributions, mandatory financial literacy training, and limitations on how the accounts can be spent appeals to those opposed to handouts (Center for Social Development 2001; Loconte and

John 2001; see also Bole 2000; Fishkin 2001; Stanfield 1998). On the left, they were seen by many as an attempt to increase the economic power of the poor and marginalized. They give funding and administrative power to neighborhood and grassroots organizations, many of which seek to give residents a hand up and out of poverty (Lazere, Fremstad, and Goldberg 2001; Neuberger 2001).

### *Community-based asset-building programs*

While banks, philanthropies, and state and local governments run their own asset-building programs, we focus here on those administered by CBOs in order to better understand the presumed link between individual assets and neighborhood revitalization. In part, this is due to the fact that CBOs generally target and operate in specific places and, therefore, are more likely than other institutions to have as their goal the revitalization of a particular neighborhood. Equally important, however, is the unprecedented move among CBOs to develop and administer programs that either directly produce assets for their constituents or help them take advantage of the asset-building programs that became available in the 1990s, among them the following:

*IDAs.* These are subsidized or matched savings accounts dedicated to specific asset-building purposes, including home purchase, higher education and training, and small business capitalization. Participants typically have two to three and a half years to save for their goal. As a policy tool, IDAs have focused primarily on working poor households and on women making the transition from welfare to work. CBOs may use IDAs to help these populations become homeowners, start their own business, or further their education.

*Employer-assisted housing (EAH) programs.* These were developed as a means of encouraging employees—often those who have limited means and work in high-priced housing markets—to purchase homes in the vicinity of their place of employment with employer-subsidized second mortgages or forgivable grants to help with the down payment and closing costs. Typically, the employer requires the individual to remain employed for a given period of time equivalent to the cost of the employer's contribution. Second mortgages for the down payment are often forgiven in increments as employees remain on the job and continue to own and live in their homes as principal residences. The loan is due and payable if these conditions are not met. CBOs may partner with a local employer to develop and implement an EAH program to help local workers move into the community, as well as to help current residents buy homes.

*Limited-equity cooperatives.* These function like regular co-ops, but aim to keep the housing affordable in the long run by limiting the shareholders' return on investment. Typical appreciation limits are between 3 and 5 percent annually (usually equivalent to simple interest rates). As with all co-ops, depending on what the funding requires, owners may be directly responsible for leasing, collecting rents, and performing maintenance, or else these functions may be performed by a private management company working for the investors. CBOs often see co-ops as a way to help community members become homeowners while at the same time maintaining the supply of affordable housing.

*Owner-occupied housing construction or rehabilitation.* These are more specific to the work of CDCs, which have made a growing effort to purchase deteriorated single-family homes, multifamily buildings, or vacant parcels of land to develop for-sale units in lower-income communities. CDCs usually raise subsidized sources of funds to finance the rehabilitation or construction of units, which are then sold at below-market value. Many of these programs have internal sales and marketing departments to conduct local outreach.

*Homeownership counseling and assistance.* These are often provided in conjunction with new construction or rehabilitation, but they may also be offered by CBOs promoting homeownership. Included are special financing for home purchase, improvement, and safety repairs, as well as efforts to direct individuals to local lending institutions that offer special programs. One-on-one counseling may be provided as well to help people shop for, purchase, rehabilitate, insure, and maintain a home. Also, home buyers clubs may be formed so participants can support each other as they develop the skills needed to purchase their first home. Further, a growing number of CBOs are offering mortgage delinquency and foreclosure intervention services, providing small loans and working with governments to raise awareness of predatory lending.

*Job training programs.* Some CBOs help individuals develop the human capital and skills they need to attain stable, higher-paying employment. Most programs now design skill-building curricula for specific occupations as well as provide training in the so-called "soft" skills, such as time management and self-presentation. The most effective programs develop relationships with employers but also have an interest in job tenure and helping workers hone and acquire skills beyond the terms of their contractual obligations to employers. These programs are accustomed to referring clients to other social service organizations that provide the day care, drug treatment, and transportation assistance needed to overcome traditional barriers to employment.

*Microenterprise programs.* These focus on entrepreneurial training and lending for self-employment and small business start-up. CBOs use these programs as a tool for growing local employment in disinvested neighborhoods. Programs underwrite certain kinds of deals—such as the purchase of franchises—and provide technical assistance in writing business and marketing plans. Most provide loans, ranging from \$250 to \$10,000, to borrowers considered “unbankable” (high risk) in the traditional sense.

*Targeted financial services.* These are particularly important in neighborhoods with a limited commercial lender presence or none at all; some CBOs provide banking services through the formation of community development financial institutions, which include regulated depository institutions, credit unions, loan funds, and venture capital funds that provide capital to rebuild lower-income communities. Most offer basic financial services, such as savings and checking accounts, but some offer loans with different lending criteria and target specific groups, such as minority business start-ups. As traditional banks move toward more standardized products and less relationship banking, community development financial institutions fill an important role in responding to the needs of specific neighborhoods and working closely with small businesses with insufficient equity or collateral, weak credit histories, and other obstacles to getting conventional loans. Some, like credit unions, are even owned and controlled by their local membership.

*Earned income tax credit (EITC) refund assistance.* An increasing number of CBOs are providing this assistance to help poor working families get their federal refund. Some organizations provide technical help in accessing the refund, while others train community residents to prepare the necessary documents. Unlike IDAs, there are few eligibility requirements and no restrictions on the use of this lump-sum credit. Although this kind of program can be thought of as income maintenance and not asset building, CBOs have encouraged people to use EITC refunds for asset purchases and social mobility.

Many existing CBOs, especially those established to help people purchase their own homes and start their own businesses, have adopted the rhetoric of asset building to further justify their work. In other instances, new organizations, attracted to both the possibility of external funding and the potential for community residents to create new resources for place-based revitalization efforts, have been formed. While additional resources are nearly always welcome in lower-income communities, asset-building strategies are not without cost to the CBOs that employ them. Because these programs require participants to take an active role in managing and maintaining their asset, most include some sort of financial literacy training and education geared

toward helping participants learn the definitions, facts, and skills related to money management—everything from how to balance a checkbook to how to critically examine competing credit card offers. Some programs also deal with personal issues that can hinder economic independence (for example, a lack of self-esteem).

As more CBOs become involved in asset-building programs, additional empirical evidence that individual assets produce neighborhood benefits is clearly needed, especially given the real and potential costs to organizations and communities. The following section builds a model that illustrates current thinking, as indicated by the literature, about the relationship between individual assets and neighborhood revitalization and proposes a new way of looking at the factors that might enhance the likelihood that individuals and communities will experience positive outcomes from these programs.

### **The relationship between individual assets and neighborhood revitalization**

Although the *individual* effects of asset accumulation have been examined in some depth, their *neighborhood* and *collective* effects have not. The little empirical research that does exist has focused only on homeownership and its influence on four aspects of neighborhood development: civic involvement, workforce participation, property appreciation, and neighborhood stability. It should be noted that, in general, this research does not examine the role played by CBOs or other intermediaries.

#### *Civic involvement*

The value of home equity fluctuates, depending on the presence of crime and the behavior of the local government vis-à-vis school funding, infrastructure, sanitation, and other public services (Haurin and Brasington 1996). Because homeowners are not as mobile as renters, they have a greater incentive to respond to change through political activity rather than leaving the neighborhood. Indeed, studies have generally supported the idea that homeowners are more consistently engaged in local politics and are more likely to have held leadership positions in political and voluntary organizations (Cox 1982; DiPasquale and Glaeser 1999; Rohe and Basolo 1997; Rohe and Stegman 1994; Rossi and Weber 1996). However, homeowners, as a few of these studies (e.g., Rossi and Weber 1996) note, tend to be less “social” than renters.

### *Workforce participation*

Other studies have shown that homeowners have higher rates of labor force participation than renters (Hogarth, Elias, and Ford 1994) and lower exposure to unemployment. This may be attributed to the long-term credit contract needed to purchase a home, which in turn requires secure, continuous employment or some other source of steady income. Moreover, the responsibility for property maintenance, insurance, and taxes sets certain income requirements. For some, secure high-wage employment may be the precursor to purchasing a home, making some households more likely than others to become homeowners.

### *Property appreciation*

Rohe and Stewart (1996) found that an increase in neighborhood homeownership levels led to an increase in property values for single-family homes. Less is known, however, about the impact of homeownership programs on *all* property values in the surrounding area. A recent study concluded that properties surrounding a new affordable, owner-occupied housing complex gained in value over the past two decades (Ellen et al. 2000). Although the study controlled for such factors as the initial quality of the neighborhood and construction time, it could not determine how much of this appreciation was due to aesthetic improvements in the neighborhood and how much was due to the in-migration of higher-income residents.

### *Neighborhood stability*

Homeownership appears to contribute to neighborhood stability, defined in these studies only in terms of the average length of time residents live in their neighborhoods. Homeowners are less likely to move, and people who move frequently are less likely to own. For example, Rohe, Van Zandt, and McCarthy (2000) found that renters maintain the same residence for an average of 2.5 years, while homeowners stay in one residence for about 13 years. Of course, defined this way, neighborhood stability may not be advantageous for everyone; a *lack* of turnover in distressed and depreciating neighborhoods may actually be a sign that households cannot move, either because they are not receiving offers on their home if they are selling or because the housing market presents them with few opportunities for mobility.

Clearly, there are many more possible neighborhood effects—positive and negative—that can result from the various forms of individual

asset accumulation. Table 1 outlines the variety of indicators typically used to measure and monitor changes in (1) the physical conditions in the neighborhood, (2) the institutional resources available to residents, and (3) the socioeconomic status of the community as a whole. While space does not allow us to discuss each of these, the assumption made here is that an effect is a benefit if it is positive for the entire neighborhood. Some effects are easier to classify as positive (e.g., improvements in the quality of physical conditions), while others may be more idiosyncratic. For example, tenure conversion from rental to ownership is often associated with neighborhood stability; however, if it also means that families are displaced, then conversion may not be considered a net benefit.

Table 1. Indicators of Neighborhood Effects

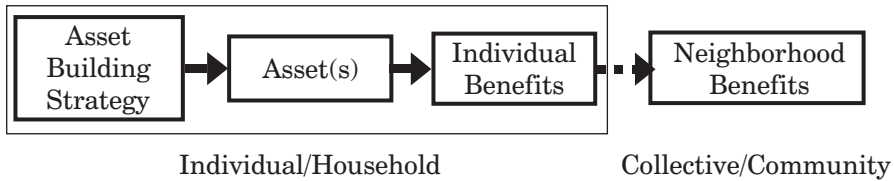
Physical	Institutional	Socioeconomic
<ul style="list-style-type: none"> <li>• Housing quality/condition</li> <li>• Investment by owners</li> <li>• New construction, any building type</li> <li>• Rehabilitation</li> <li>• Tenure conversion</li> <li>• Appreciation in property value</li> <li>• Infrastructure improvements</li> <li>• Development of parks and green space</li> <li>• Recreational and community facilities</li> </ul>	<ul style="list-style-type: none"> <li>• School quality</li> <li>• Community policing</li> <li>• Block clubs and neighborhood organizations</li> <li>• Political resources</li> <li>• Public funds</li> <li>• Corporate investment and job growth</li> <li>• Community reinvestment by banks</li> <li>• Availability of retail and services</li> <li>• Access to transportation</li> </ul>	<ul style="list-style-type: none"> <li>• Median income</li> <li>• Employment rates</li> <li>• Tenure mix</li> <li>• Household/family mix</li> <li>• Racial/ethnic mix</li> <li>• Political participation</li> </ul>

Other challenges associated with identifying neighborhood benefits include how to determine meaningful measurements of change in outcomes, how much time is needed to allow for change, and how to monitor change in case interventions are needed to prevent negative effects. Equally challenging is determining whether the asset produced is indeed responsible for creating the benefit for the individual or the neighborhood. Given the dearth of empirical evidence on causal linkages, we propose different kinds of relationships between strategies, assets, and neighborhood benefits, and then examine factors that might increase the likelihood that strategies benefit both individuals *and* neighborhoods.

*Linking individual and neighborhood benefits*

The literature on asset building cited earlier suggests that there is a positive, unidirectional, and causal relationship between individual assets and neighborhood benefits. In other words, positive changes in individual assets such as increasing the number of asset holders or the cumulative amount of assets held by neighborhood residents are expected to result in positive changes in neighborhood outcomes. The diagram in figure 1 represents this intuitive relationship as a one-way path from asset-building strategy to the neighborhood benefits the assets presumably produce.

**Figure 1. Intuitive Model Linking Asset-Building Strategies to Neighborhood Benefits**



While the unidirectional flow is logical, it is certainly not the only possible scenario. Another might show a reciprocal effect between asset and neighborhood, while a third might flow only one way but in the opposite direction (from neighborhood to asset or strategy). In addition, regardless of the direction of causation, the potential exists for neighborhood effects to be negative. We assume that the existence and direction of causation and the probability of its being negative or positive will depend to some degree on whether the value of the asset in question is sensitive to local conditions. Table 2 identifies the sensitivity of an asset’s value to neighborhood conditions. Sensitivity is directly related to the asset’s durability in relation to the neighborhood, which in turn is affected by the decisions and behavior of the individuals and groups that live and work there.

**Table 2. Sensitivity of Asset Values to Local Conditions**

Asset	Sensitivity
Home equity	High
Limited equity (co-op)	High
Small business ownership	High
Skills/human capital	Medium
Interest-bearing account	Low
Corporate equity/stock portfolio	Low

Any modeling and subsequent testing of these relationships will need to take into account three critical dimensions: the presence of causal relationships (as opposed to correlation), the direction of causation, and the question of whether causation is positive or negative. The following lays out four possible relationships that might exist between asset-building strategies and neighborhoods. These examples also help illustrate particular asset sensitivity to local conditions.

*One-way, positive causation.* This scenario can occur when the asset's benefit to the individual is independent of neighborhood conditions. For example, the increased value of a mutual fund may lead its owner to spend more money locally, generating multiplier effects that reverberate through the neighborhood. The value of the stocks in the portfolio, however, does not depend on neighborhood conditions. Similarly, job training programs that provide participants with new skills may have positive spillovers for the neighborhood in the form of higher median incomes. However, while the value of skills attained increases with job opportunities, these opportunities need not be local. In this sense, the asset (human capital) accrues value in a manner that is relatively insensitive to some neighborhood conditions (employment opportunities), but may be highly sensitive to others (public school quality). This is why we note that the asset "human capital" has *medium* sensitivity to local conditions.

Of course, it is also possible that one-way positive causation is found in the opposite direction, where the value of the individual asset depends heavily on neighborhood conditions. This may occur when the value of equity invested in a home increases because the competitive advantage of the neighborhood improves; this may be due to the reinvestment strategies of CBOs, government agencies, or private developers. The benefit to the individual, however, need not spill over to the community. In general, when linking positive neighborhood outcomes to an asset-building strategy, researchers must account or adjust for the possibility of endogenous effects. Otherwise, the positive influence of an asset's value on neighborhood outcomes may be mistaken or overstated.

*One-way, negative causation.* This scenario can occur when asset ownership and wealth accumulation negatively impact neighborhood conditions. Although such a stance is not in vogue, asset-building strategies can *conflict* with revitalization goals. A long-standing view in social theory is that asset acquisition is an inherently selfish endeavor that may threaten the creation of collective goods because of individual self-interest (Krueckeberg 1999; Rohe and Stegman 1994). Homeowners, for example, may become so concerned with their home values that they are drawn to exclusionary zoning or other NIMBY ("not in my

backyard”)–type political movements, thus threatening the cohesiveness of the community. Other kinds of asset ownership may lead to an increase in wealth that enables individuals to abandon the neighborhood, creating social costs for the area since only poorer residents are left behind. For different reasons, individual asset acquisition can produce negative neighborhood effects if households use IDAs to purchase homes and subsequently default on their mortgages.

*Two-way, positive causation.* In this scenario, the value of the asset influences but also depends on the physical, institutional, or socioeconomic conditions in the neighborhood, resulting in a kind of self-reinforcing relationship that is positive for both. In this sense, the relationship between assets and neighborhood conditions can be thought of as interdependent because either one can potentially affect the other. This is most likely in cases where the value of the assets is sensitive to local conditions, such as home and business equity or other direct investments in the physical environment.

Positive two-way relationships may also develop in cases where asset owners work collectively and politically to improve those community conditions that might affect the value of individual assets. As the research suggests, owners of place-based assets are expected to exhibit a stronger political commitment to their neighborhoods because they have an economic interest in protecting the value of their investments (Rohe and Stegman 1994; Rossi and Weber 1996). In turn, we might assume that these place-based assets will have a greater likelihood of producing neighborhood benefits, given their relative immobility compared to more portable assets such as pensions and human capital. For example, homeowners may organize to get more public investment in the neighborhood because better-maintained streets would help their home appreciate, or they may join a neighborhood watch group to keep crime down and housing values up.

*Two-way, negative causation.* This scenario can occur when mutually reinforcing causal relationships are negative. This is the case when the low or declining value of assets negatively affects the neighborhood, such as when property depreciates and lower property tax collections lead to poor schools, which, in turn, further devalue individual assets in the form of human capital or home equity.

It is clear from this brief discussion that causal relationships between accumulation of wealth and neighborhood outcomes can move in one or both directions and that these relationships can be positive or negative, depending on local conditions and on the sensitivity of the asset’s value to neighborhood conditions. Taking these insights into consideration, we need to expand the basic intuitive model (figure 1) to include other

factors that might influence the relationship between asset-building strategies and neighborhood revitalization.

To that end, we have revised the original model to include existing conditions that set the context for neighborhood benefits and linking variables, which are those factors that can either hinder or enhance the linkages between (1) asset-building strategies and the production of actual assets, (2) assets and individual benefits derived from those assets, and (3) individual benefits and neighborhood spillover effects. Our revised model (figure 2) does not assume that the causal connections between the components are automatic. Rather, the direction of the arrows refers to the desired path that proponents of asset-building strategies would expect, plus the potential for assets to affect and be affected by neighborhood conditions (arrows with dashed lines). We do assume, however, that intermediary institutions play an important role in managing the impact of asset-building programs and that CBOs generally strive for two-way, positive causation between assets and neighborhoods.

What might increase the probability that assets will create mutually beneficial individual and collective effects? The following section also examines the tactics that some CBOs, drawing on their knowledge and experience with employing different asset-building programs, use to produce and promote positive effects. While not entirely generalizable, the insights of these practitioners suggest critical factors that should be taken account when either evaluating programs or developing policies to encourage asset accumulation.

### **Asset-building strategies at work in communities**

The “expanded” model presented in figure 2 draws attention to the relationship between the context and outcomes of asset-building strategies as well as to the linking variables that CBOs can influence to bring about benefits for individuals and communities. To help policy makers and practitioners think strategically about the factors that could encourage a positive, two-way flow of benefits, we turned to four CBOs that employ strategies in their neighborhoods. As table 3 indicates, these CBOs are located in different cities, operate in different kinds of housing markets, and employ different approaches to working in the neighborhoods they serve. Also, they each view asset building in a slightly different way relative to their core missions and to the degree they target people, places, or both.

**Figure 2. Expanded View of Asset-Building Strategies and Their Connection to Neighborhood Outcomes**

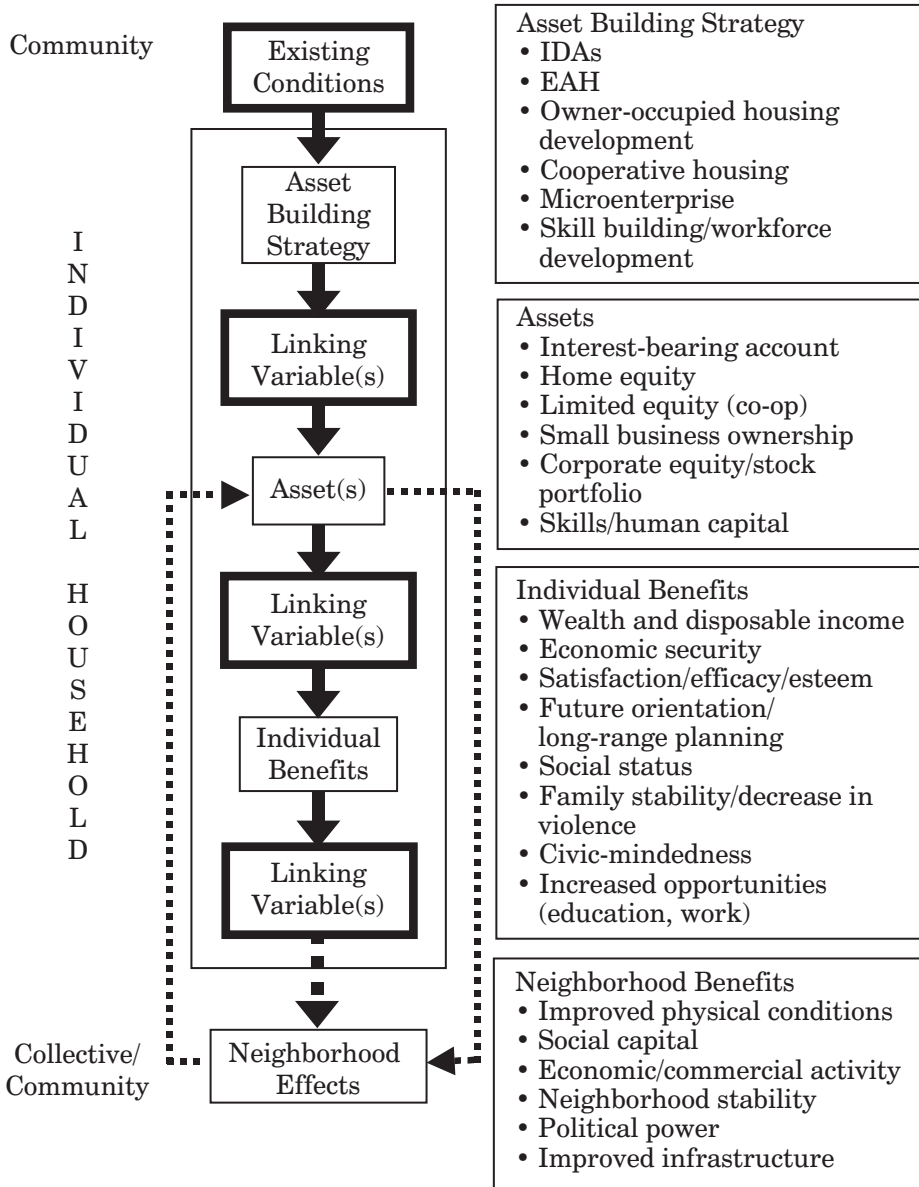


Table 3. Profiles of Community-Based Organizations

	Community Action Project (CAP)	Dudley Street Neighborhood Initiative (DSNI)	Project for Pride in Living (PPL)	The Resurrection Project (TRP)
Mission	To help individuals and families in economic need achieve self-sufficiency through promoting emergency aid, medical care, education, housing, community development, and advocacy.	To empower residents to organize, plan for, create, and control a vibrant, diverse, and high-quality neighborhood in collaboration with community partners.	To help low- and moderate-income people become self-sufficient by addressing their job, housing, and neighborhood needs.	To build a healthy community through active involvement with residents to restore confidence, improve and expand the affordable housing stock, increase homeownership, and safeguard property from the speculative market with an array of partnerships.
Location	Tulsa (OK)	Boston	Minneapolis	Chicago
Asset-building strategies	IDAs; tax assistance; homeownership; Head Start	Housing co-ops; homeownership; EITC assistance	Homeownership; job training	Homeownership; IDAs; a construction co-op
Asset-building philosophy	CAP is more people based than place based. Although CAP is active in several parts of Tulsa, it prefers to empower individuals, provide them with relevant knowledge, and allow them the freedom to make informed choices, rather than make investments in one neighborhood.	DSNI's focus is on building community assets rather than individual assets; the organization does not develop housing and is not a CDC. Collective ownership of property through a land trust is a means of keeping affordable housing as a community asset.	PPL's role is helping build individual and community assets in the broadest sense; the focus is on connecting people to resources and increasing income, but not necessarily wealth, although it can be an offshoot of any income-raising strategy.	TRP works on building community through housing development, both rental and for-sale for low- and moderate-income households. While homeownership creates a stake in the neighborhood, TRP works to organize home buyers and tenants in activities designed to strengthen political power and group solidarity.

Table 3. Profiles of Community-Based Organizations (continued.)

	Community Action Project (CAP)	Dudley Street Neighborhood Initiative (DSNI)	Project for Pride in Living (PPL)	The Resurrection Project (TRP)
Local conditions that affect asset building	The affordable rental supply is healthy, but there are few opportunities to own. CAP has a monopoly on community development (and many social services) in Tulsa, which makes it easier for it to implement its programs.	A tight housing market is putting development pressure on the community. Development linkage programs provide a pool of resources for the community; there is no real presence of financial institutions. The community is home to many new immigrants.	The rental housing market is tight. The community is “bank rich,” with good relations, and the community is home to many new immigrants.	A tight housing market and university expansion are fostering gentrification. The community is home to many working poor, first-generation immigrants from Mexico. The housing stock is old, and there is a strong network of churches and local organizations.

Note: These profiles are based on organizational materials and interviews with staff.

At one end of the spectrum is the Community Action Program (CAP) in Tulsa (OK); it focuses on helping individuals become self-sufficient through a range of services including a very large IDA program (between 1997 and 2000, CAP enrolled almost 600 participants in this program). As a citywide social service agency, CAP is a strong proponent of asset building but has not focused its efforts on any one particular neighborhood. CAP is just beginning to target its housing renovation activities on the north side of Tulsa, where it has also helped families use their IDA savings to purchase homes. At the other end of the spectrum is the Dudley Street Neighborhood Initiative (DSNI), whose service area includes a large portion of the Roxbury neighborhood in Boston. Although DSNI considered an IDA program, it decided that such a program did not fit into its grassroots planning and organizing approach to neighborhood improvement. At its core, the organization strives to maintain control of development in its target area to mitigate the potentially negative effects of wealth-seeking behavior, whether from individual homeowners, chain stores, or landlords. This goal is evident in DSNI's use of city-granted eminent domain powers to acquire property from delinquent property owners to establish a 30-acre community land trust. Through a community-held 99-year lease, this land has been made available for development of affordable limited-equity co-ops and new for-sale homes.

Somewhere between these two organizations are Project for Pride in Living (PPL) and The Resurrection Project (TRP). PPL began working in the Phillips neighborhood in Minneapolis in 1972, helping to renovate and build affordable housing to offset the effects of urban renewal and disinvestment. After about 15 years, PPL shifted its focus to helping residents become self-sufficient, since its housing efforts alone were not doing enough to help them get out of poverty. While the core of PPL is its Self-Sufficiency Program, which helps people develop problem-solving skills and plan for the future, it offers a range of community services including job training through local employers, education and youth programs, and leadership development to help individuals meet their personal goals. TRP began as a coalition of churches seeking to catalyze change in the Pilsen neighborhood of Chicago through organizing and leadership development. A key interest of residents, who were primarily renters, was homeownership. Given the limited supply of for-sale units in the neighborhood, TRP began building and has completed and sold more than 100 units in less than 10 years. While continuing to organize residents and develop neighborhood leadership, TRP recently decided to narrow rather than broaden its focus, retaining the development of affordable housing as its core competency.

While each organization administers some type of asset-building program, all four define assets more broadly than we do in this article.

Staff at each organization articulated a distinct asset-building philosophy (see table 3) that reflects different missions and diverse contexts. A common denominator is a focus on helping community residents and institutions access more resources and improving the collective assets (services, retail opportunities, parks) in the neighborhood. In this sense, community resources are viewed as *collective assets* that can be produced or made accessible to residents through the work of CBOs, which can generate these collective assets directly, by providing goods and services, or indirectly, by advocating on behalf of the community to obtain or expand available resources. In either case, these collective asset-building strategies may also lead to individual asset accumulation (i.e., a conscious attempt to create a two-way, reinforcing relationship). For example, a new child care center may allow some residents to earn additional income, which can then be reinvested locally.

The following examples, which come directly from our interviews with staff from the four CBOs, illustrate factors that can affect the positive flow of benefits from individuals to neighborhoods and vice versa. Specifically, they help clarify the following: (1) how asset-building fits into an organization's mission and identity; (2) which organizational conditions (i.e., staffing, financial resources) influence the ability to effectively deliver asset-building programs; (3) which strategies are more or less appropriate for different community conditions, particularly those that can affect residents' ability to accumulate wealth, including both personal factors (e.g., the immigration status of residents) and neighborhood factors (e.g., housing market conditions); (4) which aspects of program design can be modified to increase the potential for asset-building strategies to produce positive neighborhood effects; and (5) what the potentially negative effects of wealth accumulation on individuals and neighborhoods are.

### *Existing conditions*

As discussed earlier, local conditions such as the quality of the housing stock, tenure mix, vacancy rate, quality and availability of social services, and residents' income levels all influence the effectiveness of any asset-building strategy or revitalization effort. Conditions internal to the CBO also affect outcomes. During our interviews, staff identified the following conditions that can affect their ability to help individuals build assets.

*Knowledge of residents' needs.* The staff of all four CBOs agreed that residents' needs should be the primary motivation for asset-building programs. Each CBO periodically reviews available neighborhood data to identify homeownership rates, available housing stock, income levels,

and local employment to determine the primary problems facing the communities. The CAP regularly conducts focus groups to determine whether there is a demand for its programs.

*Financial resources and staff capacity.* While the need for additional financial resources and staff capacity varies depending on the strategy chosen by the CBO, it is clear that both need to be taken into account when designing programs and evaluating their impact. Asset-building programs tend to be very labor intensive since they require both a great deal of one-on-one time with participants and time setting up collaborations with other organizations and financial institutions. There is evidence that, due to the large set-up and administrative costs of establishing an IDA program, small programs may be less efficient than larger ones. The Center for Enterprise Development (1998) suggests that the staffing needs for a 50-account-a-year program are roughly equivalent to those for a 150-account-a-year program. One executive director noted that “foundations and governments don’t realize that the cost of IDAs is much more than the match—the administrative costs can be huge. They are every bit as expensive as income support programs.” The CAP, for example, has staff meet monthly with each IDA participant, which, given the size of the program, requires seven full-time financial counselors. One estimate placed IDA costs at \$129 per participant per month (Schreiner 2000).

*Fit with mission and existing conditions.* Implementing such programs often stretches the mission and core competencies of CBOs. An organization like TRP employs staff to build and sustain relationships with its community members, but does not necessarily meet regularly to oversee their finances. TRP does not see its role as providing services per se and has been gradually moving out of the business of providing job training and employment placement. While financial services fit into the mission of the DSNI, it does not see itself as a service provider and therefore has not found a place for such strategies in its work. Although PPL emphasizes self-sufficiency and individual goal achievement, it has not implemented an IDA program in part because of local housing conditions. The extremely low vacancy rates in Minneapolis have forced the organization to focus instead on preserving rental property. Similarly, a lack of owner-occupied units has made the organization think twice before initiating an EAH program.

*Political resources.* Access to political resources can also be critical to program success for individuals and the neighborhood. TRP’s New Homes for Chicago program, which built 100 single-family homes in the 1990s, required numerous political interventions by everyone from the alderman to charitable foundations. The organization’s pilot IDA program is a collaboration with a local bank that, over the years, has

provided households purchasing TRP's homes with loans and mortgages. Political resources are also necessary for strategies that require changes in local zoning codes to develop new housing, or, in the case of the DSNI, to use eminent domain to acquire land for its community land trust.

### *Linking variables affecting asset production*

Not all asset-building strategies result in the production of an asset. While IDAs seem straightforward, for example, they still require that individuals make regular deposits and be patient before they can make purchases. Many participants never get to the point of having enough savings for targeted uses. When asked about the programmatic and contextual factors that help their programs create assets for participants, the four CBOs suggested that the following be taken into consideration:

*Selecting participants.* Asset production depends primarily on the pool of potential participants. Programs that are new and trying to increase participation rates often enroll large numbers of people. Some of them inevitably have very bad credit and poor savings prospects, which can cause problems if they default on loans or run up additional debt. This poses a dilemma to CBOs since they are mission driven and accustomed to taking risks in their mostly lower-income communities. The ideal candidate for an asset-building program is one who has good credit, steady employment, the ability to open a savings account, and long-term savings goals. CBOs often recruit participants from their current client base because such individuals are most likely to be committed to the program's ideals. However, organizations may find themselves "creaming" working families with low but steady incomes from a larger pool of very low income residents who will not be eligible for such programs because of their variable work histories. Moreover, program requirements may force CBOs in communities with large immigrant populations to discriminate against undocumented residents. Such residents often do not have Social Security numbers and the legal documents needed to open a savings account.

*Helping participants repair their credit and avoid asset-sapping entities.* Participants should have good credit before beginning the asset-building process, especially if programs are geared toward assets that require a good credit history to attain, such as homeownership and co-op programs. Credit counseling may be offered by the CBO or by service providers elsewhere in the community. Some CBOs provide banking services themselves or partner with reputable financial institutions. Special efforts need to be taken to protect all residents from

predatory lenders; immigrants are especially vulnerable, since they rely on the informal lending community for their financial services.

*Providing financial literacy training to participants and making them aware of the risks of asset ownership.* Financial literacy is critical for the community to learn what untapped resources are available (e.g., EITC) and how to use well what little there is. This includes trying to get people to change their behavior through education, which is not necessarily part of every CBO's mission, but rather fits into a broader interest in empowerment. CBOs must also be honest about the risks involved in asset ownership (e.g., alerting people to the high rates of small business failure) and ensure that financial literacy training helps participants understand what factors influence the value of their assets.

*Hiring staff with expertise in housing, training, and placement, or small business development.* Knowledge of the assets themselves, and not just the tools for purchasing them (e.g., IDAs), allows staff to determine the fit between the potential asset and the participant.

*Having access to an adequate supply of assets.* Several CBOs overcome this problem by providing the supply itself—developing affordable housing, for instance, with subsidized sources of financing, or providing space to incubate new businesses.

### *Linking variables affecting individual benefits of asset ownership*

Asset accumulation is intended to lead to individual wealth and well-being. Linking variables affecting the ability of asset ownership to produce individual benefits include (1) housing and stock market conditions, (2) the financial literacy of asset holders, (3) asset maintenance, and (4) asset liquidity.

A major challenge for CBOs is ensuring that the assets attained mature into wealth or, at the very least, hold their original value. Contrary to the conventional wisdom, most asset ownership leads the owner into more debt. Home equity, small businesses, education, and limited-equity co-ops are highly illiquid and require monthly payments with strict penalties for failing to make them. Moreover, as a staff member at the CAP noted, “When you get a low-income person into a home, you’re putting a giant X on their back. They become a target for predatory lenders and scams. They get pushed into more consumer debt and may end up foreclosing.” If a household purchases a home in a neighborhood with declining property values or if this house is difficult to sell for other reasons, the asset will not generate wealth. Most CBOs

cannot give people enough subsidies to purchase homes in areas where there is rapid and certain appreciation. The most they can hope for is stability and incremental gains over time.

Using IDAs or the EITC refund to help people invest in corporate equities comes with the same risk that they will lose money. CAP allows IDA participants to use their savings to invest in retirement funds. Even though, on the surface, this looks like it would not have any direct neighborhood spillover effects, CAP argues that it is one of the strongest financial investments possible because, unlike small business capitalization or education, the asset is more liquid and participants are least likely to end up with negative equity. Shareholders may lose their initial investment, but they do not take on additional debt, as they do with other investments.

Regardless of the type of asset, forgoing present consumption to build assets may not make sense for those who cannot make ends meet. As one interviewee noted, “You don’t want to encourage people to jeopardize their basic needs just to save. They [asset-building strategies] only make sense if people’s basic needs—food, clothing, shelter, health—are being met.” Furthermore, the positive effects of asset ownership may take a long time to materialize. If a participant lacks time, assets may not be liquid enough to provide much value. For example, homeownership in an appreciating neighborhood means that the value of the asset goes up. However, this wealth is gained only when the home is sold. Owners who do not want to move may be saddled with higher property taxes and be unable to realize their “wealth.”

To avoid some of the pitfalls of asset ownership, the four CBOs assisted their constituents in the following ways:

*Helping to maintain assets over time.* CBOs offer periodic workshops on home maintenance and upkeep, small business assistance, taxes, and insurance. If CBOs can help participants access steady employment and other sources of income, they can better ensure that participants are not only able to attain assets, but also able to retain them.

*Providing participants with emergency assistance.* All four organizations provide some type of safety net for people in case they run into trouble. For example, PPL staff and volunteers work with individuals to figure out a plan to get them back on track after a setback such as a job loss. While this does not ensure that a person will not default on a mortgage, the goal is to help the family stabilize and find the resources needed to remain stable.

*Buying assets back.* Community organizations, in concert with foundations and local governments, may offer to buy assets back if they decline in value or else offer to compensate participants for the loss of value. For example, an equity assurance program, which guarantees that an asset will appreciate by a given amount over a given period of time or owners will be compensated for the difference when the home is sold, may be needed to build consumer confidence in seriously disinvested communities.

### *Linking variables affecting neighborhood outcomes*

Community organizations may increase the probability that asset building will help revitalize a neighborhood by selecting strategies with the greatest spillover potential (i.e., most sensitive to local conditions; see table 2). This is one reason why so many CBOs focus on enhancing the supply of and demand for for-sale housing. As we have pointed out, the value of housing is extremely sensitive to local conditions, which explains why homeownership may positively contribute to political participation and neighborhood stability.

If this is the case, then CBOs might step back and allow individual homeowners the discretion to maintain their assets as they see fit. With more wealth, however, homeowners often seek to upgrade to higher-end housing. If such housing is not available in the neighborhood, residents that the CBO helped place in quality, affordable housing may move out. TRP has witnessed this phenomenon as residents seeking larger houses have moved to Chicago's western suburbs. Some residents have asked about upgrading into newer TRP homes, but the organization is clear about its unwillingness to subsidize the same families twice.

Creative tactics are needed to ensure that individual benefits will stay in the neighborhood and increase in value *for the individual and the community*. No program will bind an individual household to a neighborhood in the presence of competing personal commitments and attractive opportunities elsewhere. After all, asset building is about the freedom to make choices, and mobility (spatial, occupational, and otherwise) is a cornerstone of our housing and labor markets. Yet while allowing outside parties to decide how an individual's wealth should be spent smacks of paternalism, some asset-building programs do just that by increasing the cost of leaving (penalizing mobility), rewarding those who stay, or providing options so that the relocation decision never arises in the first place. As described next, the organizations we interviewed believed that they had the right to demand a quid pro quo for

their investment in individually owned assets and attempted different combinations of the following three tactics.

*“Managing” the returns from the individual asset.* CBOs can limit the individual return on investment from home equity to prevent rapid turnover and the ratcheting up of housing prices. They can also demand the right to resell the homes they offer. Managing the appreciation of assets ensures that lower-income families can continue to afford these homes in the future. Because the DSNI owns land in its service area and collects ground leases, homeowners keep only the appreciation on improvements. Maintaining quality housing affordable for future owners trumps the individual’s right to make a profit. These organizations recognize that such arrangements are not for everyone and try to be as clear as possible at the outset about the restrictions on resale.

*Retaining asset holders.* While this may prove a delicate balancing act, some organizations have found that they can retain residents through recapture agreements. These efforts reveal ways to build individual assets while also trying to build community and spur revitalization. For example, both TRP and DSNI require families to live in their homes for a minimum period of time (anywhere from four to six years) or else pay a penalty on resale. Some IDA programs require that homes bought with IDAs be purchased within a certain neighborhood. A limit to this strategy is that many individuals may not qualify for the program if they cannot find a house in the neighborhood or if they wish to move out of the service area designated for the IDA.

Another approach is to actively market asset-building programs to individuals with the greatest propensity to stay in the neighborhood and participate in local affairs, as opposed to those interested only in the economic value of their investment. Staff at TRP noted that because it is hard to distinguish “community-oriented” households from “speculators,” they play up TRP’s core values and those of its constituents when marketing units. The organization also markets to its existing client base (e.g., parish members), which tends to be composed of active residents. As one staff person noted, “We’re all about wealth building *in* the community. In this market, you don’t have to wait long for appreciation because the homes are already worth more than they were sold for. We don’t want people to look at these homes *only* as investments.”

CBOs can also try to retain asset holders by ensuring that local employment opportunities exist. CBOs may produce jobs directly through small business development or employment co-ops, or they may work in conjunction with employers and unions to facilitate job placement

and training that can then help participants obtain higher-skilled and higher-paying jobs locally. Secure employment may provide an incentive to stay in place.

*Creating reinvestment conduits.* Aside from placing restrictions on appreciation and resale timing, community organizations do not have much control over how residents reinvest the wealth generated from their assets. For example, investment in retirement funds may not reap any local benefits unless it supports economically targeted investments, which seek to make a profit but also benefit local economies in terms of affordable housing, employment opportunities, and infrastructure maintenance. These reinvestment conduits are a means of putting assets to work in the neighborhood and keeping them under local control (Gunn and Gunn 1991; Shuman 1998).

Since wealth migrates whenever residents purchase goods and services from businesses that are not locally owned, pursuing neighborhood business and economic development opportunities not only gives residents a place to work but also gives them a place to spend their money. Locally owned businesses, particularly those that are owned cooperatively, channel income back into the community. TRP started a construction cooperative to employ local residents when the organization builds new houses. The DSNI introduced “Dudley Dollars,” which were distributed by participating local stores and enabled community residents to make local transactions for services and products.

Wealth from assets also regularly leaves the community because the assets, whether homes or small businesses, are taxed. Residents need to organize, build local leadership, and develop and expand political support to get those taxes back as public expenditures. The DSNI has won the respect of the Boston Redevelopment Authority, which works with DSNI to determine how to allocate linkage funds in the neighborhood. Other political structures help retain wealth. For example, business improvement districts allow local businesses to levy an additional property tax on themselves to pay for collective infrastructure not provided by the city (private security or landscaping, for example). Similarly, neighborhood planning dollars in Minneapolis reallocate property taxes taken from local businesses and homes back to communities.

*Tracking local purchasing power.* Many urban neighborhoods have enormous retail purchasing power but are often underserved by retailers (Berry and Weissbourd 1999), either because of discrimination or because of a lack of accurate information about consumer demand—or both. Better demographic data may attract businesses to these neighborhoods. TRP tries to track local spending and raise awareness of how supporting local merchants brings other collective benefits, like

better-looking commercial strips. The Dudley Dollars program allowed DSNI to track how much of the profits from community businesses came from individuals in the organization's service area.

*Creating opportunities for collective action.* Working in distressed neighborhoods often requires addressing conditions *outside* the neighborhood. For example, interest rates and tax policies are difficult for one community to influence even by organizing. These types of external factors require alliances with larger coalitions to work on long-term change. All of the groups noted the need to build local leadership in order to increase resident involvement, corporate support, institutional commitment, and organizational capacity in a neighborhood. Through organizing, DSNI works with homeowners and co-op owners to get them more politically involved in the campaigns in which DSNI already has a strong voice. Its reputation in Boston is a community asset that can then be leveraged in other arenas. In turn, living in a community with political clout can give people a reason to stay.

## **From theory to evaluation, policy, and practice**

While exploratory in nature, this article provides a springboard for much-needed discussion and additional empirical research on the possible relationship between individual asset accumulation and the revitalization of lower-income neighborhoods. The case studies, which were selected for their varied contexts and asset-building philosophies, raise critical issues that demand the attention of policy makers and practitioners who embrace the conventional wisdom underlying these strategies.

The model developed here provides a conceptual framework for understanding the relationship between strategies, assets, and neighborhoods and suggests factors that may enhance or reduce positive flows in either direction. While testing the model as a whole is an obvious next step, the idiosyncratic nature of communities in which different asset-building programs are being employed may make it difficult to interpret the results. We propose instead to evaluate the individual linking variables that we believe connect asset-building programs to individual and neighborhood benefits. Using longitudinal data collected from several sites can provide better evidence of the extent to which the various tactics identified (and others that might not have been) are used to enhance the effects of assets on individuals and neighborhoods and the impact of each on asset production and retention over time. As the different case studies presented here suggest, it will be important to control for specific organizational factors such as program scale

(geography, number of participants), type of CBO (multiple or single purpose), and aspects of the organization's role in the asset-building program (administrator or contractor). In addition, the analysis should take into consideration differences in community characteristics such as income and tenure mix, vacancy rates, sales prices and rents, and other assets in the neighborhood (e.g., local lenders, services, etc.), as well as historical data on poverty, unemployment, housing values, and other indicators of long-term disinvestment. Subject to larger regional and national economic trends, these factors would need to be controlled for in any empirical examination.

Gauging outcomes must also be done with care. In lower-income communities, improvement may not be easily measured in aggregate terms, such as a change in poverty rates or median home prices; instead, it may require tailored or less standardized benchmarks. In the same vein, choosing the appropriate time frame after which one can reasonably expect to observe outcomes is also important. Asset building is a prolonged process, and it can take several years before individual and collective effects appear if they appear at all.

In addition to setting the stage for future research, this article has raised several programmatic issues to consider when deciding if and how individual asset-building programs fit into a neighborhood revitalization strategy. Policy makers and practitioners must be aware that there are organizational costs associated with asset-building programs. The strategies CBOs described to enhance the effectiveness of such programs require appropriate staff. Making sure the program produces wealth *and* helps revitalize the community will also require that the program itself be of a certain scale, since helping a hundred families a year will probably have a greater impact on a neighborhood than helping just 10 families. Besides resources, these programs can stretch organizations beyond their mission, causing internal problems between staff and the community. While some organizations may satisfy their missions by building individual assets (e.g., CBOs offering programs that focus on individual self-sufficiency and creation of wealth), others may need to reconsider their mission in light of what is needed to successfully build assets (e.g., "creaming" constituents for eligible participants or becoming more of a service provider). And still other organizations will choose not to adopt asset-building programs at all. Such decisions should depend more on existing neighborhood conditions and organizational capacities than on the direction of shifting political winds, which, in recent years, have promoted the asset-building approach.

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