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Community Dividend

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Adopting a place-conscious approach to community development

A conversation with Margery Austin Turner of the Urban Institute

By Sandy Gerber

When it comes to the interwoven issues of housing affordability, poverty, segregation, and neighborhood distress, two competing approaches have held sway for the past several decades. These strategies have come to be known as either *place-based*, that is, improving the physical environment of poor neighborhoods, or *people-based*, that is, increasing the skills and employment opportunities of low-income individuals. Margery Austin Turner, Vice President for Research at the Urban Institute's Metropolitan Housing and Communities Policy Center, proposes a third way of looking at these issues. Her "place-conscious" approach involves simultaneously improving neighborhood conditions, building the skills and capacities of individuals, opening up access to opportunity-rich communities, and changing regional development strategies to connect low-income people and places with *regional* opportunities.

Turner, a nationally recognized expert on urban policy and neighborhood problems, studies issues of racial discrimination, neighborhood segregation and inequality, and the role of housing policies in promoting residential mobility and location choice. Prior to joining the Urban Institute, she served as Deputy Assistant Secretary for Research at the U.S. Department of Housing and Urban Development (HUD) from 1993 through 1996, where she initiated three major demonstration projects that tested strategies for helping inner-city families gain access to opportunities through employment and education.

Turner was a presenter at a recent Minneapolis Fed Community Development Forum on "Maximizing the Neighborhood-Tenant Connection: A Thought-Provoking Perspective on Expanding Affordable Rental Housing." *Community Dividend* followed up with Turner to learn more about her comprehensive approach to poverty issues and neighborhood revitalization.

PHOTO COURTESY OF THE URBAN INSTITUTE

Margery Austin Turner

Community Dividend: You advocate place-conscious strategies to address

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Ninth District community developers use green innovations to help make housing affordable

By Deborah Booth Summers

Low-income families have long struggled to balance the costs of shelter, food, health care, and utilities. An emerging green movement in affordable housing aims to make the balance easier to achieve.

In the context of building and home design, "green" commonly refers to practices that conserve natural resources in the short and long term, improve the quality and longevity of structures, and promote the health and well-being of occupants. Affordable housing developments are incorporating green features like Energy Star appliances and straw bale insulation that reduce utility bills; air quality improvements that reduce health care expenses; and community and personal gardens that provide local, organic produce at little cost. For affordable housing developers, the goal of "going green" is not only to provide permanent shelter and community stabilization at a lower cost, but to provide low-income families with long-term reductions in overall living expenses.

Research confirms savings

A 2005 study conducted by New Ecology, Inc., in Cambridge, Mass., and the Tellus Institute in Boston, confirms there are long-term cost reductions for residents of green affordable housing.* The study analyzed actual and projected costs of 16 green affordable housing developments across the country. The analysis revealed that the average finan-

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Survey takes stock of state financial education requirements

By Michael Grover

Recent research on the effectiveness of personal financial education offered in high schools is limited and far from conclusive, but the studies that have been completed so far suggest important and positive short-term and long-term effects of the training.[1] In particular, evidence of short-term effects comes from a late 1990s study of students exposed to the High School Financial Planning Program® curriculum. Researchers concluded that almost half of the students in the study reported increases in their financial knowledge, with the biggest changes occurring in the areas of consumer credit, car insurance, the time value of money, and tracking expenses.[2]

At least one study based on financial and demographic data collected in 1995 from a national sample of 2,000 individuals (aged 30 to 49) suggests that there are long-term benefits to financial education as well.[3] The study found that adults who attended high school at a time when their states mandated financial literacy training generally save more, accumulate more wealth than other adults, and have a higher net worth. These sorts of findings have encouraged many states to add personal finance content to their curricula and adopt additional requirements.

According to a survey that the National Council on Economic Education (NCEE) has conducted

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Survey takes stock of state financial education requirements

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every two or three years since 1998, states have steadily added requirements for both economic education and personal finance education in recent years.[4] (See Table 1.) The survey tracks several different categories of educational requirements. First, it identifies which states have adopted content standards for teaching the subject in question. Next, it identifies which states require that the adopted content standards be implemented by local school districts. The survey then identifies which states require high schools to offer a course on the topic, which states require all high school students to take such a course as a condition of graduation, and which states require that students be tested on their knowledge of the subject.

The latest NCEE survey, which was conducted in 2009, shows that almost all states have now adopted content standards for economics education and require implementation of the standards as part of their curricula. In addition, 21 states currently require students to take an economics course before graduation. States have also added more personal finance training requirements. For personal finance, the number of states that have adopted content standards has doubled, while the number of states requiring implementation of content standards has increased from 14 to 34. In addition, 13 states now require students to complete a personal finance course as a condition of graduation, a substantial increase since 1998 when only one state had that requirement.

A snapshot of current requirements in the six states that lie wholly or partly in the Ninth Federal Reserve District (Michigan, Minnesota, Montana, North Dakota, South Dakota, and Wisconsin) reveals that all six require the adoption of content standards for both economic and personal finance education. (See Table 2.) However, that is the only feature from the study that all the states share. Michigan's educational requirements are by far the most comprehensive with regard to both economic and personal finance training. South Dakota mandates nearly all of the requirements, except for requiring testing for students. While all other District states require the adoption of standards and some require implementation of those standards, most of them do not mandate that a course be offered or require that it be a part of graduation requirements.

While the trend from 1998 to 2009 has been for more states to either adopt standards or add new educational requirements for both economics and personal finance, it is unclear if this trend will continue over the coming decade. Nevertheless, for those who advocate for increasing such educational mandates, the recent financial turmoil and economic downturn have renewed hope that their efforts to expose the next generation of consumers, who are currently in the K-12 education system, to the basic concepts of personal finance and economics will remain on course. cd

[1] Examples of this research include Lewis Mandell, *The Impact of Financial Education in High School and College on Financial Literacy and Subsequent Financial Decision Making*, presented at the American Economic Association Meetings in San Francisco, Calif., January 4, 2009; and Michael Gutter, *Financial Management Practices of College Students from States with Varying Financial Education Mandates*, National Endowment for Financial Education, 2010.

[2] Sharon M. Danes, Catherine A. Huddleston-Casas, and Laurie Boyce, "Financial Planning Curriculum for Teens: Impact Evaluation," *Financial Counseling and Planning*, Volume 10(1), 1999.

[3] Douglas Bernheim, Daniel M. Garrett, and Dean M. Maki, "Education and Saving: The Long-Term Effects of High School Financial Curriculum Mandates," *Journal of Public Economics*, 80, 2001.

[4] *Survey of the States: Economic, Personal Finance & Entrepreneurship Education in Our Nation's Schools in 2009—A Report Card*, National Council on Economic Education, 2010.

Table 1: Changes in Personal Finance Education Requirements, 1998 to 2009

Requirement	Number of States with Requirement in Place					
	Economics			Personal Finance		
	1998	2009	Change	1998	2009	Change
Include subject matter in their standards	38	49	+11	21	44	+23
Standards required to be implemented	28	40	+12	14	34	+20
High school course required to be offered	16	21	+5	6	15	+9
High school course required to be taken	13	21	+8	1	13	+12
Student testing of subject matter required	25	19	-6	1	9	+8

Source: *Survey of the States: Economic, Personal Finance & Entrepreneurship Education in Our Nation's Schools in 2009—A Report Card*, National Council on Economic Education, 2010.

Table 2: Personal Finance Education Requirements in the Ninth District*

Requirement	Michigan	Minnesota	Montana	North Dakota	South Dakota	Wisconsin
Economics						
Include subject matter in their standards	Yes	Yes	Yes	Yes	Yes	Yes
Standards required to be implemented	Yes	Yes	Yes	No	Yes	No
High school course required to be offered	Yes	No	No	No	Yes	No
High school course required to be taken	Yes	No	No	No	Yes	No
Student testing of subject matter required	Yes	No	No	No	No	Yes
Personal Finance						
Include subject matter in their standards	Yes	Yes**	Yes	Yes	Yes	Yes
Standards required to be implemented	Yes	Yes	Yes	No	Yes	No
High school course required to be offered	Yes	No	No	No	Yes	No
High school course required to be taken	Yes	No	No	No	Yes	No
Student testing of subject matter required	Yes	No	No	No	No	No

*Source: *Survey of the States: Economic, Personal Finance & Entrepreneurship Education in Our Nation's Schools in 2009—A Report Card*, National Council on Economic Education, 2010. The table above does not reflect recent legislative changes in North Dakota.
** For high school only.

North Dakota adds personal finance to high school graduation requirements

At the end of the 2009–2010 legislative session, the North Dakota Legislative Assembly added personal finance to the state's educational requirements for public high school graduation. Introduced by Representative John Wall, a former high school journalism and English teacher from Wahpeton, the bill mandated that the "concepts of personal finance" should be included in the high school curriculum beginning on July 1, 2010. In creating this new mandate, state legislators were responding to the recent market turmoil and credit crisis and to a greater awareness of the need for students to have at least a basic level of financial skills and knowledge before leaving high school.

The new law requires that "each school district shall ensure that its curriculum for either economics or problems of democracy includes the exposure of students to concepts of personal finance." Specifically, the law calls for the following issues to be covered in either of these high school classes:

- Checkbook mechanics, including writing checks, account balancing, and statement reconciliation;
- Saving for larger purchases;
- Credit, including credit card usage, interest, and fees;
- Earning power, including jobs for teenagers;
- Taxation and paycheck withholdings;
- College costs;
- Making and living within a budget; and
- Mortgages, retirement savings, and investments.

A separate proposal to require a specific personal finance course in high school did not pass, mostly due to the concern that it would overburden school districts and teachers with an additional course requirement.

Passing new education standards may be the easy part compared to the work involved in implementing these standards in North Dakota's classrooms. After passage of the new requirements, the state had a short timeline and limited budget to prepare school districts for the change. The North Dakota Department of Public Instruction immediately organized a personal finance committee that developed a new curriculum and gathered instructional resources for teachers. The committee consisted of representatives from the private sector, public education, state government, and the state's financial services industry. A key to the success of the implementation efforts will be the help provided by local finance professionals and members of the state's Jump$tart Coalition for Personal Financial Literacy, who are assisting with classroom delivery of the training. In the end, all of this hard work will help prepare next year's graduating class to deal with the complexities of our modern financial system.

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poverty and neighborhood disinvestment. What does "place conscious" mean, and how does it differ from the traditional place-based or people-based approaches?

Margery Austin Turner: The place-conscious idea is a reaction to the simple-minded tendency that says there are place-based strategies that focus on a neighborhood and fixing things up in that neighborhood, and then there are people-based strategies that don't worry about places or neighborhoods or where people are located but simply focus on giving people opportunities to improve their situation through services, job training, and in some instances, relocation to other neighborhoods. I think pitting these two approaches against each other and treating them as if they're mutually exclusive is creating false dichotomies and false conflict.

What we should be thinking about is how to revitalize the places in which people live, how to enable people to take advantage of opportunities that are located in different places around the region, and how to make connections between where they live and regional opportunities. Whether we're trying to fix up a place or create more opportunities for individuals, it's essential to acknowledge the importance of all these elements—location, individual and family needs, *and* the distribution of opportunities and challenges throughout a region—and to interweave these approaches.

I'm not suggesting that place-conscious strategies are something different from the neighborhood-based revitalization strategies and the mobility strategies that have been explored and pursued over the last several decades. I'm arguing that we should pursue those neighborhood revitalization and mobility strategies in a more systematic, coherent, comprehensive way, taking into account the impact of individual capacity, place, and neighborhood, and tackling these issues accordingly.

CD: In a recent article, you wrote, "Efforts to revitalize distressed neighborhoods cannot truly succeed unless poor families have meaningful choices about where to live and work."[1] What do you mean by that statement?

MAT: I was alluding to concentrated poverty. Part of what we've learned from the last few decades of experience is that the concentration of poverty undermines the well-being of neighborhoods. If low-income—and particularly low-income minority—families are excluded from neighborhoods where schools are successful, jobs are plentiful, and streets are safe, then they are in effect forced into a smaller set of central-city neighborhoods. And if we insist on trapping large numbers of poor people in those central-city neighborhoods, those places are going to remain distressed. Even if we try to make them better, the concentration of poverty there undermines their health and vitality.

We've seen efforts at revitalizing those places by demolishing very high densities of subsidized housing and replacing it with housing that caters to a variety of incomes. An intent of that approach is to deal with concentrated poverty by changing the ratio of low-income people to higher-income people. That's accomplished by making those neighborhoods places where people of many income levels would *choose* to live. However, if you pursue that strategy without replacing the now-demolished affordable housing and locating it in a wider variety of neighborhood settings, then you're just pushing poor people from one distressed place to another.

On the other hand, efforts have been made to address the situations of the individual people who live in concentrated poverty. One approach I mentioned earlier, known as a *mobility* strategy, provides low-income people with vouchers so they can afford to move to middle-class neighborhoods. However, we've learned that families who've been living in distressed, high-poverty environments have often been damaged and undermined by those circumstances. Enabling them to move to safer, healthier environments is a positive for them, but it doesn't fix everything that

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has contributed to their suffering. So hand-in-hand with providing a voucher, you may need to provide services and additional help along the way.

So to sum up, the place-based and people-based strategies we've been employing for decades aren't comprehensive enough on their own to address poverty and its effects.

CD: You assert that addressing concentrated poverty can be good for a region, and a regional strategy can be good for poverty reduction. Can you elaborate on this?

MAT: I think there's a common-sense view that badly distressed neighborhoods drag down the vitality, fiscal health, image, and future growth prospects of a city and potentially the region as well. In many ways, these pockets of poverty blight the larger communities of which they're a part.

If a region pursues an economic growth strategy that consciously works to open up job ladders for lower-income, less educated people; consciously works to reduce old barriers based on race and ethnicity; consciously tries to expand access to neighborhoods where the schools prepare kids to be great citizens and employees, and at the same time tries to improve the schools in the distressed neighborhoods—all these strategies that tackle inequality and distress have the potential to result in a more skilled work force, a smaller poverty and distress problem to pay for, and less crime.

When a region and the jurisdictions within a region sit down together and ask, "Where does our region want to go?" it's not as if the only answers are, "We can either grow as a region while retaining these pockets of poverty, or we can address these pockets of poverty while remaining stagnant." Those aren't the only choices. There are all kinds of ways to think about growth that explicitly open doors for people who have been excluded in the past. In reality, this will lead to more equitable, and potentially greater, growth.

CD: Isn't it true that, in the past, communities within regions haven't always succeeded at working together to address poverty?

MAT: Yes, and that points to a big structural challenge. The existence of many units of local government within particular regions makes it difficult to frame and pursue strategies that benefit an entire region, as opposed to strategies that benefit individual jurisdictions at the expense of others. It's a big problem, and people of good will are going to be struggling with it in slightly different contexts all over the country for the foreseeable future.

My colleague Manuel Pastor, who's currently with the University of Southern California, has done far more work than I have in thinking about coalitions of interest—business, civic, environmental, and antipoverty interests—that can take a regional perspective and advocate for regional strategies. In effect, coalitions exert pressure on the individual jurisdictions within a region to behave in a way that advances the interests of the region as a whole. If it were just antipoverty advocates making these regional cases, it might not be as effective in the short term as it would be when business interests were also making the case. In many instances, businesses are undermined by jurisdictional fragmentation. And increasingly, advocates for environmentally sustainable growth are seeing the connection between their work, and equity and inclusion. I think this is the direction in which progress lies, but it will be slow, incremental, and frustrating.

CD: What would a hypothetical scenario look like for targeting a concentrated poverty neighborhood, tying it to a regional strategy, and mutually benefiting neighborhood residents and the region?

MAT: First, you'd look at where the jobs are. Not a lot of them will be in the high-poverty neighborhood. A regional strategy would say, "Okay, we have high joblessness in that neighborhood, so let's start a neighborhood-focused outreach effort to assess the training, preparation, and placement needs of the residents of that neighborhood." But although you're doing an assessment at the neighborhood level, you intend to connect the residents to training, mentoring, and placement opportunities that may be located all around the region. So that raises the question, "How do people in the poor neighborhood get to where the jobs are?"

That would lead you to think about strategies like rearranging the bus routes or creating some kind of targeted van-pooling mechanism or subsidized car program for residents of that neighborhood who get jobs in distant places. All of these strategies can be part of the solution.

Then you would say, "Some of these families are getting jobs, succeeding, and advancing in these jobs. They might like to live near where their jobs are." So what are some strategies for making sure people who would like to live where the jobs are can do so? Maybe you could use the Low Income Housing Tax Credit to build affordable housing there, if need be. Maybe there are zoning barriers that need to be overcome. Or, in the current foreclosure crisis, maybe there are opportunities to acquire some foreclosed properties, transfer them to nonprofit ownership, and create quiet little scattered-site, single-family, subsidized housing opportunities all over the place.

Then you'd want to think about the neighborhood itself—its central location and fantastic historical assets that have gone unappreciated. It might make sense to invest in physical revitalization, streetscapes, and community assets. When you start considering that, you'd recognize right away that this neighborhood could become a really hot location for the region, and you'd want to be sure that low-income people can stay on if they want to. So you'd include the preservation of affordable housing as part of the strategy.

But you'd also recognize the assets and deficits of other parts of the region, think about who around the region might find this location attractive, and consider what kinds of magnets could be added to this neighborhood to make it really attractive to homeowners, renters, young people, artists, major grocers, and service providers. That would lead you to think about schools. How does the school that serves this neighborhood perform? Does it fit into any kind of citywide school-improvement effort?

In other words, you'd think about opportunities throughout the region, but you'd also think about the spatial link between those opportunities and this neighborhood, and how this neighborhood can become a real plus in the regional context. What does the neighborhood have to offer that will make it a regional asset and will also benefit the people who currently live there?

CD: One piece of your regional strategy concerns employers. How do you get them on board?

MAT: Everything I understand about employment strategies emphasizes that employers need to be plugged in from the beginning. Training, readiness, and placement strategies don't work if they aren't closely connected to employers. People also have to recognize how incentives work on the employer side. In a tight labor market, where employers are looking for workers, employment advocates are in a much stronger position to say, "Okay, take a risk. You really need workers, and I'm bringing you some. They may be people you've negatively stereotyped in the past, but I've trained these workers and I'm going to stand behind them."

In a weak market like the current one, where we're going to be struggling with high unemployment for a long time, it's harder. We need to work with employers to understand what their problems are with recruitment and securing a work force. Do they need people to work the night shift? Do they need people who can show up reliably at certain times of day, or do they need people with certain packages of skills? We can work with employers to identify some of these problems, and then we can deliver employees who solve them.

CD: In a report published earlier this year, you write that federal policies and programs that attempt to address environmental sustainability can end up reinforcing or encouraging racial and economic exclusion from opportunity.[2] How does that happen, and how can it be avoided?

MAT: This is something that my friends in the fair housing world are really worried about. The rhetoric of sustainability incorporates equity and inclusion. However, if the sustainability effort focuses too narrowly on transportation, pollution, and environmental issues, you can quite easily imagine outcomes that would make matters worse around equity and inclusion.

Suppose, for example, that a new housing policy said we'd no longer build any affordable housing in neighborhoods that aren't well served by public transit. That would mean all these suburban communities that have so effectively excluded affordable housing for all these decades through zoning regulations would be off the hook. The ability to open up neighborhoods where the schools work, the parks are safe,

There are all kinds of ways to think about growth that explicitly open doors for people who have been excluded in the past. In reality, this will lead to more equitable, and potentially greater, growth.
—Margery Austin Turner

and there is pretty convenient job access would be foreclosed.

Another example is an inner-city neighborhood with some affordable housing and good transit connections that suddenly becomes a green magnet for the entire metropolitan area. The city invests more in transit there, and in bike paths and walking paths. All kinds of amenities flood that neighborhood, and developers are encouraged to build more high-density housing there. But nobody pays any attention to affordability or inclusion or the current mix of services and stores that cater to current residents. You can imagine a neighborhood going from being a little run-down but affordable and convenient to becoming a poster child for sustainability where nobody who is low-income can afford to live.

A more thoughtful approach to sustainability encompasses inclusion and equity objectives as well. If we can systematically work toward inclusion and equity in housing, and access to jobs and transportation, we can advance our inclusion, fair housing, and antipoverty objectives at the same time that we're advancing sustainability objectives. I'm actually very encouraged that this is the way HUD and the administration are talking about sustainability now. HUD's latest strategic plan wraps sustainability and inclusion together as an interconnected combination of goals.

CD: In your writings, you've made the point that since sprawl and regional inequality are not the results of the free market, their remedies won't be results of the free market, either. Can you expand more on what you mean?

MAT: I often find that when I talk about strategies to deconcentrate poverty or reverse racial segregation, especially strategies that would help poor minorities move someplace where everything already works, people say, "Oh yikes, social engineering." My argument is that the pattern we have, which results in exclusionary, segregating, poverty-concentrating outcomes, didn't happen by accident. It didn't happen because of the market. It happened because we have a long history of very bad policy. The policy was explicitly segregationist not very many decades ago, and implicitly segregationist for a long time after that. Discrimination still distorts the way markets work, and many local jurisdictions have zoning and other regulatory barriers in place that have the effect, if not the intent, of keeping lower-income people out.

It doesn't take very deep reading into the legislative history surrounding these issues to discover the fundamental intent to exclude people of color. We got where we are through intentional policy. And so, to then shut our eyes and say, "I don't want public policy influencing where people live, where housing is located, and what gets built where—I just want the markets to work," is, I think, really dishonest. We got ourselves into this mess with policy. It's going to take policy and intervention to get ourselves out of it.

CD: You and your colleagues have been researching these issues for some time. Where do you think your research into poverty and neighborhood issues fits into the current policy environment?

MAT: I think we have an administration in place now that's not only activist on these issues but also believes that evidence, research, and learning are useful for advancing sensible and effective policy. I have a huge amount of respect for courageous policymakers and practitioners who invite research into their domain, because very often research reveals that policies don't work exactly the way we'd hoped. If you're brave, you accept the evidence and adapt what you're doing. You learn from mistakes, move forward, and get better and better, but not everybody has that kind of courage.

Some researchers have a tendency to keep on researching in the hopes of finding a definitive answer. However, there's never a definitive answer. I think we need to say, "Here's what we know so far, given the evidence, and this is the next idea we ought to try." cd

[1] Manuel Pastor and Margery Austin Turner, *Reducing Poverty and Economic Distress after ARRA: Potential Roles for Place-Conscious Strategies,* Urban Institute, April 2010.

[2] Vicki Been, Mary K. Cunningham, Ingrid Gould Ellen, Joe Parilla, Margery Austin Turner, Sheryl Verlaine Whitney, Ken Zimmerman, Adam Gordon, and Aaron Yowell, *Building Environmentally Sustainable Communities: A Framework for Inclusivity*, Urban Institute, April 2010.

More with Margery Austin Turner

To read an extended version of this conversation, visit the *Community Dividend* Current Issue page on the Publications & Papers tab at www.minneapolisfed.org.

Explore MetroTrends

In addition to being a prolific researcher and author, Margery Austin Turner is one of the contributing experts behind MetroTrends, an Urban Institute web site that offers the latest information on social and economic trends in urban America. To explore the site's data downloads, commentaries, and other features, visit http://metrotrends.org.

For further reading

Listed below are some recent articles and papers from Margery Austin Turner's extensive body of writing on housing, poverty, and neighborhoods. All of the following works are published by the Urban Institute and are available via the publications search at www.urban.org.

Reducing Poverty and Economic Distress after ARRA: Potential Roles for Place-Conscious Strategies, by Manuel Pastor and Margery Austin Turner, April 2010.

Federal Programs for Addressing Low-Income Housing Needs: A Policy Primer, by Margery Austin Turner and G. Thomas Kingsley, December 2008.

Making Work Pay Enough: A Decent Standard of Living for Working Families, by Gregory Acs and Margery Austin Turner, July 2008.

Assisted Housing Mobility and the Success of Low-Income Minority Families: Lessons for Policy, Practice, and Future Research, by Margery Austin Turner and Xavier de Souza Briggs, March 2008.

Promoting Neighborhood Diversity: Benefits, Barriers, and Strategies, by Margery Austin Turner and Lynette A. Rawlings, August 2009.

Family Mobility and Neighborhood Change: New Evidence and Implications for Community Initiatives, by Claudia J. Coulton, Brett Theodos, and Margery Austin Turner, November 2009.

Ninth District community developers use green innovations to help make housing affordable

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cial benefit to residents, in terms of utility costs over the life cycles of the developments, would be $12,637 per housing unit. In addition, the green buildings provide benefits to residents that the study did not quantify, such as improved health and quality of life.

One criticism of green building is that innovative technologies such as solar water heaters often cost more to purchase and install than standard systems. The higher costs add up to a "green premium" that can make green construction more expensive up-front than conventional construction. As the New Ecology study notes, the green premium can be a barrier to affordable housing development, since affordable housing funders prefer to allocate dollars to the projects that have the lowest initial costs. The study reveals that, on average, the 16 projects cost 2.4 percent more to build than conventional affordable housing. However, on average, the developers and owners would see per-unit savings of $2,725 in operation and replacement costs over the life of the property. For the majority of the 16 projects, the long-term savings would equal or outweigh the green premium. The findings suggest that green building can be a cost-effective way for affordable housing developers to pursue their mission of helping low- and moderate-income families.

Green projects in the spotlight

Many Ninth District community development organizations also see long-term benefits to building green. The three organizations spotlighted below—homeWORD in Montana, Home Matters in Minnesota, and SAFE Homes in North and South Dakota—offer models for incorporating green, cost-saving features into affordable housing.

HomeWORD bound

In Billings and Missoula, Mont., homeWORD emphasized environmentally friendly features in affordable housing long before "green" was a national buzzword. HomeWORD was established in 1994 to address rapidly increasing housing prices and stagnant wages in Montana's two largest cities. It aimed to provide affordable housing and instill other positive changes in the lives of low-income families. HomeWORD plans to have a total of more than 220 developed units by 2011, and its Home Ownership Centers in Missoula and Billings have offered guidance and advice to more than 4,000 households and helped 700 families purchase homes since 1997.

Though homeWORD's homebuyer education programs and financial assistance partnerships with local foundations provide essential aid to Montana's poorest residents, innovation in sustainable, affordable housing is the organization's hallmark. "Sustainable," in this context, refers to practices that can be maintained over the long term without causing a net depletion of resources.

"We've strived to be innovative in each of our ten projects," says Andrea Davis, long-time Montana resident and executive director of homeWORD. "For instance, we helped introduce the state to straw bale housing and land trusts."

HomeWORD's green practices have earned the organization local and national awards, such as the 2006 Home Depot Foundation Award of Excellence for Affordable Housing Built Responsibly in Rental Housing and the 2007 Sonoran Institute's Best of the Northern Rockies Award.

"We attribute our successes to our many partnerships with local and regional organizations," says Davis. "And of course, our community members. Some of our best ideas have come through our charrette process, where community members help design our projects."

One of homeWORD's projects involves community-based agriculture. Orchard Gardens, a 35-unit affordable housing development located on the outskirts of Missoula, features Energy Star appliances, dual-flush toilets, and on-demand water heaters to reduce utility costs. The development also includes orchards, a bike trail, covered bike parking, and a community farm. A local organization called Garden City Harvest runs the farm and sells the produce to local families. Through this partnership, homeWORD provides families with affordable rental housing and Garden City Harvest provides local, organic fruits and vegetables to low- and moderate-income families in Missoula.

HomeWORD considers the initial investment in more energy-efficient materials and appliances a necessity for reducing costs in its multifamily complexes. These materials reduce maintenance and operating costs for homeWORD and translate into lower rent payments for tenants.

Green building efforts in and around Missoula are highlighted in homeWORD's Summer Sustainability Tours for contractors, developers, renters, and homeowners. HomeWORD advocates for the incorporation of sustainable, green building concepts into housing grant and loan policies and programs at the state level and works across state lines to promote green building through the Rural Collaborative.

According to Davis, homeWORD approaches affordable housing holistically. "We believe that we cannot build for the future by destroying the environment," she says. More than just a space in which to live, homeWORD's projects create a palpable sense of place for tenants. "People are proud to live in our communities. The beauty of where you live translates into many parts of your life."

Home Matters matters

Home Matters began as a partnership dedicated to modeling best practices in energy-efficient, affordable housing in southeast Minnesota. Three Rivers Community Action, Northfield Housing and Redevelopment Authority, RENew Northfield, Blue Cross and Blue Shield of Minnesota Foundation, and Greater Minnesota Housing Fund quickly realized that changes in the housing market offered another opportunity for the partnership: neighborhood stabilization.

"Our initial concept was to demonstrate how to create healthy, green, and affordable housing in a neighborhood of Northfield. The unfortunate rise in foreclosure rates allowed us to contribute to stabilizing neighborhoods around the area," says Jenny Larson, community development director of Three Rivers Community Action.

Home Matters uses funding from partners to renovate foreclosed homes and incorporate affordability and green features into otherwise unloved properties. At a model home at 311 Cherry Street in Northfield, the partnership's outreach arm offers tours, seminars, demonstrations, and other events to educate the community on healthy and green renovation. To date, more than 300 people have attended events at the model home. The Home Matters blog at www.home-matters.org features articles and updates about green construction, indoor air quality, and local events on sustainability and affordable housing.

Gap financing, down payment assistance, homebuyer education, and assistance from funding partners including the Greater Minnesota Housing Fund, the Federal Home Loan Bank of Des Moines, Minnesota Housing, and Northfield Housing and Redevelopment Authority help people with incomes below 80 percent of the statewide median become homebuyers. But one ongoing challenge is that while partner organizations and state programs provide financing options to assist buyers with the upfront costs of purchasing a home, the buyers may end up struggling with monthly utility bills, especially in cold winters.

According to Larson, by balancing the purchase costs with the long-term operating costs and benefits, Home Matters enables families to continue to prosper while owning a home. That, in turn, helps stabilize neighborhoods.

"There is always a balance between up-front cost and long-term health benefits and energy savings in selecting improvements for the renovations," she says. "We determine a budget for every renovation and make decisions within that budget that address our priorities of health, safety, energy efficiency, and stabilization."

Innovative and cost-saving technologies in Home Matters' properties include solar water heaters, an air-source heat pump, Energy Star appliances and SolaTube lighting, and upgraded insulation. Green features that are not necessarily cost-saving but contribute to community goals of being more environmentally friendly include cabinets built of lyptus—an easily replenished hardwood product made from eucalyptus trees—and a kitchen floor made of marmoleum, a natural material made from linseed that resembles linoleum. Home Matters also focuses on reducing allergens to improve air quality and lower health care costs for homeowners.

"Not all remodels will have all of these features, but all our new homeowners will experience much lower operating costs than your average home. We're preventing empty homes from turning into blighted neighborhoods, and we're turning households into homeowners," says Larson.

Other community organizations are beginning to follow suit. First Homes, an organization in Rochester, Minn., dedicated to affordable housing for first-time buyers, has begun using Home Matters as a model in its purchase of foreclosed properties in downtown Rochester. Out of nine purchased properties, First Homes has renovated seven and sold one. Through Home Matters, Three Rivers Community Action plans to purchase and renovate ten homes in Northfield and twenty additional homes throughout southeastern Minnesota in 2010 and 2011.

Straw bales and SAFE Homes

For tribes in South Dakota, North Dakota, Wyoming, Nebraska, and Iowa, green construction not only builds affordable housing—it builds communities that respect local resources.

In 1994, Native Americans from 15 tribes in the Northern Great Plains formed the Intertribal Council On Utility Policy (COUP) to address utility- and telecommunications-related issues and their role in achieving the goal of more resilient communities. In 2003, working with Greenweaver, Inc., One World Design, and the Development Center for Appropriate Technology, the Intertribal COUP formed Sustainable Affordable and Efficient (SAFE) Homes and its Train-the-Trainers program.

SAFE Homes helps the Intertribal COUP participating tribes address rising energy costs and unemployment. The Northern Plains region experiences a 150-degree annual temperature range; thus, energy needs and expenses for homes are great. The high unemployment rate on many reservations also poses a formidable challenge to the Intertribal COUP's goal of building prosperous communities through sustainable housing.

SAFE's Train-the-Trainers program provides experts on sustainable housing technologies to train the instructors at tribal colleges' building-trades programs. The program focuses on straw bale construction, a building method in which modular, high-density bales of straw are used to form the walls of a structure. The walls are then plastered or stuccoed to create a sealed, smooth finish. The Train-the-Trainers classes cover all aspects of straw bale construction, from blueprint analysis to hands-on building. Students even construct entire homes and in 2009 provided the campus of Sinte Gleska University in Mission, S.D., with a new Buffalo Management Program house.

"It makes sense to have the college's buffalo management program, which tries to bring the buffalo back in a sustainable way, to be housed in a sustainable way with local clays and local resources," says Bob Gough, secretary of the Intertribal COUP. "The building reflects the local environment and local values and puts housing back into the hands of the community."

Straw bales are an abundant local resource in the Northern Plains and are one of the most efficient and inexpensive forms of insulation available. Overall, the up-front costs of straw bale construction are similar to those of conventional construction, yet the potential for long-term energy, health, and environmental savings is immense. By using a locally sourced material that keeps long-term costs down, the Intertribal COUP hopes to prevent the transfer of local wealth from reservation communities.

"Straw bale houses aren't just affordable in up-front costs—they can save 70 to 75 percent in energy costs. This keeps money in local people's pockets from month to month," says Gough.

Federal housing programs administered through the U.S. Department of Housing and Urban Development and U.S. Department of Agriculture support and fund straw bale housing. SAFE Homes funding partners also include the U.S. Department of the Interior's Office of Indian Energy and Economic Development, the South Dakota Community Foundation, and the Untours Foundation.

According to Gough, "The government allocates a little over a million dollars per tribe per year for housing, and we're looking at using local resources to keep dollars and jobs in the local community." He adds, "Everyone on the Rosebud reservation appreciates that we're not just coming to build a house and leaving, but we put skills and knowledge in the hands of local teachers who will be there long after we leave."

Fulfillment through innovation

As the organizations profiled here demonstrate, green innovations in affordable housing are gaining a foothold in the Ninth District. HomeWORD's award-winning efforts in Montana illustrate ways to bring green technologies and creative land use to affordable rental housing. Home Matters in southeast Minnesota combines creative financing and public education with sustainable technologies to enrich the lives of not only new low-income homeowners, but the community at large. The Intertribal COUP's SAFE Homes Train-the-Trainers straw bale construction program brings income and revenue to tribal communities and skilled jobs to tribal college and university students.

From solar water heaters to straw bale walls, community development organizations are using technology and energy-efficient materials to fulfill their dedication to long-term housing cost reduction, neighborhood stabilization, expanded work opportunities, and healthy living. Green housing may present more up-front costs for community development professionals and builders, but the long-term savings can help them more than recoup those costs while providing low-income families with affordable places to call home. cd

PHOTOS COURTESY OF HOMEWORD

Green affordable housing projects in the Ninth Federal Reserve District include Orchard Gardens (top) and Equinox (above and at left), both developed by homeWORD, a Montana-based nonprofit organization. The two projects, which are located in Missoula, Mont., target households that earn 50 percent or less of the area median income. Environmentally friendly features of both properties include photovoltaic systems, energy-efficient windows, water-conserving plumbing features, Energy Star appliances, and the use of sustainably harvested lumber and recycled building materials.

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Sources: New Ecology, Inc., and the Tellus Institute, 2009; *The Costs and Benefits of Green Affordable Housing,* published by New Ecology, Inc., and The Green CDCs Initiative, 2005.

News and Notes

Federal government releases plan to end homelessness

The United States Interagency Council on Homelessness (USICH), a body made up of Cabinet-level and other senior representatives from 19 federal agencies, has released a comprehensive plan for ending homelessness in America. *Opening Doors: The Federal Strategic Plan to Prevent and End Homelessness* is structured around four main goals: finishing the job of ending chronic homelessness in five years; preventing and ending homelessness among veterans in five years; preventing and ending homelessness for families, youth, and children in ten years; and setting a path toward ending all types of homelessness. The plan outlines ten objectives and 52 strategies for accomplishing the goals. In addition, it provides an overview of homelessness in America, a discussion of the data sources used to inform the plan, and a description of the immediate next steps for the USICH and its state and local partner agencies to follow. To download the plan, visit www.usich.gov.

Beware of some payday loan alternatives, report says

Some financial products offered as payday loan alternatives are as expensive as payday loans or more so, according to a report from the National Consumer Law Center (NCLC).

A payday loan is a short-term, high-cost loan that is secured by the borrower's next paycheck. Payday loans typically have terms of about 14 days, carry high APRs (annual percentage rates) of up to 782 percent, and require balloon payments. These features can lead to repeat borrowing in which the consumer's debt escalates. Most payday lending takes place at nontraditional financial establishments, such as storefront check-cashing outlets. In recent years, many mainstream banks and credit unions have begun offering short-term loans, cash advances, and other financial products that are often touted as safer, less expensive alternatives to payday loans. However, as the NCLC reveals in *Stopping the Payday Loan Trap: Alternatives That Work, Ones That Don't*, some of the "safe" products are essentially payday loans called by another name.

The report's authors examined 119 payday loan alternatives offered by a mixture of 114 national, regional, and community banks and credit unions. They evaluated the products according to four criteria set by the NCLC: carrying an APR (including fees) of no higher than 36 percent; having terms of at least 90 days, or one month per $100 borrowed; requiring multiple installment payments instead of one balloon payment; and not requiring that borrowers provide the lender with a post-dated check or electronic access to their checking accounts.

The researchers rated 45 of the 119 products "Genuine Payday Loan Alternatives and Ones That Come Close." An additional 16 products received the rating "Better Than a Payday Loan But Still Problematic." The remaining 58 products—almost half of the total—received the rating "A Payday Loan by Any Other Name." All of the products in the last category featured loan terms of 45 days or less and triple-digit APRs. According to the NCLC, the most expensive of these products were bank and prepaid card direct-deposit account advances offered by a few of the largest national banks.

The report is available at www.nclc.org.

Fed creates online database of credit card agreements

The Board of Governors of the Federal Reserve System has launched an online database of consumer credit card agreements from more than 300 card issuers. Created as a provision of the Credit Card Accountability, Responsibility, and Disclosure Act of 2009, the database includes the full text of agreements from credit card issuers that have 10,000 or more accounts. Smaller card issuers, which represent just a fraction of all accounts, are exempt from submitting their agreements for inclusion. The database is intended to help consumers compare the terms of credit card agreements and find a card that meets their needs. The contents of the database are updated on a quarterly basis. For more information, visit www.federalreserve.gov/creditcardagreements.

NeighborWorks Montana receives Top Producer award

A Ninth District community development organization has received a 2010 NeighborWorks® America Top Producer award for outstanding performance in strengthening communities. NeighborWorks Montana, which is located in Great Falls, received Top Certifications of Homebuyer Education honors in the Homeownership Education and Promotion category of NeighborWorks America's annual CEO Awards program. The award recognizes NeighborWorks Montana and its 26 Montana-based partner organizations for delivering first-time homebuyer training throughout the state.

NeighborWorks America is a nationwide network of more than 230 affiliated community development organizations that are dedicated to promoting access to homeownership and safe and affordable rental housing.

Brookings launches two interactive data tools

The Brookings Institution recently launched two online, interactive applications that depict an abundance of socioeconomic data. The first application, the State of Metropolitan America Indicator Map, uses the latest data from the U.S. Census Bureau's American Community Survey to portray key dimensions of demographic change for the nation's 100 largest metropolitan areas. Users can customize the map's display by selecting from an array of more than 300 social, demographic, and economic characteristics. The map will be updated annually as new Census Bureau data are released. To try out the map's features, visit www.brookings.edu/metro/StateOfMetroAmerica.aspx.

The other new application, EITC Interactive, provides ZIP Code-level data about tax returns and EITC (Earned Income Tax Credit) recipients throughout the United States. Users can create spreadsheets and maps by selecting from multi-tiered menus of geographic locations and tax-related variables. EITC Interactive also features a User Guide and Data Dictionary section that explains the site's workings and terminology. To explore the application, visit www.brookings.edu/projects/EITC.aspx.

Calendar

2011 Fed Community Affairs Research Conference

SAVE THE DATE!

The Changing Landscape of Community Development: Linking Research with Policy and Practice in Low-Income Communities

The Federal Reserve's Seventh Biennial Community Affairs Research Conference, April 28–29, 2011, Arlington, Va.

Highlighting new research that can directly inform community development policy and practice and that points the way to a more inclusive vision of sustainable economic recovery. For additional information, visit www.frbsf.org/community/2011ResearchConference.

Money Smart Week Wisconsin. October 2–9. A statewide effort to promote financial education, with events scheduled in multiple cities. Sponsored by the Wisconsin Department of Financial Institutions and the Federal Reserve Bank of Chicago. Additional information: visit www.moneysmartwi.org.

26th Annual Conference on Policy Analysis—Rethink, Restructure, Retool: Building a More Resilient Minnesota. October 13, St. Paul, Minn. Sponsored by the University of Minnesota College of Continuing Education, the Economic Resource Group, the University of Minnesota Center for Urban and Regional Affairs, the Citizens League, Hamline University School of Business, and the University of Minnesota Hubert H. Humphrey Institute of Public Affairs. Additional information: visit www.cce.umn.edu/policyanalysis.