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Immigrant and Minority Entrepreneurship in Federal Community Development Programs

By

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Professor Julian C. C. Chow, Chair
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Abstract

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This study is about the role of immigrants and minority businesses in a recent community development initiative administered by the US Department of Housing and Urban Development (HUD). The Federal Renewal Community, Empowerment Zone and Enterprise Community (RC/EZ/EC) programs spanned the Clinton and Bush administrations and promised to be a synthesis of the two poles of community development policy in that the Federal government would invest in people in a particular place. The regulatory goals of this program are to develop community and faith-based partnerships, promote economic opportunity and advance sustainable community development. Local governments applied for and won the first wave of 8 EZ and 65 ECs in 1994. Later HUD designated 15 urban EZs in 1998 and in the year 2001 designated 8 EZs and 40 Renewal Communities. Meanwhile, the immigration to the US had increased dramatically through workers, refugee inflows and family reunification.

How did the RC/EZ/EC program that was targeted to neighborhoods with high poverty and unemployment incorporate immigrants compared to native born? The introduction reviews the evolution of the program in the context of community development and entrepreneurship in the United States. The introduction also describes specific program components using a

typology of four types of communities 1) those with high immigration and services targeted to immigrants; 2) those with low immigration and no services targeted to immigrants; 3) those with high immigration but without services targeted to immigrants and 4) those with low immigration but services targeted to immigrants none the less.The most interesting finding from the analysis of the reports is that about one third of low immigration communities actively recruit immigrants and immigrant entrepreneurs in their community economic development strategy.

The second chapter asks if there a policy treatment effect of the EZECs compared to the rest of the county on entrepreneurship controlling for the jobs housing imbalance and longitudinal immigration trends. The rate of native born entrepreneurs in wage credit EZs increased 14 to 24% from 1990 to 2000 holding other variables constant (N=134). In regards to the impact of the EZEC on the jobs housing imbalance, there was a 6 to 17% reduction in target areas compared to the rest of the county holding other variables constant (N=162). The third chapter compares changes from 1990 to 2007 in business and non-profit establishments in RC/EZ/ECs in California, chosen because it is a high immigration state, and Tennessee, a low immigration state, using the National Establishment Time Series Database. T here was a 25% increase in jobs for businesses with five or fewer employees in the wage credit areas during the wage credit period holding pre-intervention levels and trends for control and other treatment groups constant. However, minority businesses in California in wage credit areas experienced a 15% reduction in job growth holding other variables constant. The biggest effect size was a doubling of new wage credit eligible businesses in wage credit areas. On the other hand, the retail sector experienced a one time 30% reduction in new firms. For businesses with five or fewer employees, there was a 23% increase in new businesses holding other variables constant, but this was accompanied by a 3% reduction in the rate of new business formation. Minority businesses in Tennessee also saw a 115% increase in new businesses.

The last section concludes with recommendations for theory, research and policy. In particular, the Obama Administration has no plans to continue the RC/EZ/EC program. The new urban program is called the Sustainable Communities program and this is tied to parallel programs in the Department of Transportation and the Environmental Protection Agency. While the emphasis on sustainability can recover a missed opportunities in the EZ/EC principals, the shift to a regional planning approach may lead to disinvestment in low income neighborhoods that are not well connected to transit. Overall, the while the literature is mixed on the impact of the RC/EZ/EC program on neighborhoods, my research adds to the literature that argues that the program has a net social gain. However, additional outreach, training and credit strategies are needed to reach immigrant and minority entrepreneurs.

This dissertation is dedicated to the thousands of entrepreneurs, bureaucrats and street saints who spent part of their career participating in the Empowerment Zone, Enterprise Community or Renewal Community program.

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Chapter 1: Introduction

1.1 Introduction

Has community economic development planning in federal programs kept up with changes in immigration patterns? This study examines the impact of federal sustainable community-development initiatives on immigration, entrepreneurship, and employment. These programs attempt to revitalize an inner city characterized by concentrated poverty, residential segregation, and an asymmetry of information, power, and resources. The US Department of Housing and Urban Development (HUD) administered the Renewal Community, Empowerment Zone, and Enterprise Community programs (RC/EZ/EC) from 1994–2010. These place-based initiatives target a set of census tracts that have high poverty, high unemployment, and other criteria. Program participants sent proposals to HUD, identifying neighborhoods after an intensive strategic-planning process to come up with sustainable community-development strategies to create jobs, build housing and improve social services.

Congress delivered the US Department of Housing and Urban Development this strange bedfellow program that married the Democratic Party's model cities and the Heritage Foundation's economic development program of choice, the Enterprise Zone. This Empowerment Zone/Enterprise Community program is loosely inspired by the following assumptions about the decline of inner cities.

- The urban village has lost its spirit and needs to be rebuilt. The self-help tradition in communities from de Tocqueville to Booker T. Washington to the Black Panthers would argue that the urban village has resources of its own to bring to the table and sometimes the Mayor and Council just get in the way.
- Concentrated poverty was driven by white flight and loss of industry. By investing the social, political, and human capital in once-thriving neighborhoods, people residing in poor areas will have both skills and physical access to jobs.

However, observed human migration patterns challenge these assumptions. For example, spatial access of African-Americans to local jobs improved nationwide in the 1990s because they followed jobs to suburbs (Martin, 2004; Raphael and Stoll, 2002). Are immigrants [1] replacing these lost inner-city residents? Recent reports suggest that consumer demand and labor supply from immigrants stimulate economic development in gateway cities (Bowles and Colton, 2007). Although many gateway cities participated in the RC/EZ/EC program, the empowerment zone and renewal community statutes do not explicitly mention immigrants and minorities. With no direction from Congress, it was up to local governments to decide if and how to incorporate immigrants into their local development strategies. Although participating jurisdictions since 1996 include neighborhoods in over 120 metro areas, this dissertation focuses on those in California, a state with high immigration rates, and Tennessee, a state with low immigration rates. This study concludes with reasons why policy makers might want to make inefficient investments in undesirable places as opposed to investing directly in poor people with better education and vouchers for housing, transit, or food. For example, investing in poor places with immigrants—especially those with limited English-language proficiency—may help compensate for statutory exclusions to services and income-transfer programs and prevent long-term deficits in economic output and health. With three waves of federal benefits over a 15-year period, research can analyze the differential impact of these policies on job creation, entrepreneurship, and access to jobs by identifying areas matched to selection characteristics.

This dissertation begins to answer these questions:

1. How do local governments incorporate immigrants into their community economic development strategy?
2. Did the immigrant and immigrant entrepreneur population in the RC/EZ/EC areas increase? Did the jobs–housing imbalance improve?
3. What observable impact did the RC/EZ/EC program have on changes in jobs, businesses formation rates, and preventing business failure rates? Is there a difference for minority businesses and non-profit businesses?

Each chapter of this dissertation addresses these three broad questions, one by one. The results are relevant to policy makers and planners who wish to improve programs designed to revitalize low-income communities. The results are also of interest to social scientists who study immigration and community change or who grapple with the methodological problems of observational studies. It is also of interest to social workers who have been providing services to help immigrants resettle since the Charity Organization Society.

This dissertation consists of five chapters. The introduction describes the evolution of place-based community-development initiatives in the context of theories of immigrant and minority entrepreneurship, social capital, and organizational-change literatures. The second chapter

[1] In this study, **I** use the word "immigrant" to refer to someone who is foreign born of parents who are not United States citizens. By minorities, **I** mean African-Americans, Latinos, and Asian-Americans who are not natively born in the United States.

develops a typology of the RC/EZ/ECs based on the immigration rates and the incorporation of immigrants in the strategic plans and annual reports submitted by the local governments to HUD. The third chapter shares findings from a pilot study on immigration and the jobs housing imbalance in RC/EZ/ECs as reported in the 1990 and 2000 census. The fourth chapter analyzes the differential impact of different variants of the program on jobs, business founding rates, and business failures for eligible firms, minority, businesses, and non-profit organizations. The fifth chapter closes with recommendations for federal policy regarding the proposed extension of RC/EZ/EC programs in the context of the Obama administration's evolving Sustainable Communities initiative and Choice Neighborhoods initiative.

1.2 Literature Review

1.2.1 Defining the Problem of the Inner City: Why Do Urban Neighborhoods Change and How Can Policy Respond?

The neighborhood-change literature in sociology and economics is primarily concerned with large-scale social processes that produce residential segregation or neighborhood decline in population and housing values. In sociology and demography, the neighborhood-change literature has its roots in human ecology. The early theory that dominated neighborhood-change literature and sociology was called "invasion and succession theory," which saw a change in neighborhoods caused by outsiders moving into homogenous neighborhood leading to its eventual demise. Human ecologists of the Chicago School such as Hawley, Park, and Duncan used the metaphor of a biological organism and applied it to a bioregion (Schwirian, 1983), and these theories evolved into lifecycle model (Hoover and Vernon, 1959). Broadly speaking, new incomers such as immigrants recycle the housing stock that others have left behind and create community renewal.

Muller's *Immigrants and the American City* (1993) introduced the concept of the "Gateway City" to the literature on immigration. He argues that immigration has been the primary factor in stimulating the economic growth of American cities and finds that it has benefited native-born individuals, including African-American native-born families. The decline of former immigrant gateways such as Detroit, Baltimore, and Cleveland is the result of caps in immigration during the 1920s. The Immigration Reform and Control Act of 1990 liberalized immigration and created opportunities for economic growth in inner cities because newcomers are willing to live in smaller housing stock, be self-employed, or work in labor-intensive industries with irregular hours. Singer (2004) extended this concept by distinguishing Former, Continuous, Post World War II, Emerging, Re-Emerging, and Pre-emerging immigrant gateway cities. In the new immigrant gateways, the latter three types—Emerging, Re-emerging, and Pre-emerging—new residents are from Asia or Mexico, poorer than native-born persons, and have lower English-language proficiency and lower Citizenship rates. Immigrants in Continuous and Post World War II gateways experience poverty at a level equal with native-born individuals, but still struggle with limited English-language proficiency.

In economics, neighborhood change work references Schilling (1969) and his model of residential segregation. In this simulation model, even small preferences to live with people of the same race produce residential segregation patters over time. Recent work suggests that homeowner preferences for segregation still drive neighborhood change. Saiz and Watcher (2006) find that immigrant areas have lower housing appreciation driven by native preferences for residential segregation over and above housing quality preferences. Card et al. (2008) agrees that homeowner discrimination drives residential discrimination and estimates that the tipping point in a neighborhood for native whites to leave is when it reaches between 5–20% minority depending on the region. Card et al. (2008) disagrees that these outflows have a substantial impact on housing values or rents.

At the level of the regional economy, competition between cities should lead to efficient service delivery while creating disparities. For example, Tiebout (1956) developed an idealized model of competition between cities in which households decide where to live based on a bundle of housing products and local services. As families' incomes rise, they trade up for larger housing stock available in low-density suburbs because they prefer larger lawns and dislike the negative externalities of large employment center, but are indifferent to longer commutes. The poor, on the other hand, collectively outbid the wealthy to remain in inner cities and be close to work. As more families purchase low-density housing to be away from work, this creates a jobs/housing imbalance known as "spatial mismatch" (Kain, 1968; 1992). According to Wilson (1987), spatial mismatch leads to racial segregation and concentrated poverty. For example, Martin (2004) found that although spatial mismatch declined nationwide from 1970–2000, most households tended to move away from new employment growth areas except for African-American residents. Since jobs did not come to African-American people, the people followed jobs to the suburbs. Tiebout would argue that the latter preferred shorter commutes and denser housing situations. The result of spatial mismatch and residential segregation is that local governments declining in population have a low tax base and high cost burden of services. Many local governments use scarce resources to bring industry back, if not to end poverty but to improve revenues.

In contrast, although Quigley (1995) agrees that concentrated poverty, segregation, and housing discrimination are critical issues for urban policy, he argues that firms and households should be free to find the best location to meet their preferences. He warns against public subsidies to firms to locate in locations that do not meet business needs, and like Wiecher, is skeptical about place-based housing subsidies. That being said, he admits that diversity of urban form in the regional economy does have problems such as congestion and long commuting times that would not be solved by investments to poor people or antidiscrimination enforcement.

In summary, in the United States, community development has been the counterpoint of other antipoverty programs that focus on investments in poor people. Ladd (1994) summed the range of economic development strategies as people-based, place-based, or a combination of the two: a place-based people strategy. People-based strategies support the incomes, education, and housing of families in need. Examples include traditional income supports such as general assistance, Social Security, or the Earned Income Tax Credit (EITC). School and housing

vouchers may be more efficient, but these programs can result in families moving to a neighborhood outside of the local government that is trying to stabilize outmigration. Place-based strategies, on the other hand, focus on a piece of land or a poor neighborhood. They range from public infrastructure investment, community capacity building, or location-specific tax incentives. The next section of this chapter describes the evolution of community development in the United States in the context set out by urban economics and neighborhood change.

1.2.2 Poor People or Poor Places: The History of Community Development in the USA

Federal urban development policy in the 20th century had three major waves of place-based initiatives to address the decline of inner cities. First, urban renewal in the 1950s improved infrastructure, but was criticized by displaced residents. Second, the Model Cities program and other antipoverty initiatives of the 1960s allowed inner-city residents to design and control federal redevelopment funds under the auspices of faith and community-based organizations. Finally, after the 1980s, HUD shifted focused from the Urban Development Action Grants to the EZ/EC initiative. This grew from ten years of state-level experimentation with enterprise zones, a generic economic development approach originated by Sir Peter Hall that targets industry in poor places with regulatory relief or tax incentives.

The historical precondition for the first wave of place-based initiatives was a response to changes in housing policy that made it affordable for the middle class to buy new homes. In the 1930s, the foundation of the Federal Housing Administration (FHA) and the Fair Housing Act made attempts at progressive housing policy. The primary impact of FHA is a self-amortizing mortgage coupled with mortgage insurance for low- and moderate-income homeowners. Before FHA, most Americans rented homes simply because banks essentially gave interest-only loans. With self-amortization, homeowners could pay a little bit of the principle each month and turn the home into an equity investment. With a guarantee from FHA, homeownership became a reality for low- and moderate-income families. The Fair Housing Act made housing discrimination a crime, but it is unclear if this has had any impact on residential segregation. A convergence of federal policy, professional practice, and cultural prejudice institutionalized residential segregation. In the public sector, FHA published discriminatory policy guidance to lenders on which minority neighborhoods should be excluded from mortgage insurance, a practice called *redlining*. Meanwhile, in the market, the real estate code of ethics prohibited members from selling homes to persons that may change the character of the neighborhood. Finally, in the social sector, many homebuilders included racially restricted covenants on deeds to prevent persons of a different race from buying the property in the future (Kain, 1968, 1992; Quigley, 2000; Thompson, 2006).

Although homeownership was now affordable to the working class, commuting times to the new suburbs were still undesirable. Suburbia would require a massive transportation infrastructure to make the American dream come true. In order to enhance civil defense in case of a nuclear attack, the Eisenhower administration built a set of highways modeled after the German autobahn. Industry was encouraged to decentralize, and the freeways made living in the

suburbs and working in the city center a reality. The neighborhoods left behind became targets for the Urban Renewal program of the 1940s and 50s, early examples include the West End of Boston and Southwest Washington, DC. In both cases, large areas of the city were completely bulldozed. The residents were evicted through eminent domain and moved to public housing in inner-ring suburbs. Cities replaced historic neighborhoods with modernist architecture, single-use planning, and freeways. Critics referred to these as Negro removal programs. Consequently, the conflict created by massive relocation inspired popular movements and social action that gave birth to a new way to perform federally assisted community development: the Model Cities program.

This second wave of place-based initiatives was just one of several prongs of President Johnson's War on Poverty, and it was primarily the invention of African-American communities. Reverend Walter Fauntroy, US Representative from the District of Columbia and pastor of New Bethel Baptist Church in the Cardozo-Shaw neighborhood, convinced Johnson to develop the Model Cities program (Personal Communication, 2003). Cardozo-Shaw became the first model city. Rather than relying on professional planners in city hall, Fauntroy argued that the model city —a coalition of faith-based organizations, nonprofit organizations, and block clubs—should be able to hire its own planners and direct funding accordingly. This War on Poverty program was conducted in parallel with the Mobilization for Youth, a program where social workers organized youth in public housing and urban neighborhoods to advocate for social change. Similarly, the Community Action Agency program, a funding stream from Health Education and Welfare, allowed non-profit organizations to receive an annual grant from the federal government to fund community-based social services without having to get approval from the state or local government. The Economic and Opportunity Act cosponsored by Senator Daniel Patrick Moynihan of New York funded these programs and required the maximum feasible participation of stakeholders. This optimism was rooted in the philosophy that community residents know best what the community needs. In the 1960s, it became a given that community participation would be necessary to win the War on Poverty in inner cities (Halpern, 1995; Simon, 2001).

These programs helped give rise to Community-Development Corporations (CDCs). These community-based organizations developed resident block clubs, advocated for neighborhoods, and developed affordable housing. For example, Senator Robert Kennedy promoted the Bedford Stuyvesant CDC as an example of how community leaders could develop affordable housing (O'Connor, 1999). Although these programs created organizations that exist to this day, the direct federal-to-community agency funding stream led to intrajurisdictional conflict that exacerbated partisan politics and undermined the ward-by-ward political machine of urban America. Because mayors objected to the lack of control they had over these funding streams, they persuaded the federal government to abandon them. The 1960s closed with the founding of the US Department of Housing and Urban Development, which was simply a consolidation of the Urban Renewal Agency, the Fair Housing Administration, the Federal Housing Administration, and Public Housing. That being said, a cabinet-level agency focused on housing and community development provided legitimacy to the field and lead to the creation of analog departments in state and local governments to administer funding from this new agency

(O'Connor, 1999).

Charitable foundations would not be left out of community development in urban America. In the 1960s, the Ford Foundation, newly staffed with idealistic graduates from top universities, decided to launch the Gray Areas Program. This area-based program, a precursor of the Comprehensive Community Initiative (CCI), selected parts of cities that were at risk of becoming distressed. The foundation funded activities on a three-year cycle and involved community residents in selecting projects to fund. Since many of these areas contained community leaders who were Marxists, black nationalists, or other embarrassments to high society, the principals of the Ford Foundation found themselves in a public-relations nightmare and canceled the Grey Areas program (Halpern, 1995; O'Connor, 1999). Although Leonard Bernstein got away with a Manhattan fundraiser for the Black Panthers, the Ford family—whose money came from the automobiles of urban sprawl—could not afford to be associated with any version of Afrocentric movements.

When President Nixon assumed the reins of the federal government, maximum feasible participation went out in the return to a city government–centered community development, and the policy agenda shifted from places to people. The War on Poverty programs were consolidated into the Community Development Block Grant (CDBG), an entitlement to state and local government based on population, income, and the age of the housing stock. While community participation remained a requirement to use these monies, the final decisions returned to city hall, with oversight by council and mayors. At the same time, affordable-housing assistance shifted from supporting new construction to a market-based consumer subsidy: the Section 8 program now known as the Housing Choice Voucher (HCV). These vouchers, distributed by cities' Public Housing Authorities, allowed a low-income person to make up the difference between a proportion of income and fair-market rents established by HUD each year. CDBG retained some of Model Cities' area-based emphasis in that expenditures must be inside the grantee city's boundaries and the regulations encourage investments in low- and moderate-income census tracts. However, the HCV was portable and allowed poor families to move from a poor area to one that was not. Nonetheless, using HCV is contingent on finding a seller in the marketplace who was willing to become certified by HUD and agree to not discriminate based on race and other protected classes (O'Connor, 1999; Thompson, 2006).

The Reagan administration primarily focused on programs for poor people, such as the EITC in 1986. However, as part of the same restructuring of the tax code, affordable-housing policy added a place-based supply-side subsidy through the tax system called the Low-Income Housing Tax Credit. On a per-capita basis, the federal government allowed states to offer tax credits to developers, provided that they set aside units for low- and moderate-income persons. Preferences were given to poor neighbors, which critics argued perpetuated concentrated poverty. CDCs, which by this time had a 20-year history of nonprofit housing development, found in this program a new injection of capital. It gave birth to a new industry of tax-credit syndication and affordable-housing intermediaries. These organizations, such as the Local Initiatives Support Corporation (LISC) and the Enterprise Corporation, helped local non-profit housing developers sell tax credits to investors such as banks and wealthy individuals with a tax liability. These

nonprofit intermediaries obtained their revenues by taking a small cut of the deal, and they also provided consulting and monitoring services to that ensure the housing remains affordable (O'Connor, 1999; Quigley, 2000; Thompson, 2006).

In the late 1980s and early 1990s, policy changes and enforcement of the Community Reinvestment Act (CRA) lay the groundwork for the third wave of place-based initiatives. The CRA brought changes to the financing of inner-city neighborhoods. Since banks were required to report on the lending to minorities families and businesses and these data were published annually for public consumption, organizers at CDCs were able to shame them into lending or opening up branches in low- and moderate-income communities (Simon, 2001). These initiatives —in part or in combination with massive infrastructure investments in public transportation or public building—saw the revitalization of downtowns and urban neighborhoods in such places as Harlem New York, the old Bank District in Los Angeles, Cleveland's Midtown, Fell's Point in Baltimore, Dudley Street in Boston, and Gaslight Village in San Diego. Each of these would be designated Empowerment Zones or Enterprise Communities.

After almost 20 years of federal policy focusing on individual investments, the 1990s saw the return of a model city-style program with Empowerment Zones and Enterprise Communities (EZ/EC). These community-based planning areas are combined with tax incentives based on Peter Hall's Enterprise Zone program. Meanwhile, a variant of the Ford Foundation's Grey Areas program emerged, called the Comprehensive Community Initiative (CCI), which provided seed money for capacity building at the local level (Ladd, 1994; O'Connor, 1999; Spencer, 2004). This time, the supporting foundations included the Annie E. Casey Foundation, the Packard Foundation, and the Aspen Institute. Because these area-based programs were geographically bound by precise census tracts or other delineations, they lent themselves not only to qualitative program evaluation methods referred to as the “theory of change model,” but also to quasi-experimental econometric evaluation, giving researchers the ability to estimate its impacts in a way only previously done for programs targeted to individuals (Coulton & Hollister, 1998; Milligan, Coulton, York, & Register, 1998; Rossi, 1998). The next section describes this program in detail, discusses the results of evaluations, and discusses the opportunities and drawbacks of quasi-experimental design.

1.2.3 History of the RC/EZ/EC Program

The EZ/EC program developed in the 1980s and 1990s when Jack Kemp (1990), a former Republican US Congressman and Secretary of Housing and Urban Development, advocated for a national Enterprise Zone program that would designate areas free of the capital-gains tax. He noted that 37 states had already enacted similar programs with some success. These states provide tax incentives to businesses to hire workers and purchase capital stock. Finally, a business incentive program advocated by Republicans that had languished for years in a Democratic Congress became law when the Clinton White House asked Congress to supplement it with large cash grants and community-based strategic planning reminiscent of President Johnson’s 1960s-era Model Cities program. Kemp’s dream was realized after the Clinton

administration took the White House and designated eight Empowerment Zones and 65 Enterprise Community Initiatives in 1994. In addition to tax incentives, the package added $1,000,000,000 in grants for social services and economic development and also required a strategic plan with substantial community participation (Lavin & Whysall, 2004). In 1997, HUD designated 15 additional EZs with smaller economic development grants and tax incentives that started in 2001. Later in 2001, HUD designated eight Round III EZs and 40 Renewal Communities (HUD, 2006).

*Selection Procedures***.** In the EZ/EC program, local governments prepare a strategic plan for sustainable community development with substantial participation from neighborhood residents and other stakeholders. The original EZ regulations enshrined four core strategic planning principles: 1) a strategic vision for change; 2) community-based partnerships; 3) economic opportunity; and 4) sustainable community development (24 CFR Part 597). The first part of the strategic plan is essentially a mission statement for the EZ/EC. The second part asked that communities conduct a community- asset assessment in order to develop a measurable project plan. This assessment in the strategic plan was to document community-based partnerships from all sectors of the community, including government, businesses, religious organizations, environmental groups, and individual citizens. Immigrants and minorities are not mentioned in this section of the regulation. Third, the section on economic opportunity was to highlight entrepreneurship, access to capital, and job-creation activities. The impulse behind these principles was a belief that agglomeration in cities created a scale economy and that it would be more efficient to invest in places with existing infrastructure. Finally, the fourth section, sustainable community development, included provisions to clean up brownfields, use renewable energy, build affordable housing, provide social services, and improve transportation. Another link to sustainability is the EZ wage credit, which promoted hiring local workers to improve the employability of residents and reduce costs associated with commuting.

With regards to quantitative eligibility criteria, the Round I and II EZs chose an area comprised of census tracts with at least 20% poverty, persistent unemployment, and high unemployment for more than one decade. Nine out of ten of these tracts were to have at least 25% poverty. In the Renewal Community program, Congress specified that unemployment be at least 150% of the national average, or about 9%. Since the population of the RC/EZ/EC could not exceed 200,000 persons, local governments made strategic decisions about which distressed neighborhoods to include. (See Table 1 for more details on selection criteria.)

Not only did the RC/EZ/EC have to meet objective eligibility thresholds, selection also included a subjective assessment of the strategic plan. The HUD Inspector General questioned the objectivity of the Clinton administration's selection of EZ/ECs in Round One, but did not require any changes (HUD OIG, 1995). However, Wallace (2003, 2004) found mixed results to support the theory that President Clinton and Congress influenced selection. For example, each member of the House Ways and Means committee that drafted the legislation ended up with EZ/ECs in their districts. However, reverse causation is possible in that members of HWM are likely to come from safe, Democratic seats such as poor neighborhoods. As the program grew, subsequent research on selection pointed out that the newer designees cities were no longer from the poorest

of the poor and arguably "lost focus" (Greenbaum & Bondonio, 2004). These studies give reasons why the difficulty of overcoming selection bias in any evaluation that attempts to assess the impact of the program.

Program Benefits. Benefits have changed with each of the three rounds, but have included social services and economic development grants, loan guarantees, and tax incentives. For example, the RC/EZ wage credit allowed a business to take up to $3,000 off its taxes for each employee it hired who lives and works in the designated area. This emphasis on place and people was a clear attempt to encourage living near work. On the other hand, RC/EZ/EC youth residents also qualified under the Work Opportunity Tax Credit (WOTC), which is targeted to other difficult-to-employ groups such as ex-offenders, the mentally ill, disabled, youth, homeless, or veterans. Although the tax incentive went to the business owner, the employee may also benefit indirectly through raises, benefits, or avoidance of layoffs. This was only true if the business owner had a different after-tax financial position without the incentive. Other tax incentives included tax-exempt bonds for large construction or infrastructure projects, various sales tax and income tax rebates for capital investments, and changes to eligible deductions or the depreciation schedule of equipment or buildings. The primary purpose of all these incentives was to stimulate economic output for the purposes of increasing the tax base for the local government.

Table 1: Summary of Selection Criteria (GAO, 2004).

	Urban EZ/EC		**Rural EZ/EC**		**RC**
	Round I	Rounds II and III	Round I	Rounds II and III	
Minimum poverty	35% in 50% of tracts and 25% in 90% of tracts and 20% in all tracts	25% in 90% of tracts 20% in all tracts	35% in 50% of tracts 25% in 90% of tracts 20% in all tracts	25% in 90% of tracts 20% in all tracts	20% in all tracts
Minimum unemployment rate	6.30%	6.30%	None	None	9.45%
Maximum population	200,000 or the greater of 50,000 or 10% of the population of the most populous city within the nominated area		30,000	30,000	200,000
Minimum population	None	None	None	None	4,000 if any portion is within a metro area, 1,000 otherwise
Maximum required area	20 square miles	20 square miles, with up to 3 developable sites	1,000 square miles	1,000 square miles, with up to 3 developable sites	None

Table 2: Summary of Urban RC/EZ/EC Benefits

Type of Designation	**Grants & Loans**	**Tax Incentives**
Round I EC	$3 million Social Services Block Grants each.	Work Opportunity Tax Credit.
Round I EZ	$100 million in Social Service Block Grants each.	EZ Wage Credit, Capital Gains, Increased Section 179 Deduction, EZ Tax Exempt Bonds.
Enhanced EC	Same as EC, but additional Section 108 loan authority.	Work Opportunity Tax Credit.
Supplemental EZ	No grants, additional Section 108 loan authority.	Same as EZ, but began in 2000.
Round II EZ	Economic development grants of about $15 million each.	Same as EZ, but began in 2002.
District of Columbia EZ	None.	Similar to EZ.
Round III EZ	None.	Same as EZ, but began in 2002.
Renewal Community	None.	RC Wage Credit, Capital Gains, Increased Section 179 Deduction, Commercial Revitalization Deductions began in 2002.

1.2.4 RC/EZ/EC Program Evaluations

In the 1980s, research began on State Enterprise Zones programs. Most treated the enterprise zone as a policy experiment and evaluated it using case studies, shift-share analysis, microsimulation, or a quasi-experiment that matched target areas to similar control areas. Early case studies involved surveys of businesses and zone administrators, subjecting them to criticism of bias and non-generalizability (Wilder & Rubin, 1996; Boarnet, 2001; Dowall, 1996; Ladd, 1994; Wilder & Rubin, 1996). Peters and Fisher (2004) spent a career analyzing EZs using a microsimulation approach. They estimated the impact of specific tax incentives in a given EZ on a hypothetical firm in terms of cash flow and internal rate of return. They concluded that few state programs were well targeted and had an impact on job creation.

Researchers have used different methods to develop a control group. For example, propensity score matching identifies areas with similar characteristics in order to isolate the policy impact in the non-control group controlling for variables such as race, poverty, unemployment, or vacancy rates (Dehejia & Wahba, 2002; Hartman, 2009; O'Keefe, 2004; Rosenbaum & Rubin, 1983). Matching within the same jurisdiction controls for unobserved differences across jurisdictions, but cannot be used if the EZ is the only distressed area in that jurisdiction, as is often the case. Consequently, others have built comparison areas from the losing applicants for an EZ designation in other jurisdictions in order to calculate the propensity score (Busso & Kline, 2006). Finally, some argue that matched-pair analysis does not adequately distinguish between policy effects and locational advantage, so they tested the differences between the EZ and adjacent tracts (Imrohoroglu & Swenson, 2006). The justification of any given approach is made by an appeal to econometric theory, logic, and an in-depth knowledge of the local conditions.

EZ evaluations estimated the impact of the program on inventory, real estate capitalization, wages, vacancy, and other dependent variables. Estimates of zone impact versus the comparison area are usually controlled using poverty, unemployment, education level, interaction effects, fixed state effects, and fixed year effects as covariates. Boarnet found that studies without proper controls overestimate zone effects. Furthermore, studies with fixed-effect controls find no impact (for example, Elvery, 2009) with Busso & Kline (2006) the one exception (Boarnet, 2001; O'Keefe, 2004). The GAO (2006) found improvements in some areas on some indicators, but based on their conversations with zone administrators, it is not confident in attributing a causal relationship. The most recent evaluation of California's state EZ program also found no impact on jobs using a regression discontinuity design (Kolko, et al., 2009). However, the author noted that the areas that also had been designated federal EZ had impacts similar to those in Busso & Kline (2006). They tentatively conclude that the added value of grants and staffed professionals may make the difference in finding an impact. This dissertation uses the same data as Kolko et al. (2009), but uses matching rather than regression discontinuity.

In summary, research on place-based initiatives—in particular the Empowerment Zone—

has been limited in scope by the availability of national data. Alternatively, case studies lack the ability to be generalized. Because the program was not implemented using random assignment, methods of analysis are restricted to observational studies and quasi-experiments. This creates a problem because of the violation of the stable unit treatment assumption through Tobbler's law, which postulates that places near each other share similar characteristics. Some, but not all, concerns about selection bias may be remedied with a quality-matching procedure that uses pretreatment variables to identify a comparable control group. Finally, few studies have examined the role of minority businesses and even fewer immigrants. The next section explains why any program that proposes entrepreneurship as a goal must explicitly focus on immigrants and minorities. Quite simply, entrepreneurship is a function of being different than the mainstream.

1.2.5 Literature of Immigrant and Minority Entrepreneurship: Asymmetries of Power, Place and Information

Immigration is caused by a variety of factors that include different push-pull phenomena. Immigrants may be pushed out of their home countries by war, natural disaster, poverty, or political activity. At the same time, they may be pulled to receiving companies by jobs, education, or friends and family within their social network. The relationship of the sending country to the receiving country may be structured by colonial history and geopolitics, such as the opportunities created by liberal trade policy (Sassen, 1994). Immigrants may then be pulled by education and employment opportunities on the global market. Refugees and political asylum are resettled by multilateral agencies and non-governmental organizations. Depending on the ethnic group, the immigrating group may settle down and create an ethnic enclave, return home when conditions stabilize, or live seasonally in both countries. For those that settle and retain ties to their native culture, they may initiate what Massey (1999) calls "chain migration," a pattern of immigration that is facilitated by the social networks of family and friends.

Naturally, people are often pushed out of their country for non-economic reasons. For those who move for education and jobs, why become an entrepreneur? After all, an individual with an entrepreneurial spirit could have started a business in her home country. The links between entrepreneurship and immigration have a rich place in social and economic theory. Capitalism began as a shift from illogical tradition, caste systems, and social class assigned by birthright to an Aristotelian meritocracy where goods are assigned by the desert principle. An entrepreneur would then be rewarded for new ideas, using creativity, charisma, and taking risks. If the entrepreneur is part idea person and part risk taker, then the manager is the one to organize the team and use rational planning to get the product to market and pay back the capitalist (Czarniawska-Joerges & Wolff, 1991; Schumpeter & Clemence, 1989). Accordingly, Marx predicted the withering away of the entrepreneur with the aggregation of capital and class conflict. A rationally planned worker state would have no need for such speculative activity. Weber and Schumpeter felt that as capitalism progressed, the rational bureaucracy would swallow up family-owned small businesses and perform the functions of entrepreneurialism

better than the small businessperson. For the most part, these thinkers were right, but despite the growth of the civil service and large corporations in the United States, immigration has kept entrepreneurship alive (Light & Rosenthal, 1995).

1.2.6 Immigrant Entrepreneurship as Activating Social Capital in an Asymmetric Network.

Although an ideal economy would evenly distribute jobs among ethnic groups and efficiently come to optimum placements within skill classifications, the observed economy is one of social inequity. There are several theories to explain the unequal distribution of minorities and immigrants in the labor market.

Social capital theory is essential to understand entrepreneurship. There are two traditions of social capital: 1) social capital as an individual's possession, like a membership card, that can be exchanged for financial capital; and 2) social capital as a set of human relations embedded in a power structure that provide access to information and resources. Becker and Putnam (1995) represent the tradition of social capital sees it as the benefits that flow from membership in an organization as evidenced from having feelings of trust and reciprocal obligation. Recent reviews in the community development literature argue that treating social capital as a good such as human capital is good foundation for practice (Chupp, 1999; Temkin & Rohe, 1998; Woolcock, 1998).

The second tradition of social capital is more sociological and was first articulated by Bourdieu (1985). Social capital may be an asset or liability for a person, depending on his position in the social network at a given time. Portes and Sensenbrenner (1998) identify four types of social capital: 1) value introjection from Durkheim, the functionalist tradition that is the consensual socialization of belief systems; 2) reciprocity exchanges: borrowing from symbol these are the exchanges on created and face-to-face interactions that involve different differences in power; 3) bounded solidarity: a sense of solidarity from the Marxian tradition that created the bond between people of the same class or ethnic group as against the oppressor class; 4) enforceable trust from the Weberian tradition that rewards group membership, provided that one is compliant with group norms. Negative effects of social capital include leveling pressures to not do better than anyone else in the group. The ethnic entrepreneur may also find that other members of the community want a free ride on his or her wealth.

Chinatowns in Los Angeles and Manhattan and the Cuban enclave in Miami are the most salient examples of an ethnic enclave emerging under bounded solidarity (Greene & Butler, 2004). Historically, mainstream institutions and businesses drive minorities into a less desirable areas and jobs by law or discrimination (Light and Rosenstein, 1995). **..** Self-employment is the only way to enter the labor market. The oppressed group needs to join together for mutual support. New institutionalists believe that the ethnic enclave begins in discrimination, but can remain for cultural reasons (Alba, 2005; Alba & Nee, 2003).

Another sociological theory of immigrant entrepreneurship is called the *middleman*

minority theory, which hypothesized that ethnic business owners are a bridge between the dominant class and the ethnic minority class because ethnic workers are willing to do jobs that the mainstream are not. Immigrants are first sojourners without a homeland and considered strangers by hosts who in turn reject them for formal employment. However, the connection to other lands creates opportunities for trade and entrepreneurship, particularly in port cities. Eventually, the immigrant finds a market niche to serve the mainstream, for example, the Portuguese construction industry in France and Korean dry cleaners and doughnut shop owners in California (Aldrich & Waldinger, 1990; Bonacich, 1973). In a sense, immigrant entrepreneurs, especially those in information-intensive industries, can fill the structural holes in the social economy and allow ideas and information to flow in different ways that produce value (R. S. Burt, 2001; Ronald S. Burt, 2004).

Related to the middleman minority theory is the *theory of coethnic resources* in an ethnic economy. This theory relies on the concepts of reciprocity exchanges and enforceable trust. Ethnic groups provide services and capital to each other based on their mutual ethnic identity. Korean rotating credit systems are an example of such coethnic resources (Light et al., 2004). Discrimination against immigrants by institutions, or immigrant deflection, is more after the fact and motivated by labor protection, health and safety, and antipoverty policies. Immigrants use coethnic resources and social networks to find new immigrant gateways that lack strict enforcement of business and housing regulations (Light & Light, 2006).

In summary, the immigrant and the entrepreneur are embedded in a social network. Exclusion and conflict with the mainstream market and government institutions can actually create opportunity for the immigrants. However, coethnic resources also incur coethnic obligations that are not always positive. Once established, the push-pull forces that brought immigrants to the host company give way to the push-pull forces between the inner city and the suburb. Immigrants may be deflected by local government policy or pulled by family members or the American dream. The next section discusses theories that describe the institutional context of local government and its relationship to the state and federal government.

1.2.7 The Institutional Context of Intergovernmental Relations: Asymmetry in Loosely Coupled Urban Regimes

Recall the urban quest for interjurisdictional competition. A city with more resources in a good location will always be more attractive to families and firms than a city without. At some level, a poor location can at least offer inexpensive rents. A city would create a social loss if it taxed its poor property owners to move a firm from one neighborhood to another if the jobs and revenues stay the same. However, the state and federal governments have become important actors in community development. Why? On a practical matter, they have more resources to spend on business development and a more diverse tax base. In general, states can draw on sales tax, and the federal government can use progressive income tax. Additionally, the federal government can pass any social losses in bad investments onto the wealthy, and any gains in income in any jurisdiction helps the U.S. Treasury.

However, the council member, county supervisor, mayor, state senator, assemblyperson, and Congressperson all represent different constituencies. According to principal agent theory, there may be conflict among levels of government because of asymmetries of information, expertise, and power. This body of theory comes from Arrow and Williamson's work in transaction economics and has been applied in political science and public administration to determine political influence of policy outcomes (for example, Wallace 2003; 2004). The principal is the person in the leadership position, such as elected officials; the agent is the bureaucracy from the political appointee to the street-level bureaucrat (Lipsky, 1980, 1984). In theory, the principal is elected because of some popular appeal with a duty to carry out a mandate from voters. Also, the bureaucrat—a planner, social worker, or public administrator—is hired to provide a professional, standardized public service after the principals set policy and funding levels. The politician may want to stimulate the economy, but needs an economic development planner to get the job done. Note that this is the same asymmetry that occurs between the entrepreneur and the manager.

The original application of this theory would suggest that immigrants and minorities need the political power to become the principal in order to obtain goal consensus on policy. This follows from the social theory of Marshall (1964), who identifies three basic rights of citizenship the civil, political and social. The immigrant-incorporation literature would expect social rights to come after political incorporation. Ramakrishnan and Bloemraad (2008) outline a framework for local immigrant incorporation. They argue that civic and political stratification is a process that results from 1) the economic, residential, political, and civic characteristics of a place 2) the citizenship status, race, class, tenure, and language proficiency of the immigrant group as mediated through community-based organizations. Even after immigrants are elected to office, the assumption of bureaucratic disentitlement is that the professional class comes from the majority and will obstruct favorable policies to immigrants and minorities. However, recent research has discredited this assumption and shown the transition from bureaucratic disentitlement to bureaucratic incorporation. For example, Marrow (2009) interviews politicians, teachers, social workers, and police officers in North Carolina and finds that they work hard to proactively educate and keep immigrants safe without verifying status. The bureaucrat takes initiative in areas where federal policy is silent or in contradiction to the values of the profession. Organizational theory also contributed to the asymmetry between agents in an organization. Just as solidarity is bounded in social capital, organizations have bounded rationality to manage a world of incomplete information, insufficient expertise, and inpatient time. Organizations have loosely coupled systems that allow redundancy, overlap, and synergy. The metaphor comes from biology. For example, if lizard loses a foot, it may regrow the foot because the cells are loosely coupled and contain redundant information (Glassman, 1973; Orton & Weick, 1990; Weick, 1976). Subsystems have a degree of self-determination that allow s the organization as a whole to replicate itself as subsystems cease and new ones are founded.

If we think of the urban neighborhood as a loosely coupled system with principals at the top and loosely coupled agents both in the formal city government institutions and organizations in neighborhoods, we can then see the complexity of planning an RC/EZ/EC: civic engagement

can improve the delivery of services and allow information to flow from the formal to informal systems. However**,** these loosely coupled systems may leave some people out and result in incomplete representation. Chaskin (2003) argued that a principal-led strategy may create a new subsystem at the expense of a strategic realignment to the city as a whole. A related literature, called urban regime theory, sees policy priorities originating from a stable convergence of private and populist sentiments. These are the four different kinds of urban regimes: 1) caretaker regimes that focus on routine services; 2) development regimes interested in economic growth; 3) middle-class progressive regimes interested in liberal causes such as the environment and historic preservation; and 4) lower-class opportunity expansion regimes concerned with redistribution (Mossberger & Stoker, 2001). The EZ/EC program arguably bridged interests in development, progressive**,** and opportunity regimes**,** perhaps by design to appeal to a greater number of constituencies.

These asymmetries of information and power return us to the challenge of the place-based policy. Let us assume Model Cities was a "bottom-up" reaction to the "top-down" strategies of the Urban Renewal program. The premise of the Urban Renewal program is that the government had the political power and the expert planners and can scientifically calculate the needs of the city. Woolcock (1998) argues that top-down strategies need to balance between the market and the state. If a city lacks capacity but the private sector is strong, then government is at risk of corruption. If the government is strong but the private sector and civil society are weak, we are at risk of an inefficient bureaucracy with technical expertise, but no constituency and little revenue.

The premise of Model Cities was that neighborhood systems would have better information about the needs of the residents. Woolcock (1998) argues that there are two axes of bottom-up development: linkages and integration. Social opportunity can occur in communities where people have strong ties with each other and an optimum number of strong and weak ties with networks outside of the community. The ideal place-based initiative would then have to pay attention to ties both within the community and in the broader society. The Empowerment Zone combined the focus on internal capacity building and creating economic opportunities for residents broadly. Chapple (2006) argues that both mobility and EZ type program fail in linking residents to diverse social networks. However, if we believe Chapple and Woolcock, improving a community must render it porous to the push and pull forces of interjurisdictional competition for jobs and residents. Preventing residents from leaving a community if they wished would put it at risk of implosion. See Figure 1 for a summary of these theoretical considerations.

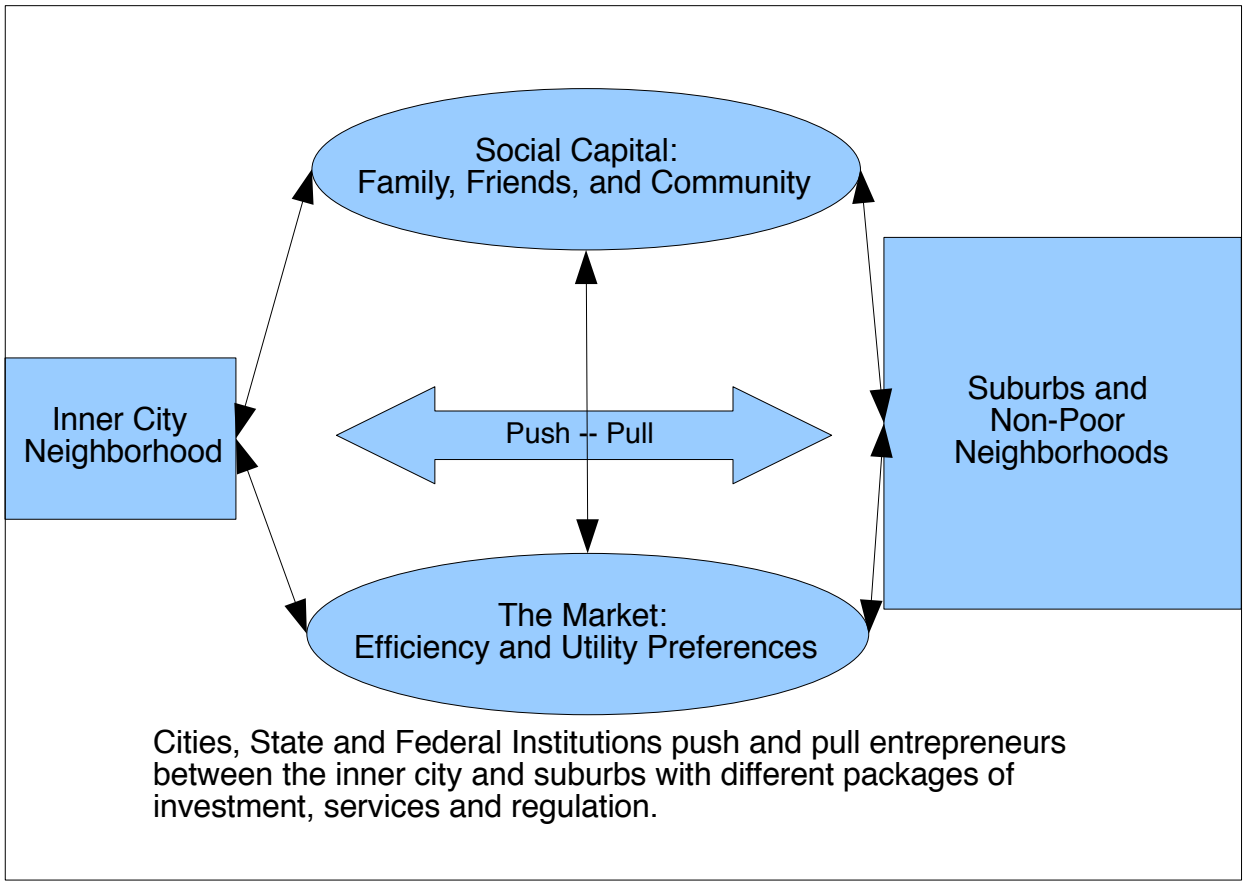

Figure 1: Theoretical Model of Social Forces Influencing Location Choice of Immigrant and Minority Entrepreneurs

Chapter 2: Four Types of Immigrant Incorporation in Federal Renewal Communities, Empowerment Zones and Enterprise Communities

2.1 Introduction

What explains the differences in the incorporation of immigrants in a community-development strategy? In this content analysis of annual reports, I attempt to explain some of the processes whereby immigrants were deliberately incorporated into these targeted neighborhoods. According to resources theory, coethnic population should be a major determinant of incorporation. The percentage of foreign-born residents in these areas ranged from almost none to about 65% of the total population of the neighborhoods. Since local governments are required to involve community-based organizations in the planning process of these programs, it is plausible that a community with an above-average number of immigrants would involve immigrants in the program design. Likewise, it is plausible that a community with below-average immigration would not specifically target outreach. What about the opposite, diagonal cases? An analysis of places that have a high number of immigrants but did not include immigrant-related projects or programs might have characteristics that led to the exclusion of newcomers. Likewise, an analysis of communities with below-average immigration but deliberate outreach to those communities may have common characteristics that allow immigrants to gain access to community-development resources, even though their numbers are small. See Figure 3 for a map of the RC/EZ/ECs by foreign-born population and bureaucratic incorporation.

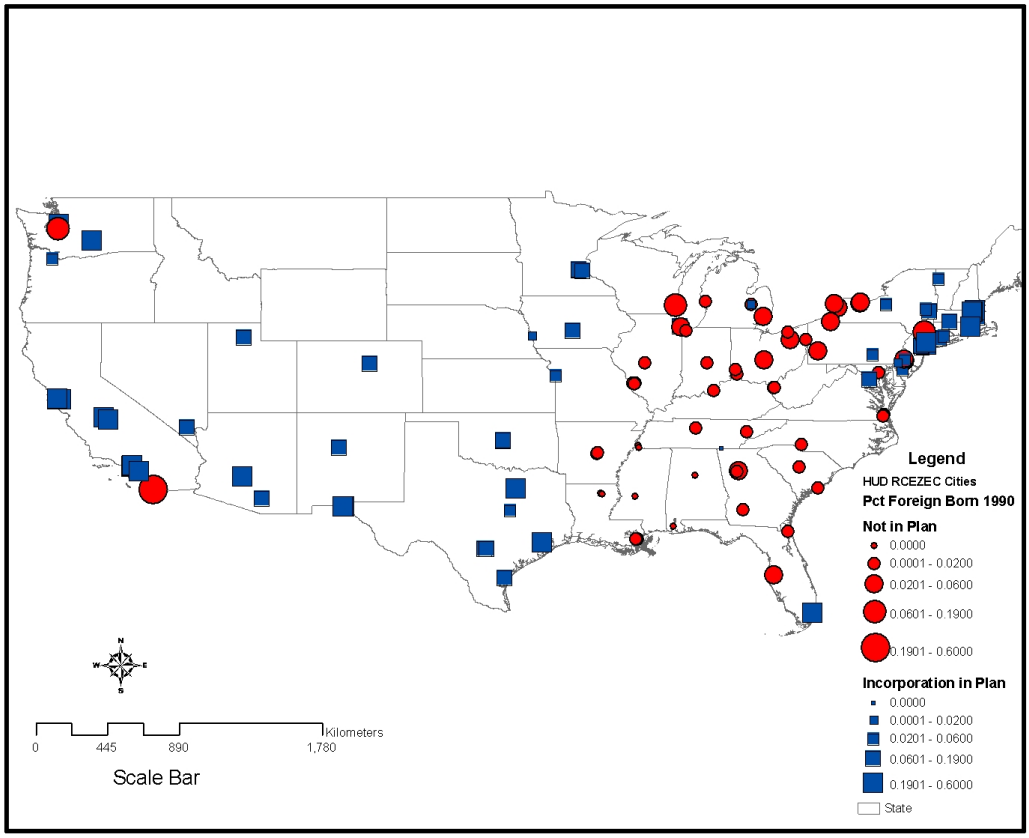

Figure 2: Target Areas by Immigration Rates and Outreach (Blue Square = Immigrant Outreach; Red Circle = No Outreach in Plan or Report)

2.2 Methods

I calculated the percentage of foreign-born persons for each designated area in 1990 from the US Census because HUD required local government planners to use 1990 data in their applications. In 1990, 7.9% of census respondents were foreign-born, so I coded those RC/EZ/ECs above that threshold as having above-average immigration and below average otherwise. Since planners may have been aware of historic or current changes in immigration, I provide the 1980 and 2000 census rates for reference. Next, I conducted a keyword search through the HUD RC/EZ/EC performance measurement system using these words: immigrant, refugee, minority, black, Hispanic, Native American, Asian, and names of specific ethnic groups that comprise the top 40 sources of immigrants to the United States listed in the *2007 Homeland Security Immigration Yearbook*. If a community had more than one type of designation, I treated them as separate designations. For example, Atlanta started out with an empowerment zone in 1994 and traded designations for a renewal community in 2001.

Next, if the annual report or implementation plan contained a reference to a project, outreach strategy in a foreign language, or involvement of an immigrant organization as a partner, I coded the RC/EZ/EC as having an immigrant-related project or plan. For the most part, I assumed that outreach to Latinos and Hispanics included outreach to immigrants. However, if it became clear from an analysis of the organization's Web site or Guidestar profile that the primary ethnic group for outreach was in fact Puerto Ricans or other native-born Latinos and Hispanics, I did not code that as outreach to immigrants. Likewise, with the word *African*, I made a judgment as to whether or not the plan was referencing African-Americans or African immigrants. For both, the key criterion was language training or an indirect reference to being a newcomer. I conducted a quality check for the Above Average-No Target group and the Below Average-Yes Target group because these were the unexpected cells. The quality control included a careful reading of the paragraphs that contained the reference to an immigrant group in the report. A downloaded spreadsheet of the immigrant related EZ/EC projects and plans served as a reference for both immigrant-serving categories. I augmented annual reports with stakeholder interviews, field notes, newspaper articles, and other Web-based sources of information about the community in question. Since I have four years working with the program as a community planning and development specialist at HUD, I am also able to draw my personal knowledge of the program and the communities.

2.3 Four Types of Immigrant Incorporation

I propose four types of strategies of immigrant incorporation through community economic development systems: immigrant absentees, immigrant recruiters, immigrant symbiotics, and immigrant ignorers.

Immigrant Absentees: These cities have below-average immigration rates and have not

included immigrants in strategic plans. Cities in this cell are not excluding immigrants per se. The planning is a function of historic patterns of migration and residential segregation (N. A. Denton, 1999; Nancy A. Denton & Massey, 1991; Schelling, 1969). In other words, planners have no rational reason to include immigrants in strategic planning because there are no substantial immigrant populations with whom to partner.

Immigrant Ignorers: In contrast, these cities do have above-average immigration rates, but they do not include immigrants in their plans. Cities in this cell may be engaging in immigrant deflection in ignoring the above-average immigrant population(I. Light, Bozorgmehr, DerMartirosian, & Sabagh, 1995; I. Light, Kwuon, & Zhong, 2004; Ivan Light, 2007; Ivan Hubert Light & Ivan Light, 2006; Ivan Hubert Light & Rosenstein, 1995). Immigrant deflection is the phenomena where local governments create a regime of local antipoverty protective regulations, such as a living wage and strict housing codes. Light believes that this has the effect of pushing low-wage-earning immigrants to the suburbs and beyond.

Immigrant Recruiters: These cells have below-average immigration rates, but actively work with small immigrant populations or attempt to recruit refugees and migrants. These cities unwittingly follow the "middleman minority" tradition (Bonacich, 1973). The mainstream economy has abandoned the town, so they seek new bodies to populate neighborhoods in decline. This cell also would reflect a situation where policymakers attempt to stimulate the "invasion-succession" and lifecycle perspective of neighborhood change. Economic development practitioners are acting as bureaucratic incorporators (Marrow, 2009).

Immigrant Symbiotics: In these cities, there exists both above-average immigration rates and outreach to immigrant communities. These cities would be classic immigrant incorporators (Ramakrishnan & Bloemraad, 2008) because in many cases immigrants, are the mainstream or the neighborhood is an ethnic enclave (Portes, 1987).

One would expect that places without low levels of immigration be less likely to incorporate immigrants and vice versa. In this sense, the distribution in planning should roughly match that of the immigration rate. We would expect that immigration, like many population statistics, to have a skewed geographic distribution. See Table 3 for an overview of these types.

Table 3: Theories that Inform the Relationship of Immigration to Bureaucratic Incorporation

Has Immigrant Related Project or Plan	Below Average Immigration Rate	Above Average Immigration Rate
No	Immigrant Absentees: Cities in this cell are not excluding immigrants in the context of the RC/EZ/EC program per se. The planning is a function of historic patterns of migration and residential segregation (Schilling, 1969; Massey & Denton, 1988, 1991).	Immigrant Ignorers: Cities in this cell may be engaging in immigrant deflection in ignoring the above average immigrant population. Co-ethnic resources are the main determinant of entrepreneurship (Light et al. 1995, 2004, 2008). A possible asymmetry between principals and agents.
Yes	Immigrant Recruiters: These cities unwittingly follow the "middleman minority" tradition (Bonacich, 1973). The mainstream economy has abandoned the town so they seek new residents and entrepreneurs. These bureaucratic incorporators want immigrants to save the inner city.	Immigrant Symbiotics: These cities would be classic immigrant incorporators (Ramakrishnan and Bloemraad, 2008) and may achieve closure in the market, politics and bureaucracies because in many cases immigrants are the mainstream or the given neighborhood is an enclave (Portes, 1987).

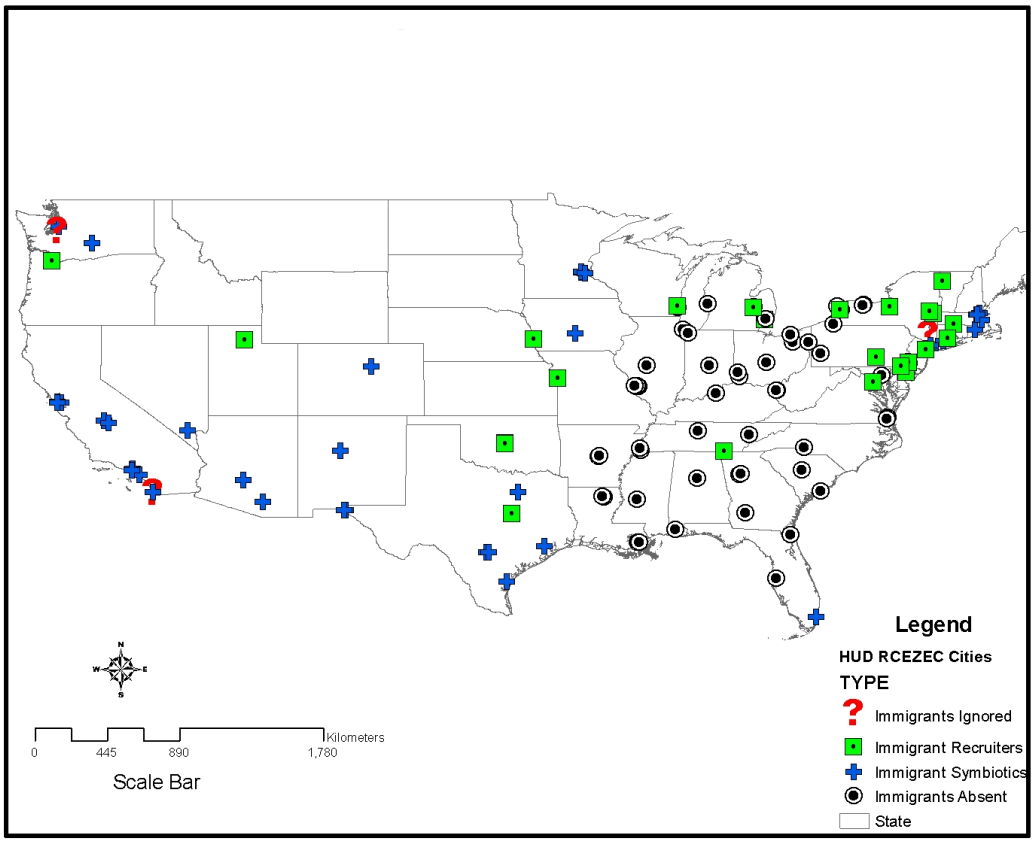

Figure 3: Four Types of Immigrant Incorporation in Federal Community Development Areas

Table 4: Cross Tabulation of RC/EZ/EC by Immigrant Volume and Inclusion in Plan or Report

Has Immigrant Related Project or Plan	Below Average Immigration Rate	Above Average Immigration Rate	Grand Total
No	Immigrant Absentees: 55 66% of column	Immigrant Ignorers: 3 6% of column	58 (44% of column)
Yes	Immigrant Recruiters: 28 33% of column	Immigrant Symbiotic: 45 93% of column	73 (56% of column)
Grand Total	83 (63% of row)	48 (36% of row)	131

2.3 Results

As it turns out, in 1990, just under two-thirds of the designated communities had below average immigration rates. As expected, there are almost no communities with above-average immigration rates that did not include specific outreach to immigrants. In general, if there are high rates of immigration, city planners included them in community-development strategies. There are approximately equal numbers of above average-yes and below average-no designations. There are a surprising number of immigrant recruiters—almost one-third of those designations with below-average immigration rates. The last category, immigrant ignorers, has a question mark next to it because it is probably the result of idiosyncratic program regulations or measurement error in coding, as I discuss later. See Figure 3 for a map of the results and Table 4 for a summary of the results. Tables 6–9 in the appendix have a complete list of each designation.

Immigrant Absentees: Fifty-five communities coded into the category of immigrants absent, those with neither high levels of immigration nor specific outreach. The story here is quite simple: these neighborhoods are not seeing immigration, and that is most likely why immigrants are not part of a community-development strategy. These are the neighborhoods that are experiencing classic flows away from historically African-American neighborhoods. In fact, two-thirds of these 49 communities have a minority, usually African-American outreach component. Indeed, looking at the list, we see many of our cities that are famous for their African-American population, including Atlanta, Baltimore, Cleveland, Gary, Memphis, New Orleans, Pittsburgh, and Rochester. It is plausible that that the embedded African-American networks, home-occupancy patterns, and the composition of the workforce do not make room for new immigrants, but this is beyond the scope of this study. Another striking characteristic of these cities is that they are all on the banks of or east of the Mississippi. It is plausible that these two characteristics are related, given the distribution of slave states and Underground Railroad destinations to northern industrial cities. Today, many of these cities are experiencing population loss.

The Greater St. Louis EZ, for example, continues to experience population loss in the Center City and especially in the empowerment zone. Population loss complicates using tax incentives tied to hiring residents if the number of residents is decreasing. When I asked a local planner why immigrants were not replenishing the population stock, I was told that the immigrant area, populated by Mexicans and Bosnians, was mostly outside of the empowerment zone. City planners tried informally to connect and make these immigrants aware of the EZ programs, but they did not appear to be interested. The planner then compared the EZ in Minneapolis to the one in St. Louis and observed that parks and recreation had a central role in the Twin Cities, but this was not the case in St. Louis. For her, parks made all the difference for the attractiveness of the community, and this, too, might explain the long-term attractiveness of the city to newcomers both native and foreign (IV 8).

Immigrant Symbiosis: Forty-three communities had above-average immigration rates and deliberate outreach. These are immigrant-symbiosis communities, because without the immigrants, some of them would not exist. These are a mix gateway cities and range from 8%–65% foreign born. The story here is also simple: cities with high immigration rates cannot help but plan for immigration in community development given the rich coethnic resources. I have visited with and spoken with persons working in designations in Metro Boston (Continuous) and Minneapolis-St. Paul (Re-Emerging). They clearly illustrate the dynamics of local immigrant incorporation.

"If you want to know where the cool places are, ask the artists," said a participant from Metro Boston about an artist's enclave colocated in an immigrant neighborhood of Lawrence, Massachusetts, the Immigrant City. My informant moved to Lawrence to live and work because it had immigrant neighborhoods like New York when she was a child. For this professional, it was natural to plan for immigration because it is an important part of neighborhood and city identity (IV 1). While immigrant enclaves can provide local color, another workforce-development professional expressed concerns about the transient nature of the Latinos in Metro Boston. Because the population is family oriented, the first priority it is not to a specific place of work, but to the family. Some families may have to move from community to community both within the United States and back to the country of origin. This is in part due to the low-wage job mix available in food processing in the region. Planners have a long-term educational strategy for Latino youth because the movement of the families reduces educational outcomes, and recent immigration raids puts citizen youth in mixed-status families at risk of homelessness (IV 2).

In regards to marketing tax incentives to immigrants, those who work with family businesses with five or fewer employees tell you that "mom-and-pop businesses only hire mom-and-pop." The RC/EZ wage credit may not be relevant to a family-owned immigrant business because it specifically excludes immediate family as eligible employees. Some wage-credit precertifiers recommend that family-owned businesses swap cousins in order to have eligible employees with which to take the credit. Despite creative human resource management, some mom-and-pop businesses do not pay taxes because they do not turn a profit. In Boston, community economic development professionals reach out to Chinatown to deliver information about the tax incentives and find that most interest is from the Asian American–owned banks who see that it is in their interests to communicate this information to their customers (IV 7).

Another example of building an ethnic enclave is found in the Broadway Street Empowerment Zone in Minneapolis. The Hmong do not understand why native-born individuals abandon their city, and they feel an obligation to renew the Broadway EZ. Mr. Xang Vang, non-profit director of the Hmong Mutual Assistance Association, explained the evolution of the Hmong in the Twin Cities (IV 6). He started with a non-profit in St. Paul called among the Lao Family Community Services. This community center was in Frogtown, along University Avenue, a few blocks from the state capitol. Victorian homes, small lot sizes, immigrant businesses, and vacant lots characterize Frogtown. The French-Canadians first settled the neighborhood in the 19th century. After World War II, Frogtown had become predominately African-American. After the shops catering to French-Canadians closed down, the economy changed and could no longer

support the kind of small neighborhood businesses. Frogtown became a red-light district. Meanwhile, the urban renewal program in St. Paul carved a freeway through Frogtown just a few blocks south of University Avenue. As a tribute to the automobile, a vehicle that killed so many inner-city neighborhoods, Frogtown became an auto mall in an attempt to get rid of by regulation the red-light district (FN MN 4).

When the refugees came in 1976, the proximity to factories, available commercial space, and affordable housing for families let immigrant entrepreneurs to develop a pan-Asian enclave. Today, University Avenue is known as Little Asia. It has Asian-themed shopping malls, Viet, Chinese, Thai restaurants, and groceries. It is also home to Hmong bookstores, archives, and a cultural center. Non-profit and political-action committees also founded their headquarters there. Because it was seen as a center for the Asian refugee community in St. Paul, those who lived across the river in Minneapolis asked Mr. Vang to do the same. The neighborhood that the Hmong settled in Minneapolis is on the Northwest side. It is called Broadway and is also the home to a HOPE VI public housing de-concentration project. Under court order, Minneapolis replaced high rise housing with mixed income affordable town houses. HUD's HOPE VI program is a competitive grant to renovate aging public housing stock or replace it with a mixed use, mixed tenure and mixed income property. Broadway is predominately African-American. As I toured the neighborhood, Mr. Vang wondered why the native-born population had abandoned the neighborhood. His hometown was taken from him by war and he may never return. With all the full foreclosures, he sees an opportunity to move more Hmong into Broadway. Because so many manufacturing establishments closed, the Hmong community was able to also purchase commercial buildings and use them as a charter schools, community centers, and adult day care (IV 6).

In conclusion, both Metro Boston and the Twin Cities share a history of immigration, a continuity of community-based organizations prepared to meet the refugee waves of the 1970s and 1980s. They also have relatively strong and diverse economies that can provide entry-level jobs. This makes the region a good example of a social environment that is welcoming to immigration as well as housing and labor markets that are able to absorb new people.

Immigrant Recruiters: Twenty-two of the participating cities in the category that had below-average immigration but deliberate immigration outreach. I call them “immigrant recruiters” because the local public leaders see immigration as a way to revitalize the inner city as has happened in the immigrant-symbiotic communities. Like the other below-average immigrant communities, these neighborhoods range from less than one percent to just under eight percent. Although some of these are former gateway cities, they still retain immigrant organizations and cultural centers. For East Coast cities such as Camden, Wilmington, Philadelphia, Harrisburg, some of the Latino organizations were originally Puerto Rican that expanded to serve Spanish-speaking immigrants. In smaller cities below the Singer radar screen (she only categorized the top 45 MSAs), there are a mix of refugee resettlement areas (Springfield, Burlington, Portland, Syracuse, Oklahoma) and traditional migrant labor areas that now use Mexican labor for meatpacking, warehousing, and other factory jobs (Cumberland County, New Jersey; Kansas City, Detroit/Flint, Milwaukee, New Haven, Ogden, Omaha).

Schenectady, New York stands out for having a mayor who rented a bus to take Guyanese immigrants from Queens on a home -buying tour as a revitalization strategy. The *RC Annual Report* refers to this as the "Emmet Street Initiative." According to the *Cleveland Plain Dealer* (2008), the Guyanese even converted an abandoned German Catholic Church into a Hindu Temple. The article goes on to compare Schenectady, New York, Flint, Michigan, and Youngstown, Ohio's revitalization strategies. Each are shrinking cities, and both Flint and Youngstown use a "clean and green" approach to de-development that focuses on strategic demolition and conversion of whole abandoned city blocks to open space—roads, sidewalks and all.

Chattanooga, Tennessee stands out because it had the lowest number of immigrants in 1990, but HUD referred it to me as having an unusually proactive immigrant strategy. I spoke in depth with an economic development professional from Chattanooga, which has become a major destination for Guatemalan families (IV 8). One example of how Chattanooga facilitated local incorporation happened when the city invited the Guatemalan Consulate to bring an ID card machine to Chattanooga so that Guatemalan nationals could obtain proper Guatemalan identification cards. Various ethnic Latino civic and religious associations in turn assisted newcomers to obtain proper identification from state and federal agencies needed to obtain work and services. This Chattanooga–Guatemalan connection is a mutual exchange. Local government officials and ministers in Guatemala, facilitated by the Bush administration and multilateral agencies, organized representatives from the local government and community of Chattanooga to go to Guatemala to launch the "Guatemalan Opportunity Zone" in order to share the Chattanooga success story. Chattanooga uses a community-visioning process that connects "the little lady at church and the millionaire." City planners conduct these roundtable discussions with persons from different social strata, such as immigrants, in order to come to a common vision.

Chattanooga's revitalization is also characterized by people who grew up in the historically African-American neighborhood, moved out into the suburbs, and are now in positions of authority in their industry to make commercial or industrial land decisions. What is interesting from my interview is that both the Guatemalans and the former residents who return home are welcomed as partners in bringing the community back as opposed to seeing each other as competing for limited resources.

Although these below average-yes cities range in challenge, they often share a history of immigration. This leaves a memory of grandfathers who struggled in the factory heydays, and it left the vestiges of a settlement house and fraternal network that could be reactivated. In these cases, even though immigration is small, the community identity is more open to local incorporation.

Immigrants Ignored: The three communities coded as having above average immigration but without an immigrant-related project or plan are idiosyncratic exceptions to the pattern. For example, San Diego and Tacoma, Washington, were both designated Enterprise Communities in 1995, and both had a non-trivial immigrant component. As an EC, San Diego supported Union of Pan Asian Communities' $158,000 refugee microcredit in the City Heights immigrant enclave on

the north side. Furthermore, Guidestar Data places immigrant organizations predominantly on the north side of San Diego outside of the RC. However, when the city nominated the area to become a Renewal Community in 2000, HUD made a determination that the portion containing the immigrant serving organizations was non-contiguous. Unlike the EC, which can have non-contiguous areas, in the RC program, each census tract must at least touch at a point. Therefore, the RC only includes parts of Downtown, Gaslight Village, the San Diego Padres and Southcrest, a residential African-American neighborhood. In this case, San Diego wanted to continue existing partnerships with the immigrant community, but could not for technical reasons.

Tacoma was able to upgrade to the RC designation in 2000 for most of the city. The RC annual reports are brief and primarily discuss tax incentive outreach. However, when it maintained an EC designation, the EC had funded construction of Centro Latino Ser. This Center provides ESL instruction and some job placement services. It also developed an international trade center to recruit high tech investment from Asia. In short, Tacoma probably is doing outreach to immigrants but not discussing it in the context of the RC.

The most interesting case of the three is Newburgh/Kingston, NY. The organization that administered the EC no longer exists, so little information is available to explain why given that it had a 14% foreign born population it had no outreach to this population. According to their annual reports, the governance board had Anglo and Italian surnames. The enterprise community has programs that involve African-Americans; indeed, the region has a proud legacy as the birthplace of Sojourner Truth (Everett, 2006). An audit report from the US Department of Labor (2007) cites the EC for not having documentation for serving clients in a workforce development grant. The organization may have been serving immigrants out of status, but this is unclear since the documentation was missing for one third of the clients. Did they do this deliberately in order to serve undocumented workers? Further research will be needed to answer this question. Kingston is now home to the Worker's Rights Law Center (2008) of New York, a spin off organization in 2003 from the Farmworker Legal Services of New York, Inc. This immigrant serving organization opened after the EC closed its doors. Although it is not in the enterprise community, it is evidence of the growing opportunities for social entrepreneurs to serve the changing population. It is possible that the Italian and African American identity of the community left little room for planning for newcomers. This is interesting in that close neighbors of Albany, Schenectady, and Troy had fewer Latinos, but targeted workforce and housing services to them while Newburgh/Kingston did not. In summary, each of the three cities may have had immigrant outreach but did not characterize it as such.

Limitations. The first limit is simply accurately coding a volume of information that includes 10 years worth of annual reports from over 120 cities. Using an information retrieval system to answer questions efficiently has its limits, but I feel comfortable with my selection of case studies because I have extensive professional experience in the area, including serving as system administrator and trainer for the source data system and having been charged with the review of some of the annual reports. My familiarity may also bias my coding schemes, which is one reason I restricted my typology to objective criteria. There are undoubtedly patterns in the data for further research.

Table 5: Analysis of Immigrant Incorporation in RC/EZ/EC Plan or Report

Has Immigrant Related Project or Plan?	Below Average Immigration Rate	Above Average Immigration Rate
No	Mostly Former Gateways Would not expect immigrant programs African American neighborhoods All east of or on Mississippi River	Former & Post WWII Gateways Administrative technicalities African American neighborhoods. Rare or non-existent
Yes	Mostly Former Gateways Proximity to agriculture Refugees and migrants labor Geographically dispersed.	Mostly Continuous & Re-Emerging Gateways Expected inclusion of immigrants Strong Latino & Refugee Presence Almost all costal/border states

The second limit is the vintage of census data used are from 1990, but the designations occurred in 1995, 1997 and 2001. Immigration increased dramatically in that decade, so some of the "low" immigration designations were not low. This was also true of poverty, which is why many of the Round III and Renewal Communities lobbied successfully for HUD to retroactively amend the designations using 2000 census data (Schumer, 2004). Some low immigration areas are not as low as they were, but I did confirm that Chattanooga, my primary case, was still below average.

Finally, because Round III EZs and RCs did not receive any funding for local governments to administer the program, it would not be expected that the project plans and reports are minimalist in general and not target any ethnic or racial group specifically. However, I was surprised that the majority of them still had at the very least mentioned outreach with Spanish language materials and I coded those as having an immigration related project or program.

2.4 Discussion and Conclusion

In general, I conclude that most local governments engage in bureaucratic incorporation of immigrants, even if they are not substantial portion of the population. The local government bureaucracy exhibits a bounded rationality, and there is some evidence of negotiating commitments to professional norms and local politics. A surprising proportion of local governments with low levels of immigration seeks to recruit immigrants relative to those who ignore or deflect. These communities arguably have active immigrant advocates, a history of immigrants or a need for entry-level workers, and “middlemen minority” entrepreneurs. Eastern states with majority African-American communities sometimes—but not always—have low immigration, and as a consequence, an absence of planning for immigrants. With regard to theories of immigrant incorporation, this research suggests phenomena of cross-ethnic brokering. Children or grandchildren of immigrants participate in the welcoming of new immigrants. It also shows some pattern of native-born individuals’ concerns about the costs of immigration at a local level. While the hope that immigrants can save the inner city have become a mantra in some policy circles, given the economic recession of 2008, it is unlikely that anything short of a large-scale intervention will prevent further decline—especially now that immigration to the United States has declined.

It is beyond the scope of the typology to make a determination if the outreach and programming was adequate or successful in revitalizing the inner city. However, the next two chapters examine the impact of the program. The third chapter identifies changes in the level of immigrant population and immigrant entrepreneurs from 1990–2000 in EZ/EC areas compared to other parts of the same county. This documents the extent to which immigrants were “recruited” or otherwise moved into these areas. In the fourth chapter, this dissertation examines the impact of the program on jobs, business establishment, and businesses survival in California,

a state with high rates of immigration, and Tennessee, a state with low rates of immigration, using the National Establishment Time Series Database.

Chapter 3: Immigration, Spatial Mismatch and Entrepreneurship in Renewal Communities, Empowerment Zones and Enterprise Communities

3.1 Introduction

Has community economic development planning in federal programs kept up with changes in immigration patterns? This chapter will examine relationships of immigration, neighborhood change, entrepreneurship as see in neighborhoods selected to participate in the Renewal Community, Empowerment Zone, or Enterprise Community programs (RC/EZ/EC). These initiatives target a region based on census tract with high poverty, high unemployment, and other criteria. Program participants apply strategic planning and sustainable community development strategies to create jobs, housing, and improve social services.

This chapter draws upon the tradition of neighborhood change, immigration, and its role in keeping the development programs. The first motivation of the paper comes from the neighborhood change literature in sociology and economics that is primarily concerned with large-scale social processes that produce residential segregation or neighborhood decline in population and housing values. This chapter does not engage the neighborhood effects literature, which estimates the effect of characteristics of neighborhood influence on personal behavior or public health (de Souza Briggs, 2004). Rather, this chapter is inspired by the lifecycle model (Schwirian, 1983) from classic sociology and recent work by Card et al. (2008) on how immigration can lead to tipping behavior in urban neighborhoods. A tipping point in the segregation literature is that point where group behavior shifts in a rapid discontinuity. In housing segregation, it has been identified that when a traditionally white neighborhood becomes somewhere between 15 to 20% non-white, most of the remaining white residents will leave. As those with opportunity move to the suburbs or better neighborhoods, housing stock is replenished by immigrants, and this in turn can stimulate more moves by native-born individuals, whites in particular. Since the immigration reform and control act of 1986 allowed undocumented workers to remain (Tichenor, 2003), we should see

immigrants flow from day labor in rural areas into urban, salaried employment and self-employment from 1980 to 1990. If EZ/EC neighborhoods are identified in 1990 to be distressed, then we would expect that ten years later for some of the new residents to be immigrants.

The second assumption of this chapter from the literature is that residents have a choice between living in a central city neighborhood and somewhere else. This assumption is motivated by Tiebout (1956), who developed an idealized model of competition between cities, in which households decide where to live based on a bundle of housing products and local services. As families' incomes rise, they trade up for larger housing stock available in low-density suburbs because they prefer larger lawns and dislike the negative externalities of large employment center, but are indifferent to longer commutes. The poor, on the other hand, collectively outbid the wealthy to remain in inner cities and be closer to work.

As more families purchase low-density housing to be away from work, this creates a jobs/housing imbalance known as *spatial mismatch*. The spatial mismatch index (SMI) is a dissimilarity score that runs from zero (no jobs per person in area) to 100 (one job per person in area) and is given by one half the sum of the persons in the sub area divided by the persons in the grand area minus the jobs in the sub area minus the jobs in the grand area[2]. Wilson (1987) argued that this phenomenon led to racial segregation and concentrated poverty. African-Americans were trapped in the inner city. However, a decade later, Martin (2004) found that although spatial mismatch declined nationwide from 1970 to 2000, most households tended to move away from new employment growth areas except for Black residents. Since jobs did not go to Black people, they followed jobs. Tiebout would argue that the latter preferred shorter commutes and denser housing situations. The result of spatial mismatch and residential segregation is that local governments declining in population have a low tax base and high cost burden of services. According to Raphael and Stoll (2002), African American moves to the suburbs were the primary cause of reduced spatial mismatch rather than jobs going to the inner city. However, they still have the highest SMI (53.3%) compared to Asian (43.3%), Hispanic (44.0%), and white Americans (33.3%). How does spatial mismatch affect immigrants? Painter et al. (2007) analyzed employment outcomes from youth of immigrant parents to control for selection bias in residential location choice. They assumed that where the parents chose to live and the children's preferences for work and housing are independent. They found that Asian youth of immigrant parents prefer school over work more than other groups, so spatial mismatch was not relevant. Furthermore, second-generation Latino immigrant youth in inner-ring suburbs were less likely to obtain work, but so were white youth in the inner city. They conclude that spatial mismatch matters mostly for white and African-American native-born individuals, but not immigrants because they appear to be more willing to relocate. They recommend that spatially targeted economic development policies consider how space affects racial and ethnic groups differently. Accordingly, in this study, we would expect that the association of the spatial mismatch index on employment outcomes to be significant for the native-born individuals, but not immigrants. Likewise, an immigrant may be more willing to relocate to take advantage of a spatially targeted economic-development program. If both whites and African Americans are leaving the inner city and there are still jobs, we would expect that immigrants would play a role replacing

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[2] $\textit{Spatial Mismatch Index}(SMI) = \frac{1}{2} \Sigma_j [P_j / P_k - E_j / E_k]$.

housing stock and creating job demand.

The third motivation of this chapter involves immigrant entrepreneurship as an economic development strategy. For example, according to a recent study by The Center for Urban Futures (2007), immigrants are responsible for a large number of self-employed businesses. In New York City, for example, 49% of self-employed are foreign- born individuals. Immigrants create 80% of new businesses in Los Angeles. The foreign- born population is more likely to be self-employed than are native-born individuals. New businesses and new jobs are more likely created in immigrant neighborhoods. The report raises policy implications regarding access to credit, language, and culture barriers to organizational employment, local economic development planning, and responsiveness of non-profit services. According to the literature on immigrant entrepreneurship, the determinants of entrepreneur would include coethnic resources (Light et al., 2004), institutional legitimacy (Alba, 2005; Alba & Nee, 2003), and historic patterns of immigration (Massey, 1999). For example, immigrants may be more likely to start businesses in an enclave where they can obtain both credit from friends and family as well as prospective customers. We would expect areas with a higher percentage of foreign-born individuals to have more foreign-born entrepreneurs. Federal government support of the entrepreneur is a source of institutional legitimacy. The results of the previous chapter shows that with few exceptions, local government extended outreach to immigrants in the EZ/EC initiative, so we would expect any policy treatment effect to extend to immigrant entrepreneurs. Finally, places with historic immigrant patters should set up chain migration and likewise have returns to immigrant entrepreneurship.

The following three hypotheses follow from the three motivations from the literature on neighborhood change, spatial mismatch and immigrant entrepreneurship:

> Hypothesis One: RC/EZ/ECs areas have a greater share of immigrants than other areas in the same jurisdiction.
>
> Hypothesis Two: The spatial mismatch index for foreign born in EZ/ECs has decreased from 1990 to 2000.
>
> Hypothesis Three: EZ/EC areas have a greater share of immigrant entrepreneurs than those in the same jurisdictions in 2000 compared to 1990.

3.2 Data and Methods

3.2.1 Sample and Data

Information on the location and dates of designation for RC/EZ/EC areas are from HUD. Population data for hypothesis one were taken from the National Neighborhood Change Database (NCDB), from the Urban Institute and Geolytics, Inc. These data assembled the US Census summary file 3 data from 1970 - 2000 longitudinally using the tract-level boundary definitions from the 2000 census. This is necessary because each decade, local governments work with the US Census Buereau to change the boundaries of the tracts. All urban RC/EZ/EC designated by HUD are included in the analysis (n = 84 designated areas, Years = 4). Data from 1970 were not available for

Burlington, VT, or Jamestown, NY.

For hypothesis two, I used the same NCDB data for population counts and combined data from the Census Transportation Planning Package (CTPP) for 1990 and 2000 to obtain counts of jobs at the place of work by Traffic Analysis Zone (TAZ). Areas designated after 2000 as well as those for which CTPP data were not available were dropped (Valid n = 81 designated areas, Years = 2).

For hypothesis three, individual level data were analyzed from the Integrated Public Use Microdata (IPUMS 4.0) from the University of Minnesota. These IPUMS data distinguished between the self employed who incorporated their business and those who did not (See Table 1). Areas where the county and EZ/EC constitute an entire Public Use Microdata Area (PUMA) were dropped from analysis (Valid n = 66 designated areas, Years = 2).

Table 6: Independent Variables

Year 2000	Year effect common to each of the four reference groups.
%FB	The percentage of foreign born from the national neighborhood change database (1999, 2000).
SM Index	Spatial mismatch index for the EZ/EC or county calculated using the Census Transportation Planning Package for the employment at place of work and population data from census. For native born entrepreneurs, I use the population of native born. For foreign born entrepreneurs, I use the population of foreign born.
Post-EZ/EC	Round I enterprise communities, enhanced enterprise communities, supplemental empowerment zones, Round II empowerment zones in year 2000.
Post-EZ/ECwc	Round I Empowerment Zones in the year 2000.
Pre-EZ/EC	Round I enterprise communities, enhanced enterprise communities, supplemental empowerment zones, Round II empowerment zones in year 2000.
Pre-EZ/ECwc	Round I Empowerment Zones in the year 1990.
South	Census region
West	Census region
Northeast	Census region
Change %FB	A lagged variable indicating the percent change in the foreign born population ten years prior to the year variable.
Inv. Mills	A control variable for selection bias created from the inverse mills matrix of the standardized probit estimate of the probability that the area was selected an EZ/EC in contrast to the rest of the county conditioned on predicted poverty through unemployment and county level fixed effects.

3.2.2 Procedures

Analyses were conducted in Stata 10.0, R 2.9, and ArcGIS 9.2. For hypothesis one, HUD used the 1990 census tract boundaries to define the RC/EZ/ECs, even those designated in 2001. In order to make the geographic data comparable overtime, we used ArcGIS 9.2 to join the RC/EZ/EC tract boundary file to the 2000 census tract boundaries and visually inspected each to correct errors in the automated join process. The tract-level data were summarized and compared to areas within the county outside of a designated area using R lattice graphs and a spreadsheet.

For data from the CTPP and IPUMS, I used MABLE/CORR from the University of Missouri to allocate TAZs and PUMAs to 2000 census tract boundaries based on the proportion of total population in each. This introduces error into the estimates and biases the dependent variables towards zero. Larger designated areas have more accurate estimates.

Regression models for hypotheses two and three use an instrumental variable approach that controls for selection bias using the inverse mill's ratio that models the difference between the control and treatment group before and after treatment (Heckman, 1976; Hardin, 1997; Card & Rothstein, 2007; Jones, 2007). The estimate along the border is a local average treatment effect between the EZ/EC and the rest of the county. This within-county choice controls for unknown changes in the regional economy. Although it is a blunt comparison because it blurs subdesignation and subounty distinctions, I chose it to create a simple model for data that are coarse. The rationale for this modeling choice along the border is that from the perspective of a job seeker in a distressed neighborhood, the relevant comparison is often other neighborhoods in the county because those areas would be familiar from routine tasks of commuting, shopping, and visiting people.

In this study I define selection bias as a local government nominating to HUD areas within their jurisdiction that were relatively better off. This phenomenon is sometimes referred to as "creaming," where an intervention is targeted to the least poor of the poor. In order to generate the inverse Mill's ratio[3] as an instrument to compensate for selection bias, I use probit to estimate the predicted probabilities of designation given the initial selection criteria that include 1990 poverty, unemployment, and county-level fixed effects. This does not control for relative competence of local governments within the county to apply and administer the program, nor does it account for areas that applied and lost or did not apply at all from counties not in the sample (see Busso and Kline, 2006). It assumes a simplified world containing only the distressed neighborhoods that won designation and the rest of the county that contains them. Hence, any estimated treatment effect is a local treatment effect.

For hypotheses one and two, coefficients were estimated using maximum likelihood cross sectional time series regression:

$$Y_{ij} = \mathbf{X_{ij}}\boldsymbol{B} + \zeta_j + \epsilon_{ij} \quad (1)$$

where the dependent variable was the percent of immigrants in the designation/year (Hyp

[3] $\lambda = \phi / \Phi$ where $\phi = e^{-(\hat{p}^2)}/2/\sqrt{(2^{\pi})}$ and $\Phi =$ standard normal CDF of $\hat{p}$.

1) or immigrant spatial mismatch index for the designation/year (Hyp 2). The independent variables will be described below and in the appendix. The random effect at the county level allowed each county to have a different baseline outcome and models the within county variance of the designated area in contrast to the rest of the county.

The Hausman specification test is used to determine the relative model fit of using fixed effects or random effects. General Estimating Equations (gee) with semirobust standard errors clustering on the individual observation using an autoregressive correlation structure were used as an alternate model specification. The alternative model controls for the correlation of an individual unit in years one and two. The best-fitting models were selected using AIC and BIC. To model rates of entrepreneurs to test hypothesis three, I used a cross-sectional time-series negative binomial regression with fixed effects to control for unobserved variation at the observation level.

$$\lambda(Y_{ij}/LF_{ij}) = e^{b_0 + \mathbf{X}_{ij} B_1} \quad (2)$$

$$var(Y_{it}/LF_{ij}) = (1 + e^{(b_0)})\lambda(Y_{ij}/LF_{ij}) \quad (3)$$

Equation (2) was used to test hypothesis three, where lambda is the overdispersion parameter but uses the gamma distribution for the variance calculation (3). The labor-force population (*LF*) was used for exposure. Independent variables listed below were included **X** matrix and unlike OLS, the fixed effects allow each observation to have its own overdispersion parameter (Allison & Waterman, 2002). As a robustness check, results were compared with a random effects negative binomial regression and robust poisson GEE specification.

3.2.3 Measures

The dependent variable for hypothesis one and two is the percent foreign born in the RC/EZ/EC areas as compared to the percent foreign born outside of the designated area in the same county. The US Census distinguishes between persons who are native born, like President Obama, and therefore granted citizenship by the U.S. Constitution; those foreign born; and those born abroad to parents who are citizens, for example. Senator John McCain. used the sum of those foreign born over the total population to calculate percent foreign born. Univariate lattice graphs presented the proportion of immigrants over time across participating jurisdictions in the RC/EZ/EC program.

For the second hypothesis, the dependent variable was the spatial mismatch index. I adapt Raphael and Stoll (2002), who use an index of dissimilarity to measure the spatial mismatch index (SMI) of whites, blacks, Latinos and Asians in the top MSAs. I use the SMI for both immigrants and native born. The subarea *j* is the census tract, and the grand area *k* is the EZ/EC or county respectively. While the SMI tells a person how much one area is matched for jobs compared to another area, it does not say anything about the distribution of jobs and people within the area. Therefore, its usefulness for neighborhood-level comparisons diminishes with larger areas.

In hypothesis three, the dependent variable for entrepreneurship is calculated from those who are self-employed as a proportion of the labor force. Using the labor force rather than the

population removes from the denominator those who are children, retired, or otherwise not in the labor force. Both native-born and foreign-born entrepreneurship rates are modeled for comparison. The IPUMS microdata distinguish those who are self-employed, the self-employed who incorporated businesses and those who are not self-employed. See Table 2 for a complete list of dependent variables.

For independent variables I use the following: the year effect from 1990 to 2000; the percentage of foreign born from the (NCDB); the spatial mismatch index calculated using the Census Transportation Planning Package to obtain employment at place of work; dummy variables for the treatment areas; Census region; lagged variable indicating the percent change in the foreign-born population ten years prior to the year variable; and the control variable for selection bias created from the inverse mills ratio of the standardized probit estimate of the probability that the area was selected an EZ/EC in contrast to the rest of the county conditioned on predicted poverty through unemployment and county-level fixed effects (See Table 2).

Table 7: Dependent Variables for Hypotheses Three

Code	Explanation
FBS	All Foreign Born Self Employed
FBSNI	Foreign Born Self Employed Not Incorporated
FBSI	Foreign Born Self Employed Incorporated
NBSI	Native Born Self Employed Incorporated
NBSNI	Native Born Self Employed Not Incorporated
NBS	Native Born Self Employed
Self	All Self Employed
Inc	All Self Employed Incorporated
Self NI	All Self Employed Not Incorporated

3.3 Results

3.3.1 Hypothesis 1: Percent Foreign Born

Univariate Analysis: I was able to confirm hypothesis one: the foreign-born population in RC/EZ/EC areas is greater than outside of these areas and has been increasing from 1970 to 2000. The ratio tipped between 1980 and 1990, which would be consistent with changes in immigration policy. The percentage of foreign-born residents has been increasing for areas inside and outside of RC/EZ/EC areas. In 1970, however, areas inside RC/EZ/EC had a 2% smaller proportion of foreign-born population, but by 2000, this had flipped to 1% greater (See Figure 1). In raw population counts, unlike other parts of the same county, the RC/EZ/EC areas have declining native-born populations that are not fully replaced by immigrants (See Figures 2 and 3). Figures 4 and 5 take another look at changing population. Because we are comparing a relatively small area of about 2,000 to 100,000 people to a county population of 50,000 to 3 million, it should be no surprise that there are more natives and foreign born outside of the RC/EZ/ECs. That being said, a comparison of slopes is illustrative of the relative distress of these urban neighborhoods. Outside of the RC/EZ/EC, the slope of change in native population is four compared to -0.7 inside the RC/EZ/EC. The foreign-born population slopes are three outside and only 0.2 inside the RC/EZ/EC. Furthermore, in figure 4, the population trends outside the RC/EZ/EC appear exponential, but the trends inside appear to be linear.

Figures 6–9 compare foreign-born shares for each RC/EZ/EC. These lattice graphs are all in the same scale for easy comparison. The year is the x axis; the percent foreign born is the y axis. The blue lines are the percent foreign born inside RC/EZ/ECs. For the most part, the blue line is above the red line. The red lines are the percent foreign born outside RC/EZ/ECs. The green line is the difference between the percent inside and the percent outside. The difference is negative when there is a higher percentage of foreign-born individuals outside the RC/EZ/EC. Percentages range from about almost none to 60% in Santa Ana, CA.

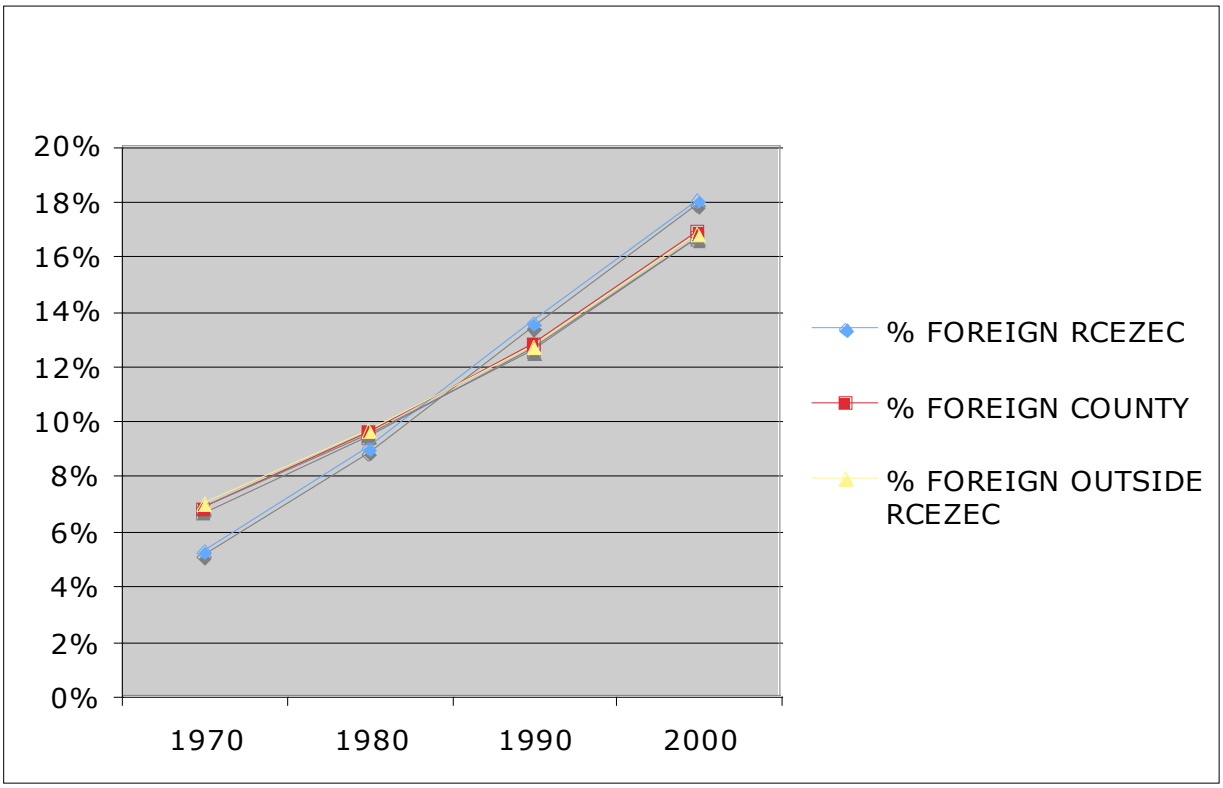

Figure 4: Comparing Shares of Foreign Born in the EZ/EC to Outside the EZ/EC.

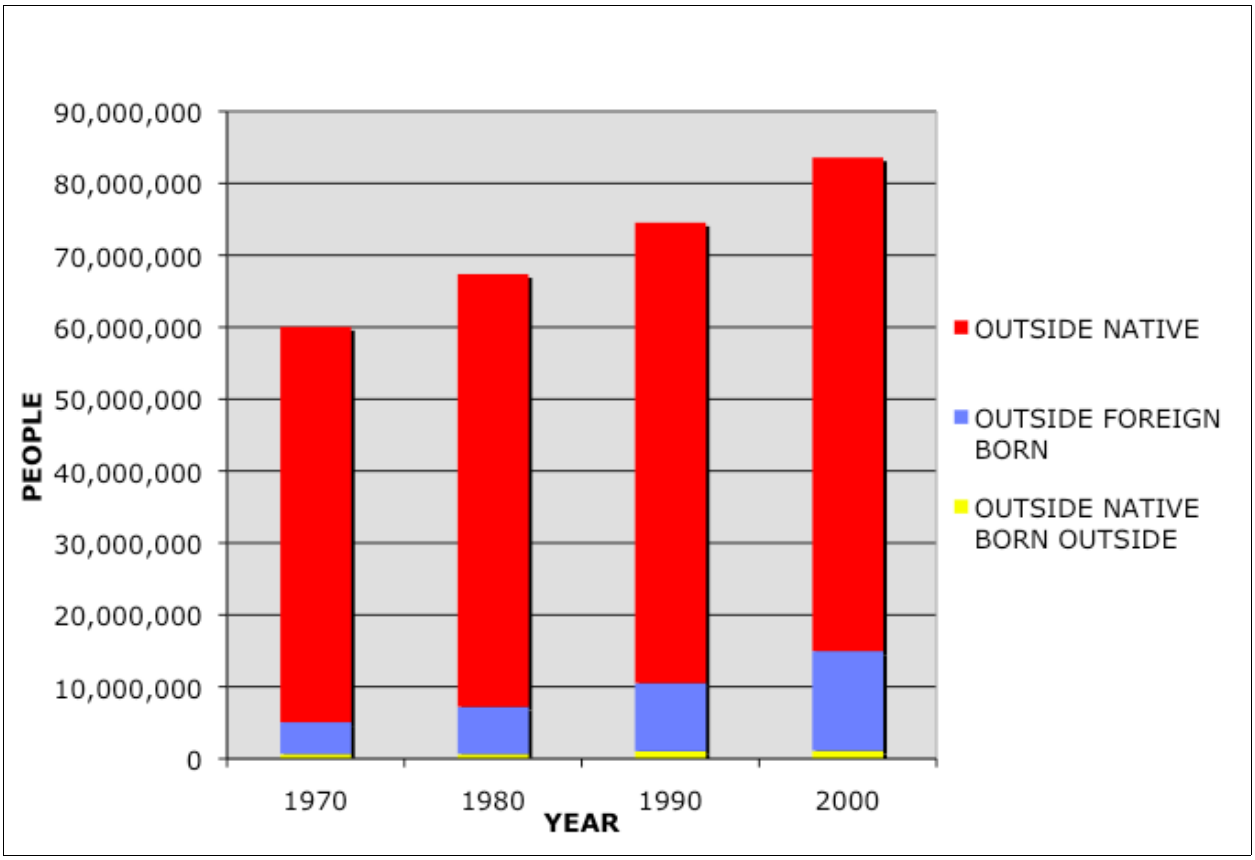

Figure 5: County Foreign Born Population Outside RC/EZ/EC

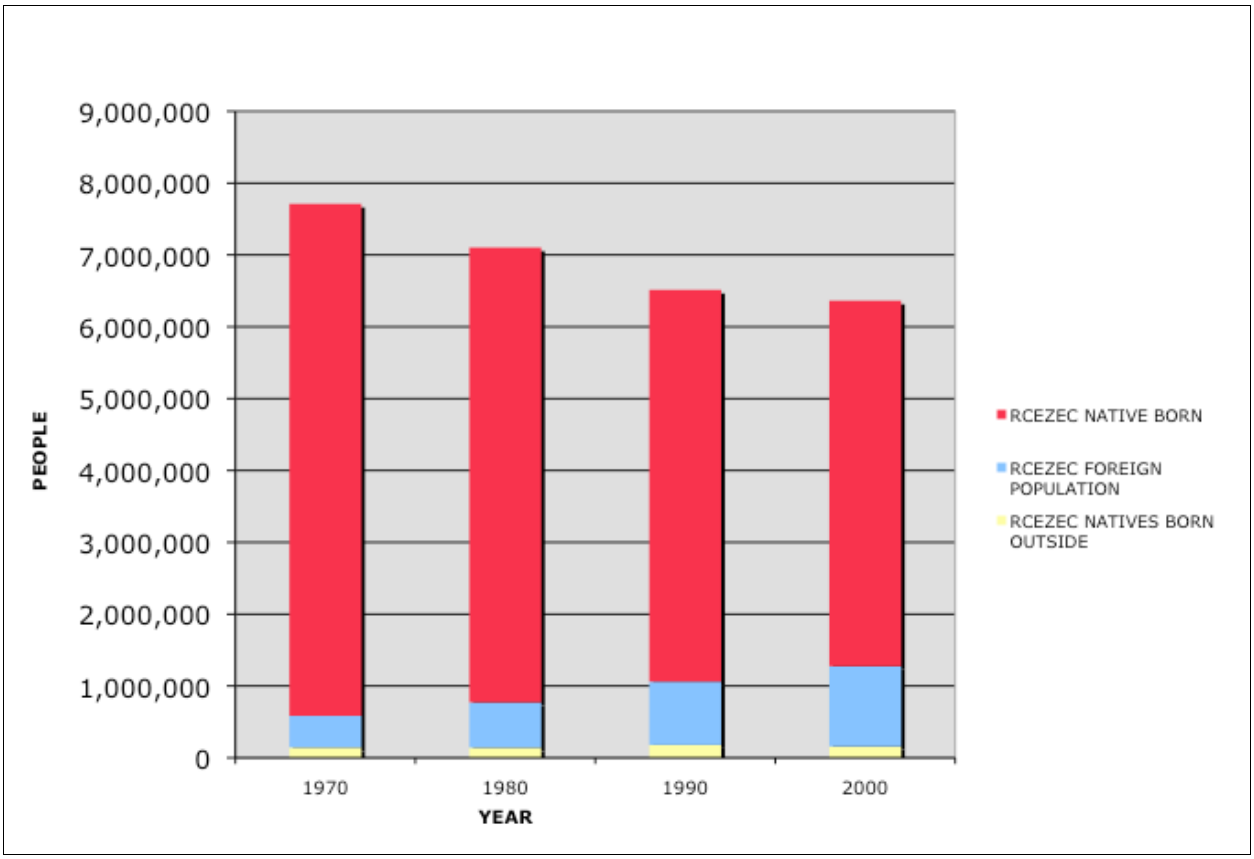

Figure 6: Foreign Born Population Inside RC/EZ/ECs

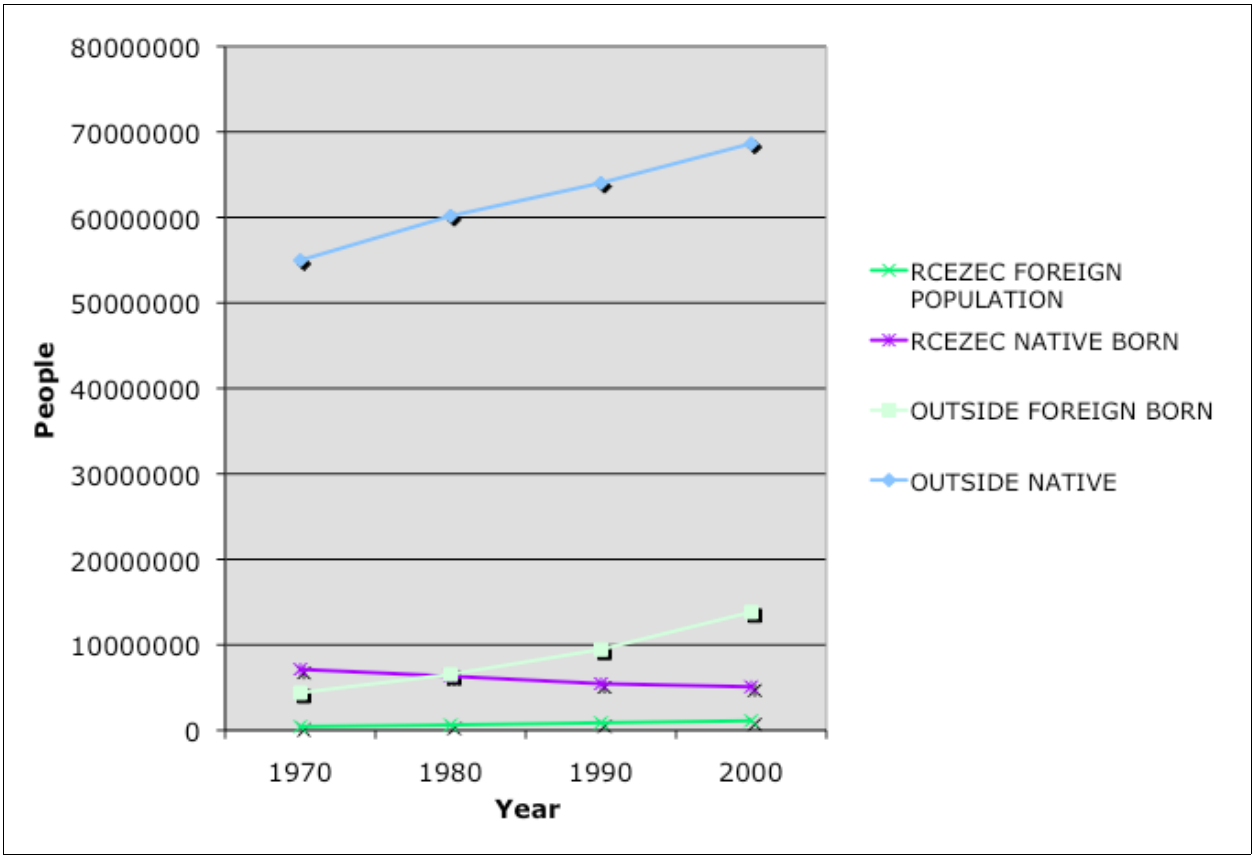

Figure 7: Comparing Populations in the EZ/EC to Outside the EZ/EC

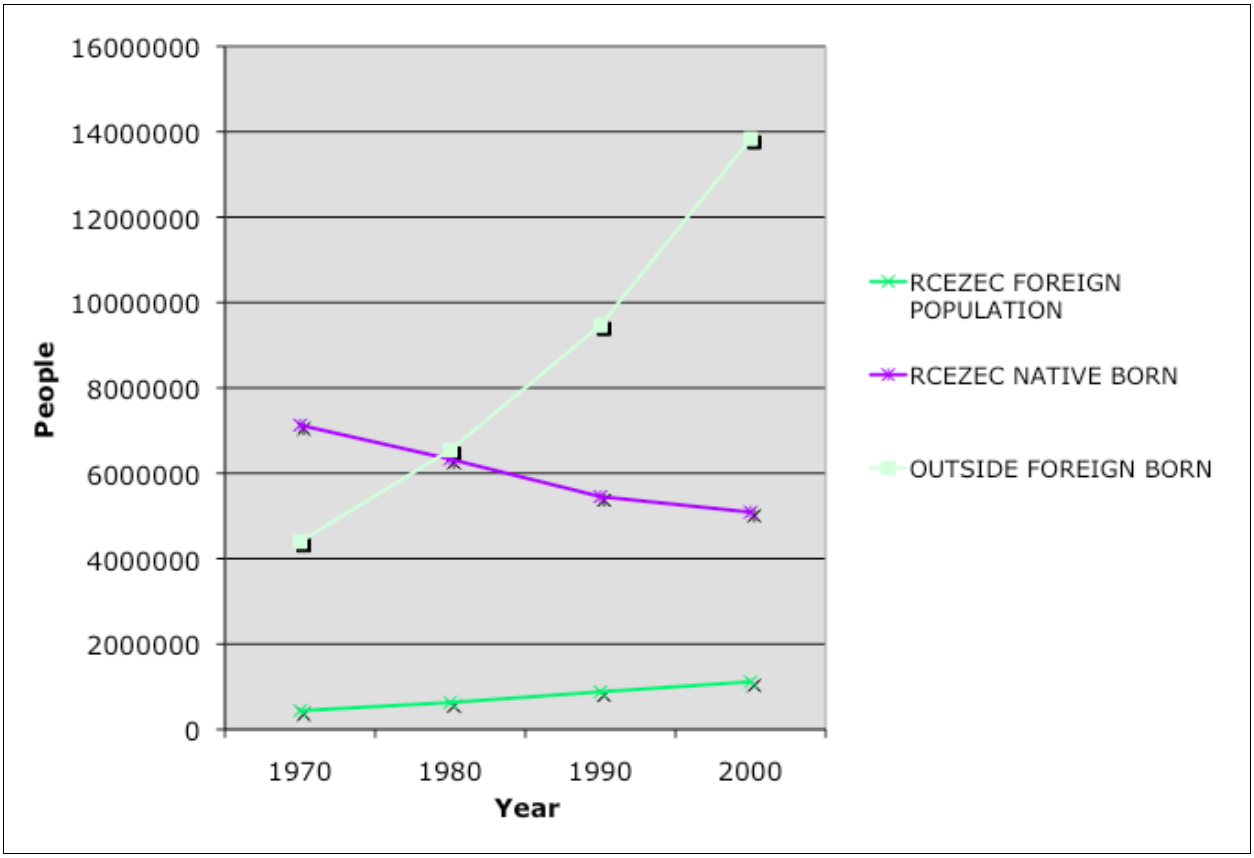

Figure 8: Comparing Populations in the EZ/EC to Outside the EZ/EC.

A visual interpretation provides the following preliminary conclusions. The gateway cities on the coasts have the most immigration. Interior cities have fewer immigrants. The instances where the red line is above the blue line, or the foreign- born population is higher outside of the zone, are worth noting. Cleveland, Chicago, Baltimore, Miami, New York, Jacksonville, and Atlanta, for instance, have designated areas that contain predominantly African-American native populations. New York's lines converged at 30% foreign born in 2000. Miami, on the other hand, started equal at about 25% and now is 40% foreign inside the RC/EZ/EC and 50% foreign born outside. In summary, the large gateway cities are driving the national trend found in Figure 1.

Multivariate Analysis: There is only evidence for hypothesis one for the EZ/ECs that did not have a wage credit in the 1990s. These designations include the Enterprise Communities, Round II Empowerment Zones, and the Supplemental Empowerment Zones. In regards to the change in the EZ/EC designation on the percent foreign born, there was about a 4% increase from 1990 to 2000 after controlling for the spatial mismatch index of the foreign born, census region, lagged change in percentage foreign born ten years prior, selection bias, fixed effects at the area level, and random effects at the county level. This increase is associated with lagged increases and the increase in the spatial mismatch index, however, the change in spatial mismatch is not robust to model specification. Furthermore, there was a 10% increase from 1990 to 2000 in foreign born in all areas after controlling for other variables. The West and Northeast have significantly higher changes in the percentage of foreign born from 1990 to 2000 (See Table 3 and 4).

Table 8:Estimates of the Effect of the EZ/EC on the Proportion Immigrant Population and the Immigrant Spatial Mismatch Index (N=162; T=1990, 2000).

Designation	Dependent Variable	Beta	Std. Err.	z	P>|z|
EZ/EC	Hypothesis 1: Proportion Immigrant	4.100	1.918	2.14	0.033
EZ/EC	Hypothesis 2: Immigrant Spatial Mismatch Index	-6.421	2.693	-2.38	0.017
Wage Credit EZ	Hypothesis 2: Immigrant Spatial Mismatch Index	-17.226	6.023	-2.86	0.004
Wage Credit EZ	Hypothesis 2: Immigrant Spatial Mismatch Index	-12.050	4.646	-2.59	0.009

Table 9:Local Impact of EZ/EC on Immigrant Population and Spatial Mismatch (N=162; T=1990, 2000; Counties = 81).

Variable	Mixed Effects	Pop. Ave.	Variable	Mixed Effects	Pop. Ave.
DV = % Foreign Born			DV = Spatial Mismatch FB		
Year	10.451 **	10.512 **	Year	0.385	0.280
	1.096	1.070		2.084	1.380
Spatial Mismatch FB	0.104 *	0.096 **	%Foreign	0.304 **	.313 **
	0.031	0.029		0.094	0.094
Post-EZ/EC	1.200	.430	Post-EZ/EC	-7.843 *	-5.54
	2.272	3.319		3.892	4.120
Post-EZ/ECwc	1.350	.830	Post-EZwc	-19.893 **	-16.407
	3.347	4.416		5.581	8.314
Pre-EZ/EC	-2.880	-3.670	Pre-EZ/EC	-1.423	0.920
	2.295	2.444		3.954	4.102
Pre-EZ/ECwc	-2.190	-2.590	Pre-EZwc	-2.666	0.840
	3.291	2.561		5.582	5.581
South	-.400	-.540	South	2.352	2.170
	1.298	0.970		2.384	2.551
West	8.207 **	8.215 **	West	1.499	1.130
	1.516	1.246		2.925	2.385
Northeast	3.915 *	3.878 **	Northeast	-6.260 *	-6.743 *
	1.366	0.848		2.545	2.539
Change %FB	1.077	1.183 *	Change %FB	0.489	0.470
	0.428	0.430		0.735	0.718
Inv. Mills	-.230	-.340	Inv. Mills	-0.922	-0.560
	0.292	0.350		0.503	0.490
Constant	-7.288	-6.260	Constant	57.538 **	55.327 **
	2.961	3.342		4.121	4.168
s.d. Constant	2.520 **	NA	s.d. Constant	5.512 **	NA
	0.615			0.966	
s.d Residual	6.881 **	NA	s.d Residual	11.488 **	NA
	0.688			0.524	

Note: * $p < 0.05$; ** $p < 0.01$. Standard errors below coefficients. Random effects on the county. The population averaged model is clustering on the individual for semi-robust standard errors.

3.3.2 Hypothesis 2: Spatial Mismatch

Multivariate analysis supports hypothesis three by providing evidence that the EZ/EC program contributed to the reduction in the jobs housing imbalance for immigrants. Although there was no significant change for both designated areas and comparison areas in the jobs housing balance for foreign born, from 1990 to 2000, EZ/ECs saw a measurable change. The immigrant spatial mismatch index experienced a 6.42% reduction in EZ/ECs ($p = 0.02$) and 17.23% in the Round I EZs with wage credits ($p = 0.02$) holding other variables constant (see Table 4). These results are robust to model specification using random effects or a population-averaged model, except that in the population-averaged model, the difference in change in spatial mismatch is not statistically significant between the EZ/ECs and the Round I EZs with wage credits. Also, in both models, a 1% increase in the percent foreign born increased the spatial mismatch by 0.3% ($p < 0.01$). The region with the largest drop in immigrant spatial mismatch was the Northeast, falling about 6% (See Table 4).

3.3.3 Hypothesis 3: Immigrant entrepreneurship

There is only partial support for hypothesis three. The fixed-effect specification was chosen because the Hausman specification test had no evidence that the difference in coefficients is systematic ($X^2 = 62.87; p < 0.01$). Due to substantial differences in the mean and variance of parameters, the Poisson specification is discarded.

There are no significant change in the rates of overall foreign-born entrepreneurship in any EZ/EC from 1990 to 2000 after controlling for fixed effects, selection bias, and other variables; however, the number of foreign-born entrepreneurs who did not incorporate a businesses (that is, independent contractors or general proprietors) increased by 8% in the EZ/ECs that did not have a wage credit). On the other hand, there are 82% fewer self-employed foreign born who have an incorporated business as a proportion of the labor force in EZ/ECs with the wage credit ($p < 0.01$). In contrast, native-born self-employed in Round I EZs with a wage credit increased 19% as a proportion of the labor force and 7% in the other EZ/ECs from 1990 to 2000 holding other variables constant. For those who did not incorporate a business, the increase was 22% in the Round II EZs with wage credits and 8% for the other EZ/ECs holding other variables constant. There was no change for those native born who incorporated a business, the increase was 15% in the wage-credit designations and 11 % in the other EZ/ECs. For those self-employed who did not incorporate, the increase was 24% in the wage credit areas and 7% in the other EZ/ECs.

Across nativity categories, all entrepreneurs increased 21% for the Round I EZs with wage credits and 7% for the other EZ/EC designations. For those who incorporated a business, the increase was 15% for those Round I EZs with the wage credit and 11% for the other EZ/ECs. The self-employed who did not incorporate increased 24% in the Round I EZs with the wage credit and 7% for the other EZ/ECs all other variables held constant. Both groups had a bigger increase in the wage credit areas, but this was only significant in the pooled sample, where the difference was five-

fold ($p = 0.03$).

The patterns in the covariates show that the general trend is an increase in entrepreneurs of 6% from 1990 to 2000. The target areas have anywhere two to 150 times the number of entrepreneurs as the control areas. However, native-born rates are significantly lower by less than 1% for every 1% increase in the percent foreign born in the census tract. On the other hand, native-born entrepreneurs are positively associated with an increase in the lagged foreign born increase. Also, for every 1% increase in lagged percentage foreign born, there is a 5% decrease in the self-employed. This was not true for those foreign born who had not incorporated.

Finally, there is substantial regional variation that follows from the immigration trends. The South has twice as many self-employed who did not incorporate a business than the Midwest. The West has three times as many foreign-born entrepreneurs as the Midwest. See Tables 5-7 for the full regression tables and see Figure 10 for a plot of the proportions of entrepreneurs by type by EZ/EC.

Table 10: Summary of Statistically Significant Treatment Effects of the Empowerment Zone/Enterprise Community on Entrepreneurship (p > 0.05).

Null Hypothesis	Dependent Variable	IRR	Std. Err.	z	P>|z|
Wage Credit EZ - EZ/EC	Immigrant Self Employed Incorporated	.179	.117	-2.640	.008
EZ/EC	Immigrant Self Employed Not Incorporated	1.078	.040	2.000	.045
EZ/EC	Native Born Self Employed Not Incorporated	1.081	.029	2.870	.004
Wage Credit EZ	Native BornSelf Employed Not Incorporated	1.218	.073	3.280	.001
EZ/EC	Native Born Self Employed	1.065	.027	2.510	.012
Wage Credit EZ	Native Born Self Employed	1.186	.052	3.870	.000
EZ/EC	All Self Employed	1.066	.027	2.550	.011
Wage Credit EZ	All Self Employed	1.211	.039	5.970	.000
Wage Credit EZ - EZ/EC	All Self Employed	5.443	4.106	2.250	.025
EZ/EC	All Incorporated	1.105	.036	3.070	.002
Wage Credit EZ	All Incorporated	1.146	.079	1.970	.048
EZ/EC	Self Not Incorporated	1.073	.030	2.490	.013
Wage Credit EZ	Self Not Incorporated	1.243	.061	4.410	.0

Table 11: Incident Rate Ratios for the Change in the Number of Entrepreneurs as a Proportion of the Labor Force in Empowerment Zones/Enterprise Communities (Years=1990,2000; N=132).

Variable	FB Self		FB Self Inc.		FB Self Not Inc.		NB Self		NB Self Inc.		NB Self Not Inc.		Both Self		Both Inc		Both Self Not Inc.	
Year 2000	1.423	*	1.754	*	1.336	*	1.073	*	1.187	*	1.035	*	1.061	*	1.184	*	1.015	
t	7.794		8.421		5.796		5.693		8.188		2.048		4.834		8.449		0.942	
%Foreign Born	1.001		0.997		1.003		0.997	*	0.997	*	0.997	*	1.002	*	1.001		1.002	*
t	0.602		-1.105		1.580		-4.170		-3.175		-3.220		2.783		1.329		2.846	
Immigrant SMI	1.406		1.518		0.943		0.999		1.001		0.998		0.999		1.003		0.997	
t	1.063		0.845		-0.143		-0.978		0.266		-1.413		-0.902		1.418		-1.601	
Post-EZ/EC	9.792	*	2.408		13.087	*	29.461	*	1.670		29.512	*	27.654	*	2.374		27.201	*
t	2.868		0.974		3.304		4.209		0.728		4.092		3.993		1.101		4.068	
Post-EZ/ECwc	16.051	*	0.431		47.454	*	74.376	*	2.274		43.141	*	150.509	*	3.489		66.816	*
t	2.702		-0.794		3.031		4.168		0.897		3.518		4.730		1.294		4.146	
Pre-EZ/EC	8.936	*	2.100		12.288	*	27.675	*	1.549		27.304	*	25.938	*	2.148		25.360	*
t	2.754		0.820		3.217		4.127		0.623		3.979		3.909		0.976		3.966	
Pre-EZ/ECwc	14.135	*	0.310		44.057	*	62.699	*	2.047		35.408	*	124.308	*	3.044		53.745	*
t	2.582		-1.107		2.957		4.020		0.783		3.357		4.553		1.157		3.943	
South	1.658		1.155		1.540		1.559		0.647		1.925		2.092	*	0.744		2.075	*
t	1.352		0.338		1.160		1.263		-1.164		1.861		2.096		-0.775		2.054	
West	3.312	*	2.199		3.025	*	0.640		0.953		0.721		0.565		1.101		0.569	
t	2.954		1.869		2.605		-1.036		-0.115		-0.783		-1.386		0.231		-1.380	
Northeast	1.954		1.088		1.467		2.103		0.583		2.166		1.387		0.621		1.111	
t	1.587		0.202		0.938		1.860		-1.233		1.900		0.824		-1.099		0.268	
%FB Lag	0.943	*	1.002		0.928	*	1.020	*	1.024		1.026	*	1.009		1.018		1.012	
t	-2.223		0.045		-2.484		2.036		1.320		2.602		0.983		1.128		1.162	
Inv. Mills	1.027		0.848		1.067		1.532	*	0.923		1.416	*	1.539	*	0.953		1.458	*
t	0.207		-1.104		0.514		3.162		-0.706		2.514		3.124		-0.380		2.840	

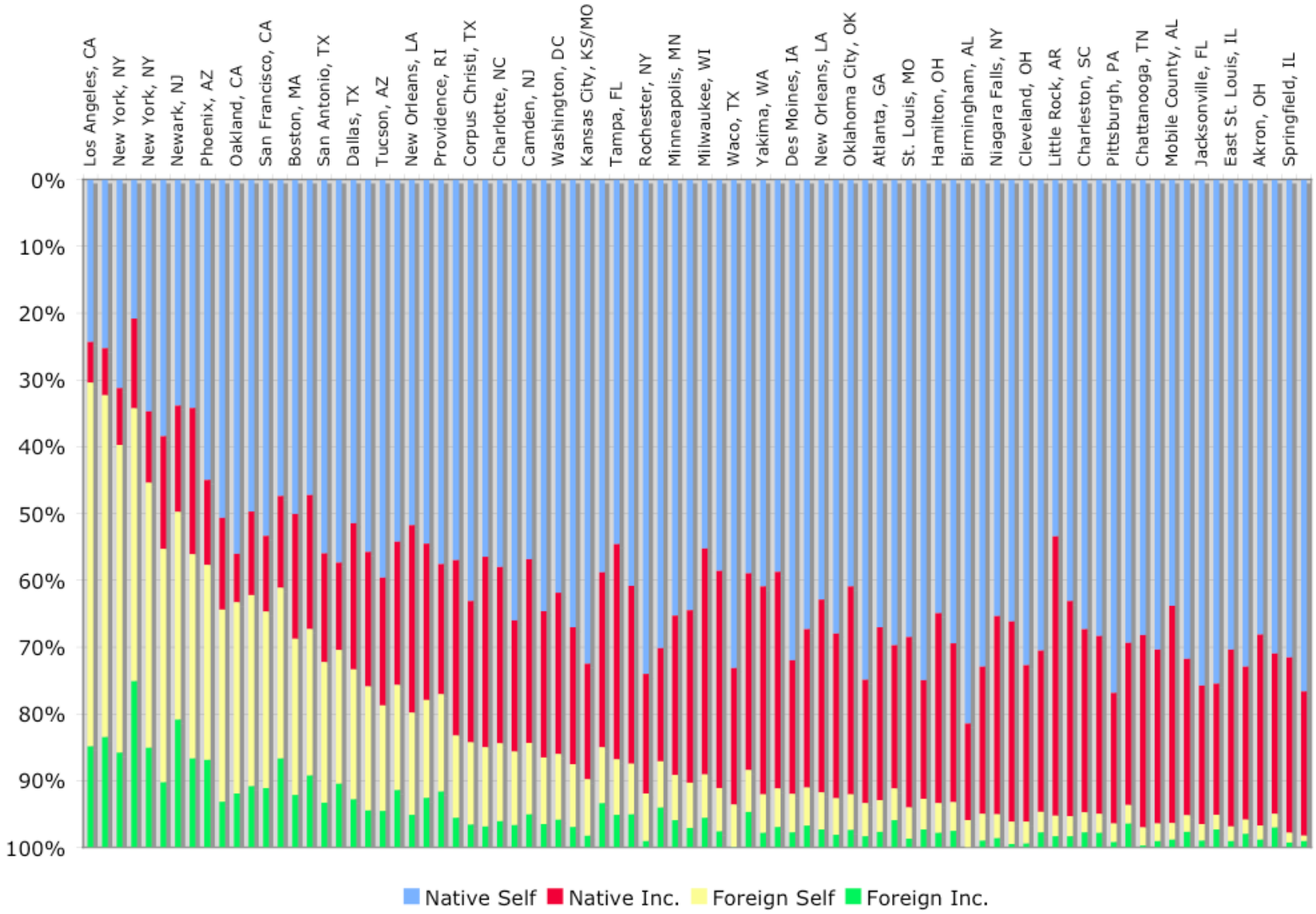

Figure 9: Entrepreneurs in EZECs by Nativity

Table 12: Summary of Statistically Significant Treatment Effects of the Empowerment Zone/Enterprise Community on Entrepreneurship (p > 0.05).

Null Hypothesis	Dependent Variable	IRR	Std. Err.	z	P>|z|
Wage Credit EZ - EZ/EC	Immigrant Self Employed Incorporated	.179	.117	-2.640	.008
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EZ/EC	All Incorporated	1.105	.036	3.070	.002
Wage Credit EZ	All Incorporated	1.146	.079	1.970	.048
EZ/EC	Self Not Incorporated	1.073	.030	2.490	.013
Wage Credit EZ	Self Not Incorporated	1.243	.061	4.410	.000

3.4 Discussion and Conclusion

It is clear that immigrants have been moving into these RC/EZ/ECs and that any future policy needs to consider how much more the decline in the population of the inner city would have been without inmigration from other countries. Secondly, consistent with Painter et al. (2007) and Raphael & Stoll (2002), the spatial mismatch index for immigrants fell in the EZ/ECs from 1990 - 2000 while the immigrant population was increasing. By implication, this means that the relative share of jobs increased in the EZ/EC. This reduction in spatial mismatch is an expressed policy purpose of the EZ/EC initiative as documented by the fourth principal of sustainable community development.

Finally, with regard to labor force outcomes, like Busso & Kline (2006) and Ham et al. (2009), these data show evidence of the impact of HUD designated EZ/ECs on employment. In this study, the data suggest that native-born entrepreneurship is one way the EZ/EC stimulates employment. Given the characteristics of the target areas, the entrepreneurs probably contain a substantial proportion of native-born minorities, but the question will remain for further research. In addition, the year effect is a 6% increase overall for entrepreneurship holding other variables constant—and 43% for foreign born. In other words, entrepreneurship was increasing in both the EZ/EC and control areas, especially for the foreign born.

The difference between the rate of immigrants who are self-employed who incorporated a business in the Round I EZs with wage credits compared to the other EZ/ECs is probably a function of the location of the designations. The Round I EZs are all east of the Mississippi, for example, and those neighborhoods are almost all historically African American (eg Harlem, South Side Chicago, West Baltimore, Central Atlanta, West Detroit). Also, from descriptive statistics it is clear that immigrants choose areas both inside and outside designated areas for most of the country. This effect size is probably not a treatment effect.

There is no support in these data that EZ/ECs with relatively higher concentrations of foreign born as a source of coethnic resources have an association with entrepreneurial activity (eg Light et al., 2004). On the other hand, there is some support in these data for some kind of exclusion from institutional resources (eg Alba, 2005; Alba & Nee, 2003). It is logical that the only returns to entrepreneurship from the EZ/EC are for those foreign-born entrepreneurs that do not incorporate a businesses because this involves institutions and requires more native-born resources. These immigrants probably include more informal employment activities, small general proprietorships, or a mix of entrepreneurship and formal employment. This would be consistent with the sociological theories of entrepreneurship that argue that the foreign born are excluded from mainstream resources necessary to both incorporate a business and compete in the mainstream economy. Furthermore, the main tool in these EZ/ECs are $3 million strategic planning grants [4] that are formally negotiated with existing organizations involved with community economic development

[4]Except for Los Angeles, Oakland, Cleveland, Kansas City, Houston and Boston, who received large economic development grants and loan guarantees.

or created new ones to achieve the purposes of EZ/EC strategic plan. Thus, we would only see an impact on employment in these designated areas through the indirect benefit of infrastructure and human capital investments. This might stimulate the labor force participation of the independent contractor, who would be hired for new construction, or the sole proprietor, who opens a small, family-owned business and files on a personal tax form.

In regards to the association with chain migration (Massey, 1999), the increase in native-born entrepreneurs with the lagged increase in percent foreign born suggests that the influx of immigrants into distressed areas in the past decade could have been creating business opportunities for the native born. At the same time, the decrease in foreign born entrepreneurs relative to an increase in lagged percentage foreign born may mean that places with chain migration are more able to find mainstream employment, possibly though friends and relatives or indirectly by the reputation of the immigrant group and need not to resort to self employment.

3.4.1 Limitations

For the first hypothesis, while the selection of EZ/ECs based on census tracts allows for the data to compare changes over time, this analysis is complicated by changes in census tract boundaries from 1990 to 2000 that the NCDB only partially compensate. In addition, since the designations occurred at different times, there may be different effects for the duration of treatment over the two rounds for which this study did not account. The IPUMS database, while rich for obtaining information about large areas, is not very good about small areas, so there is a great deal of measurement error on the entrepreneurship variables in smaller cities. See Table 9 for a full list of observations in the sample for each regression.

3.4.2 Implications for Further Research

Since the 2010 census will not have a long term, it will not be possible to replicate all portions of this study for the subsequent decade. The census 2010 will only offer population counts by race and ethnicity. At some point, the American Community Survey will be able to provide rolling averages of data down to the tract level, but these will vary in precision. Further research could be done analyzing changes in there may be call to distinguish between different census racial and ethnic groups for the spatial mismatch index and entrepreneurship outcomes. Analysis by a sworn census investigator would overcome limitations of the IPUMS sampling. The next chapter will use proprietary data to address sampling limitations of IPUMS for both time and place. Using the NETS data, it is possible to observe the impact of wage credits from the Round II, Round III EZ, and Renewal Communities.

3.4.3 Recommendations for Public Policy

Like GAO (2004 & 2006), some communities showed improvements but the causal link between the program effect and outcome can be questioned. This research shows the need to

coordinate at a federal level the bureaucratic incorporation of immigrants in inner city neighborhoods. While ideally, an application process that prioritizes areas with high poverty and unemployment should choose immigrant areas that demonstrate need, any future federal community-development initiative should at least make a more deliberate attention to outreach and continue to support the efforts of local government. Federal community development needs to be deliberate about inclusion of not only those with limited English proficiency, but all foreign born in policies and programs designed to renew inner cities. Three parts of the community economic development process that need to target immigrants include the following: 1) targeted workforce development training 2), entrepreneurship trainings and 3) simple, low-cost infrastructure improvements such as miniature grants for storefront improvements that improve the character of the neighborhood. Until federal immigration reform happens, care would need to be taken to comply with existing prohibitions on the use of federal funds to directly benefit persons out of immigration status.

Social work can also play a role in the next set of place-based initiatives. Since immigrants are still moving into the inner city, there is still a value for locality development (Rothman, 1970). For example, refugee resettlement can build on pilot initiatives that involve microenterprise and entrepreneurship (Else, 2008). Other social development strategies such as asset building and individual development accounts may also be targeted to immigrants (Sherraden, 1990). Multilingual and culturally competent social workers may also organize block clubs, worker centers, and advocate for the bureaucratic incorporation of immigrants without regard to status (Marrow, 2009).

Immigrants are partially replacing the population of the native born in inner cities. Local governments have arguably felt the pinch already as raids by the border patrol have driven out undocumented immigrants and taken some of the relatives in status with them. Restrictions in immigration or a failure to include immigrants in community-development planning may suppress native-born entrepreneurship and only add to inner-city decline.

Table 13: Sample of Empowerment Zones/Enterprise Communities Used in Regression Models (1 = included; 0 = dropped).

EZ/EC NAME	EZ Type	EZ Type	DV for Hyp 1 & 2	DV for Hyp 3
	EZ/EC	EZ/EC Wage Credit	%Foreign Born, Immigrant SMI	Entrepreneur-ship
Akron, OH	1	0	1	1
Albany, GA	1	0	1	0
Albuquerque, NM	1	0	1	1
Atlanta, GA	0	1	1	1
Baltimore, MD	0	1	1	1
Birmingham, AL	1	0	1	1
Boston, MA	1	0	1	1
Bridgeport, CT	1	0	1	1
Buffalo-Lackawanna, NY	1	0	1	1
Burlington, VT	1	0	0	0
Camden, NJ	0	1	1	1
Charleston, SC	1	0	1	1
Charlotte, NC	1	0	1	1
Chicago, IL	0	1	1	1
Cincinnati, OH	1	0	1	1
Cleveland, OH	1	0	1	1
Columbia/Sumter, SC	2	0	1	0
Columbus, OH	1	0	1	1
Cumberland County, NJ	1	0	1	0
Dallas, TX	1	0	1	1
Denver, CO	1	0	1	1
Des Moines, IA	1	0	1	1
Detroit, MI	0	1	1	1

EZ/EC NAME	EZ Type	EZ Type	DV for Hyp 1 & 2	DV for Hyp 3
East St. Louis, IL	1	0	1	1
El Paso, TX	1	0	1	1
Flint, MI	1	0	1	1
Gary/Hammond/East Chicago, IN	1	0	1	1
Harrisburg, PA	1	0	1	1
Houston, TX	1	0	1	1
Huntington, WV/Ironton, OH	2	0	2	0
Indianapolis, IN	1	0	1	1
Jackson, MS	1	0	1	1
Kansas City, KS/Kansas City, MO	2	0	2	0
Knoxville, TN	1	0	1	1
Las Vegas, NV	1	0	1	1
Little Rock/Pulaski AR	1	0	1	1
Los Angeles, CA	1	0	1	1
Louisville, KY	1	0	1	1
Lowell, MA	1	0	1	1
Memphis, TN	1	0	1	1
Miami/Dade County, FL	1	0	1	1
Milwaukee, WI	1	0	1	1
Minneapolis, MN	1	0	1	1
Muskegon, MI	1	0	1	0
Nashville/Davidson, T	1	0	1	1
New Haven, CT	1	0	1	1
New Orleans, LA	1	0	1	1
New York, NY	0	2	2	1
Newark, NJ	2	0	2	1
Newburgh/Kingston, NY	1	0	0	0

EZ/EC NAME	EZ Type	EZ Type	DV for Hyp 1 & 2	DV for Hyp 3
Norfolk/Portsmouth, VA	2	0	2	0
Oakland, CA	1	0	1	1
Ogden, UT	1	0	1	0
Oklahoma City, OK	1	0	1	1
Omaha, NE	1	0	1	1
Ouachita Parish, LA	1	0	1	1
Philadelphia, PA	0	1	1	1
Phoenix, AZ	1	0	1	1
Pittsburgh, PA	1	0	1	1
Portland, OR	1	0	1	1
Providence, RI	1	0	1	1
Rochester, NY	1	0	1	1
San Antonio, TX	1	0	1	1
San Diego, CA	1	0	1	1
San Francisco, CA	1	0	1	1
Santa Ana, CA	1	0	1	1
Schenectady, NY	1	0	1	0
Seattle, WA	1	0	1	1
Springfield, IL	1	0	1	1
Springfield, MA	1	0	1	1
St. Louis, MO	2	0	2	1
St. Paul, MN	1	0	1	1
Tacoma, WA	1	0	1	1
Tampa, FL	1	0	1	1
Waco, TX	1	0	1	1
Washington, DC	1	0	1	1
Wilmington, DE	1	0	1	1

EZ/EC NAME	EZ Type	EZ Type	DV for Hyp 1 & 2	DV for Hyp 3
Total	76	8	81	66

Chapter 4: Do Tax Incentives Give Birth to New Jobs? The Impact of Community Renewal Tax Incentives on the Businesses in Minority and Immigrant Neighborhoods.

4.1 Introduction

Research on place-based initiatives, in particular the Empowerment Zone, has been limited in scope by the availability of national data. Because the program was not implemented using random assignment, methods of analysis are restricted to observational studies, quasi-experiments, and natural experiments. Another problematic assumption is the violation of the stable unit treatment assumption that is a result of spillover effects from nearby areas. This follows from Tobbler's law, which postulates that places near each other share similar characteristics. Some but not all concerns about selection bias can be remedied with a matching procedure that uses pretreatment variables to identify a comparable control group. Finally, few studies have examined the role of minority businesses and even fewer immigrants.

Now that we have had three Federal waves of incentives over almost a 15-year period, we can test the differential impact of these policy variants on job creation controlling for selection criteria.

Hypothesis One: The RC/EZ/EC areas have increasing job counts in the post intervention period (JOBS).

Hypothesis Two: The RC/EZ/EC areas have increase businesses birth rates in the post intervention period (FOUNDINGS).

Hypothesis Three: The RC/EZ/EC areas have decreased business failure through failure or move in intervention period. (FAILURES).

Hypothesis 4a: Thus, women owned and minority businesses with a government contract should have reduced relative risks to failure than those minority businesses that do not (RELATIVE FAILURES).

Hypothesis 4b: Male owned and non-minority businesses should have lower relative risks to failure than minority businesses in general (BASELINE FAILURES).

Hypotheses 4c: Minority and foreign owned should have increased foundings in RC/EZ/EC areas but increased relative risks of failure (MINORITY).

4.2 Data and Methods

Study Sample: Since 1995, HUD has designated 117 RC/EZ/ECs. However, getting precise outcome data requires sworn Census microdata access or purchase of proprietary businesses' contact data. Because Census data are not available annually, I will use the National Establishment Time Series (NETS) data, an annualized extract of Dunn and Bradstreet data from 1990 to 2007 that links each business respondent longitudinally. Because the research budget for this study is limited and cannot afford data for all participating states, case studies are selected purposively to ensure maximum variation. Each of these annual reports was reviewed to determine if the local government conducted outreach to minority and immigrant businesses. They were also coded as having above average or below average immigration rates. Each RC/EZ/EC was matched to the rest of the state in which it resided. In order to tease out the confounding effect of immigration rates, this study will compare RC/EZ/ECs in two states: California, because it is a state with high rates of immigration, and Tennessee, because it is a state with low rates of immigration. The sampling will come from businesses with an establishment in the following metro areas: Memphis, TN-AR-MS (N= 101,818); Knoxville, TN (N=84,850); Nashville, TN (N= 159,285); Chattanooga, TN-GA (N=44,113); Los Angeles-Long Beach, CA (N=1,252,966); San Diego, CA (N=368,381); San Francisco, CA (N=281,904); Fresno, CA (N=89,965); Orange County, CA (N=461,904); and Oakland, CA (N=293,251).

Dependent Variables: The primary dependent variable is establishment jobs at the location of business (Emp1990–Emp2007). Second, the number of new establishments in a given year from 1990–2006 (FirstYear). Third, the number of failed establishments in a given year from 1990–2006 (LastYear). Note that the NETS computes these fields by taking the year of first reporting as the first year of businesses and the last year reporting as the last. For most businesses in the extract, the first reported year is presumed 1989, since the data set begins in 1990. Likewise, the last reported year is 2007. Unlike Kline (2009), I included businesses with fewer than five employees because during the study period, consultants aggressively marketed the wage credits. This would bias the estimate towards zero. Because about 50% of employees work for firms with five or fewer employees, the data will be at that subset accordingly to see if the smaller are sensitive to the effects of the program. As a placebo test, firms that are not eligible for tax incentives (government, non-profit, country clubs, hot tub facilities, suntan parlors, gambling, massage parlors, and liquor stores) are separately analyzed to see if the model is subject to spurious results. This would give power against direct effects of the wage credit, but not any indirect effects. For example, a liquor store in an urban strip mall may indirectly benefit from other stores stimulated by the wage credit.

In order to see if these incentives are reaching immigrant and minority businesses, I filtered the data set using the minority business field in NETS. Unfortunately, the NETS, unlike the census, captures the immigration status of business owners. However, we know that some proportion of immigrant-owned businesses are a subset of minority businesses. Granted, there are immigrants of European descent that open businesses. Dun and Bradstreet, however, does not ask the owner if he or she is an immigrant. They ask if the business is owned by a woman, a minority, or if it is foreign owned. The foreign-owned businesses are by and large name-brand multinational corporations. In fact, 86% of foreign-owned businesses in Tennessee are partnerships or corporations, and the other 14% are not classified. With minority-owned businesses, on the other hand, 59% are unclassified, 13% are general proprietorships and 29% are partnerships or corporations. Accordingly, the foreign-owned business is not a good proxy for immigrant entrepreneurship in the sense that it is a firm run by a foreign corporation. The minority-owned businesses, on the other hand, do contain owners with surnames from prominent new immigrant groups. Past research has used a procedure to code these owner names and make a presumption that they are immigrants or at least 1.5 generation immigrants. For example, one study used similar data to analyze the growth of tech start ups founded by South Asian entrepreneurs (Saxenian, 1999) and others used Internal Revenue Service filings of non-profit organizations to make inferences about immigrant involvement (Ramakrishnan, 2006; Hung, 2008). However, given the size of the study sample and the error related to people changing names due to business or marriage, this study has declined to take that approach. If we make a simplifying assumption that entrepreneurs have a similar distribution to the general population, then a simple comparison of the minority business in Tennessee and California respectively will provide a description of how these community development policies might affect predominantly native-born minorities in Tennessee and foreign-born entrepreneurs in California. Recall that the Santa Ana, California EZ, for example, is 80% foreign born. By inspecting thematic maps from the 2002 economic census for Black-Owned Businesses (See Figure 1), Hispanic-Owned Business (see Figure 2), and Asian-Owned Businesses (see Figure 3), one can see that this is a plausible assumption. For example, California has a high proportion of Hispanic-Owned and Asian-Owned businesses compared to Tennessee. These minority populations are well represented in recent immigration waves. In contrast, Black-Owned Businesses comprise the greater share of minority businesses in Tennessee.

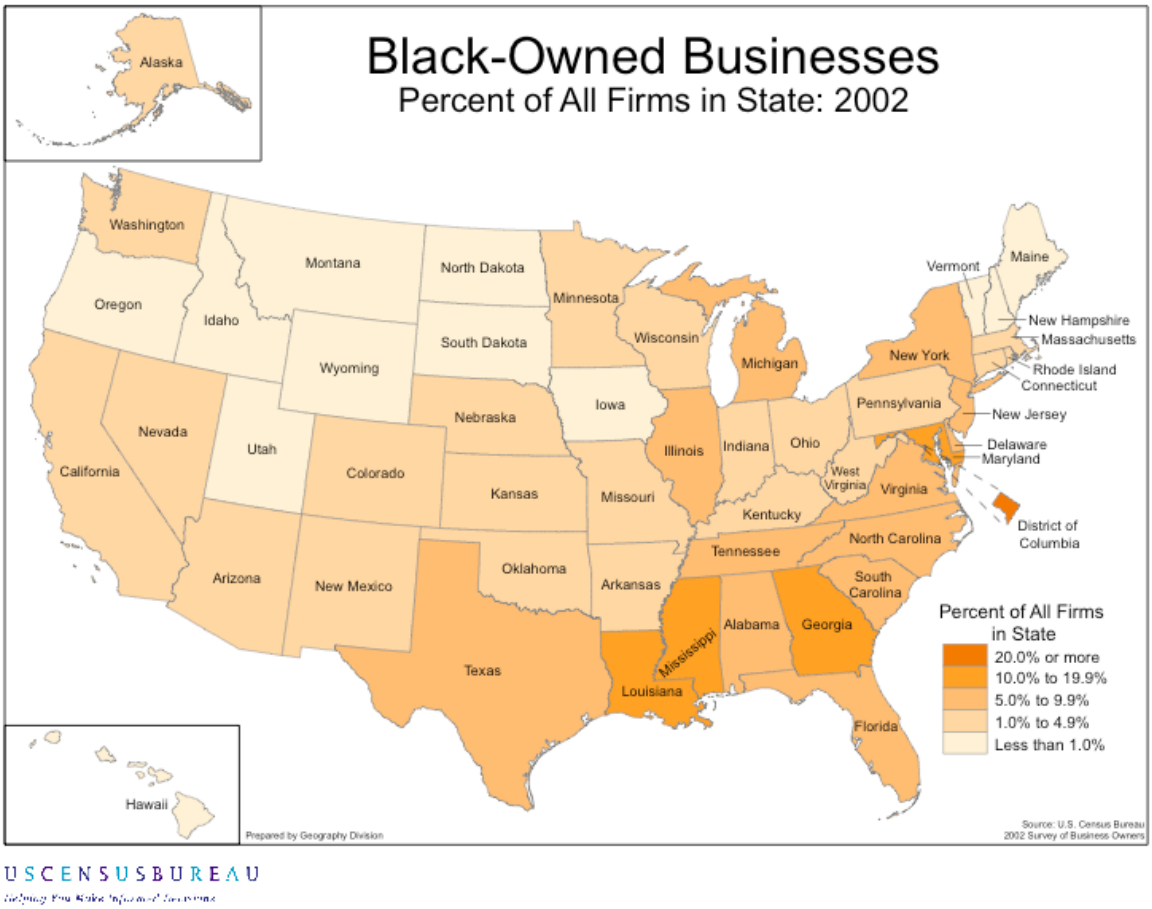

Figure 1: Black-Owned Businesses: Percent of All Firms in State (2002)

Figure 2: Hispanic-Owned Businesses: Percent of All Firms in State (2002)

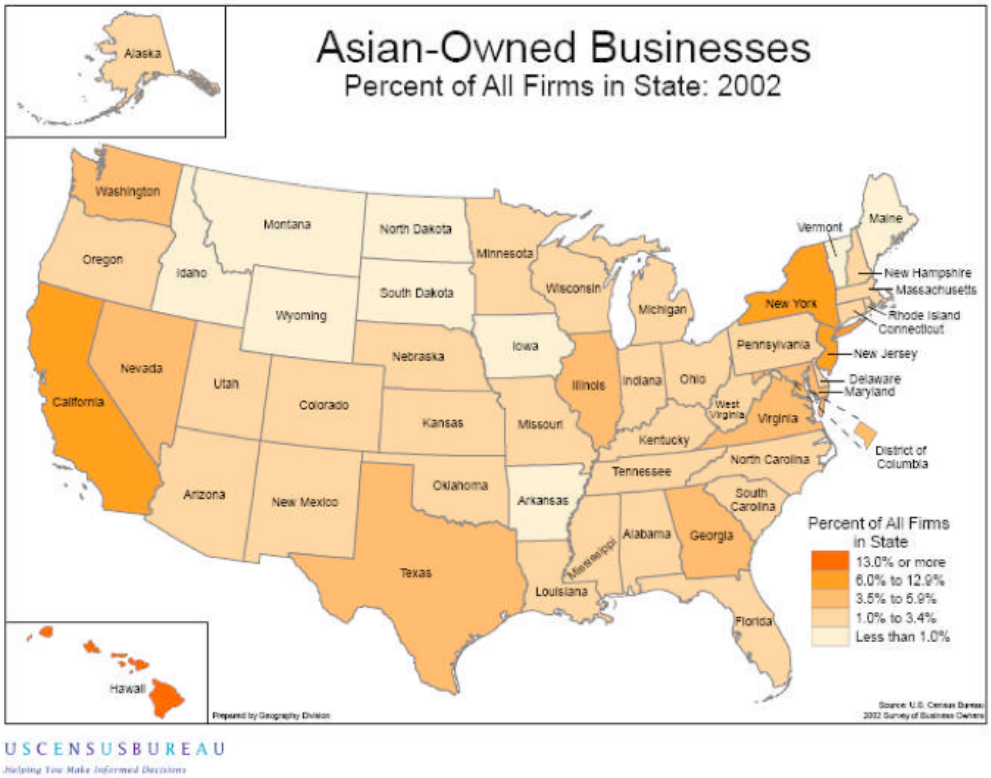

Figure 3: Asian-Owned Businesses: Percent of All Firms in State (2002)

Treatment Variable: The treatment variable is a census tract designated an RC or EZ area in a given year. The Enterprise Communities expired in 2004. They will be included in potential placebo tracts. An ideal study would draw only from ECs or from losing applicants following Busso & Kline, but I do not have resources as such. An additional variable will distinguish EZs that received additional grants or loan guarantees. Round II EZs (Santa Ana, CA, and Knoxville, TN in this sample) received approximately $26 million each in economic development grants. The Los Angeles EZ received approximately $300 million in economic development grants and loan guarantees. Because of the intense treatment and statutory designation, it is excluded from the analysis. However, the Los Angeles Renewal Community is included. Unlike Round I EZs, Round II and III EZs are allowed to include a developable site, usually a large parcel of land to be used as an industrial commercial park. As a simplifying assumption, the entire tract is included if there is a developable site. If this biases the estimate of the impact, it will bias it towards zero by including non-treated businesses in the sample. See Figure 5 for a graph of how the benefits of the program changed over time.

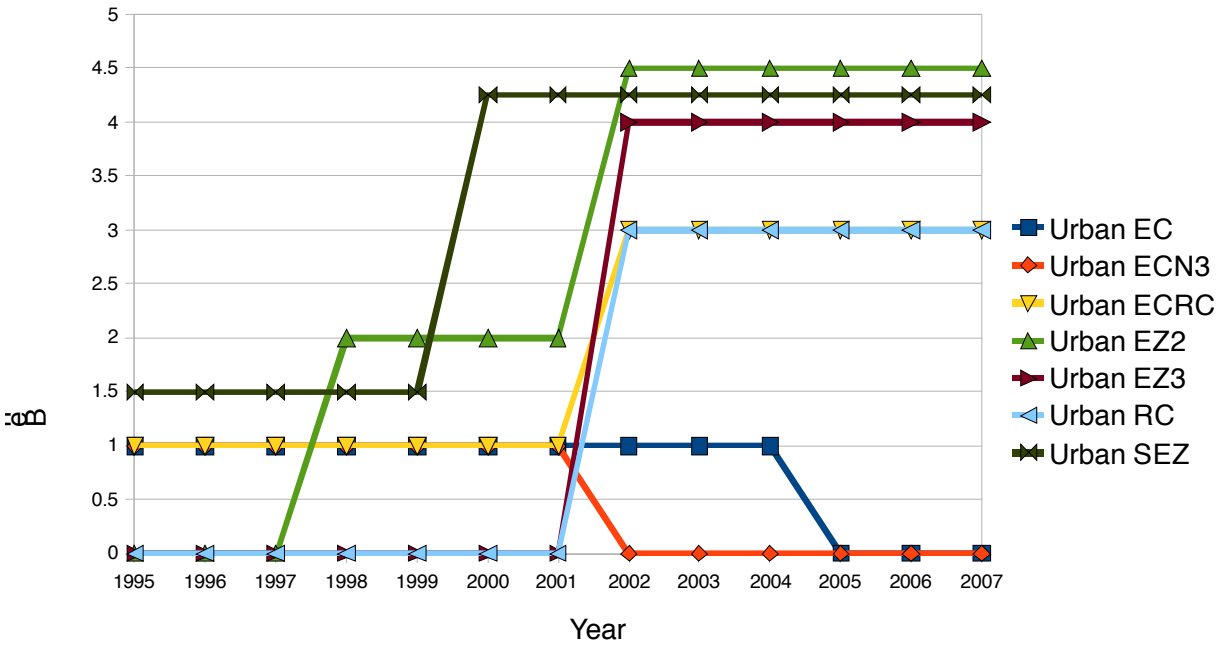

Figure 4: Designation Benefit Package by Designation Type. At zero there is no designation. Level 1 is the Enterprise Communities and Level 1.5 is the Los Angeles Supplemental Empowerment Zone. Level 2 is the Round II Empowerment Zones before the wage credit became available. Level 3 is the Renewal Community level and Level 4 and higher are the EZs after the wage credit went into effect..

Matching and Control Variables: This study does not attempt to model the social process whereby a neighborhood changes. It does attempt to control for the selection of the designated areas by identifying census tracts that are similar on observed characteristics. Poverty, unemployment, population, area, and being in a central business district are used because they are selection criteria used by HUD. In order to simulate the requirement that tracts be adjacent, I use the Moran's I local spatial autocorrelation statistic and the corresponding cluster. I also include a dummy variable that indicates if the tract had a US representative in the majority party. While Congress only selected the Washington, DC Enterprise Zone and "ratified" the Clinton Administration's Supplemental and Enhanced designations, I include it because the House has an active role in constituent services to encourage local governments to access Federal resources. The first year of the outcome variable is also included. Finally, a Round I dummy ensures balance on the Round I Enterprise Communities to ensure that the comparison group has a balance to the treatment group in Round II and III. This partially is a mirror image of the Busso & Kline approach, which compared the Round I EZ winners to applicants who won in subsequent rounds. See Table 1 for a complete list and description of variables. Because covariates are plausibly balanced, the regression estimates only control for fixed effects.

Table 14: Matching Control Variables Used in this Study

VARIABLE	SOURCE	DESCRIPTION
CBD	1982 Census of Retail Trade	Tract is in Central Business District and has <= 35% Poverty
SQMILES	1990 Census/Geolytics National Community Change Database (NCDB)	Square Miles of Tract
UCOUNTY	1990 NCDB	County
ST	1990 NCDB	State
UNEMPRT9	1990 NCDB	1990 Unemployment
POPDEN9MI	1990 NCDB	Population Density (Logged)
SHRMIN	1990 NCDB	% of Population that is a minority
SHRWHT9	1990 NCDB	Share White
TRCTPOP9	1990 NCDB	Tract Population
POVRAT9	1990 NCDB	Percent Persons in Poverty
PCTFB90	1990 NCDB	% of Population that is foreign born
DUN	2000 - 1990 Census	% Change in Unemployment
DPOV	2000 - 1990 Census	% Change in Poverty
MAJ103	Census TIGER	U.S. House Member in Majority Party (D)
MAJ107	Census TIGER	1 = U.S. House Member in Majority Party (R)
MAJ105	Census TIGER	1 = U.S. House Member in Majority Party (R)
I_POV_Q2	GeoDA +1990 Census	The local Moran's I spatial autocorrelation statistic
CL_POV_Q2	GeoDA +1990 Census	The local Spatial Autocorrelation Cluster
ROUND1	HUD	Tract was designated an Enterprise Community
TREAT	HUD	Tract was designated an Empowerment Zone (1) or Renewal Community (2)
EMP90	National Establishment Time Series Database (NETS)	Job Counts in 1990
FIRST90	NETS	Number of New Establishments in a Given Year
LAST90	NETS	Number of Failed Establishments in a Given Year

Data Analysis Methods: In order to estimate an average policy treatment effect, one must meet several assumptions under the potential outcomes framework. If the assignment to policy treatment were random, the calculation of the treatment effect would be difference in means of the two groups. However, we know that the RC/EZ/EC was selected through a competitive application, so the randomization assumption does not hold. However, we can condition on the observable selection criteria and find a matched set of comparison census tracts that could have been or at least share substantially similar characteristics. Key variables in the selection process are poverty, unemployment, area, and population. Even if the selection on observables assumption holds, this particular policy is particularly subject to SUTVA violations. As is the case with many social interventions, we know we will have spill-over effects. First of all, the grant expenditures and some tax incentives are permitted to have some benefit outside the area. For example, to access the bond, increased tax deductions for purchase of equipment or property or partial exclusion of gain, one need only have 35% of employees live inside the designated area. Furthermore, although the key wage credit (EZ Wage Credit/RC Wage Credit) is an incentive to hire people who both live and perform work inside of the designated area, the tax code has another incentive, the Work Opportunity Tax Credit (WOTC) that is an incentive to hire summer youth from inside the designated area, but the work may be done elsewhere. For this reason, we would expect businesses near designated areas that have use of entry level, low-wage workers in order to benefit from this incentive. Advanced methods such as spatial filtering with eigenvectors can be employed to filter out some of the spatial dependence. They will be used as alternate specification.

Rubin (1980) recommends using a propensity score with the mahalanobis distance metric to find optimal matches. The goal of matching is to ensure that the comparison area looks like the RC/EZ/EC on key variables. In this study, I assume Round II and Round II Empowerment Zones have the same propensity score because they operate under the same regulations, designated only three years apart, and it was not possible or desirable for a Round II to become a Round III. However, Renewal Communities have a different set of selection criteria, so they are allowed a separate propensity score. The multinomial logit scores are estimated in R using the VGLM package. The baseline group includes census tracts from all counties designated urban by the US Dept. of Agriculture rurality continuum. In order to prevent confounding, tracts designated as Rural RC/EZ/ECs are dropped. Grant areas and GenMatch, a matching weight optimization package, can improve matching balance by generating a random set of population weights and selecting the ones that improve covariate balance (Diamond, & Sekhon 2005). One-to-many matching with replacement is used with exact matching within the same state (CA & TN).

If the covariates have excellent balance ($p > .20$ on all key variables), then a simple difference in means will be used to calculate the Average Treatment Effect on the Treated (ATT). Depending on matching balance, post-matching regression is employed to reduce bias in estimates. Regression discontinuity is the second-best design if matching from a general population fails. The RC/EZ/EC program has several forcing variables, mainly poverty and unemployment, with exceptions. For the most part, all tracts must have at least 20% poverty. There are exceptions made in the EZ program for low population tracts that contain industrial or commercial parks. The local area treatment effect using poverty and unemployment would be a comparison between treated areas above a bandwidth of 20% poverty or greater and those not treated above a bandwidth of

20%.

It is plausible to take 20% or 25% poverty as the cut point in a regression discontinuity design; however, with only two states data, we are only left with a small subset of census tracts that have been designated that fall between 15 to 35% poverty. With a full national sample, regression discontinuity would be more plausible using poverty as the forcing variable. Other scholars have used the border as the forcing variable. However, the covariate balance across the border in this sample is sharply different, so they use random growth-curve regression adjustment. Since we are able to obtain good covariate balance in this sample, trend estimates will be used using ITS.

While the ATT is a powerful way of comparing two time periods, when an intervention has several observations over a long time period, many time-variant factors may complicate the selection on observables assumption. The interrupted time series (ITS) method is a simple, quasiexperimental design that can identify the impact of an intervention at a given time by controlling for past levels and trends (Winship and Morgan, 2009). This paper adopts the adjusted interrupted time series (AITS) model from Glaster et. al. (2004), who adapt it specifically to community development policies. Using the AITS, this study was able to estimate differences in job levels and trends between the intervention periods. AITS combined with matching overcomes some of the observable selection bias inherent in community development initiatives that are not targeted randomly, but rather only in areas that have an identifiable need, in this case high poverty and unemployment. The model used in this study is as follows:

$$\mathbf{DV}t = c + d1 * (\text{DIMPwc}_t) + d2 * (\text{DIMPgrant}_t) + e1 * (\text{DPOSTIMPwc}_t) + e2 * (\text{DPOSTIMPgrant}_t) + f * (\text{TRIMP}_t) + g1 * (\text{TRPOSTIMPwc}_t) + g2 * (\text{TRPOSTIMPgrant}_t) + h * (\text{TRALL}_t) + j1 * (\text{TRPOSTALLwc}_t) + j2 * (\text{TRPOSTALLgrant}_t) + k*([\mathbf{X}]) + \varepsilon$$

The dependent variable of interest in this case, DVt, is the number of jobs, new businesses, or business failures reported to Dun and Bradstreet in businesses located in a given census tract. Business codes not eligible for tax incentives were removed (eg non-profit organizations, government, golf courses, suntan places, massage parlors, gambling establishments, hot tub facilities).

The independent variables are all indicator variables that identify the treatment period, area, and trend variables. DIMP is a time invariant dummy for the EZ or RC area (1 = yes, 0 = no). There are two levels of treatment in this sample (WC for wage credit and Grant). Accordingly, DIMPgrant identifies a census tract in an EZ that received a grant (Knoxville, TN and Santa Ana, CA), where DIMPwc identifies all EZs or RCs because they all received a wage credit only at different times. DPOSTIMPt is a dummy for in EZ or RC post impact date, and TRIMPt is a vector of cardinal numbers starting at one for the first time period (1990 = 1) and increasing by one for each time period (2007 = 18). Likewise, TRPOSTIMPt is a similar vector of cardinal numbers, but starting at the year the grant or wage credits went into effect. TRALLt numbers the trend in jobs for tracts both inside and outside the EZ or RC while TRPOSTALLt numbers the trend in all tracts only post award of wage credits or grants, respectively.

With regard to interpretation, the coefficients *d* and *e* measure the difference in the number

of jobs. The coefficient *d* tests whether or not there was a significant difference in jobs between EZ or RC and control areas before the intervention. Coefficient *e* estimates a one-time shift between areas after the intervention. Longitudinal trend effects are captured by *f* and *g*. The coefficient *f* estimates the difference in trends before intervention and *g* estimates the difference in trends after intervention. The model has a term for control variables. In summary, the key variables of interest related to the study hypotheses are e, the change in the number of jobs, and *g*, the change in the trend of job growth. In this sample, matching balance was adequate, so only county-level fixed effects are used as controls. However, causal inference depends on selection, on observables, and the stable unit treatment violation which in this study are heroic. Analysis of ATT is done using the Matching package in R 2.10. The regression estimate in from Stata 10.3 using xtnbreg with semirobust standard errors clustering on the year. As an alternate specification, a regression discontinuity border design that compares the designated area with adjacent tracts will control for spatial dependence using spatial filtering with eigenvectors (Getis & Griffith, 2002).

4.3 Results

Matching balance. For the Empowerment Zones, matching balance was above .10 on both t-tests and KS tests for all variables except the percent of residents who are foreign born (t-test $p > 0.05$). Matching is well-balanced on both moments for key selection variables of 1990 poverty, unemployment, lagged poverty, and poverty clustering. It is well-balanced on t-tests for lagged unemployment, percent minority, and 1990 jobs. The logged population density, logged area, and percent foreign born are not well balanced. These are included as a post matching regression adjustment in Match when estimating the ATT. See Figures 2 and 3 for more information.

Average Treatment Effect on the Treated. If there was a treatment effect on the treated, we would expect no difference in jobs in the first year prior to the intervention. This is enforced in the matching procedures. However, we would expect to see a significant difference between treated census tracts and controls after the designation of the EZ or RC. In these matched samples, there is no significant difference for any year in the panel with or without regression adjustment for the RCs.

Adjusted Interrupted Time Series Analysis. See Table X for a summary of significant treatment effects. In regards to hypothesis one (JOBS), there was a 25% increase in jobs for businesses with five or fewer employees in the wage credit areas during the wage credit period holding preintervention levels and trends for control and other treatment groups constant. However, minority businesses in California in wage credit areas experienced a 15% reduction in job growth holding other variables constant. In summary, these data support hypothesis one for businesses with five or fewer employees during the wage credit period.

For hypothesis two (FOUNDINGS), the biggest effect size was a doubling of new wage credit eligible businesses in wage credit areas. On the other hand, the retail sector experienced a one-time, 30% reduction in new firms. For businesses with five or fewer employees, there was a 23% increase in new businesses holding other variables constant, but this was accompanied by a 3% reduction in the rate of new business formation. Minority businesses in Tennessee also saw a 115% increase in new businesses. Furthermore, the rate of new retail firms in the wage area increased 11%. On the other hand, in the grant area there was a 17% reduction in new businesses and a 16%

reduction in firms with five or fewer employees. However, the grant areas did see a 2% increase in the rate of new business formation holding other variables constant. In short, these data provide mixed support hypothesis two.

Next, hypotheses three (FAILURES), there were no changes to the pattern of business failures except for a 2% increase in the rate of failed businesses with five or fewer employees in the grant areas and a 29% reduction in minority business failures in Tennessee in the wage credit areas holding other variables constant. Keep in mind that there are only a total of 1113 minority businesses in the Tennessee universe. The number of failures in a given treatment region ranged from zero to 26, at most. . See Figures 7–13 for trend plots by type of intervention. These data only support hypothesis three for minority businesses in Tennessee.

Business Survival Analysis: Hypothesis four (RELATIVE and BASELINE FAILURES) establishes the statewide pattern for the survival of businesses during the study period from 1989 to 2006. For both states, about 2% of businesses fail in a given year. These data provide mixed support for hypothesis 4a. In general, women-owned businesses have reduced risks to failure than other businesses. Furthermore, government contractors have reduced risks to failure than businesses without contracts. Male-owned government contractors in California have slightly higher survival probabilities than women-owned businesses by the 17th year. Women-owned businesses with a government contract have the highest survival probability in both states. However, minority-owned businesses with a government contract do worse than other minority businesses. These data also support hypothesis 4b in that male-owned, non-minority businesses have reduced risks to failure than minority-owned businesses. See Figures 14 and 15 for the Kaplan-Meier plots of business survival in California and Tennessee.

Hypothesis 4c cannot be estimated because for the most part, Dun and Bradstreet respondents treat minority and foreign owned businesses as mutually exclusive categories. An inspection of the names of foreign-owned businesses shows that they include many large, name-brand foreign corporations such as Honda, Suzuki, and Unilever.

Spatial Filtering with Eigenvectors: Spatial filtering may be used in ordinary least squares regression or generalized linear models to remove spatial autocorrelation of residuals. For linear models, a simple pre-post design can help see if the matched AITS design is robust to an alternate specification. Because spatial statistics do not allow orphaned units as neighbors, we used a border design selecting tracts adjacent to the designated areas as control groups. The treatment estimates are adjusted using OLS for 1990 poverty, unemployment, population, population density, percent white, and the pretreatment employment from NETS. For the retail sector, there were no significant differences between the treatment and control groups and between the year 1990 outcome and any year in the study period after controlling for spatial autocorrelation. For businesses with five or fewer employees, there were significant treatment effects during both the pretreatment period and intervention. This implies that the design is not conservative enough to reject the null hypothesis. The GLM spatial filtering is experimental and was not able to filter out autocorrelation in this sample. Accordingly, I was not able to analyze changes in founding and failure rates.

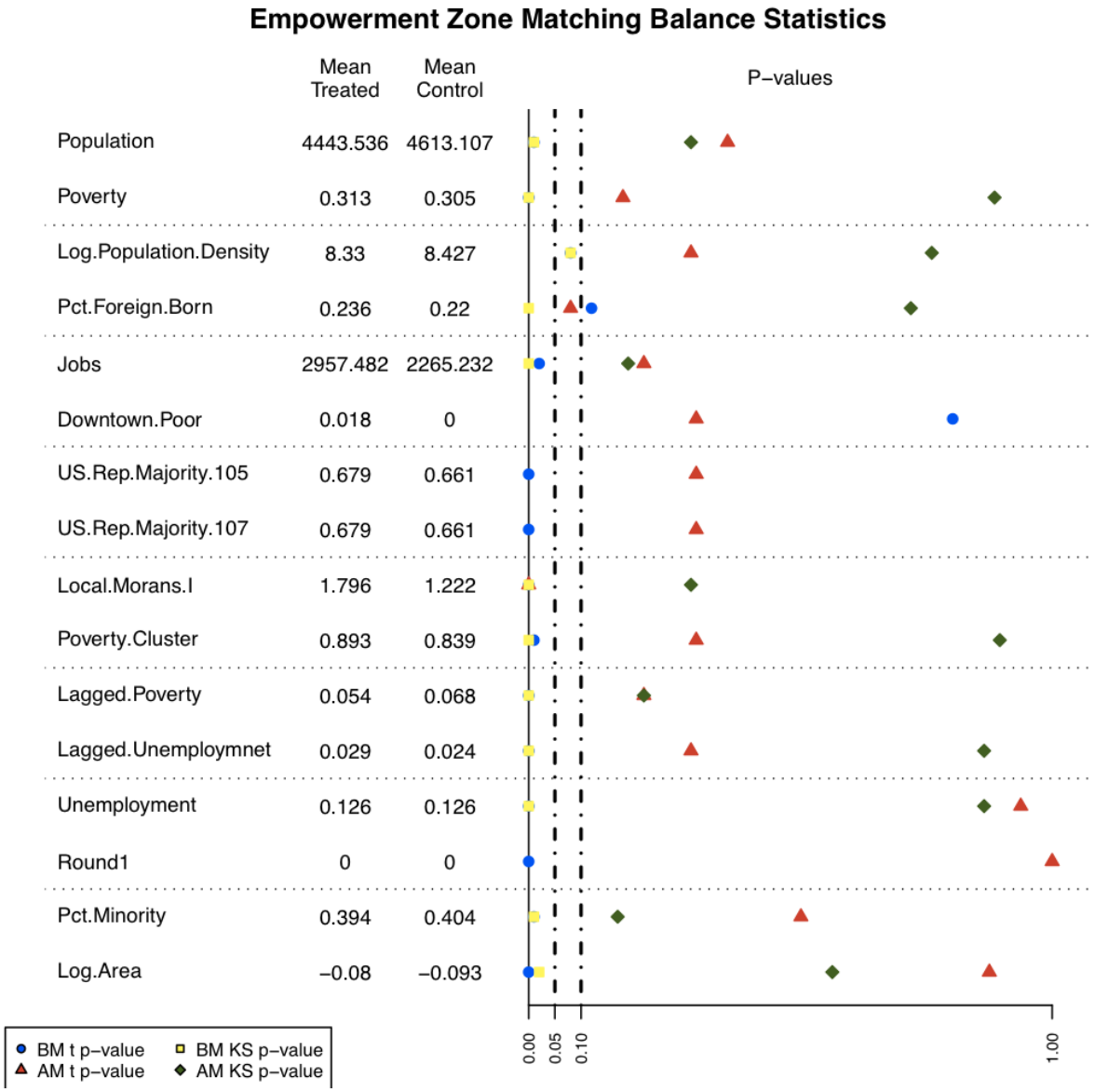

Figure 5: Before Matching (BM) and After Matching (AM) Balance Statistics (means, t-tests, KS test) from Match Balance for the Empowerment Zones

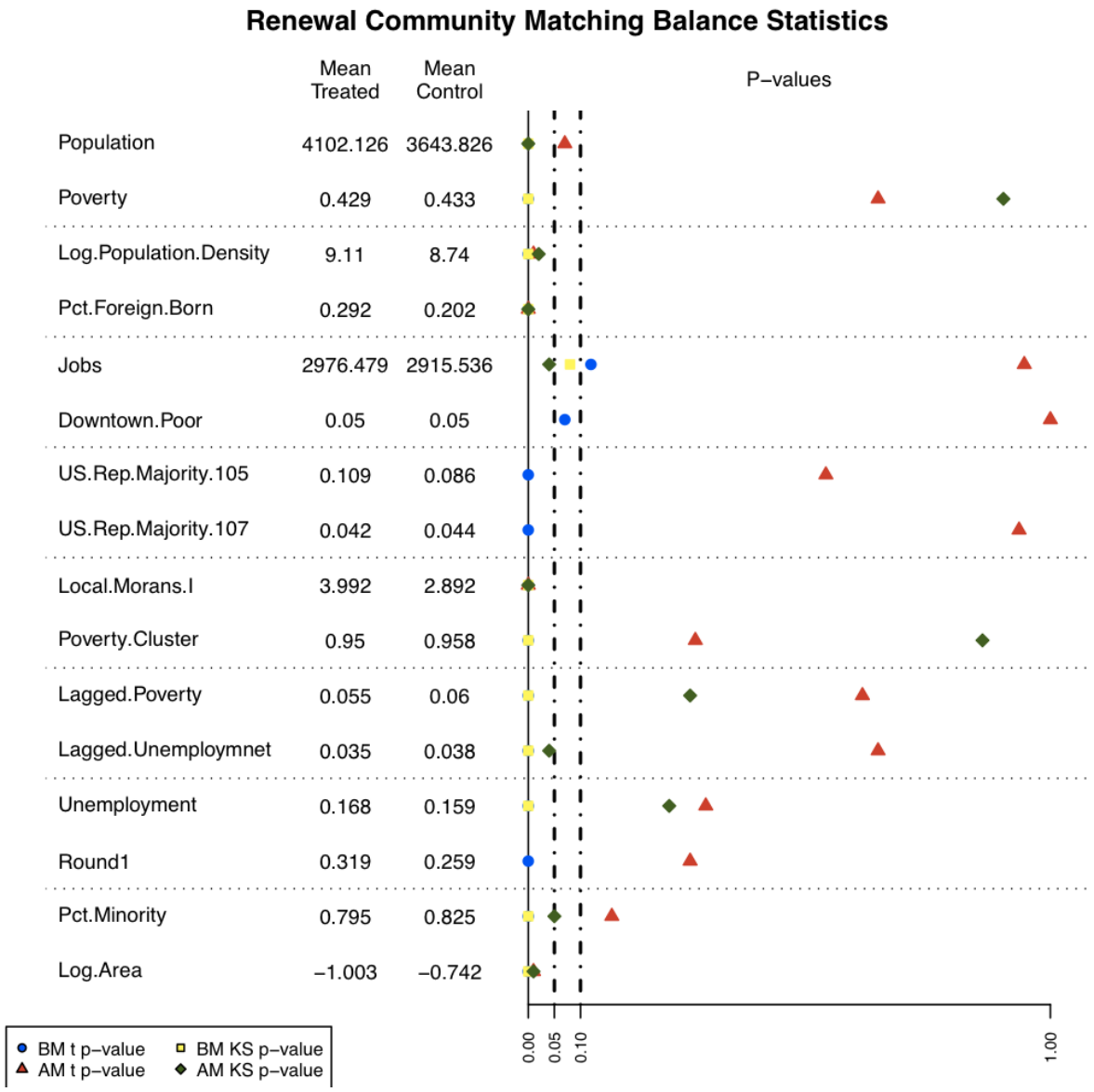

Figure 6: Before Matching (BM) and After Matching (AM) Balance Statistics (means, t-tests, KS test) from Match Balance for Renewal Communities

Table 15: Summary of Statistically Significant Effects (n = 368)

Type	Metric	Dependent Variable	All Eligible	Retail	Small	Minority	Min CA	Min TN
Wage Credit	Level	Jobs	.	.	25%	.	.	.
Wage Credit	Level	New Businesses	105%	.	23%	.	.	115%
Wage Credit	Level	Failed Businesses	.	-30%	.	.	.	.
Grant	Level	Jobs	.	.	.	.	.	.
Grant	Level	New Businesses	-17%	.	-16%	.	.	.
Grant	Level	Failed Businesses	.	.	.	.	.	.
Wage Credit	Rate	Jobs	.	.	.	-12%	-15%	.
Wage Credit	Rate	New Businesses	.	11%	-3%	.	.	.
Wage Credit	Rate	Failed Businesses	.	.	.	.	.	-29%
Grant	Rate	Jobs	.	.	.	.	.	.
Grant	Rate	New Businesses	.	.	2%	.	.	.
Grant	Rate	Failed Businesses	.	.	2%	.	.	.

Text 1: Period (.) = not significant at $p > 0.05$. All regressions are time series cross sectional negative binomial with semi-robust standard errors assuming exchangeable correlation structure on the year. For jobs, there are 18 years data (1990 - 2007). For businesses, there are 17 years data (1990 - 2006).

4.4 Discussion

A few back-of-the-envelope calculations will illustrate the magnitude of the impacts detected in this research design. Recall that in this sample from Knoxville, TN, and Santa Ana, CA, 40 tracts are Round II EZ and received first grants and then tax incentives. There were 184 tracts that received tax incentives only, including the 40 with the grants.

Assuming that the research has a good estimate of the job creation, then if we multiply 25% times 240 jobs/tract in wage credit areas for small firms, we would see 60 new jobs/tract for at total of 11,040 new jobs. However, we would subtract the jobs lost to minority businesses in California. That would be -15% times 30 jobs/tract or 4.5 jobs lost times 108 tracts for a total of 486 jobs lost. This brings our net job gain to 10,554.

If we assume that trends in wage credit utilization continue through 2010 based on GAO (2004), then we would project that businesses save $990 million. If we assume that the states benefit in proportion to their population, then 12% of that savings would go to CA for $118 million. Tennessee would capture 2% of tat savings, or $20 million for a combined total savings of $139 million. If the only benefit we cared about was the direct job creation ratio, then we could think of the program having a cost of about $13,000 per job created. If we consider the effect to be additive, then we may add the $52 million spent on the Round II EZ grants in these two states for a total of $195 million, bringing the cost per job up to about $18,000. This would be well below the standard of $35,000 per job set by the Community Development Block Grant program. However, this does not include the costs of other tax incentives and administrative overhead.

What is the magnitude of firm creation? During the pre-intervention period, there were approximately 2,000 new firms created each year in the wage credit area. Since they increased by 105%, that means by the end of the intervention program, we see an additional 2,100 new firms. However, the number of new firms created in the grant area during the grant period saw a decline of about 17% times about 1,000 new firms per year for a total of 170 avoided firms. This is a net gain of 1,930 firms. Arguably, the three short years of the grant period before the wage credit period may be too small to see an effect.

These results are consistent with Ham et al. (2009), but not consistent with Busso & Kline (2006; 2009) or Neumark & Kolko (2008). That literature supports the theory that capital investment through direct grants can stimulate an observable increase in jobs, but wage credits provide no observable effect. However, the spatial filtering model using a border design is consistent with Kolko (2009). In this sense, the difference is a function of the research design. For Busso & Kline, they are analyzing the Round I EZs, while this study analyzed Round II and III. In contrast to previous studies by GAO (1996), the increase in jobs in very small firms may be evidence of wage credit uptake by very small firms that is offset by job losses in large firms. It is possible that the increased outreach by the public and private sector convinced small firms to hire while large firms relied on standard procedures and responded rationally to the concurrent economic downturn. Except for minority businesses, who experience a downward trend in California, there does not appear that this intervention harmed job growth. As Busso & Kline (2009) note, it is possible that without an ongoing subsidy, these neighborhoods may experience a one-time job loss, and

exogenous trends will continue.

In regards to the impact on new business establishments, the impact on new business formation in the wage credit period is startling. While the retail sector is accelerating in the wage credit period, this comes at the cost of a small deceleration for small firms. It appears that in the grant only period, the one-time reduction will eventually be outweighed by the medium-term gains due to the additive effect of the wage credit. This also may be a result of the local context, because the Santa Ana EZ had very little vacant property, and what vacant property existed in the Knoxville EZ required clean up. Furthermore, the grant could not be used to entice a business to move into the area, so on some level it is not surprising that an increase in jobs comes at the cost of new or relocated firms. More research on the other 13 Round II EZs will be needed to clarify the effect of the small program.

Finally, in regards to a protective effect on business failure, there is some evidence that the wage credit can assist minority businesses. The effect size is too large to be a coincidence, but the universe of minority businesses is smaller. It is plausible to conclude that minority businesses in Tennessee were able to use the wage credit as working capital to prevent going out of business. This may be because native-born minorities would traditionally have access through longstanding minority-business outreach services of the local government. On the other hand, minority businesses did not appear to use this credit at the aggregate to hire additional workers. Rather, minority businesses, particularly those in California, appeared to shed workers in possible response to a concurrent economic downturn. During the grant period in the grant area, we see a small increase in the failure rate for smaller firms that need to be clarified with further research.

Limitations. As noted earlier, a larger sample would give the study more power to detect neighborhood wide impacts on tax incentives. Furthermore, the nature of the Renewal Community program selection criteria, combined with the dissimilar case studies, made it difficult to achieve proper matching balance. That being said, in this study, any bias in ATT biased the estimates towards zero. Since we had good balance on the EZs and they were the ones with the grants, I have more confidence on the AITS estimate for the change in jobs. We do have to assume that measurement error on the jobs data from NETS is mean zero. As in any research on neighborhoods, there are clear SUTVA violations which this study attempted to control by matching on the spatial autocorrelation of the pretreatment outcome variable.

4.5 Conclusion

An ideal study would have firm-level data on tax utilization so that an Intent to Treat estimate could be distinguished from the effect of the treated on tax incentive utilizers. Future federal tax incentive strategies should learn from the lessons of the first waves of tax incentives and budget resources to conduct outreach to businesses, especially those with limited English-speaking proficiency. The IRS forms should be structured in a way to track use of these incentives at the designation level. The most important question however, is the justification for investing against the trends in inner-city neighborhoods. Critics of place-based initiatives argue that as locational advantage shifts, it will become more expensive to subsidize a specific place. Person-based social investments may be more efficient in many cases. Given the Obama administration's tentative

interest in placed-based initiatives with the Sustainable Communities initiative and the Neighborhood Choice initiative, Congress must find an optimal level of investment given evidence of small impacts.

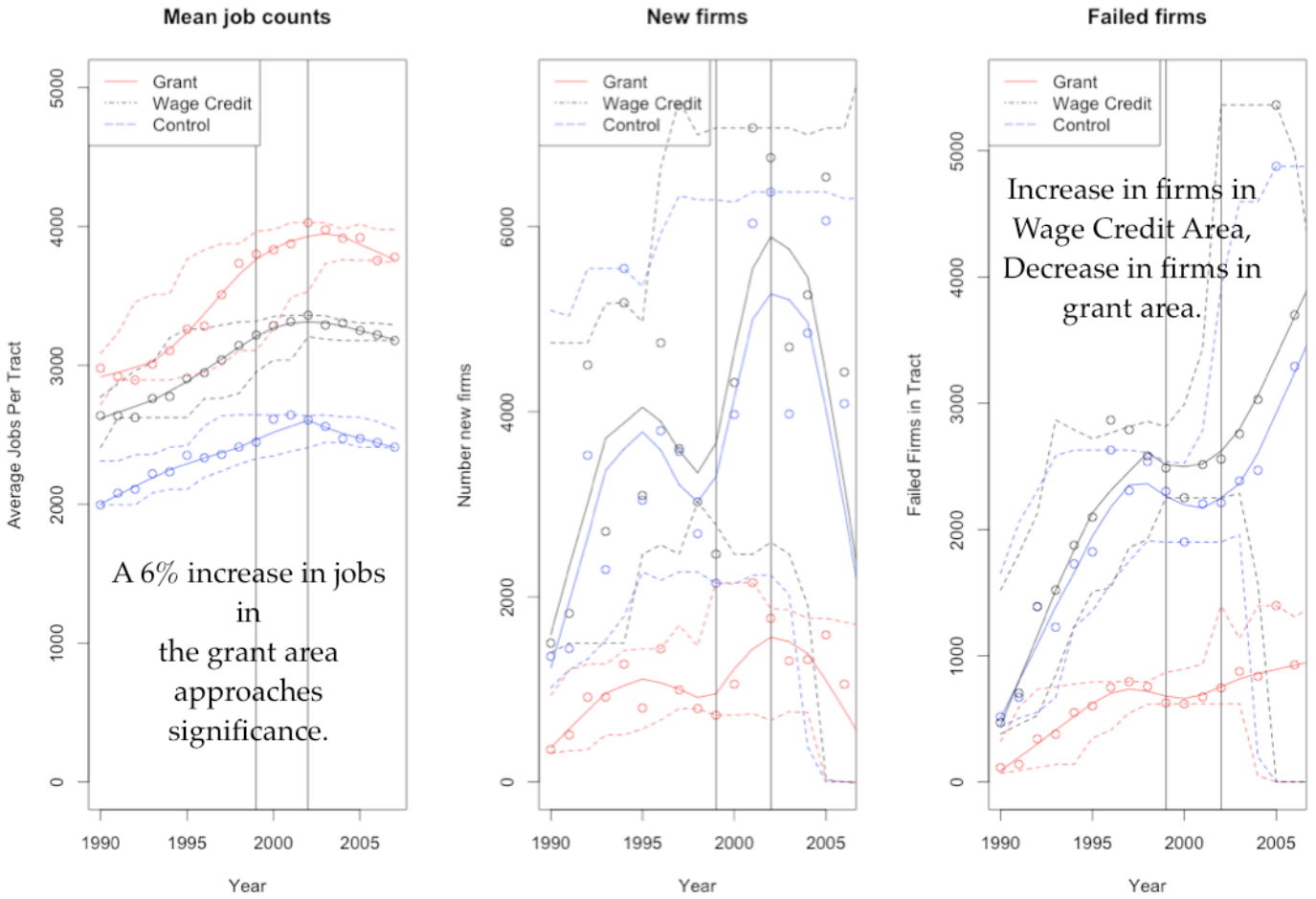

Figure 7: Lowess Plots of All Wage Credit Eligible Businesses in California and Tennessee Matched Sample (Dashed lines are bootstrapped confidence intervals).

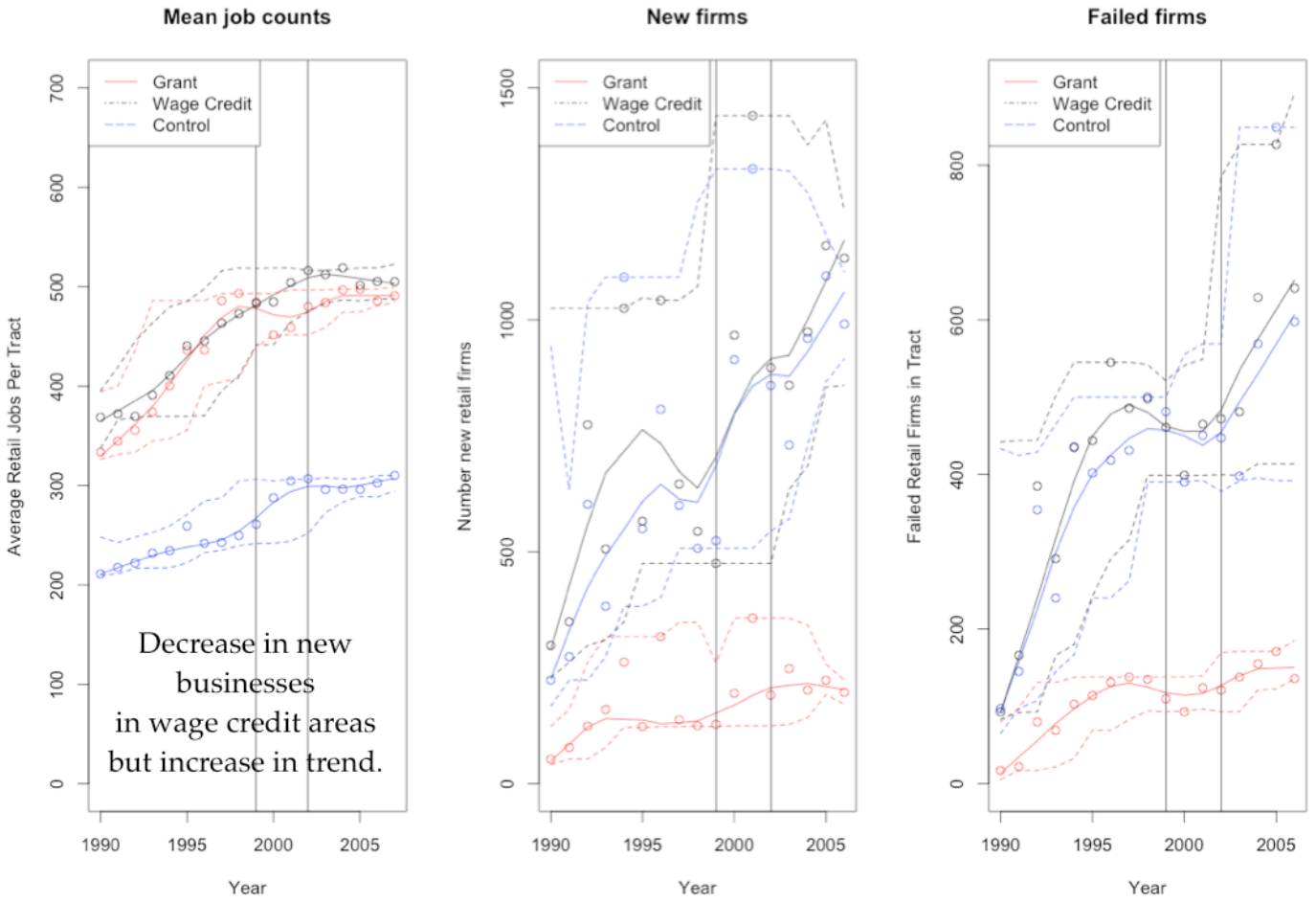

Figure 8: Retail and Hotels in California and Tennessee Matched Sample (Dashed lines are bootstrapped confidence intervals).

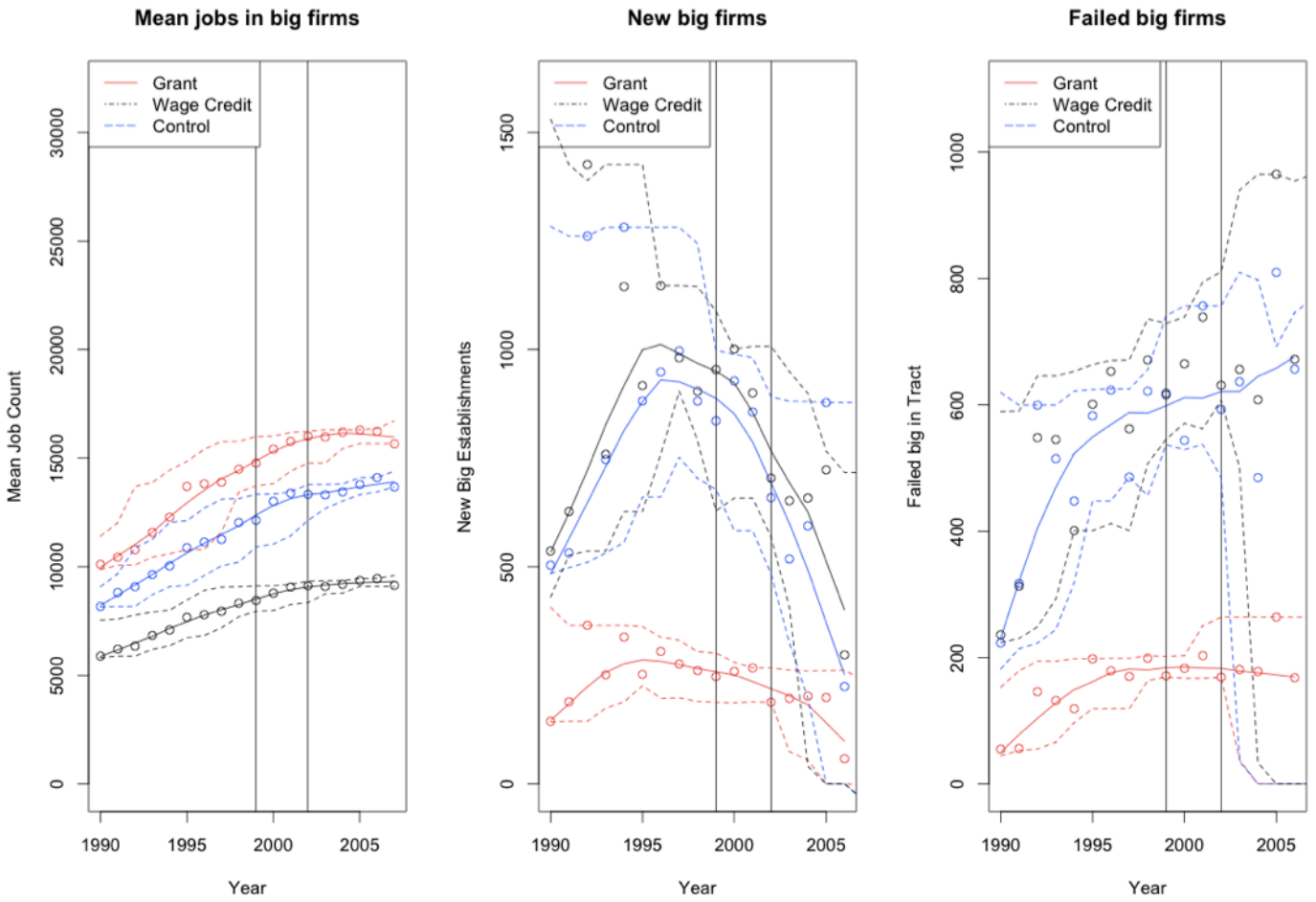

Figure 9: Firms With Greater Than Five Employees in Tennessee and California Matched Sample (Dashed lines are bootstrapped confidence intervals).

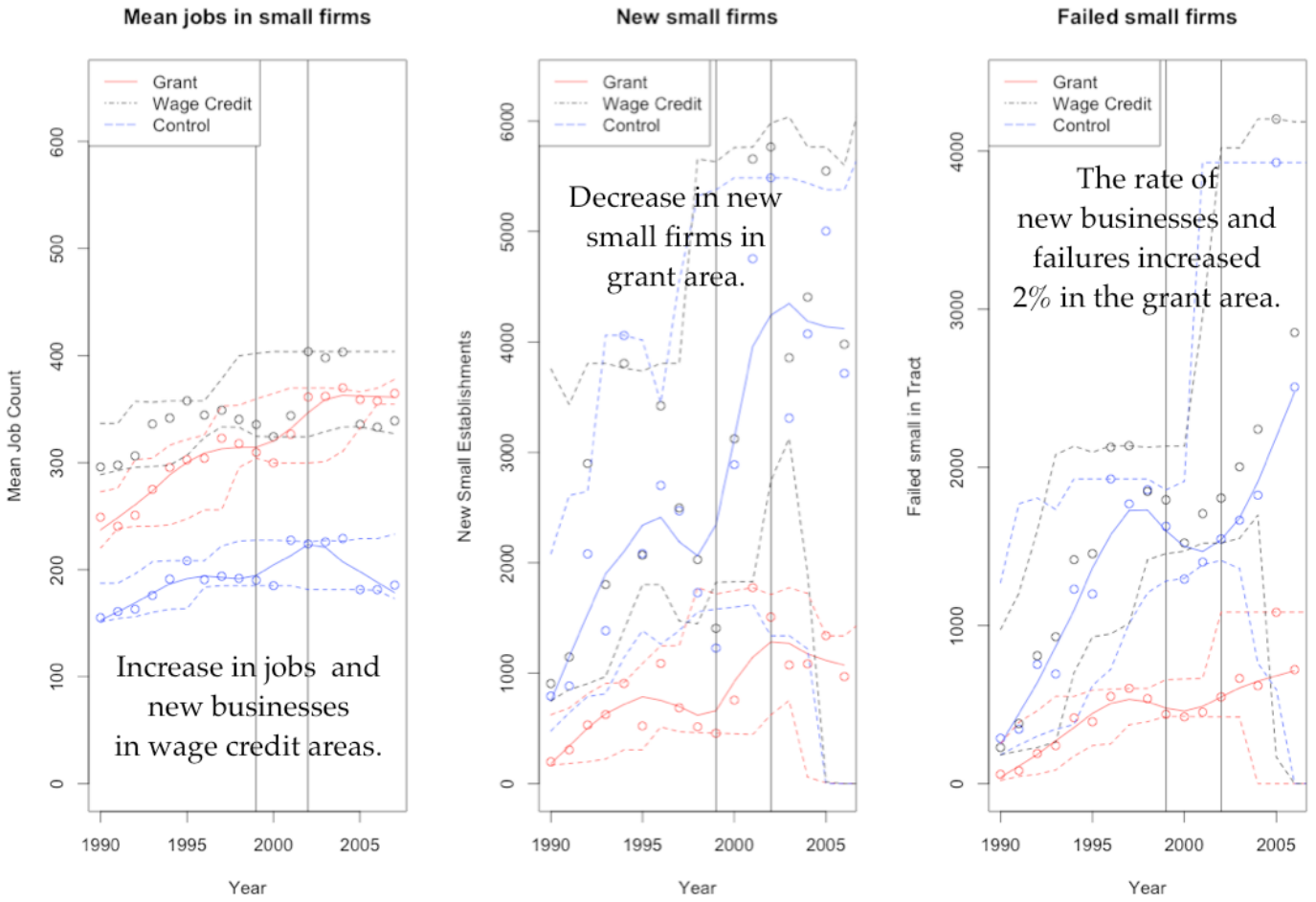

Figure 10: Small Firms in Tennessee and California Matched Sample (Dashed lines are bootstrapped confidence intervals).

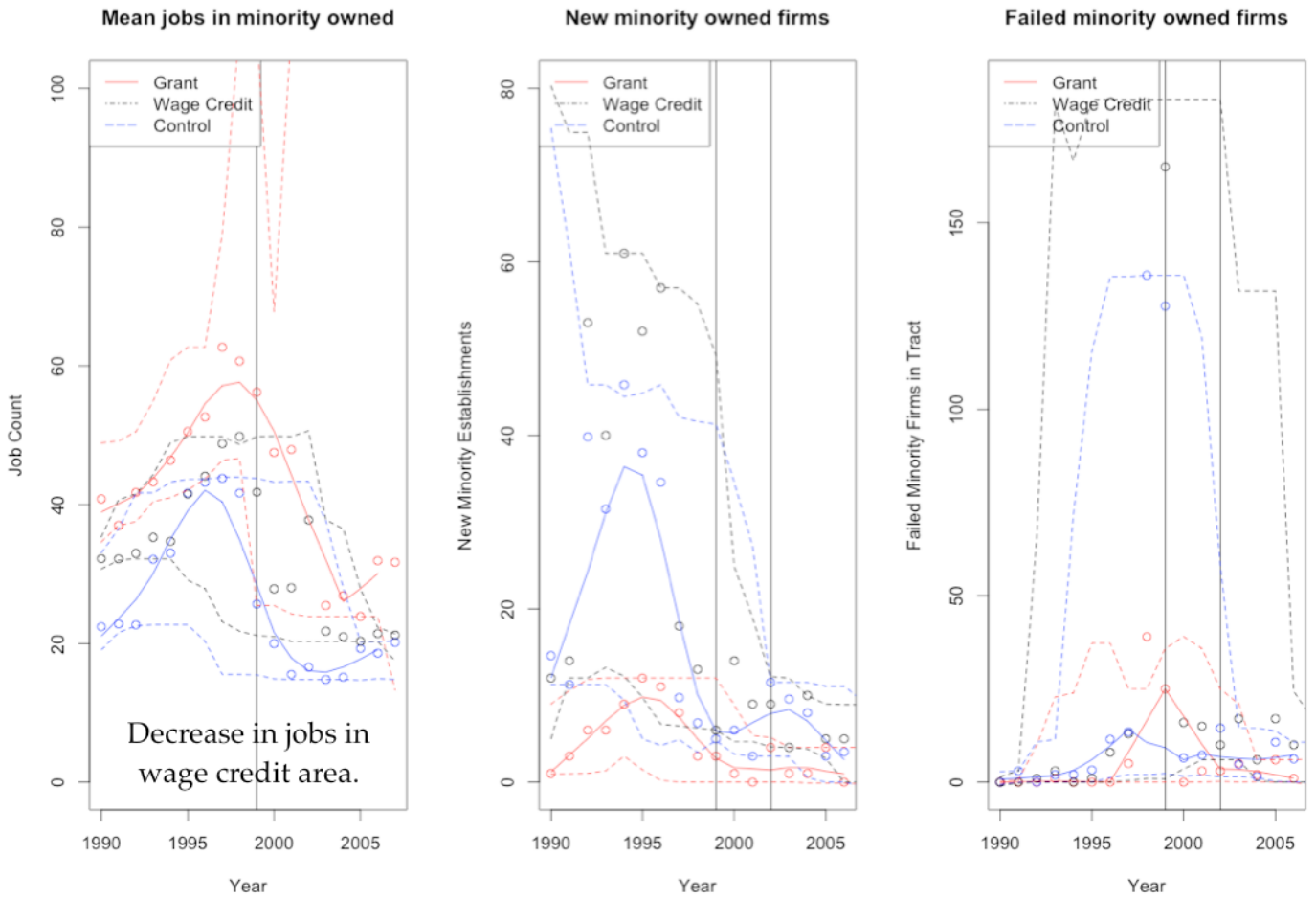

Figure 11: Minority Businesses in Tennessee and California Matched Sample (Dashed lines are bootstrapped confidence intervals).

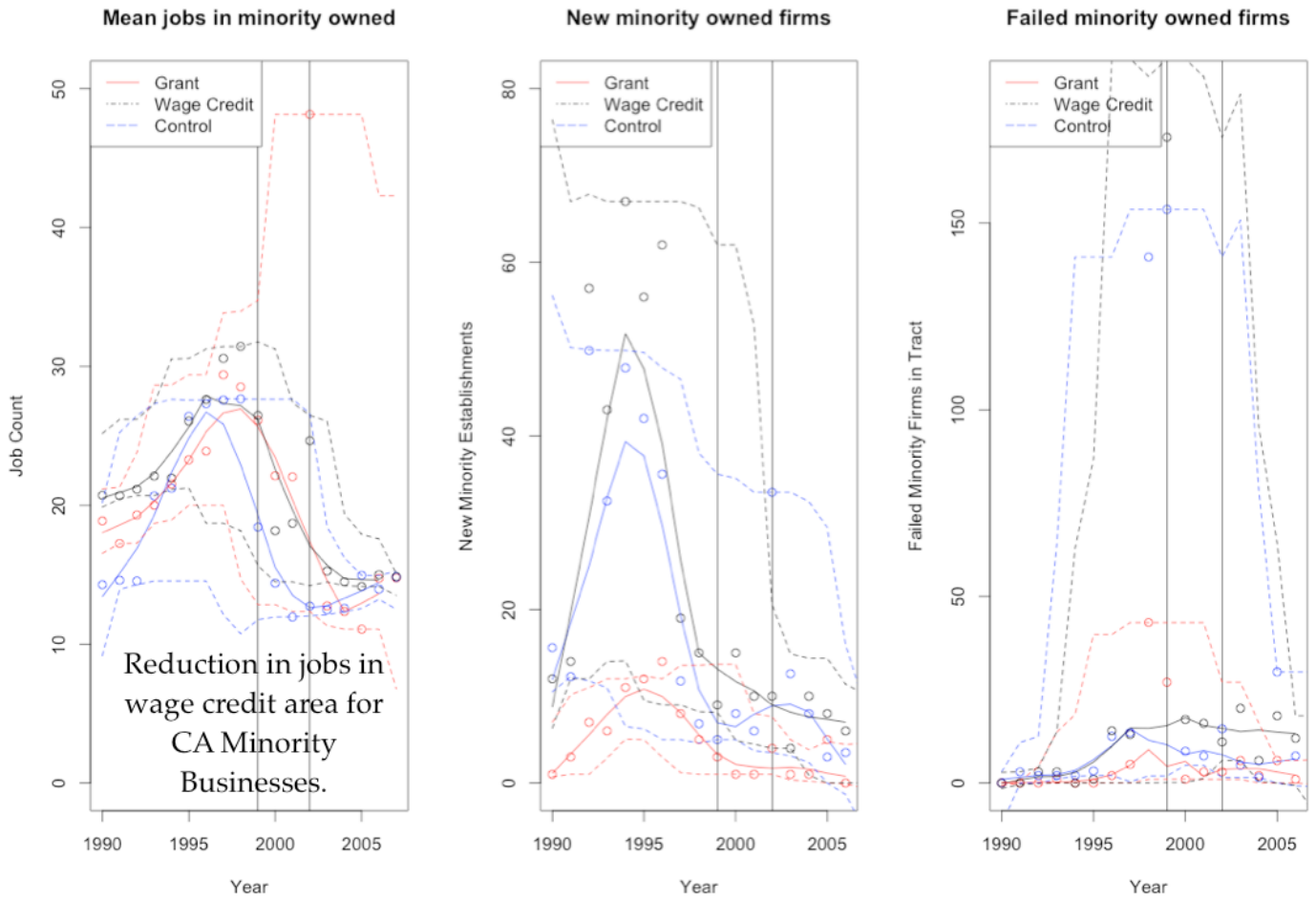

Figure 12: Minority Businesses in California Matched Sample (Dashed lines are bootstrapped confidence intervals).

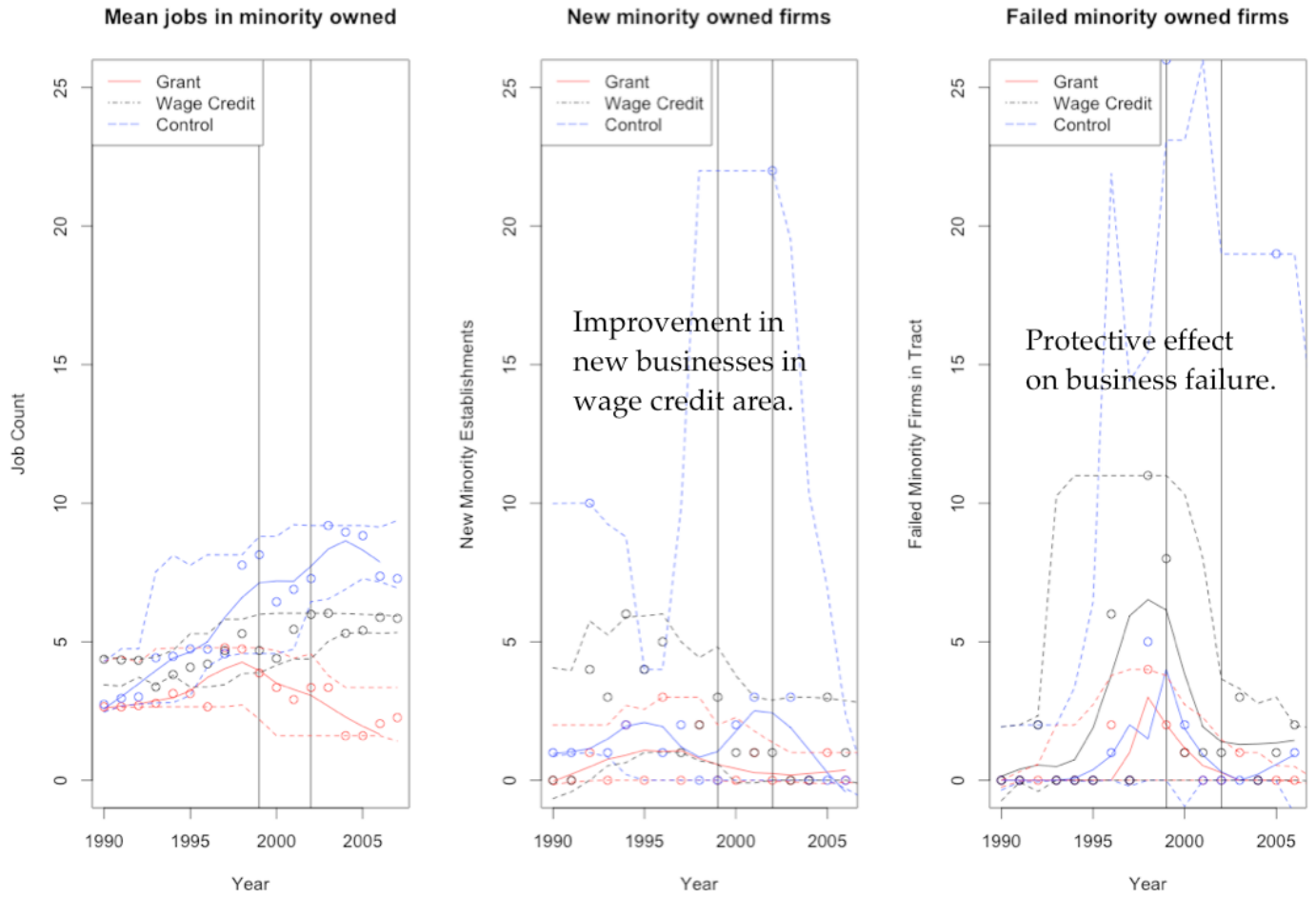

Figure 13: Tennessee Minority Businesses Matched Sample (Dashed lines are bootstrapped confidence intervals).

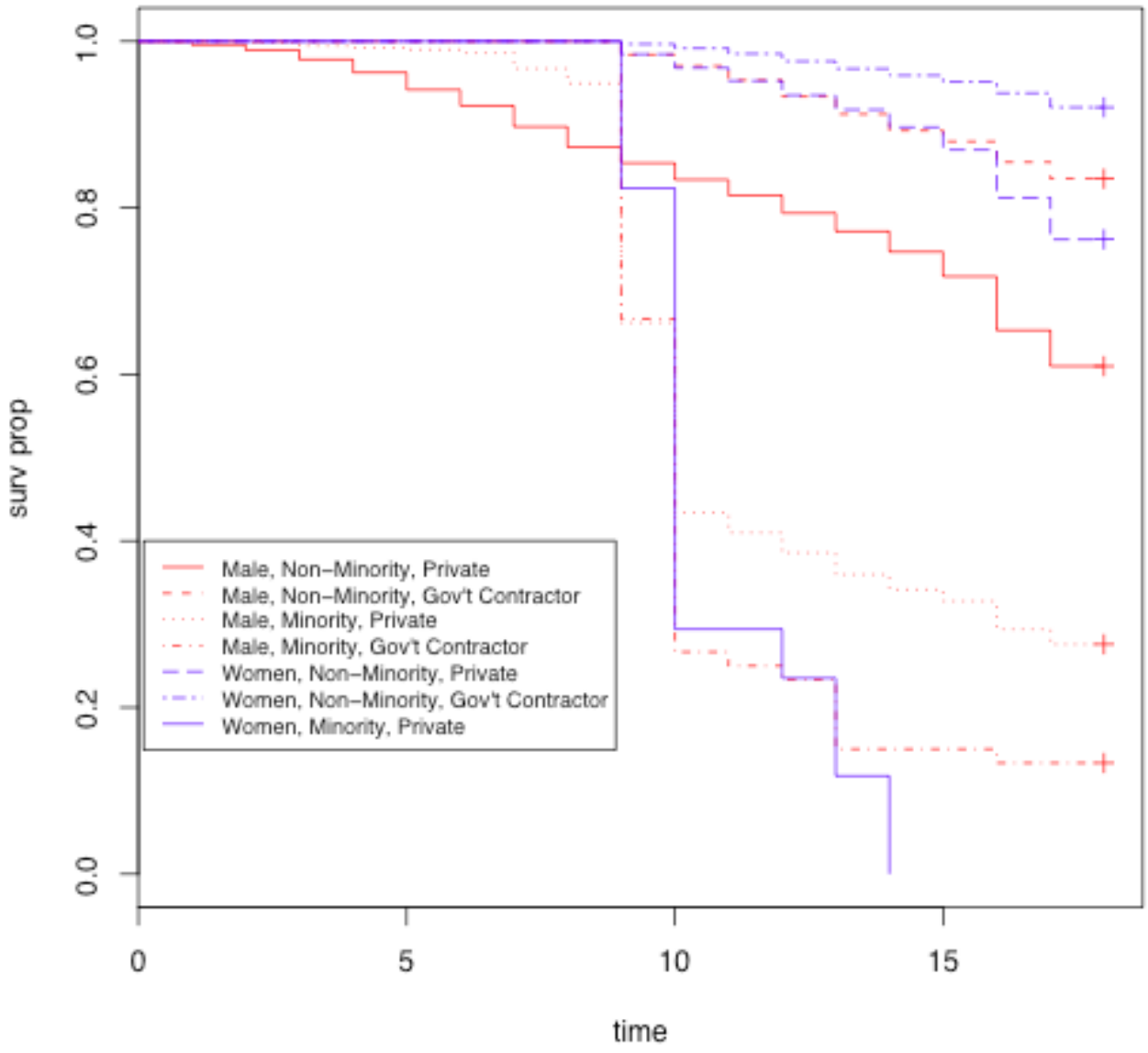

Figure 14: California For Profit Business Survivals from 1989 to 2006

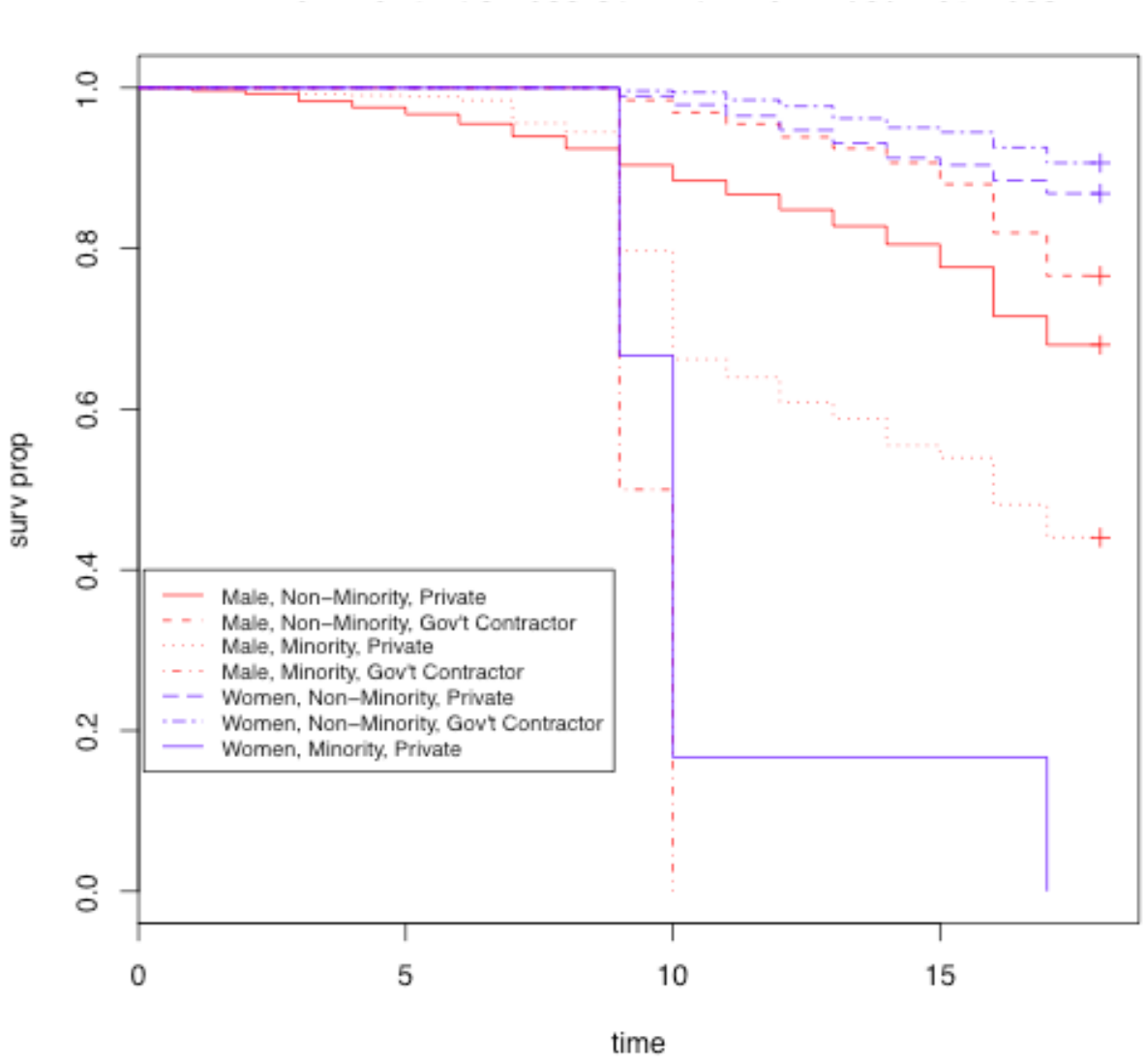

Figure 15: Tennessee For Profit Business Survivals from 1989 to 2006

Chapter 5: Conclusion

5.1 Summary of Findings and Lessons Learned

In my introduction, I presented the tension in social policy dilemma on whether to focus on investments in people with low incomes or the investing in places where families in poverty live. In general, the most efficient investment is a cash transfer to families in poverty so that they can pay bills for survival. Perhaps a second best option are a set of vouchers earmarked for basic human needs: food, education or clothing. However, proponents of place based initiatives argue that there is an environmental, cultural or social value to reinvest in inner city neighborhoods. Furthermore, since inner cities are historic and ongoing gateways for new immigrations, who are not always eligible for public assistance, place based investments are one way to benefit new immigrants who are recycling urban neighborhoods.

My research looked at two specific interventions, grants and wage credits, that were parts of the Renewal Community, Empowerment Zone and Enterprise Community. This study has four main findings that are policy relevant. First, the majority of local governments who participated in RC/EZ/EC engaged in immigrant recruitment or other bureaucratic incorporation strategies in their strategic plans even though the Federal EZ/EC program did not provide regulatory guidance to do it. Second, the population decline in inner cities that began prior to the EZ/EC initiative has been partially offset by immigration in RC/EZ/EC designated areas. The immigrant recruiter cities decided to make this a deliberate strategy; for example, the Minneapolis EZ asked Hmong to revitalize North Broadway. Third, Round I EZ/ECs experienced a 6% decline (17% for those with the wage credit) in the spatial mismatch index for immigrants compared to the rest of the county controlling for selection criteria and past immigration dynamics. Finally, for RC & EZs with wage credits in California and Tennessee, the number of new businesses founded in the wage credit period doubled compared to a matched control area and the pre-treatment period. During the period where the Santa Ana, CA and Knoxville, TN EZ, had economic development grants only, the number of new businesses founded fell 17%. Arguably, during the three years of

the grant period those two cities did not have had enough time to implement major portions of the strategic plan and that is why most of the benefit of the grant investment occurred during the wage credit period. Minority businesses in Tennessee RCs and EZs appear to have been helped by the wage credit while minority businesses in California's wage credit areas appeared to reduce the number of jobs during the wage credit period. Further research will have to be conducted to determine why, but it is possible that the effect may have to do with the proportion of minority businesses in California that are owned by immigrants. These businesses may have deficits in human capital or may simply not have a sufficient tax liability where a wage credit would act as an incentive.

The four policy relevant findings translate into four lessons learned from my research to federal and local policy makers. First, many state and local governments can take advantage of a program that allows local government to customize a program to meet its own needs, especially in the context of immigration. Second, the inner cities that participated in RC/EZ/EC on average would be worse off, all things equal, in terms of population and by consequence economic development had the US not experienced increased immigration in the 1990s. The federal government needs to recognize the positive role immigrants play in inner city revitalization in the next urban neighborhood program. Third, federal partnerships with state and local governments can improve the jobs housing balance for immigrants and may wish to be more deliberate about this population in the next regional transportation and economic development policy. Finally, wage incentives have a measurable impact on business, especially those with five or fewer employees and those in the retail sector. However, because they may not benefit minority and immigrant entrepreneurs as well as those businesses owned by native-born persons, care must be taken at the federal level to recognize and institutionalize ways that participating state and local governments reach out to these businesses.

5.2 Theoretical Implications

This study supports recent work in bureaucratic incorporation. A review of annual reports and interviews with stakeholders does show evidence that broader professional norms and community values lead professionals to incorporate immigrants without any explicit direction from the Federal government. However, in this sample of Round I EZ/ECs, there is no association between the percent foreign born and foreign born entrepreneurship as a percentage of the labor force. Simply put, more immigrants does not mean more immigrant entrepreneurs. However, more research would need to happen to determine if there are immigrant group specific effects. For example, immigrant groups vary a great deal in human capital and language ability. There are associations between past migration patterns and current entrepreneurship rates that are consistent with studies about the importance of immigration to a healthy economy. However, there are fewer than expected foreign born immigrant entrepreneurs who incorporated a business during the first round of EZ/ECs. Furthermore, minority businesses in California lost jobs during the wage credit period. These findings also support institutional theories of entrepreneurship that would argue that immigrants are excluded from the mainstream economy and services, in this case, tax credits. This is consistent with the bureaucratic incorporation

literature in that actors in the lower level of government often have to find creative ways to serve residents who are ineligible for or unaware of federally funded benefits.

5.3 Wage Credits under the Obama Administration

The logic behind using a wage credit and other tax incentives to stimulate private employers rests on the assumption that public sector investment occurs slowly due to regulatory requirements governing the contracting out of federal funds. Ideally, I would recommend that that the RC/EZ designations be extended to 2014. However, based on conversations with local economic development professionals in this study, it may be the case that having a federally funded bureaucracy improves implementation of the tax incentives by reducing the information asymmetry and costs of the tax transaction. An extention should give sufficient time past the close out of the grant periods in 2009 of the Round I and II EZs so that researchers may analyze the additive effect of the grant and wage credit together. Outcome data will have to come from economic census microdata and proprietary businesses data because the census no longer collects long form data for public use.

Concerning the strategic plans, the organizations that administered the grants and strategic plans have closed their doors or are being absorbed into the city bureaucracy as the last dollars are being spent. Since the strategic plans were a collection of projects and programs, given project with merit should be able to obtain funding from another source. Congress did not intend these designations to last more than 10 years and already extended the designation of the Round I EZs from 2004 to 2009. Recently the US Congress extended the designation for the EZs and RCs one additional year from 2009 to 2010. Should they be extended further? The literature would suggest that when the wage credits go away, so will any incentive effect. This study observed a one time stimulus of the tax incentives on jobs and business formation, but there did not appear to be a long term change in the trend of job growth holding other variables constant. Accordingly, we may expect a one time small loss of jobs and business formation when the wage credit is phased out.

As noted in evaluations by HUD and GAO, the wage credit suffered from low utilization in the 1990s due to information asymmetry. As the program evolved and local implementers in both partnership and competition with a private industry of wage credit pre-certifiers uptake of the incentives increased. Arguably, both the public and private sector have sunk costs in information technology and training that relate to using the wage credit as a mechanism for targeted economic development. The WOTC and WTW, which targeted poor persons will continue to serve the workforce. The RC/EZ wage credit is the only federal incentive that targets poor neighborhoods, but the qualifying individual could have any occupation or income. More research is needed to determine if these credits act as complements with a net benefit to poor people in poor neighborhoods or if they simply cancel out each other's relative effect on the low wage economy.

Extending the RC/EZ wage credit may be mooted by a recent policy decision of the Obama Administration. President Obama has signed into law for tax year 2010 a new hiring credit of up to $5000 or a $3100 credit for small businesses under 30 employees that give their employees a raise. They also include proposed preventions for firing existing employees and hiring new ones in order to take advantage of the credit. This is the last year of the RC/EZ wage credit, so it will be interesting to see how, the IRS treats employees who qualify under both incentives. If the employee can only claim one incentive, then the new incentive may render the RC/EZ wage credit worthless. Clearly, this signals that the White House is disinterested in spatially targeted wage credits in an economy that is down. From a research perspective, it may be possible to use new credit as an instrument to see if the wage credit had been effective in 2008 and 2009.

5.4 The Future of Place Based Initiative

5.4.1 Renewal Communities and Empowerment Zones

While I may personally believe in the efficiency of a spatially targeted grants, tax incentives and loan guarantees, this research present mixed results. As with any program, different provisions appear to work at cross purposes. This section will review how the evolution of EZ/EC informs urban community economic development policy under the Obama Administration.

From Urban Renewal to Model Cities to the EZ/EC the concepts of community and neighborhood development have evolved and arguably lost focus. The original EZ/EC program had clear provisions that signaled to applicants that it was a neighborhood program, not a downtown development program. In particular, the regulations prohibited tracts in the central business district unless they had greater than 35% poverty. Furthermore, it was not intended as a regional economic development program. Although neighboring local governments could partner, there were caps on the size of the nominated area. The program had to balance the desire to concentrate investment with the practical reality of needing a modicum of agglomeration in order to have a sufficient number of residents available to obtain a return on the tax incentives. The Renewal Community program, on the other hand, did not prohibit inclusion of downtown, nor did it have a cap on population or area. In either case, census tracts do not necessarily align with the local definitions of neighborhood. Although the EZ and RC program may have lost focus by the third round, they remain the only recent federal community development program that explicitly addresses the neighborhood level as neighborhoods.

Like Model Cities, the EZ/EC strategic plan is neighborhood plan developed by and for the residents of the neighborhood. However, the literature is very clear that people in poor areas experience frequent moves. Furthermore, some people identify more broadly within the city or with the entire metro area. This creates a paradox. Improving inner city roads, sidewalks and other amenities make it attractive to outsiders and raise rents. Improving the lives of residents in the inner city may give them the resources to leave. Also, if the goal is the help the low income

resident find work, it may be cheaper to provide persons in low income areas who do not have access to jobs with a car rather than improve public transit or subsidize inner city employment. If the motivation of the RC/EZ wage credit is encourage living near work to reduce the negative externalities of commuting times, then it need not be tied to areas with high poverty. That being said, two new initiatives suggest that spatially targeted grant programs will continue to be a priority of Democratic administrations. Next, I will discuss each in the context of the policy history and the direction they should take.

The ideal program would allow for a concentration of resources in an area that has both local recognition and identity. The program would take seriously social sustainability and balance this with regional transit considerations. As cities become more polycentric, the next neighborhood development program should aspire to connect existing neighborhoods with individual flavor rather than expediently build up existing rail networks designed for freight and not commuters. The Obama Administration may be moving in this direction, but at a very modest pace. There are two initiatives at HUD. First, Choice Neighborhoods will focus on public housing with supportive services. Second, Sustainable Communities will give direction and funding to metropolitan regions interested in integrating regional transit, community economic development and environmental quality.

5.4.2 Choice Neighborhoods

Choice Neighborhoods is arguably HOPE Seven. As noted in the second chapter, the Hope VI program tried to address concentrated poverty and the blight of aging public housing by renovating existing units and replacing them with a mix of uses and incomes. The operating assumption was that a neighborhood with a mix of incomes created a more favorable environment in terms of social capital. While EZ/EC expressly built capacity through strategic planning and training local residents for leadership, HOPE VI an its predecessor actively disperse some existing residents and encourage new residents to move into the neighborhood. Choice Neighborhoods may be called a place based initiative, but on a block level scale and not the scale of EZ/EC. Cities may apply to renovate public housing in areas with concentrated poverty, yet to be defined in the regulations. The bill addresses several criticisms of the HOPE VI program, including a requirement that existing residents be tracked so that they have a fair chance to return to the newly renovated neighborhood.

Unlike HOPE VI, Choice Neighborhoods will also require one for one replacement housing to increase the number of existing residents retained in the new property. However, the draft legislation permits off site replacement housing to be up to 25 miles away. Arguably, this signals a preference for mobility solutions to concentrated poverty. In a departure from previous programs, the replacement area may not be of concentrated poverty or race. This is perhaps due to the understanding that there is an interactive effect of race and poverty in neighborhoods. Clearly, there are potential advantages for being able to stay in the sample school district for children, communing area for work. Neighborhood Choice should include provisions that look at relative connectivity and preservation of school continuity rather than straight line distance from the original site. As proposed, it moves the definition of community from the neighborhood

to the metropolitan region and will stimulate rather than stabilize neighborhood change.

Finally, the Choice Neighborhood program includes a provision to integrate residents with self sufficiency programs and provide economic development opportunities in a transformation plan. This is the closest link to Model Cities and EZ/EC and has the best potential to reduce information asymmetry and bureaucratically incorporate existing residents into the future facility. Immigrants in public housing would be able to contribute their housing and social development preferences in the transformation plan.

5.4.3 Sustainable Communities

The second new initiative at HUD proposed by the Obama Administration is the Sustainable Communities (SC) program. Its purpose is "to advance development patterns that achieve improved economic prosperity, environmental sustainability, and social equity in metropolitan regions and rural communities" (HUD, 2010). The sustainable city, or ecocity, is a new vision of a city as part of a regional social, economic and ecological system. First of all, this is not a neighborhood development strategy. By design, it is a regional development strategy. This regional approach is a departure from HUD programs such as the Community Development Block Grant program. In 2010, HUD announced $100 million in available funds for the program. They also invited comment on sustainability metrics as well as the details of eligible costs and eligible applicants. Language in the notice suggest that the $100 million will primarily be used to write regional development plans, but they are open to reserving a portion of the grant for implementation. Parallel programs are administered by the US Dept. of Transportation, who will be funding Transit Oriented Developments, and the US Environmental Protection Agency to clean up contaminated sites. Furthermore, HUD is capping grants at $2 million for rural areas and $5 million for urban, so this would only support sustainability plans in about 30 communities. Localities will have to match 20% of the dollars. The scale of this initiative is modest. It is only one-tenth the appropriation of the first Round of RC/EZ/EC and will require substantial investment from the private sector and local government to implement. I recommend that the Sustainable Communities grant be allowed for direct project costs and that plans identify flexible financing options for inner city neighborhoods contained within the plan.

The Obama Administration is right to place a priority in regional sustainability on the one hand, and continuing to replace the public housing stock on the other, but the center of both of these programs need to be the families in neighborhoods in a social, economic and environmental ecosystem. Transit should connect to people and jobs and not people to transit. The current order places transportation choices as the first priority. Valuing communities and neighborhoods is the last of six priorities. I would make a clear ordering of priorities to place valuing existing communities and neighborhoods first. After a sustainability plan identifies the existing centers of neighborhood vitality, then this can create a template for building the other objectives os sustainable communities. These are the areas that need more transit choices, affordable housing and economic competitiveness. To close, I offer three reflections from this research and the literature that should inform the future of place based initiatives.

Rightsizing the Ecocity. Cities with population decline have had to find ways to reduce costs.

Some cities participating in the RC or EZ program are still struggling despite the Federal investment. Many neighborhoods are not viable. For example, the cities of Flint and Detroit have been actively engaging in right-sizing these areas through the active demolition of vacant property on a grand scale. This year the City of Detroit will demolish 3,000 abandoned homes (Nichols & Fleming, 2010). For cities with existing density restrictions and viable commercial real estate markets, a transfer of development rights ordinance can help fiance affordable housing in viable areas of the city while slowly purchasing the development rights in parts of the city that are not viable (Pruetz & Standbridge, 2009). These areas can be transformed into parks or urban gardens. Community organizers can educate homeowners that TDR is a tool that could provide an opportunity to sell a house that has lost value due to outmigration. Most importantly, organizers can link residents across the cultural divide by finding common shared values and a vision for the future. This organizing principle found the EZ/EC initiative, a strategic vision for change, is still important today.

The City in Diaspora. The New Orleans Renewal Community became a model for post-Katrina recovery. While members of the local government lived in diaspora in Houston, Texas and Baton Rouge, LA, they decided the form a committee called the "Bring Back New Orleans Commission" in order to organize those with ties to New Orleans to return home, buy homes and start new businesses (Major, 2009). They did not limit this outreach to recent evacuees of the hurricane, but also young people who had left the city after high school and college. While I visited New Orleans for a conference, I dined out at the Red Bamboo, Louisiana's first vegan restaurant. The chef and owner was born and raised in New Orleans, but had spent ten years working his way up to becoming head chef at a restaurant in Lower Manhattan. The Commission personally invited him to come back and arranged financing for him to open a businesses in a vacant property. The director of the Chattanooga RC noted that many of the entrepreneurs opening businesses in the Renewal Community had grown up there and had become tired of life as a middle manager in a regional firm. They wanted to try out a new phase of their life and give back to their home community. In contrast, the Hmong, a community in diaspora, replace native born or previous generation immigrant entrepreneurs and homeowners in the EZ/EC. The next community development program needs to directly harness this dynamic of migration, entrepreneur and return.

From Locality Development to Ecocity Building. Sustainable community development requires participation from all sectors of the community to make sure that the next generation can inherit a healthy, productive place to live. Social work can play a role both in the broader context of allied health professionals and by activating the community development tradition during the progressive era. We are once again a nation of migrants, both from other shores, from other states and from different parts of the metro area. People move and communities need ways of incorporating the foreign born and native born alike. Social work has a professional commitment to low income families that is consistent with the mission of several Federal programs, including those administered by HUD. As the agency moves forward with the Sustainable Communities program and the Choice Neighborhoods program, social work will need to continue involvement. For choice neighborhoods, social work will continue to be

involved with housing that contains supportive services for the elderly, persons with a disability or mental illness. Social workers can also organize and refer families to free tax preparation sites sponsored by the Internal Revenue Service so that they may claim the earned income tax credit. Individual development accounts are a good social welfare tool that can multiply the savings of families in affordable housing. Social workers can help create opportunity in low income neighborhoods to build weak ties between residents in different social spheres so that the information needed to get a new job or start a new businesses can flow freely. This is not an easy task, but one desperately needed to ensure empowerment in an age of migration.

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Appendix 1: Immigration Trends in Renewal Communities, Empowerment Zones and Enterprise Communities

Table 16: Immigrants Absent: Below Average 1990 Immigration, No Outreach to Immigrants

Designation Name	Pct FB 1980	Pct FB 1990	Pct FB 2000	Change Pct 80 to 90	Change Pct 90 to 00
East St. Louis, IL Urban EC	0.68%	0.04%	0.33%	-0.64%	0.29%
East St. Louis, IL Urban EZ2	0.48%	0.08%	0.21%	-0.40%	0.13%
Memphis, TN Urban EC	0.49%	0.16%	0.44%	-0.33%	0.27%
Ouachita Parish, LA Urban RC	0.94%	0.29%	0.19%	-0.65%	-0.10%
Jackson, MS Urban EC	0.96%	0.32%	0.56%	-0.64%	0.23%
Mobile County, AL Urban RC	1.06%	0.37%	0.58%	-0.69%	0.21%
Birmingham, AL Urban EC	0.88%	0.39%	1.36%	-0.50%	0.97%
Memphis, TN Urban RC	0.78%	0.41%	1.13%	-0.37%	0.72%
Ouachita Parish, LA Urban EC	0.95%	0.43%	0.21%	-0.52%	-0.22%
Charleston, SC Urban RC	1.41%	0.57%	1.59%	-0.84%	1.02%
Charleston, SC Urban EC	1.41%	0.57%	1.59%	-0.84%	1.02%
Albany, GA Urban EC	1.30%	0.57%	0.96%	-0.74%	0.39%
Louisville, KY Urban EC	0.54%	0.59%	0.93%	0.05%	0.34%
Hamilton, OH Urban RC	1.02%	0.63%	6.71%	-0.39%	6.08%
Flint, MI Urban EC	2.19%	0.69%	1.01%	-1.50%	0.32%

Designation Name	Pct FB 1980	Pct FB 1990	Pct FB 2000	Change Pct 80 to 90	Change Pct 90 to 00
Muskegon, MI Urban EC	1.96%	0.71%	2.53%	-1.25%	1.82%
Springfield, IL Urban EC	2.21%	0.71%	0.91%	-1.49%	0.20%
Cleveland, OH Urban ECSEZ	1.40%	0.75%	1.68%	-0.65%	0.93%
Norfolk/Portsmouth, VA Urban EC	0.96%	0.81%	0.80%	-0.15%	-0.02%
St. Louis, MO Urban EZ2	1.44%	0.84%	2.10%	-0.60%	1.26%
Huntington, WV/Ironton, OH Urban EZ2	1.22%	0.93%	1.37%	-0.29%	0.44%
Jacksonville, FL Urban EZ3	1.30%	0.96%	1.50%	-0.33%	0.53%
Indianapolis, IN Urban EC	1.26%	0.96%	3.66%	-0.30%	2.70%
Huntington, WV/Ironton, OH Urban EC	1.43%	1.16%	1.54%	-0.26%	0.37%
Nashville/Davidson, TN Urban EC	1.80%	1.17%	3.42%	-0.63%	2.24%
St. Louis, MO Urban EC	1.66%	1.21%	2.66%	-0.45%	1.45%
Little Rock/Pulaski County, AR Urban EC	1.86%	1.24%	1.74%	-0.62%	0.50%
New Orleans, LA Urban RC	1.78%	1.26%	2.03%	-0.52%	0.77%
Little Rock/Pulaski County, AR Urban EZ3	1.60%	1.29%	1.69%	-0.31%	0.39%
Columbia/Sumter, SC Urban EZ2	1.03%	1.35%	2.59%	0.32%	1.24%
Norfolk/Portsmouth, VA Urban EZ2	1.23%	1.46%	1.63%	0.23%	0.17%
Charlotte, NC Urban EC	1.26%	1.49%	5.69%	0.23%	4.20%
Atlanta, GA Urban RC	1.02%	1.83%	5.11%	0.81%	3.28%
Baltimore, MD Urban EZ	1.20%	1.89%	2.82%	0.69%	0.94%
Cincinnati, OH Urban EZ2	2.32%	2.10%	3.68%	-0.22%	1.58%
Knoxville, TN Urban EZ2	1.75%	2.19%	3.18%	0.44%	0.99%
Gary/Hammond/East Chicago, IN Urban EZ2	3.13%	2.27%	2.64%	-0.86%	0.38%
New Orleans, LA Urban EC	1.86%	2.34%	2.76%	0.48%	0.42%
Youngstown, OH Urban RC	4.36%	2.46%	1.59%	-1.90%	-0.87%
Pittsburgh, PA Urban EC	3.36%	2.59%	2.78%	-0.77%	0.20%
Atlanta, GA Urban EZ	1.32%	2.68%	5.19%	1.36%	2.51%

Designation Name	Pct FB 1980	Pct FB 1990	Pct FB 2000	Change Pct 80 to 90	Change Pct 90 to 00
Columbus, OH Urban EZ2	2.36%	2.70%	4.52%	0.33%	1.83%
Philadelphia, PA Urban RC	2.68%	2.78%	3.80%	0.10%	1.02%
Columbus, OH Urban EC	2.52%	2.97%	4.81%	0.44%	1.85%
Buffalo-Lackawanna, NY Urban RC	4.84%	3.12%	3.64%	-1.71%	0.52%
Jamestown, NY Urban RC	4.30%	3.19%	0.64%	-1.12%	-2.55%
Akron, OH Urban EC	3.14%	3.19%	3.45%	0.05%	0.26%
Camden, NJ Urban RC	2.91%	4.35%	10.12%	1.44%	5.77%
Chicago, IL Urban RC	5.88%	4.78%	5.48%	-1.10%	0.70%
Detroit, MI Urban RC	9.11%	4.84%	4.90%	-4.27%	0.06%
Rochester, NY Urban EC	7.08%	5.21%	6.13%	-1.87%	0.92%
Rochester, NY Urban RC	7.64%	5.56%	6.55%	-2.08%	0.99%
Niagara Falls, NY Urban RC	8.38%	5.59%	5.27%	-2.79%	-0.32%
Tampa, FL Urban EC	5.48%	5.94%	10.01%	0.46%	4.06%
Milwaukee, WI Urban RC	4.71%	6.89%	12.93%	2.18%	6.05%

Table 17: Immigrant Recruiters: Below Average Immigration in 1990, Outreach to Immigrants

Designation Name	Census Region	Pct FB 1980	Pct FB 1990	Pct FB 2000	Change Pct 80 to 90	Change Pct 90 to 00
Chattanooga, TN Urban RC	3	1.05%	0.39%	1.74%	-0.66%	1.35%
Flint, MI Urban RC	2	2.21%	0.69%	1.00%	-1.52%	0.30%
Wilmington, DE Urban EC	3	1.68%	1.81%	5.08%	0.14%	3.26%
Omaha, NE Urban EC	2	2.47%	2.23%	9.80%	-0.24%	7.57%
Camden, NJ Urban EZ	1	3.87%	2.23%	4.45%	-1.64%	2.22%
Buffalo-Lackawanna, NY Urban EC	1	3.88%	2.42%	3.26%	-1.45%	0.84%
Harrisburg, PA Urban EC	1	1.96%	2.94%	6.51%	0.98%	3.57%
Cumberland County, NJ Urban EZ2	1	4.21%	3.19%	10.75%	-1.02%	7.56%
Philadelphia, PA Urban EZ	1	4.04%	3.72%	5.25%	-0.32%	1.53%
Milwaukee, WI Urban EC	2	3.15%	3.85%	7.71%	0.69%	3.87%
Schenectady, NY Urban RC	1	5.46%	4.22%	7.82%	-1.24%	3.60%
Schenectady, NY Urban EC	1	5.46%	4.22%	7.82%	-1.24%	3.60%
Burlington, VT Urban EC	1	4.30%	4.41%	10.02%	0.11%	5.61%
Burlington, VT Urban RC	1	4.30%	4.41%	10.02%	0.11%	5.61%
Detroit, MI Urban EZ	2	6.75%	4.65%	9.87%	-2.10%	5.22%
New Haven, CT Urban EZ2	1	7.16%	4.87%	9.24%	-2.29%	4.38%
New Haven, CT Urban EC	1	7.16%	4.87%	9.24%	-2.29%	4.38%
Waco, TX Urban EC	3	3.11%	5.00%	8.58%	1.89%	3.59%
Kansas City, KS/Kansas City, MO Urban EEC	2	5.05%	5.08%	11.27%	0.03%	6.18%
Syracuse, NY Urban EZ3	1	6.65%	5.28%	7.33%	-1.37%	2.05%
Portland, OR Urban EC	4	7.86%	6.16%	13.00%	-1.70%	6.84%
Springfield, MA Urban EC	1	7.90%	6.63%	7.31%	-1.27%	0.68%
Ogden, UT Urban EC	4	5.56%	7.03%	21.93%	1.47%	14.90%
Washington, DC Urban DCEZ	3	3.83%	7.05%	9.65%	3.22%	2.61%
Albany/Troy, NY Urban EC	1	6.11%	7.06%	8.68%	0.96%	1.62%

Designation Name	Census Region	Pct FB 1980	Pct FB 1990	Pct FB 2000	Change Pct 80 to 90	Change Pct 90 to 00
Newark, NJ Urban EC	1	4.80%	7.20%	7.55%	2.40%	0.34%
Oklahoma City, OK Urban EC	3	3.99%	7.50%	16.86%	3.51%	9.35%
Oklahoma City, OK Urban EZ3	3	4.02%	7.66%	16.78%	3.64%	9.13%

Table 18: Immigrant Symbiotics: High Immigration in 1990, Outreach to Immigrants

Designation Name	Census Region	Pct FB 1980	Pct FB 1990	Pct FB 2000	Change Pct 80 to 90	Change Pct 90 to 00
Washington, DC Urban EC	3	3.76%	8.62%	11.29%	4.86%	2.67%
Minneapolis, MN Urban EZ2	2	5.84%	9.64%	21.82%	3.81%	12.18%
Minneapolis, MN Urban EC	2	6.10%	9.98%	22.27%	3.88%	12.29%
Newark, NJ Urban RC	1	6.85%	10.06%	13.20%	3.21%	3.14%
Des Moines, IA Urban EC	2	8.63%	10.12%	20.12%	1.49%	10.00%
Denver, CO Urban EC	4	8.66%	10.16%	28.05%	1.50%	17.89%
Albuquerque, NM Urban EC	4	7.31%	10.68%	18.31%	3.37%	7.64%
Corpus Christi, TX Urban RC	3	10.85%	10.70%	12.91%	-0.14%	2.20%
Bridgeport, CT Urban EC	1	11.28%	12.81%	17.31%	1.53%	4.49%
Manchester, NH Urban EC	1	13.73%	12.99%	13.22%	-0.73%	0.22%
Chicago, IL Urban EZ	2	9.52%	13.45%	15.71%	3.93%	2.26%
St. Paul, MN Urban EC	2	7.47%	15.43%	24.60%	7.95%	9.17%
San Antonio, TX Urban EZ3	3	13.53%	15.64%	18.56%	2.10%	2.93%
Tacoma, WA Urban EC	4	10.54%	15.96%	18.93%	5.42%	2.97%
San Antonio, TX Urban EC	3	14.05%	16.04%	19.09%	1.99%	3.05%
Boston, MA Urban EC	1	14.05%	17.35%	24.40%	3.31%	7.05%
Boston, MA Urban EZ2	1	14.05%	17.35%	24.40%	3.31%	7.05%
Tucson, AZ Urban EZ3	4	12.46%	18.54%	19.68%	6.09%	1.13%
Las Vegas, NV Urban EC	4	8.98%	18.93%	31.01%	9.94%	12.08%
Yakima, WA Urban RC	4	8.49%	20.31%	32.86%	11.82%	12.55%
Dallas, TX Urban EC	3	10.03%	21.11%	32.55%	11.08%	11.44%
Seattle, WA Urban EC	4	17.60%	21.51%	28.99%	3.91%	7.48%
Houston, TX Urban EEC	3	16.74%	21.67%	25.96%	4.93%	4.29%
New York, NY Urban EZ	1	15.65%	22.41%	29.83%	6.76%	7.42%
Fresno, CA Urban EZ3	4	10.56%	22.60%	25.77%	12.03%	3.17%
Oakland, CA Urban EEC	4	10.99%	23.73%	32.24%	12.74%	8.51%

Designation Name	Census Region	Pct FB 1980	Pct FB 1990	Pct FB 2000	Change Pct 80 to 90	Change Pct 90 to 00
Providence, RI Urban EC	1	15.82%	24.88%	30.89%	9.06%	6.01%
Phoenix, AZ Urban EC	4	12.06%	25.40%	38.36%	13.35%	12.96%
El Paso, TX Urban EC	3	23.14%	25.58%	29.62%	2.44%	4.04%
Lowell, MA Urban RC	1	13.05%	25.86%	27.86%	12.81%	2.00%
Lowell, MA Urban EC	1	11.95%	27.28%	28.24%	15.33%	0.96%
Yonkers, NY Urban EZ3	1	25.74%	28.04%	30.31%	2.29%	2.27%
Lawrence, MA Urban RC	1	25.75%	31.92%	38.96%	6.17%	7.04%
Los Angeles, CA Urban EC	4	19.89%	36.83%	40.60%	16.95%	3.76%
Los Angeles, CA Urban SEZ	4	21.44%	38.32%	40.98%	16.88%	2.66%
San Francisco, CA Urban EC	4	33.64%	38.45%	38.03%	4.81%	-0.42%
Miami/Dade County, FL Urban EZ2	3	30.37%	38.88%	42.69%	8.50%	3.81%
Orange Cove, CA RC/Central California EC Rural RC	4	22.76%	39.78%	46.83%	17.02%	7.05%
El Paso, TX Urban EZ2	3	38.94%	39.86%	41.80%	0.92%	1.94%
San Diego, CA Urban EC	4	25.75%	39.87%	43.95%	14.12%	4.08%
Miami/Dade County, FL Urban EC	3	33.55%	40.24%	42.79%	6.69%	2.55%
Parlier, CA Urban RC	4	31.81%	40.56%	44.52%	8.75%	3.96%
San Francisco, CA Urban RC	4	34.18%	44.11%	47.97%	9.92%	3.86%
Santa Ana, CA Urban EZ2	4	41.41%	57.63%	55.23%	16.22%	-2.40%
Los Angeles, CA Urban RC	4	49.14%	59.59%	57.13%	10.45%	-2.46%

Table 19: Immigrants Ignored: High Immigration, but No Outreach to Immigrants

Designation Name	Census Region	Pct FB 1980	Pct FB 1990	Pct FB 2000	Change Pct 80 to 90	Change Pct 90 to 00
Newburgh/Kingston, NY Urban EC	1	8.72%	13.92%	20.28%	5.20%	6.36%
Tacoma, WA Urban RC	4	10.54%	15.96%	18.93%	5.42%	2.97%
San Diego, CA Urban RC	4	28.89%	38.15%	38.01%	9.26%	-0.14%

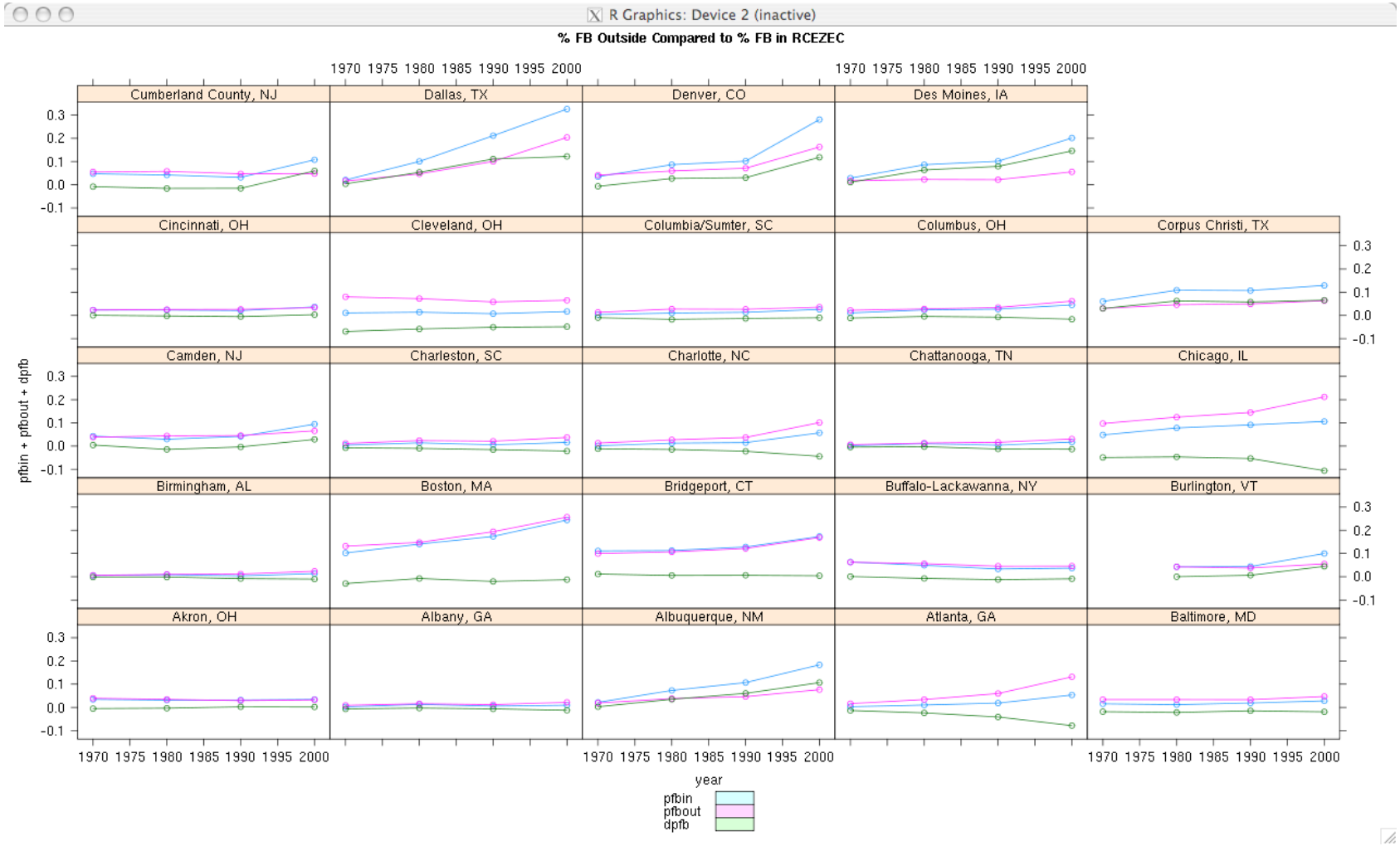

Figure 10: Change in Percent Foreign Born from the Cumberland County, NJ EZ to the Baltimore, MD EZ. The blue lines are the percent foreign born inside RC/EZ/ECs. The Red lines are the percent foreign born outside RC/EZ/ECs. The green line is the difference between the percent inside and the percent outside. The difference is negative when there is a higher percent foreign born outside the RC/EZ/EC.

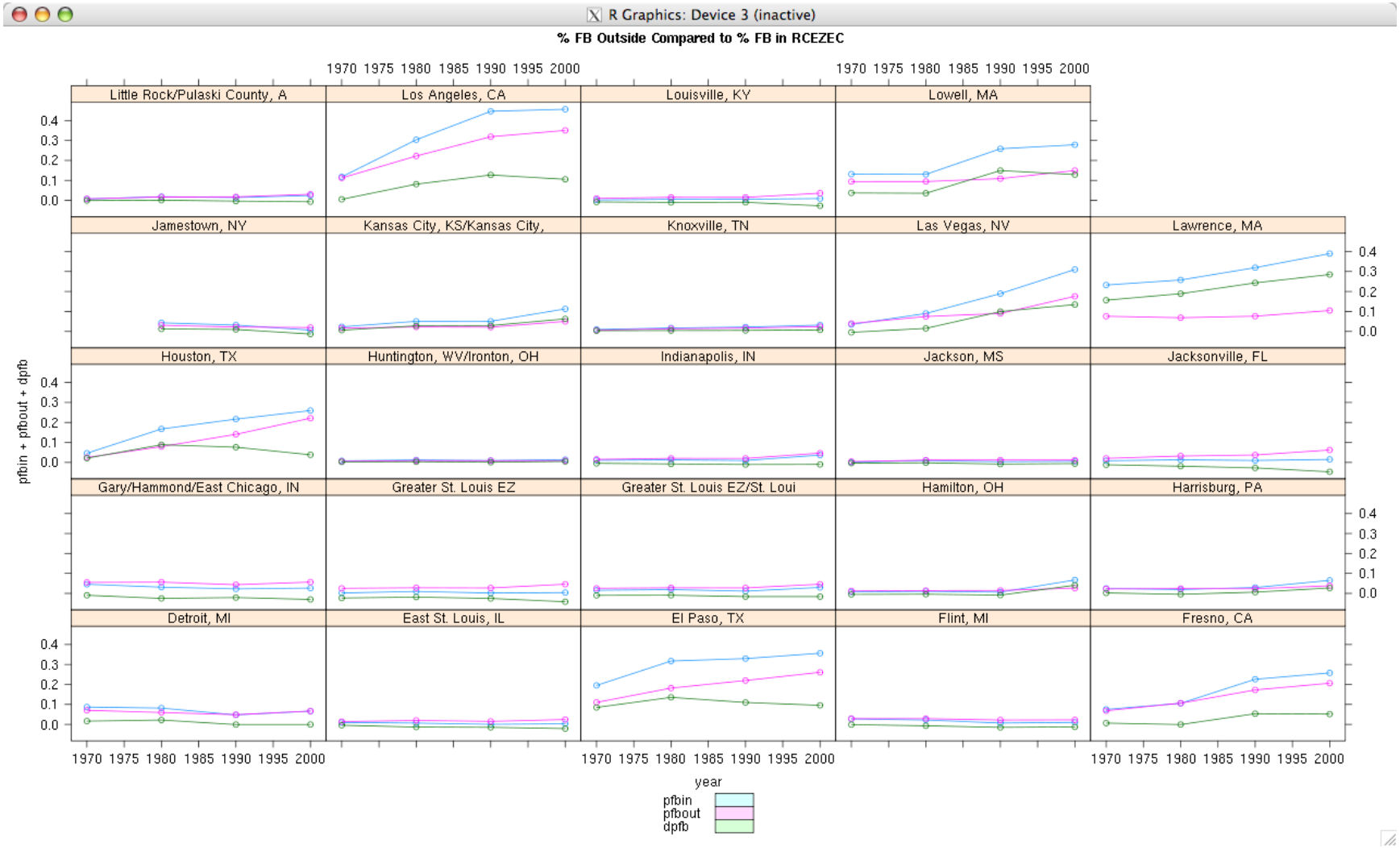

Figure 11: Change in Percent Foreign Born from Little Rock, AR EZ to Fresno CA EZ. The blue lines are the percent foreign born inside RC/EZ/ECs. The Red lines are the percent foreign born outside RC/EZ/ECs. The green line is the difference between the percent inside and the percent outside. The difference is negative when there is a higher percent foreign born outside the RC/EZ/EC.

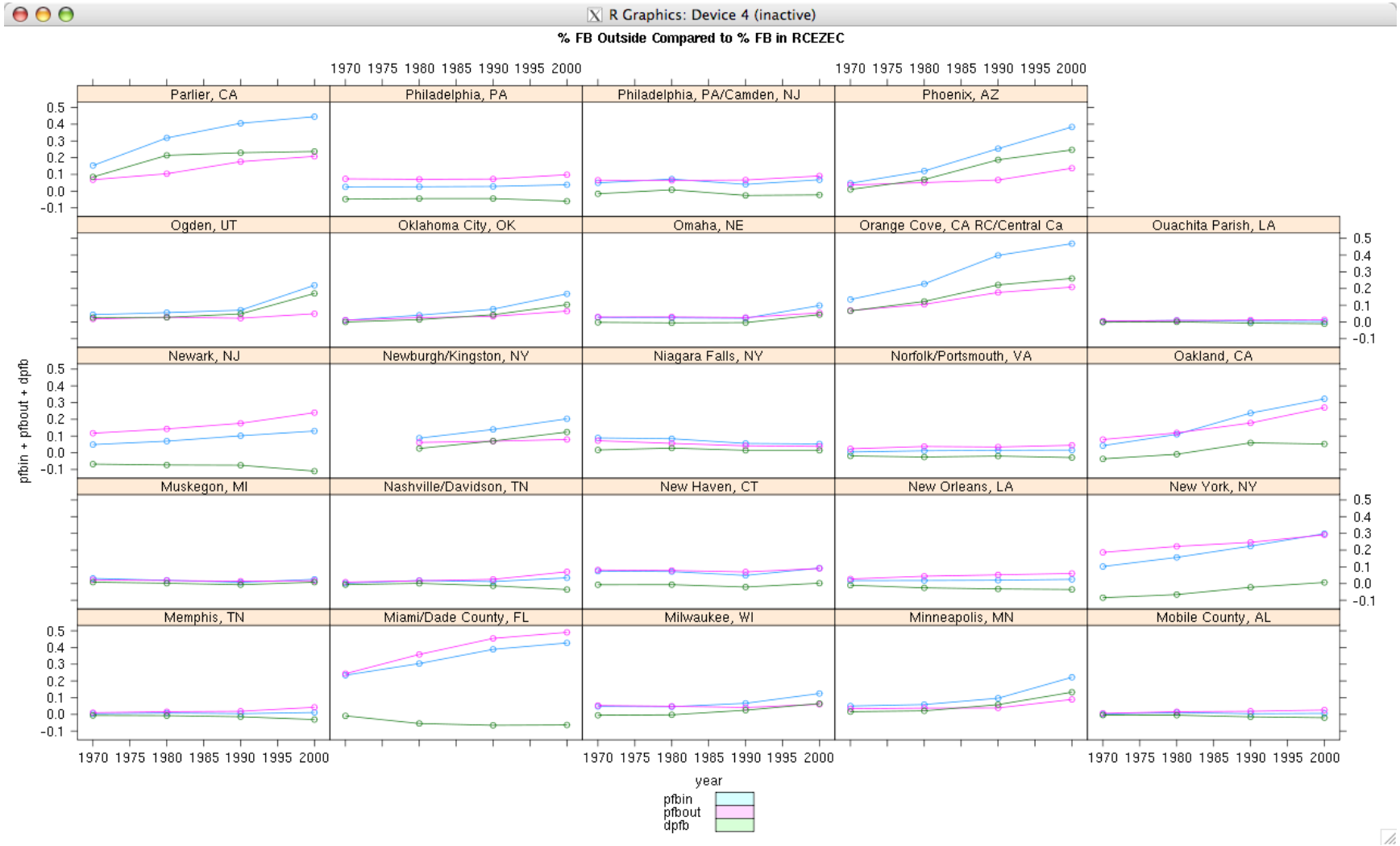

Figure 12: Change in Percent Foreign Born from Parlier, CA RC to the Mobile County, AL RC. The blue lines are the percent foreign born inside RC/EZ/ECs. The Red lines are the percent foreign born outside RC/EZ/ECs. The green line is the difference between the percent inside and the percent outside. The difference is negative when there is a higher percent foreign born outside the RC/EZ/EC.

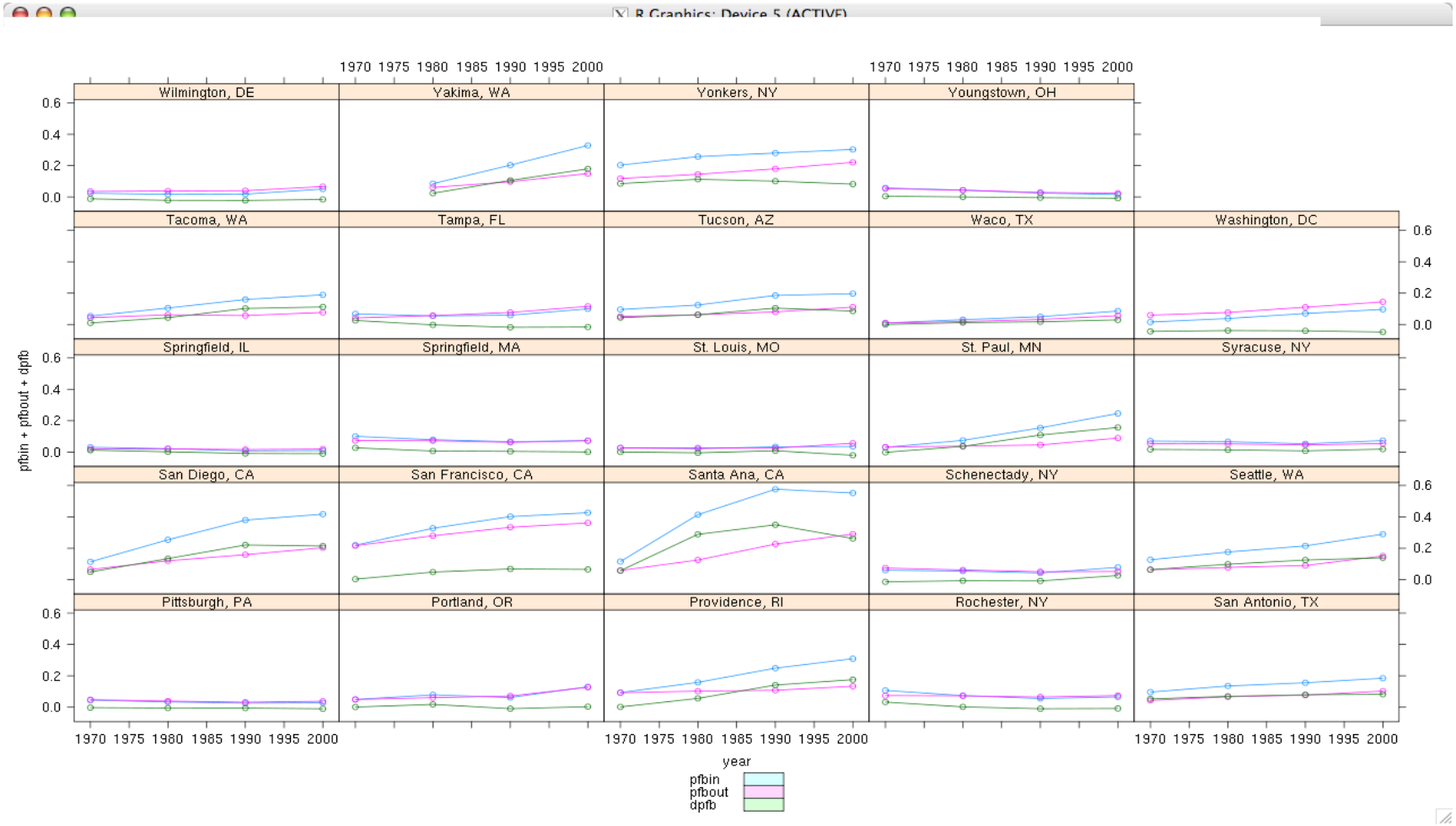

Figure 13: Change in Percent Foreign Born from the Wilmington, DE EC to the San Antonio, TX EZ/EC. The blue lines are the percent foreign born inside RC/EZ/ECs. The Red lines are the percent foreign born outside RC/EZ/ECs. The green line is the difference between the percent inside and the percent outside. The difference is negative when there is a higher percent foreign born outside the RC/EZ/EC.

Appendix 2: Sampling Frame of Pilot Study

The strategy for systematically analyzing the outreach to immigrant and minority communities is informed by a pilot study conducted in the first phase of this research. The purpose of this pilot study was to answer the following questions: How important are the rules of immigrants and minority businesses in RC/EZ/ECs? What strategies do program administrators, business owners, employees and other residents credit as successful or not successful? How do faith-based and community organizations improve economic opportunity in RC/EZ/ECs? Due to budget constraints, I was limited to 10 formal interviews and one field visit. However, I had previously visited thirteen EZ/EC/RCs when I was a Community Planning and Development Specialist at HUD and have visited or lived in an additional eleven designated areas. For example, I currently live in a former Enterprise Community and was able to informally visit project sites to obtain enhance my knowledge of the research context.

My sampling frame strategy for the pilot study involved matching the EZ/EC/RCs to the Singer's (2004) typology and then checking the annual reports to see which cities had outreach to minority and immigrant communities. This generated a list of 34 EZ/EC/RCs I contacted local government and non-profit administrators from each of the six immigrant gateways to see if they would consent to an interview. Due to staff turnover and the closure of many organizations because the EC program had formally ended, I had some difficulty reaching persons knowledgeable about the program. As a researcher I managed two identities—that of an objective scholar and that of a community economic development practitioner with past experience in the program. This allowed me to gain entry by using some connections, but it may have closed others who may think I write something that could jeopardize their public image. When I reached my ten budgeted interviews I had not reached saturation or maximum variation in that I was only able to cover EZ/EC/RCs from Former, Continuous, and Re-Emerging Gateway Cities. In order to compensate for a small interview pool, I relied on Annual Reports from the PERMS system, non-profit organization data from Guidestar, Inc., press stories available on Lexus-Nexus Academic and other web sources of information.

Table 1: Pilot Study Sampling Frame

Singer Gateway Type	Gateway MSA with EZ/EC/RC (n = 34 out of N = 117 EZ/EC/RC)	Percent of Gateway Type with EZ/EC/RC
Total Former	Baltimore, Buffalo-Niagara Falls, Cleveland-Lorain Elyria, Detroit, Milwaukee-Waukesha, Philadelphia, Pittsburgh, **St.Louis,**	100%
Total Post WWII	Fort Lauderdale, Houston, Los Angeles-Long Beach, Miami, Orange County (**Santa Ana**), **San Diego**	71%
Total Continuous	**Boston**, Chicago, New York, Newark, San Francisco	56%
Total Re-Emerging	**Minneapolis**, **Denver**, Oakland, **Portland**, **Phoenix**, **Seattle**	67%
Total Emerging	**Washington**, DC; Atlanta, Las Vegas, Dallas,	57%
Total Pre-emerging	Salt Lake City-**Ogden** UT, Charlotte, NC	20%

Note: The eleven MSAs in bold had EZ/RC/ECs that conducted outreach to immigrants, minorities and faith-based organizations. However, because Singer's typology only covered the top 45 largest MSAs, some of those with outreach were not listed.

Organizations Contacted for Background Information on Empowerment Zones, Enterprise Communities and Renewal Communities

Renewal Community
Chattanooga, TN 37402
http://www.renewal-community.com/

City of Lowell
Lowell, MA 01852
http://www.lowellma.gov/depts/dpd/services/econdev/rc

City of Lawrence
Lawrence, MA 01840
http://www.ci.lawrence.ma.us/Pages/LawrenceMA_PlanDev/Index

Merrimack Valley Workforce Investment Board
Lawrence, MA 01843
http://www.mvwib.org/

Hmong American Mutual Assistance Association
Minneapolis, MN 55411
http://www.hamaa.org

Center for Hmong Studies
Concordia College
St. Paul, MN 55104
http://www.csp.edu/hmongcenter/

The Hmong Archives
St. Paul, MN 55103

http://www.hmongarchives.org/

The Hmong Cultural Center
St. Paul, MN 55104
http://www.hmongcc.org/

The Immigration History Research Center
University of Minnesota
Minneapolis, MN 55455
http://www.ihrc.umn.edu/

St. Louis Regional Empowerment Zone
St. Louis, MO 63101
http://www.stlouisezone.org/

Note: I also spoke with staff who preferred to remain anonymous at one Empowerment Zone, one Enterprise Community, one regional refugee services organization and one national immigration rights organization. The program and research staff at HUD have always been averrable to answer questions about the evolution of the program.

Project Sites Visited by Researcher Prior to Beginning Study

1. Norfolk and Portsmouth, VA
2. Tucson, AZ
3. Los Angeles, CA
4. Santa Ana, CA
5. San Diego, CA
6. Jacksonville, FL
7. Memphis, TN
8. Boston, MA
9. Cumberland County, NJ
10. Philadelphia, PA

11. Atlanta, GA
12. Baltimore, MD
13. Cleveland, OH

Cities for Which I Have Informally Visited Areas in the EZ/EC

1. Washington, DC
2. San Francisco, CA
3. Oakland, CA
4. Chicago, IL
5. Detroit, MI
6. Flint, MI
7. Seattle, WA
8. Portland, OR
9. Denver, CO
10. Charleston, SC
11. Miami, FL

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