

In 2020, [NDC](#) and the [Build from Within Alliance](#) (BfWA) partnered with [Reinvestment Fund](#) and the University of Pennsylvania’s Social Impact of the Arts Project ([SIAP](#)) to participate in an [Ewing Marion Kauffman Foundation Kauffman Knowledge Challenge](#) grant intended to better understand the place-based work of BfWA members. This multi-year effort was designed to develop tools and analyses that enabled BfWA members to better understand the contexts in which they work and the impact of their work on neighborhoods. Along the way BfWA partnered with Reinvestment Fund to explore ways for BfWA members to use these research findings to better communicate their impact with local stakeholders, funders, and political leaders.

Exploring Dimensions of Place

One of the primary goals of this project was to develop quantitative measures that could help BfWA members understand and communicate their impact on neighborhoods.

There are different ways to measure neighborhood conditions. Our research focused on three different measures that were particularly relevant for BfWA members: neighborhood vitality, social and economic wellbeing, and neighborhood change. These results help us understand the conditions, opportunities, and challenges faced by entrepreneurs working across nine BfWA member communities.

The results of each analysis, for each city, will be available on an interactive website.

Three Dimensions of Place-Based Wellbeing

NEIGHBORHOOD VITALITY

Strong and vital places attract new residents and private investment, while weaker areas may struggle to retain residents and may enter a cycle of disinvestment. Businesses and commercial corridors can play an important role in supporting neighborhood vitality by helping to crystalize or define the character of a place and by creating new amenities that attract people to an area.

To measure neighborhood vitality, we adapted a version of Reinvestment Fund’s [Market Value Analysis \(MVA\)](#).

MEASURING NEIGHBORHOOD CHANGE

In recent years, many BfWA members have reported concerns about resident displacement due to rising home values in their communities. Neighborhood change can be beneficial when it supports new assets and amenities in communities, improves quality of life, and helps to break cycles of disinvestment. However, neighborhood change that forces long-term residents to leave against their wishes can be damaging to the character and vitality of a place.

To measure the level of neighborhood change and assess the possible displacement effects of changing home prices, we adapted a version of Reinvestment Fund’s Displacement Risk Ratio (DRR) analysis

SOCIAL AND ECONOMIC OPPORTUNITY

Although the economic impact of an individual small business may be quite small when measured in terms of sales taxes or employment rates, the impact of small businesses on wellbeing and opportunity can be much larger. Entrepreneurs that become leaders in their local communities and their businesses can help further economic and racial inclusion. New successful businesses can help refill vacant storefronts, attract foot traffic, and contribute to healthier communities.

To measure social and economic opportunity, we adapted the Social Wellbeing Indices (SWI) developed by SIAP.

Entrepreneurship and Wellbeing

In addition to developing data tools and analyses to understand the conditions in nine communities where BfWA members were working, we also conducted focus groups with Alliance members and individual entrepreneurs to understand how they used data to evaluate their impact and the needs in their communities. This section provides a brief overview of some of the early lessons we learned while conducting this project.

Members have Shared and Unique Opportunities and Challenges

BfWA members are working in communities as large as [Houston, Texas](#) and as small as [Wilmington, Delaware](#). The conditions we identified in our analysis of neighborhood vitality and social and economic opportunity are equally diverse.

Yet, across member cities, there were some commonalities. In nearly every BfWA member city, the neighborhoods with concentrated BfWA activity were among the most racially diverse in their communities. This was true in majority minority cities like Miami and Detroit, as well as cities where most of the population was White.

Additionally, the neighborhoods and communities where most BfWA members had concentrated activity had similar or lower rates of homeownership than the surrounding municipality. In many cases, fewer than half of the residents living near BfWA businesses were homeowners. Higher rates of renters may indicate that communities served by BfWA businesses are particularly vulnerable to neighborhood changes and rising housing costs.

Community and Social Wellbeing Are Important Considerations for Organizations Supporting Entrepreneurship

Many of the member cities confirmed that data describing the social conditions in their communities was critical for capturing the attention of local political leaders and funders. Although individual small entrepreneurs play an important economic role, their financial impact is often dwarfed by the potential impact of other economic development strategies their communities were pursuing - like attracting large employers or new factories to relocate to their region. However, members reported that their political leaders often understood that small businesses have other important impacts that do not show up in traditional economic measures. A successful small business that opens on a distressed commercial corridor might bring new customers and other businesses to the area and help change perceptions about a community's safety and desirability, leading to a virtuous cycle of investment and growth.

Collecting data on the conditions and changes within their target communities was helpful for facilitating conversations with political leaders about incorporating new approaches into their existing economic development strategies and lifting up the priorities of small, marginalized entrepreneurs at the heart of BfWA's mission. With potential funders, data on the challenges within their communities and the potential for new approaches to community development to impact those conditions was a compelling argument for new and renewed support.

Although there is a strong appetite for this kind of information, members reported that finding reliable, up-to-date information about their neighborhoods was often a challenge.



Housing Vitality Helps Inform Each Member’s Role in Community Development

Every community contains a range of different neighborhood conditions. The types of neighborhoods and communities where BfWA members were concentrating their work varied, but the ways that Alliance members spoke about their work and their goals, often reflected the conditions and challenges observed in our measure of neighborhood vitality and social and economic opportunity.

In Wilmington, Delaware, for example, the local BfWA member has concentrated their activity in the Westside neighborhood, an area whose housing market manifests some of the same markers of distress as those observed in other parts of Wilmington, but also experiences much higher levels of stressors than the surrounding region. Our social and economic wellbeing analysis shows the areas with concentrated BfWA activity to be challenged as to its levels of Institutional Connection, a measure of residents’ access to nonprofits, welfare, and cultural organizations that often provide important resources and services to community members.



In this context, the BfWA member’s activities to support the leadership development of local entrepreneurs can be seen as an important step in building out a network of local leaders in a community that is currently less than optimally served by more formal institutions.

In [Detroit, Michigan](#), the local BfWA member’s activity is less geographically concentrated and spread across neighborhoods that have seen meaningful redevelopment and are now among the most stable in a city that has historically struggled with distress and disinvestment. The strong social and economic wellbeing scores in areas with longstanding concentrated BfWA activity help reflect the positive role that small entrepreneurs can play in supporting neighborhood development and revitalization.

The Role of Entrepreneurship in Neighborhood Change is Complex and Multi-Faceted

Due to data limitations, we were unable to calculate our neighborhood change metric, the Displacement Risk Ratio (DRR), in every BfWA city. However, in the cities where we were able to calculate the metric, the results helped contextualize the different roles that entrepreneurship can play in protecting communities from the harmful impacts of displacement.

In [Miami, Florida](#), for example, the local BfWA member is working in a community experiencing some of the highest levels of resident displacement pressure in the city. In this context of high displacement pressure, entrepreneurship activity is an important wealth development strategy that can help residents in areas experiencing rapid housing price appreciation develop the income and resources they need to stay in their communities. But entrepreneurship activity can also play a role in helping create businesses and amenities that reflect the identities and preferences of incumbent residents at risk of displacement.



In Minneapolis/St. Paul, on the other hand, the BfWA member is concentrating activity in an area that, over the period covered by our DRR analysis, showed little to no displacement pressure. In this context, the entrepreneurs in these communities are helping develop and attract investments that reflect and meet the preferences of existing community members.

Other areas were adjacent to or nearby neighborhoods that were experiencing elevated displacement risk. BfWA businesses in these areas are helping to protect their communities from future displacement by building businesses and social networks that will help anchor people to the areas where they live.

To view an interactive preview of how the results for each city will be shared visit:

<https://storymaps.arcgis.com/stories/8de7112164454fa78f557e5baa64e12d>



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