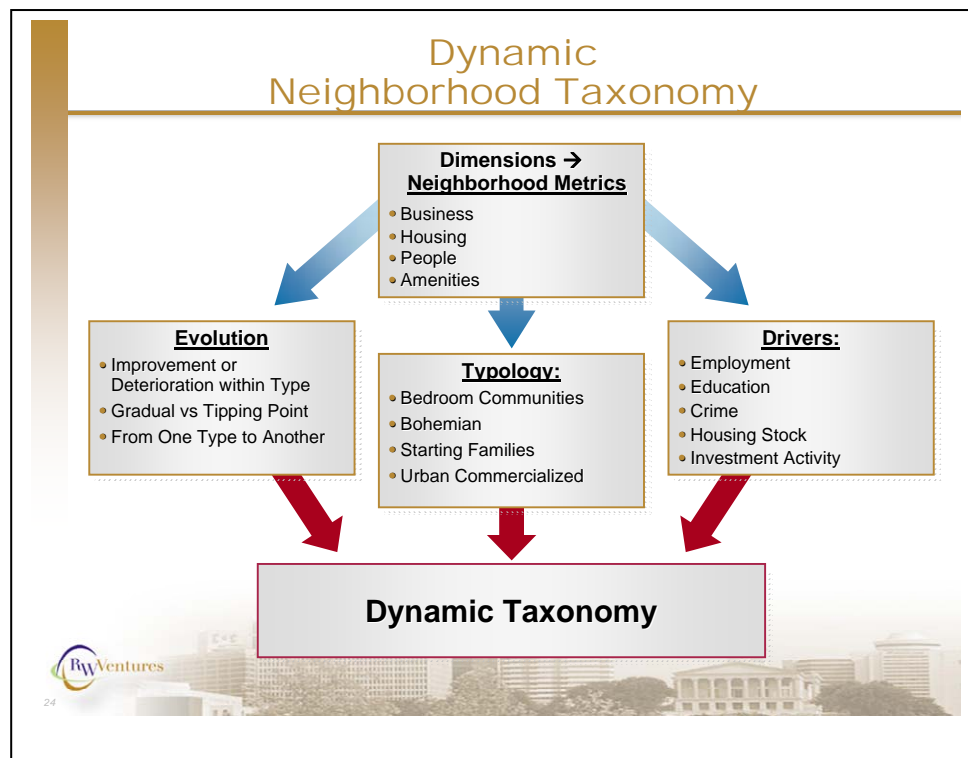


## Dynamic Neighborhood Taxonomy

### Project Overview

Living Cities, a national investor collaborative of major banks, insurance companies, foundations and federal agencies committed to the revitalization of American urban centers, is supporting a multi-year initiative to create new tools for understanding urban communities. The project aspires to allow neighborhood development practitioners and others who invest in neighborhoods to identify, with respect to particular neighborhoods, the neighborhood type, its pattern and stage of development, and the key interventions to drive change. With data, technology and practitioner partners, the project will begin developing the tools for “clinical economics:” practical, interactive knowledge that businesses, community organizations and government can use to better analyze specific challenges and opportunities in urban neighborhoods.



A convergence of interests in urban communities from business, civic and government organizations presents unique opportunities for the field of community economic development, but also heightens the need to better understand neighborhoods to guide investment, target programs and inform policy. This is a considerable challenge, as neighborhoods are varied and complex entities. Not only are there different types of neighborhoods, characterized by different combinations of people, businesses, and real estate playing varied roles in larger economic markets – these types also evolve over time along different paths. Thus, a “starter home” community might gradually grow and become stable, or might sink into abandonment, or gentrify into a different kind of neighborhood, playing a different role in the economy. Furthermore, evolution patterns can vary widely: change can occur gradually, as a continuous process, or it can happen more drastically once a critical mass (e.g. of people and businesses moving out, of investments flowing in) – or “tipping point” – is reached. As a result of this complexity and differentiation, it is particularly

important to be able to customize neighborhood analysis in order to target appropriate opportunities and interventions.

Fortunately, over the past few years several national initiatives (such as the National Neighborhood Indicators Project, the Urban Markets Initiative and DataPlace) have focused on increasing the availability of the data necessary for understanding urban neighborhoods and on developing platforms to make this information available to the public. These activities, along with new research, have paved the way for a major analytic effort to further expand our understanding of how neighborhoods differ, how they evolve over time, what factors affect their evolution, and what opportunities this creates for different constituencies.

The project will first collect large amounts of data on relevant indicators of neighborhood status, with an emphasis on understanding neighborhoods as dynamic parts of larger systems (such as on the role of the neighborhood in the regional economy). It will then use the data to examine patterns of neighborhood change, particularly focused on tipping points. We will then build econometric models to test what factors drive that change. Using cluster analysis, the project will also construct a typology of neighborhoods by grouping together neighborhoods that are similar to each other with respect to evolution patterns and drivers as well as other relevant dimensions (such as demographic characteristics, business composition, housing, and quality of life). These stages of the project are iterative and, when recombined, will form the Dynamic Neighborhood Taxonomy (“DNT”).

Once in place, the DNT will begin to provide more systematic knowledge of neighborhood economic dynamics, in the practical form of a set of databases and models that could be used for better understanding the conditions and opportunities in any given urban neighborhood. Based on neighborhood type, stage of evolution and key drivers of change, the tools will help identify neighborhoods that offer particular opportunities or vulnerabilities, and what activities might make the most difference. Community based organizations would be able to better select interventions likely to address key issues and drivers in any given neighborhood. Businesses could use the DNT to better identify opportunities in urban markets, and tailor activities to each market. Urban leaders and policymakers would be able to address community needs in more targeted ways, by selecting the policy interventions that are more appropriate for each neighborhood type, stage and drivers.

These are ambitious goals, and cannot be perfectly achieved, or achieved all at once in a single project. Rather, the project hopes to build upon work already done in the field, and produce an initial set of tools that can be tested and continually developed and refined by practitioners and others as the community economic development field moves forward. In order even to take this initial step, the project hopes to establish a network of participating partner organizations that would share data; provide feedback as the variables, models and preliminary results are developed; help test, apply and refine the project results; and then have on-going access to the data and tools that will be developed. The project is thus designed as a collaborative effort, which will bring together resources and expertise from different sectors and organizations. The work will be conducted in four sample cities at first, and subsequently applied to neighborhoods all over the country.

For more information on Living Cities, see [www.livingcities.org](http://www.livingcities.org).

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